

County of Cumberland, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2015



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, 2015

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PHOTOGRAPHY CREDITS

The cover photograph is of the historic Molly Pitcher Grave & Statue located in Carlisle's Old Public Graveyard at South Bedford & South Street, Carlisle, Cumberland County. Cover photograph is courtesy of Chris Sechrist.

Controller of Cumberland County

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SECOND DEPUTY CONTROLLER/
AUDIT MANAGER

TINA L. MALICK
ADMINISTRATIVE ASSISTANT

JAMES D. BOGAR
SOLICITOR

June 10, 2016

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, 2015, 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 2015 population of 246,338. 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 6,096 businesses that employ nearly 126,947 people (Source: PA Department of Labor, Cumberland County profile, April 2016). The economy also benefits from a significant regional presence of federal, state and local government operations with the Federal and state governments representing two of the top five employers in the county. Cumberland County ended 2015 with a December unemployment rate of 2.9 percent – the 4th lowest unemployment rate among Pennsylvania’s 67 counties - whereas statewide unemployment rate was 4.1 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, Giant Foods, Highmark Blue Shield, Holy Spirit Hospital and Commonwealth of Pennsylvania.

Cumberland County incomes exceed the state and national averages with the county’s average income at \$48,137, Pennsylvania’s average at \$47,679 and the national average at \$46,049 (Source: 2014 data from the U.S. Department of Commerce, Bureau of Economic Analysis, as 2015 data is unavailable).

Cumberland County was the fastest growing county in the Commonwealth in 2015. 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

Cumberland County’s short term financial situation remained favorable as it entered the 2016 budget cycle. Stable in the sense that revenues and expenses are in rough equilibrium for the moment. Further, if current efforts remain in place to reduce cost/waste while improving productivity, and there are no significant new forms of expenditures, it will bode well for continued stability for the fastest growing County (in terms of population) in Pennsylvania.

How is this possible? Over the last 5 years, the County has recognized that without a conscious effort to temper rising costs to align with relatively flat revenues, it would be forced to suffer the financial consequences of less proactively managed Pennsylvania counties. Such consequences would threaten our financial standing by increasing the cost and extent of borrowing. We have seen many Counties around suffer financial consequences of being less proactive regarding fiscal drivers, with such consequences being; lower bond ratings, higher taxes, underfunded pension plans, sell-off of assets to cover operational deficits, cuts in services and less-well maintained infrastructure. Therefore the County engaged the firm Public Financial Management, Inc. (PFM) in 2013-4 in conjunction with the County’s voluntary enrollment in the state’s Early Intervention Program (IEP).

Many of PFM’s recommendations, along with indigenous cost cutting measures, were implemented with positive results. The best indicator to-date of that success was the County’s ability to weather the recent prolonged state budget impasse relatively unscathed. Cumberland was able to continue to provide human and other services – largely funded by the state – without borrowing money thanks to significant reserves, burden sharing with providers, and austerity measures related to staffing, capital expenditures, and travel.

Should another impasse occur, we remain in a secure position to withstand its effects for any reasonable duration.

However, the basic dilemma of a fast growing cost profile and close to flat revenues remains. Significant cost drivers include unfunded mandates in the area of child protective services and the environment; technology; regional transportation; failed state efforts at electronics recycling; and in spite of the postponement of the Affordable Care Act's Cadillac Tax, the cost of providing health insurance continues to increase. Large technology related expenses – emergency service radios and phones – loom on the horizon. We also have infrastructure projects – bridge repairs, communication towers – that will cost millions to bring up to standard.

Major Initiatives

Cost Containment

Below are some examples of what the County is doing to combat cost pressures:

Defined Contribution for Benefits –The County has made a conscious decision to invest in its workforce via improving salaries, particularly for skilled workers by pegging them to market levels. In order to accommodate this shift, the approach to benefits (other than pension) will shift from defined benefit to defined contribution. This shifts more of the cost of benefits beyond the most basic coverage to employees, paid for in part by higher salaries. Those wishing higher levels of coverage, or different types of benefits, can use their funds to purchase them. Data shows that organizations making such changes generally see their workers opt for lower coverages of their choosing as compared to the previously defined benefit provided – primarily at County expense – to all staff regardless of staff preference or need.

Voluntary Separation Program – The County implemented a successful voluntary separation program (VSP) in 2015. This benefit was offered to about 200 staff with more than 10 years of service in the top 6 steps of their pay range under the old system. The County realized it could achieve significant savings over a 3 year period by inducing eligible staff to leave with a financial incentive and hiring replacements starting at the bottom of their pay grades. The effort was successful in hitting its targets for the number of people accepting VSP and actual savings once new hires were brought on board.

Pension Costs – The County fully funds its pension ARC. Unlike some other counties facing increasing costs, the County has consistently funded its pension obligations in accordance with financial and actuarial best practices. This is a key factor behind the County's strong financial rating, which gives us access to favorable borrowing terms. Strong equity returns over the past six years have substantially grown plan assets. This has led to an increase in Plan funded ratio and reduced annual required contributions (ARC). Cumberland's ARC decreased in each of the past three years. However, over time, funding levels fluctuate with returns on investments of financial instruments. The increased and volatile ARCs coupled with reduced state aid caused unprecedented strain on County budgets throughout the Commonwealth, including Cumberland County. The County tends to place a greater emphasis on controlling downside risk with respect to investment performance and thus to funded status and required contributions; it focuses on contributions avoided. However, with an aging work force and the possibility of financial market fluctuations, the County has to set aside adequate amounts to ensure proper funding regardless of the status of our portfolio.

Overtime – Three years ago, the County faced an enormous financial burden due to overtime costs. A variety of measures have been taken to bring this under control. Improvements in work rules in union contracts, comp time, flex scheduling, reform of on call procedures and other measures have started to yield results. Much of the overtime problem was caused by high turnover and difficulties in filling

vacancies. The County last benchmarked its salaries to the market 14 years ago. A benchmarking and reclassification project was undertaken in 2015 that has started to yield positive results. While some salaries were increased – and in a small number of instances, to a considerable degree - the County was and will be able to afford these adjustments in large part due to the efforts of staff to operate more efficiently. Vacancies, particularly in more skilled areas, are being filled more quickly than previously possible.

Gainsharing - Preferring voluntary to imposed staff reductions, the County has incentivized managers to identify opportunities to distribute work for vacated positions to existing staff without filling the positions. Staff taking on additional responsibilities share the savings produced by not filling the position with the County. About ten gainsharing efforts have been undertaken over the last two years, and most remain in place.

Productivity, Regional Reassessment and Targeted Financial Management

Merit Based Pay (MBP) - To ensure that productivity and efficiency continue to improve, the County implemented its first MBP in 2016. Instead of giving all staff the same increases regardless of performance, compensation will be tied to the value employees produce in pursuit of key County objectives. Evaluation criteria are based on a cascading alignment from County to Department to individual objectives. This is an enormous culture change. But we believe MBP will incentive productive workers to improve efficiency, and send a message to those whose performance is marginal.

Efficiencies through Technology - The County is making prudent use of technology in a number of areas. Our 911 system is implementing a feature to its computer aided dispatch system (CAD) that will automate half of the exchanges – all routine, mostly repositioning – that currently require human intervention. This will enable 911 to absorb increases in activity and improve service in the face of rising demand with flat personnel costs. While the County will absorb most of the cost, local governments will be engaged in a cost sharing arrangement to cover most of the end user costs involved in the upgrade.

Regional Planning Initiatives/Opportunities - The County currently has a number of excellent opportunities that have come about in part because of its growth, as well as regional and statewide developments. With our own Planning Department, we were able to reduce the cost of participation in the Tri-County Planning Commission by tens of thousands of dollars. But the most exciting opportunity lies in regional transportation. The County merged its shared ride services for human services clients with rabbittransit of York, in order to advantage of the latter's expertise and economies of scale, saving hundreds of thousands of dollars in the process. The County currently pays over \$300K per year for services from Capital Area Transit (CAT). The County is actively promoting PennDOT's Phase II proposal for regional consolidation of transit services in the eight county south central Pennsylvania region. The five year exemption from local subsidy that would result from regionalization would save the County millions while improving service.

Targeted Fee/Revenue Increases - The County is leveraging its financial status to take on capital expenditures without putting untoward pressure on the General Fund. Through the use of long term strategic financial planning, the County has been able to significantly reduce the cost of debt service through refinancing in order to take advantage of current low interest rates. Planning for known large ticket capital improvements, such as the 911 radio system, far in advance allows the County to leverage prudent borrowing and minimize the burden on the General Fund. This of course reduces the need to increase taxes. Limited and timely borrowing can be used to manage cash flow for capital projects without dipping deeply into the General Fund.

Over the next six years the County faces nearly \$15 million in county costs for planned bridge replacement and repair projects on 20 of our 28 bridges. Cumberland took advantage of Act 89 to levy a tax on vehicle registrations to defer those costs. The County receives approximately \$1.8 million per year for bridge projects with \$1.1 million of that total coming from the \$5 vehicle registration recently implemented by the Cumberland County Commissioners. Without the \$5 vehicle registration fee, the County would have been left with just over \$750,000 per year to address our \$15 million bridge project backlog.

Modernization of County Government

The only responsible response to the constant of increasing costs is to modernize County government. We must run it more and more like a business. While the County should not be run on a for-profit basis, we should be no less efficient and “businesslike” than organizations in the private sector. This means our approach is based on the following eight tenets:

- Slow the rate of cost increase by managing personnel and regional commitments; and continuously improve efficiency
- Base funding decisions on Return on Investment (ROI)/outcomes management/evidence based practices criteria
- Leverage technology with positive ROI to increase staff productivity
- Recruit and retain skilled staff by paying competitive salaries based on market data.
- Tie adjustments to compensation to staff productivity through the Merit Based Pay (MBP) system
- Share the benefits of cost savings with those who produce the savings (gainsharing)
- Improve revenue generation with focus on Courts’ costs, fine and restitution
- Strengthen management skills

Results to Date

County management pays very close attention to the results of its initiatives. Given that County costs rise more rapidly than revenues, absent real estate tax increases the fund balance trend line points downward in a southeasterly direction. This means that if nothing is done our reserves would eventually disappear. In reality, we would not let this happen. The projected deficit would have to be made up by tax increases, borrowing, or reductions in costs in order to balance the budget with sufficient reserve days remaining.

The challenge to the County is *how best* to bridge the projected gaps. Some counties regularly increase taxes. Others borrow. Some cut back on services. After the 3% tax increase in 2014, our approach has been to maintain service without tax increases or borrowing through increasing internal productivity and efficiency to the extent possible; i.e., modernizing the way we do business.

How are we doing? It’s still early, but we are off to a positive start.

Recent financial projections show fund balance decreasing at a far slower rate than earlier projected, as a result of the County’s recent cost saving initiatives.

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, 2014. This was the twenty-seventh 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, 2014. 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 twelve 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, 2015. This is the eighth 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,

A handwritten signature in black ink, appearing to read "Alfred L. Whitcomb". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Alfred L. Whitcomb
Controller



Government Finance Officers Association

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

Presented to

**County of Cumberland
Pennsylvania**

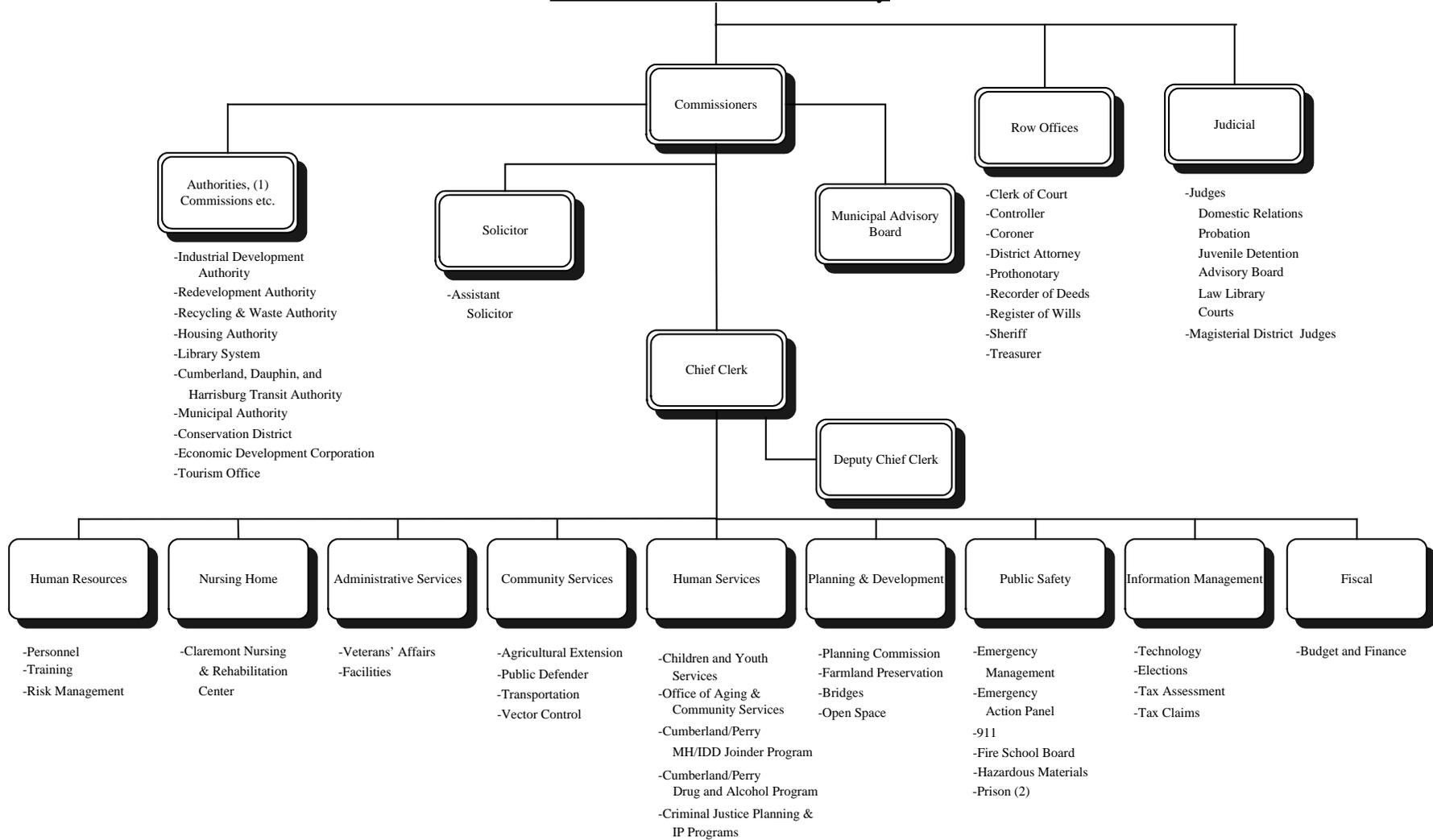
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

Cumberland County, Pennsylvania Organizational Chart

Citizens of Cumberland County



(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, 2015

COMMISSIONERS

Vincent D. DiFilippo, Chairman (term started 1/1/16)
Barbara B. Cross, Chairperson (term ended 12/31/15)
James Hertzler
Gary Eichelberger

PROTHONOTARY

David D. Buell

CLERK OF COURT

Dennis E. Lebo

JUDGES OF COURT

Honorable Kevin A. Hess, President Judge (retired
12/31/15)
Honorable Edward E. Guido, President Judge (term
started 1/1/16)
Honorable M.L. "Skip" Ebert
Honorable Albert H. Masland
Honorable Christie Lee Peck
Honorable Thomas A. Placey
Honorable Jessica E. Brewbaker (term started 1/1/16)

TREASURER

John C. Gross, II

SHERIFF

Ronny R. Anderson

CONTROLLER

Alfred L. Whitcomb

REGISTER OF WILLS

Lisa M. Grayson

CORONER

Charles E. Hall

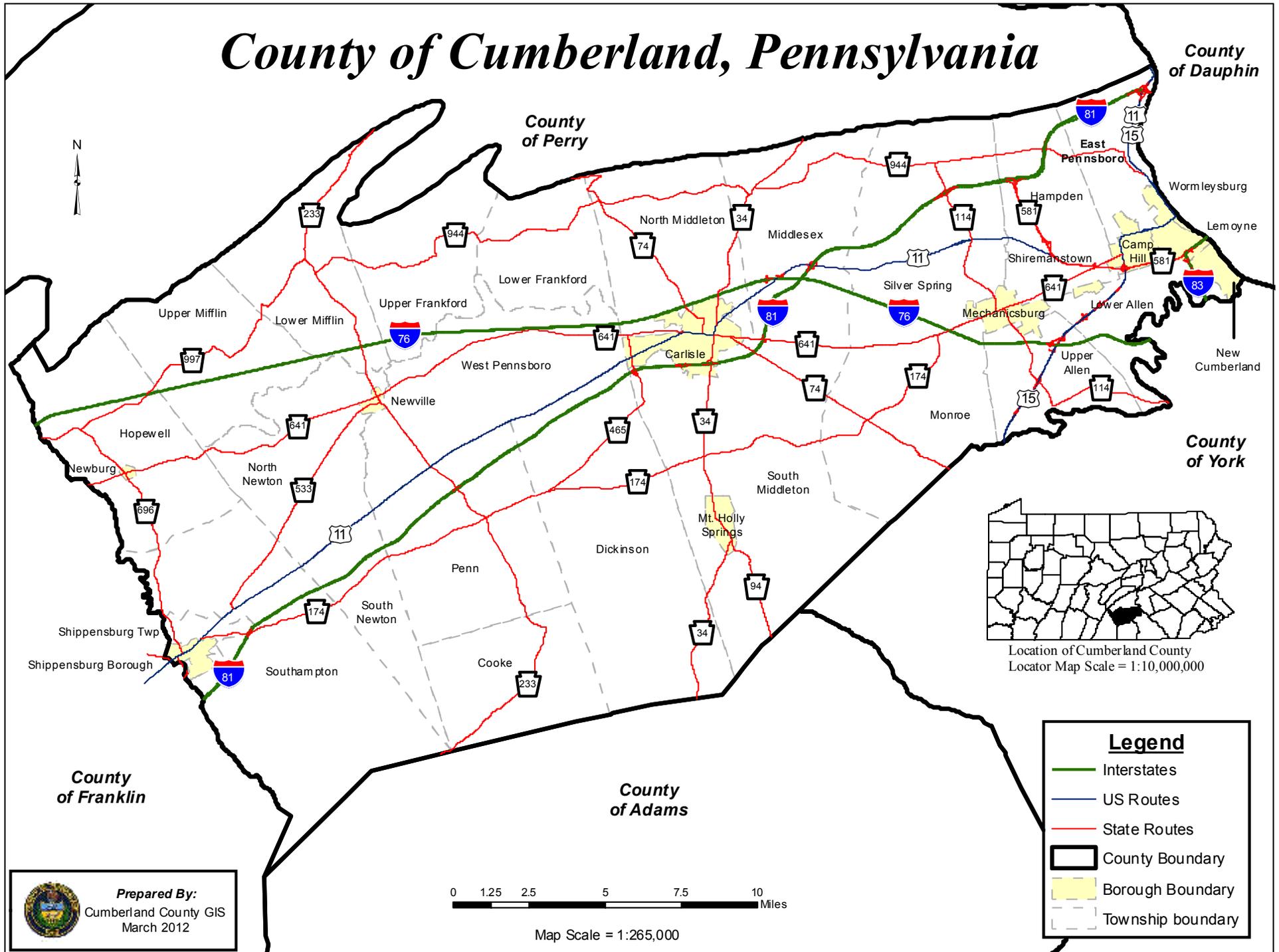
RECORDER OF DEEDS

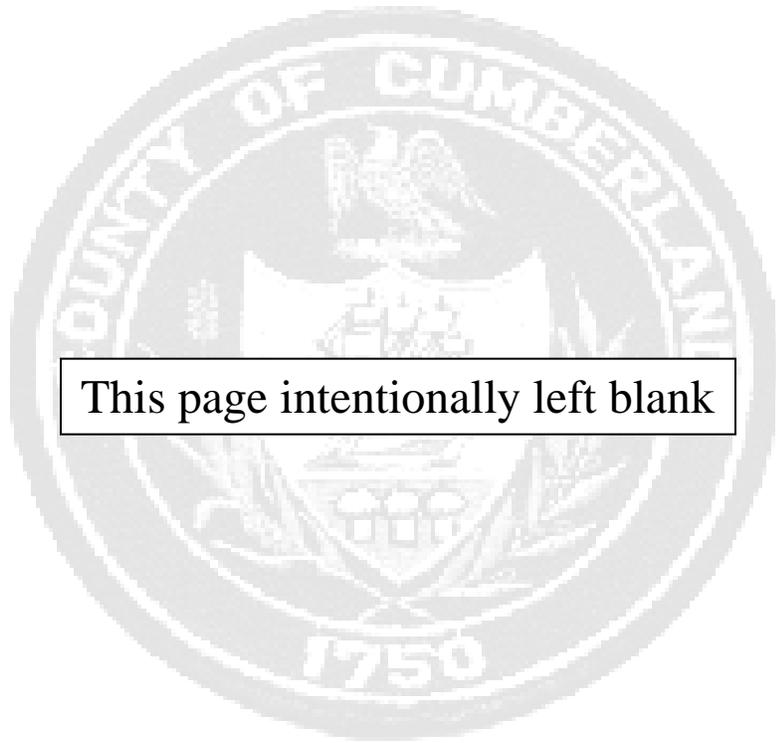
Tammy Shearer

DISTRICT ATTORNEY

David J. Freed

County of Cumberland, Pennsylvania





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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, 2015, 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 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, 2015, 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

As disclosed in Note 1, to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions* as of January 1, 2015. The County expanded its note disclosures and required supplementary information related to its pension plans. 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 employees’ retirement plan schedules on pages 18-30 and 93-103 (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, 2016

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, 2015. 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 total of assets of Cumberland County and deferred outflow of resources, exceeded liabilities at the close of the most recent fiscal year by \$84,337,625 (*net position*). Of this amount, \$37,198,987 (*unrestricted net position*) may be used to meet the County's general ongoing obligations to citizens and creditors, whereas an additional \$10,851,199 of *restricted net position* are available for funding specific activities benefiting the citizens.
- As of December 31, 2015, Cumberland County's governmental funds reported combined ending fund balances of \$41,700,998, an increase of \$4,566,939, primarily due to revenues exceeding expenditures. Approximately 77 percent of the total amount (\$32,267,028) is *available for spending* at the government's discretion (*unrestricted fund balance*).
- The government's total net position increased by \$10,654,881 in 2015, which represents approximately six percent of total expense, due to the aforementioned reasons.
- The County's general fund total fund balance was \$34,984,466 at the end of 2015, up 11% or \$3,416,783 which compares favorably to the budgeted 2015 drawdown of \$4.3 million.
- At the end of 2015, general fund unassigned fund balance was \$22,744,035 and assigned fund balance was \$8,955,171 for future budgetary requirements, capital projects, farmland preservation, prison canteen, risk liability, and criminal justice programs.
- Cumberland County's total general obligation debt decreased by \$5,695,000. The County's debt decreased due to the payment of the scheduled principal payments. No new debt was issued.
- The County's bond rating was confirmed AAA in April 2016.
- The County refunded its 2008 GOB in April 2016.
- The County preserved 604 acres of premium farmland in 2015 with 720 acres pending settlement.
- Claremont Nursing and Rehabilitation Center's dedicated short term therapy rehabilitation unit was opened in March of 2015.
- The County is in the process of re-engineering workflows and business processes to improve efficiency, quality, and customer satisfaction.
- The County implemented 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.
- The County partnered with Rabbit Transit to provide shared ride services to Cumberland County residents.

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 32 through 34 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 38 and 40 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 36, 37 and 39 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 42 through 45 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 47 and 48 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 50 through 92 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 94 through 103 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 and deferred outflow of resources exceeded liabilities by \$84,337,625 at the close of the most recent calendar year.

Cumberland County's Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Other assets	\$ 62,783,467	59,253,057	7,016,071	8,097,202	69,799,538	67,350,259
Capital assets	77,348,065	77,471,938	10,337,306	10,749,407	87,685,371	88,221,345
Total assets	140,131,532	136,724,995	17,353,377	18,846,609	157,484,909	155,571,604
Deferred outflow of resources	10,732,348	335,393	2,901,654	55,048	13,634,002	390,441
Liabilities:						
Long-term liabilities	53,734,582	49,089,693	10,193,336	8,870,293	63,927,918	57,959,986
Other liabilities	20,432,056	20,916,872	2,421,312	3,455,990	22,853,368	24,372,862
Total liabilities	74,166,638	70,006,565	12,614,648	12,326,283	86,781,286	82,332,848
Net position:						
Net invested in capital assets	34,018,215	30,386,044	2,269,224	1,768,189	36,287,439	32,154,233
Restricted	10,851,199	8,832,346	-	-	10,851,199	8,832,346
Unrestricted	31,827,828	27,835,433	5,371,159	4,807,185	37,198,987	32,642,618
Total net position	* \$ 76,697,242	67,053,823	7,640,383	6,575,374	84,337,625	73,629,197

* The County implemented GASB 68 which required the County to restate its beginning net position for the net pension asset included in its statements. Further information on the restatement can be found in the footnotes.

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.

Thirteen percent of the county's net position are legally restricted (\$10,851,199). The remaining balance of *unrestricted net assets* (\$37,198,987) 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.

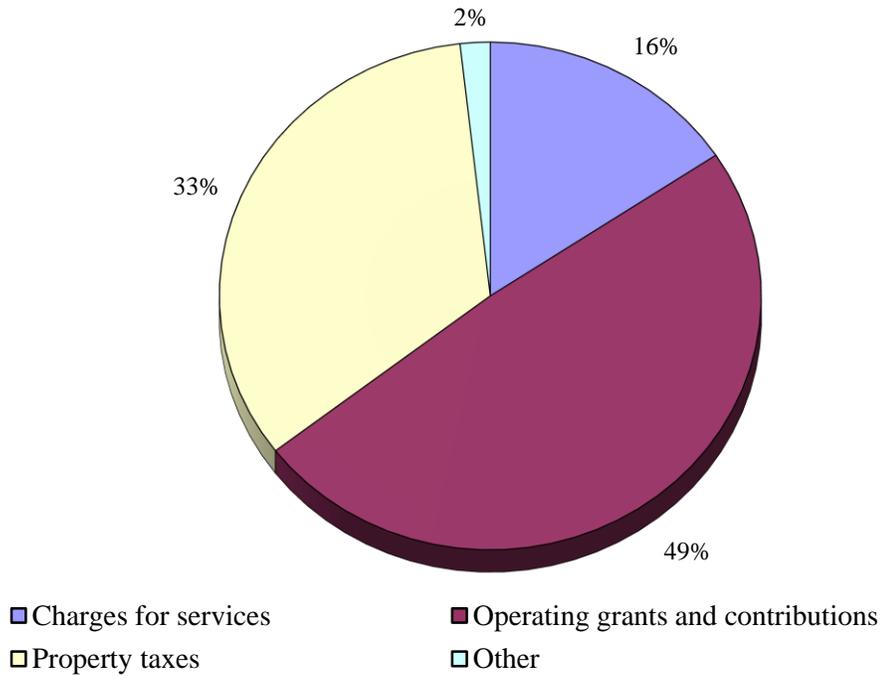
Cumberland County's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 23,518,601	\$ 18,138,077	26,084,652	25,693,602	49,603,253	43,831,679
Operating grants and contributions	73,485,040	71,875,988	6,747	220,525	73,491,787	72,096,513
Capital grants and contributions	636,136	306,454	-	-	636,136	306,454
General revenues:						
Property taxes	50,564,085	49,915,747	-	-	50,564,085	49,915,747
Other taxes	1,902,523	1,703,491	-	-	1,902,523	1,703,491
Unrestricted investment earnings	150,214	198,052	3,657	4,744	153,871	202,796
Total revenues	150,256,599	142,137,809	26,095,056	25,918,871	176,351,655	168,056,680
Expenses:						
General government-administrative	13,631,117	13,728,858	-	-	13,631,117	13,728,858
General government-judicial	18,751,395	18,396,045	-	-	18,751,395	18,396,045
Corrections	18,568,390	18,955,396	-	-	18,568,390	18,955,396
Emergency telephone	5,272,839	5,444,274	-	-	5,272,839	5,444,274
Public safety	4,029,829	4,125,147	-	-	4,029,829	4,125,147
Transportation services	1,465,829	2,506,885	-	-	1,465,829	2,506,885
Roads and bridge maintenance	920,955	327,879	-	-	920,955	327,879
Recycling and waste management	271,432	266,872	-	-	271,432	266,872
Human services	71,552,642	69,773,075	-	-	71,552,642	69,773,075
Culture and recreation	435,407	38,657	-	-	435,407	38,657
Conservation	462,380	571,509	-	-	462,380	571,509
Community redevelopment and housing	180,019	198,051	-	-	180,019	198,051
Economic development and assistance	3,715,216	4,058,868	-	-	3,715,216	4,058,868
Interest on long-term debt	1,579,219	1,702,282	-	-	1,579,219	1,702,282
Indirect expenses	(560,442)	(676,395)	560,442	676,395	-	-
Claremont Nursing and Rehabilitation Center	-	-	24,481,218	24,480,806	24,481,218	24,480,806
Total expenses	140,276,227	139,417,403	25,041,660	25,157,201	165,317,887	164,574,604
Increase (decrease) in net position before transfers	9,980,372	2,720,406	1,053,396	761,670	11,033,768	3,482,076
Special item	(378,887)	-	-	-	(378,887)	-
Increase (decrease) in net position	9,601,485	2,720,406	1,053,396	761,670	10,654,881	3,482,076
Net position, beginning, as restated *	67,095,757	64,333,417	6,586,987	5,813,704	73,682,744	70,147,121
Net position, ending	\$ 76,697,242	67,053,823	7,640,383	6,575,374	84,337,625	73,629,197

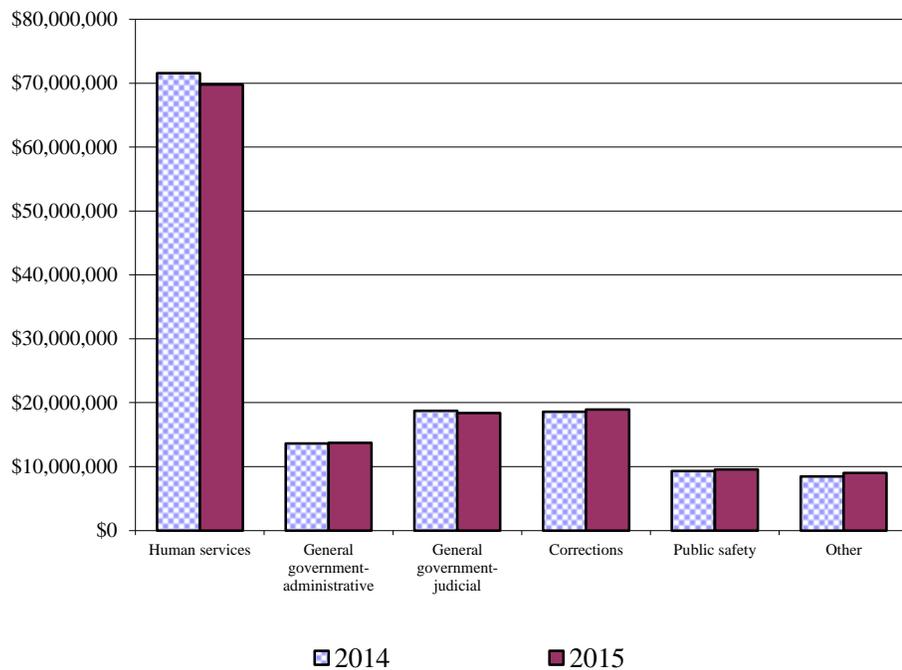
* The County implemented GASB 68 which required the County to restate its beginning net position for the net pension asset included in its statements. Further information on the restatement can be found in the footnotes

Governmental activities. The following charts graphically depict the sources of revenue and functional expenses of governmental activities for the fiscal year ended December 31, 2015:

Revenues by Source - Governmental Activities



Expense Comparison by Activity - Governmental Activities

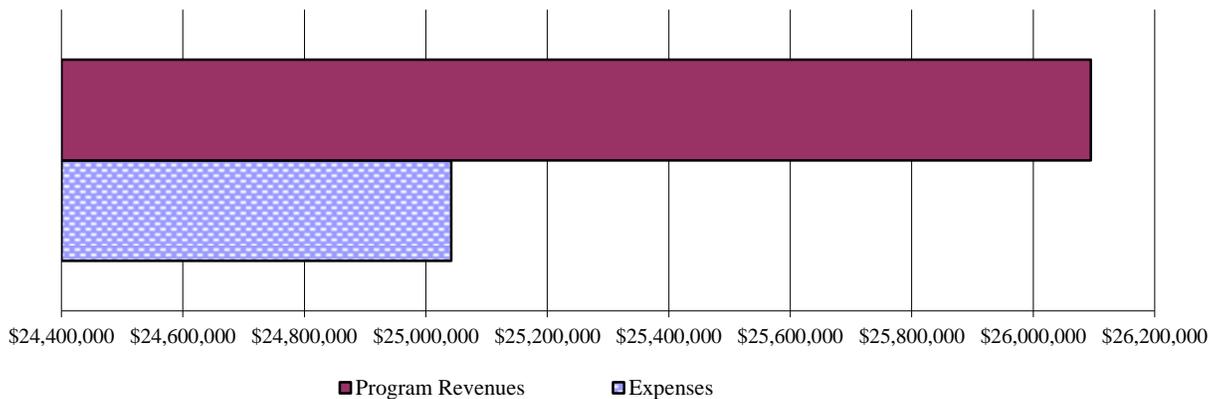


Governmental activities increased Cumberland County's net position by \$9,601,485. The primary changes in revenues and expenses are:

- Charges for services increased \$5,380,524. There were two funding changes that make up the majority of the increase.
 - The County implemented a \$5 vehicle registration fee early in 2015.
 - Emergency Telephone funding legislation changed mid-year. The funding change increased the revenue received and expanded the expense eligibility listing retroactive to January 2015.
- Operating Grants increased by \$1,609,052. The majority of this increase is due to an education grant for the Shippensburg Library and increased revenues at Children and Youth.
- On July 1st Cumberland County contracted with Rabbit Transit to provide its shared ride transportation services.
- Human Services expenses increased about \$1,780,000. The majority of the increase is caused by increased expenses in Children and Youth.

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, 2015:

Expenses and Program Revenues - County Home



Business-type activities increased Cumberland County's net position by \$1,053,396. There were no major changes to revenues and expenses to the business.

Revenues increased by less than 1% or \$176,185. Expenses decreased by less than 1% or \$115,541.

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 2015, Cumberland County's governmental funds reported combined ending fund balances of \$41,700,998 and an increase of \$4,566,939 in comparison to the prior year. Approximately 77 percent of the total amount (\$32,267,028) constitutes *unrestricted fund balance*, which is available for spending at the

County's discretion. The remainder of the fund balance is *nonspendable* (\$552,668) or *restricted* (\$8,881,302) to indicate that it is not available for future spending at the discretion of the County because it is either nonspendable or legally restricted to Register of Wills-Act 34, Coroner-Act 122, roads and bridge maintenance, judicial services, human services, public safety, row office automation, conservation, economic development and housing, Marcellus shale, hazmat emergency planning, farmland preservation 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 \$22,744,035 while total fund balance was \$34,984,466. 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 (\$31,699,206) and total fund balance represents 61 percent and 67 percent, respectively, of total general fund expenditures.

The fund balance of Cumberland County's general fund increased by \$3,416,783 during the current year. In 2015, the Commissioners continued to implement cost cutting measures and re-engineering workflows and business processes 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.

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 \$1,289,630 or 1.8% over budget. Grants revenues were over budget due to the SANS grant which was completed in early 2015. The County received the maximum reimbursement for the Court of Common Pleas grant. County charges were over budget due to an increase in the number of documents recorded in the Recorder of Deeds Office and an increase in the number of inmates housed at the prison from other jurisdictions.

Actual general fund expenditures (including other financing uses) were under budget by \$6,144,034. The major items under budget were:

Pooled Reserves	\$ 991,554
Information Management and Technology Office (IMTO)	\$ 766,408
County Prison	\$ 647,210
County Buildings	\$ 477,400
Conservation and Development	\$ 379,336
Enterprise Resource Management Office	\$ 264,609

The pooled reserves budget was not fully utilized because the funds were not needed for contingent events. IMTO is under budget due to the Voice over Internet Protocol (VoIP) phone service project not being started. Prison is under budget due to the average prison population decreasing in 2015. County Buildings is under budget due to lower utility costs and the mild winter. County Buildings capital projects are under budget due to direct billing Aging for the Heating, Ventilation, and Air Conditioning (HVAC) and roof replacement. Conservation and Development is under budget due to a change in the timeline of the Marcellus shale and farmland preservation projects. The Enterprise Resource Management Office is under budget due to delaying the implementation of Kronos countywide. 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, 2015, amounted to \$87,685,371 (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.

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

		Governmental activities		Business-type activities		Total	
		2015	2014	2015	2014	2015	2014
Land	\$	2,503,264	2,503,264	-	-	2,503,264	2,503,264
Buildings and systems		49,195,316	51,389,577	9,811,758	7,681,010	59,007,074	59,070,587
Improvements other than buildings		2,032,508	1,850,782	102,679	129,101	2,135,187	1,979,883
Machinery and equipment		7,297,837	7,206,051	422,869	370,132	7,720,706	7,576,183
Bridges		4,166,640	4,301,974	-	-	4,166,640	4,301,974
Construction in progress		2,771,278	914,956	-	2,569,164	2,771,278	3,484,120
Agricultural easements		9,381,222	9,305,334	-	-	9,381,222	9,305,334
Total	\$	77,348,065	77,471,938	10,337,306	10,749,407	87,685,371	88,221,345

Total governmental activities net capital assets decreased in 2015 by \$123,873 through depreciation of existing capital assets. Governmental activities' construction in progress increased \$1,856,322 in 2015 as a result of six bridge replacement projects.

Total business-type activities net capital assets decreased by \$412,101 in 2015 through depreciation of existing capital assets. Construction in progress decreased by \$2,569,164 as a result of the completion of the nursing home's short term rehabilitation wing.

Additional information on Cumberland County's capital assets can be found in Notes on pages 75 through 77.

Debt Administration

At the end of the current fiscal year, Cumberland County had net outstanding bonded debt of \$51,164,605. The County's net general obligation notes total \$715,000. This debt is backed by the full faith and credit of the 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, 2015 and 2014 were:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 43,051,024	47,860,058	8,113,581	9,323,973	51,164,605	57,184,031
General Obligation Notes	715,000	715,000	-	-	715,000	715,000
Total	\$ 43,766,024	48,575,058	8,113,581	9,323,973	51,879,605	57,899,031

Cumberland County's bonded debt decreased by \$6,019,426.

Principal payments paid in 2015 were \$5,695,000.

Cumberland County's rating was confirmed "AAA" from Standard and Poor's for general obligation debt in 2016.

The current debt limitation for Cumberland County is \$448,322,522 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 79 through 81 of this report.

Economic Factors and Next Year's Budget

Economic Conditions in 2015

Economic indicators continue to improve in 2015 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 2.9% while the statewide and national rates were 4.8% and 5.0%, 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, by 3.5%, 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 based with little reliance on any one taxpayer. The top ten taxpayers represent only 3.23% of assessed values as of December 31, 2015.

The 2016 budget finds Cumberland County in an improved position relative to the previous years. Cost containment measures mitigated the need for any increase in property tax in 2016. However, the County's long term financial projections continue to show a growing operational deficit through 2019. The trend is based on a structural imbalance caused by the County's reliance on property taxes. Our 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 a deficit was budgeted in 2015, the County made aggressive changes that increased the General Fund's fund balance by \$3,416,783. This was done through a combination of revenue enhancements and cost cutting measures.

In 2016, the General Fund budget shows a potential transfer of \$3,888,647 from reserves. This amount will be reduced by the continued implementation of long-term structural adjustments such as merit based compensation, quality improvement by re-engineering work-flows and business processes, adjustments to user fees, smart economic development, and sharing services with neighboring counties. The end result will be an estimated ending unassigned fund balance of \$23.7 million and a projected transfer from reserves of \$1,574,895. For purposes of budgeting the County uses the combination of unassigned fund balance and assigned for future budgetary requirements as the "fund balance".

Highlights of the County's initiatives in the 2016 budget include:

- Bridge infrastructure
- New 911 uniform funding based on the new legislation that increased revenues and expanded eligible expenses
- 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 that is required to keep the County facilities up to par.

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, 2015

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	\$ 31,211,113	3,088,509	34,299,622	685,076	120,086	543,736
Investments	1,999,049	—	1,999,049	—	—	1,261,274
Receivables (net of allowance):						
Taxes	2,193,811	—	2,193,811	—	—	—
Due from other governments	22,111,280	—	22,111,280	176,168	—	1,254,235
Accounts receivable	1,023,920	4,113,713	5,137,633	—	—	—
Court costs and fines receivable	1,673,818	—	1,673,818	—	—	—
Notes receivable	—	—	—	—	629,175	—
Due from primary government	—	—	—	—	—	431,626
Internal balances	938,731	(938,731)	—	—	—	—
Prepaid items	633,991	97,725	731,716	—	908	224,988
Restricted assets:						
Cash and cash equivalents	—	425,318	425,318	—	—	168,047
Capital assets, not being depreciated:						
Land	2,503,264	—	2,503,264	—	2,231,934	—
Construction in progress	2,771,278	—	2,771,278	—	—	—
Agricultural easements	9,381,222	—	9,381,222	—	—	—
Capital assets, net of accumulated depreciation:						
Buildings and systems	49,195,316	9,811,758	59,007,074	5,044	—	—
Improvements other than buildings	2,032,508	102,679	2,135,187	—	—	—
Machinery and equipment	7,297,837	422,869	7,720,706	52,033	—	50,645
Bridges	4,166,640	—	4,166,640	—	—	—
Non-inventoried assets	952,839	229,537	1,182,376	7,662	—	—
Other assets	44,915	—	44,915	—	—	—
Total assets	<u>140,131,532</u>	<u>17,353,377</u>	<u>157,484,909</u>	<u>925,983</u>	<u>2,982,103</u>	<u>3,934,551</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred difference-projected and actual pension earnings	8,879,176	2,421,697	11,300,873	89,988	—	—
Deferred difference-expected and actual pension experience	1,592,948	434,459	2,027,407	16,144	—	—
Deferred charges on refunding	260,224	45,498	305,722	—	—	—
Total deferred outflow of resources	<u>10,732,348</u>	<u>2,901,654</u>	<u>13,634,002</u>	<u>106,132</u>	<u>—</u>	<u>—</u>

(Continued)

STATEMENT OF NET POSITION

December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

LIABILITIES

Accounts payable and other current liabilities	10,136,295	474,548	10,610,843	37,025	357,921	165,650
Accrued payroll	876,534	166,224	1,042,758	6,934	—	—
Due to component unit	346,431	—	346,431	—	—	—
Due to primary government	—	—	—	70,195	—	—
Due to other governments	2,016,386	—	2,016,386	—	—	—
Accrued interest payable	255,278	44,112	299,390	—	—	—
Unearned revenues	788,589	142,755	931,344	98,022	—	14,950
Funds held as fiduciary	661,874	425,318	1,087,192	—	—	—
Noncurrent liabilities:						
Due in less than one year:						
Licensing agreement	61,140	—	61,140	—	—	—
General obligation bonds payable	4,723,520	1,121,480	5,845,000	—	—	—
General obligation notes payable	—	—	—	—	2,150,000	194,590
Sick and vacation accrual	339,301	46,875	386,176	2,631	—	—
Workers' compensation claims payable	226,708	—	226,708	—	—	—
Due in more than one year:						
Licensing agreement	162,608	—	162,608	—	—	—
General obligation bonds payable	38,327,504	6,992,101	45,319,605	—	—	—
General obligation notes payable	715,000	—	715,000	—	—	—
Sick and vacation accrual	3,579,896	420,879	4,000,775	46,264	—	—
Net pension obligation	9,216,573	2,513,542	11,730,115	93,466	—	—
Net OPEB obligation	734,290	266,814	1,001,104	7,348	—	—
Workers' compensation claims payable	998,711	—	998,711	—	—	—
Total liabilities	<u>74,166,638</u>	<u>12,614,648</u>	<u>86,781,286</u>	<u>361,885</u>	<u>2,507,921</u>	<u>375,190</u>
NET POSITION						
Net invested in capital assets	34,018,215	2,269,224	36,287,439	57,077	—	50,645
Restricted for:						
Conservation	1,731,815	—	1,731,815	604,595	—	—
Human services	1,247,980	—	1,247,980	—	—	—
Judicial services	177,089	—	177,089	—	—	—
Public safety	3,444,651	—	3,444,651	—	—	—
Emergency telephone	2,890,312	—	2,890,312	—	—	—
Transportation	42,516	—	42,516	—	—	—
Records improvement	497,678	—	497,678	—	—	—
Economic development	10,023	—	10,023	—	—	168,047
Roads and bridges	809,135	—	809,135	—	—	—
Unrestricted	31,827,828	5,371,159	37,198,987	8,558	474,182	3,340,669
Total net position	<u>\$ 76,697,242</u>	<u>7,640,383</u>	<u>84,337,625</u>	<u>670,230</u>	<u>474,182</u>	<u>3,559,361</u>

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

STATEMENT OF ACTIVITIES

For the year ended December 31, 2015

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	\$ 13,631,117	(1,393,719)	4,408,795	527,623	68,602	(7,232,378)	—	(7,232,378)	—	—	—	—
General government - judicial	18,751,395	83,739	4,006,868	2,747,005	—	(12,081,261)	—	(12,081,261)	—	—	—	—
Corrections	18,568,390	—	2,157,892	665,351	—	(15,745,147)	—	(15,745,147)	—	—	—	—
Emergency telephone	5,272,839	—	5,719,438	575,422	—	1,022,021	—	1,022,021	—	—	—	—
Public safety	4,029,829	—	1,871,093	776,487	21,932	(1,360,317)	—	(1,360,317)	—	—	—	—
Transportation	1,465,829	61,466	604,374	664,806	—	(258,115)	—	(258,115)	—	—	—	—
Roads and bridge maintenance	920,955	19,339	971,680	605,852	545,602	1,182,840	—	1,182,840	—	—	—	—
Recycling and waste management	271,432	—	111,899	348,835	—	189,302	—	189,302	—	—	—	—
Human services:												
Mental health/intellectual and developmental disabilities	16,842,101	181,237	2,123,521	14,423,979	—	(475,838)	—	(475,838)	—	—	—	—
HealthChoices-Cumberland County	29,681,949	—	—	29,681,670	—	(279)	—	(279)	—	—	—	—
Children and youth	16,660,594	273,768	270,827	13,534,980	—	(3,128,555)	—	(3,128,555)	—	—	—	—
Food and shelter	1,054,332	35,968	160,815	880,510	—	(48,975)	—	(48,975)	—	—	—	—
Office of aging	3,798,961	78,338	215,771	3,709,887	—	48,359	—	48,359	—	—	—	—
Other	3,514,705	99,422	668,314	2,159,564	—	(786,249)	—	(786,249)	—	—	—	—
Culture and recreation	435,407	—	—	500,000	—	64,593	—	64,593	—	—	—	—
Conservation	462,380	—	37,207	295,199	—	(129,974)	—	(129,974)	—	—	—	—
Community redevelopment and housing	180,019	—	190,107	—	—	10,088	—	10,088	—	—	—	—
Economic development and assistance	3,715,216	—	—	1,387,870	—	(2,327,346)	—	(2,327,346)	—	—	—	—
Interest on long-term debt	1,579,219	—	—	—	—	(1,579,219)	—	(1,579,219)	—	—	—	—
Total governmental activities	140,836,669	(560,442)	23,518,601	73,485,040	636,136	(42,636,450)	—	(42,636,450)	—	—	—	—
Business-type activities:												
County nursing home	24,481,218	560,442	26,084,652	6,747	—	—	1,049,739	1,049,739	—	—	—	—
Total business-type activities	24,481,218	560,442	26,084,652	6,747	—	—	1,049,739	1,049,739	—	—	—	—
Total primary government	\$ 165,317,887	—	49,603,253	73,491,787	636,136	(42,636,450)	1,049,739	(41,586,711)	—	—	—	—
Discretely presented component units:												
Conservation District	\$ 714,145	—	305,310	553,566	—	—	—	—	144,731	—	—	—
Industrial Development Authority	169,670	—	—	159,618	—	—	—	—	—	(10,052)	—	—
Cumberland Area Economic Development Corporation	2,022,892	—	2,114,681	62,954	—	—	—	—	—	—	—	154,743
Total discretely presented component units	\$ 2,906,707	—	2,419,991	776,138	—	—	—	—	144,731	(10,052)	—	154,743
General revenues:												
Real estate taxes						50,564,085	—	50,564,085	—	—	—	—
Per capita taxes						5,897	—	5,897	—	—	—	—
Hotel taxes						1,896,626	—	1,896,626	—	—	—	—
Unrestricted investment earnings						150,214	3,657	153,871	2,479	561	—	23,968
Special item-discontinued operations						(378,887)	—	(378,887)	—	—	—	—
Total general revenues and transfers						52,237,935	3,657	52,241,592	2,479	561	—	23,968
Change in net position						9,601,485	1,053,396	10,654,881	147,210	(9,491)	—	178,711
Net position, beginning of year, as restated						67,095,757	6,586,987	73,682,744	523,020	483,673	—	3,380,650
Net position, end of year						\$ 76,697,242	7,640,383	84,337,625	670,230	474,182	—	3,559,361

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

MAJOR GOVERNMENTAL FUNDS

DESCRIPTION OF FUNDS

Governmental 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 HealthChoices-Cumberland County 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, 2015

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	\$ 23,791,023	25,378	300	93,170	7,213,664	31,123,535
Investments	613,274	—	—	—	—	613,274
Receivables (net of allowance):						
Taxes	2,082,811	—	—	—	111,000	2,193,811
Due from other governments	1,097,137	7,420,784	8,432,817	—	3,716,885	20,667,623
Accounts receivable	501,193	—	—	348,162	1,616,921	2,466,276
Court costs and fines receivable	1,673,818	—	—	—	—	1,673,818
Due from other funds	13,046,105	—	—	—	656,824	13,702,929
Due from component unit	74,268	—	—	—	—	74,268
Prepaid items	387,486	780	—	—	165,182	553,448
Other assets	45,042	—	—	—	—	45,042
Total assets	<u>\$ 43,312,157</u>	<u>7,446,942</u>	<u>8,433,117</u>	<u>441,332</u>	<u>13,480,476</u>	<u>73,114,024</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 1,512,935	3,503,501	2,539,332	348,700	2,189,630	10,094,098
Accrued liabilities and withholdings	608,997	40,571	91,454	—	135,512	876,534
Due to other funds	1,672,583	3,408,806	5,786,992	49,056	2,654,236	13,571,673
Due to component unit	—	—	—	—	416,626	416,626
Due to other governments	794,578	—	—	—	1,221,808	2,016,386
Unearned revenue	102,605	168,925	15,339	35,236	466,484	788,589
Funds held as fiduciary	648,748	—	—	—	13,127	661,875
Total liabilities	<u>5,340,446</u>	<u>7,121,803</u>	<u>8,433,117</u>	<u>432,992</u>	<u>7,097,423</u>	<u>28,425,781</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	1,403,023	—	—	—	—	1,403,023
Unavailable revenue-court costs and fines	1,584,222	—	—	—	—	1,584,222
Total deferred inflows of resources	<u>2,987,245</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,987,245</u>

BALANCE SHEET
Governmental Funds

December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

FUND BALANCES

Nonspendable:							
Prepaid items	\$	387,486	—	—	—	165,182	552,668
Restricted:							
Landfill closure		130,438	—	—	—	—	130,438
Farmland preservation		437,718	—	—	—	—	437,718
Offender supervision		989,446	—	—	—	—	989,446
Juvenile probation restitution funds		27,402	—	—	—	—	27,402
Criminal investigation		672,896	—	—	—	—	672,896
Register of Wills-Act 34		74,925	—	—	—	—	74,925
Coroner - Act 122		35,061	—	—	—	—	35,061
Roads and bridge maintenance		—	—	—	—	809,135	809,135
Human services		—	325,139	—	8,340	639,926	973,405
Hazardous materials emergency planning		25,813	—	—	—	—	25,813
Public safety		—	—	—	—	2,688,735	2,688,735
Row office automation		128,260	—	—	—	320,125	448,385
Marcellus shale		375,815	—	—	—	396,917	772,732
Conservation		—	—	—	—	777,915	777,915
Capital projects		—	—	—	—	7,171	7,171
Economic development and assistance		—	—	—	—	10,125	10,125
Unrestricted:							
Assigned:							
Human services		—	—	—	—	67,822	67,822
Future budgetary requirements		3,888,647	—	—	—	—	3,888,647
Capital projects		3,725,000	—	—	—	500,000	4,225,000
Risk liability		250,000	—	—	—	—	250,000
Farmland preservation		613,274	—	—	—	—	613,274
Prison canteen		473,203	—	—	—	—	473,203
Criminal justice planning		5,047	—	—	—	—	5,047
Unassigned		22,744,035	—	—	—	—	22,744,035
Total fund balances		<u>34,984,466</u>	<u>325,139</u>	<u>—</u>	<u>8,340</u>	<u>6,383,053</u>	<u>41,700,998</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u>43,312,157</u>	<u>7,446,942</u>	<u>8,433,117</u>	<u>441,332</u>	<u>13,480,476</u>	<u>73,114,024</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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

Total fund balances-governmental funds	\$ 41,700,998
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.	77,348,065
Unamortized prepaid items used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	952,839
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds.	2,997,247
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 a deferred outflow of resources on the statement of net position.	260,224
Net pension obligation owed by the County create deferred charges that are amortized to pension expense over an actuarially determined period of time and are reported as a deferred outflow of resources on the statement of net position as follows:	
Deferred difference-projected and actual pension earnings	8,879,176
Deferred difference-expected and actual pension experience	1,592,948
Internal service fund used by management to charge the costs of the self-insurance to individual funds:	
Workers' compensation	507,643
Health reimbursement arrangement	573,212
Long-term liabilities are not due and payable in the current period and, therefore, are not reported at the fund level:	
Bonds payable	(41,947,718)
Notes payable	(715,000)
Net premium on bonds and notes	(1,103,306)
Sick and vacation payable	(3,919,197)
Other post employment benefit obligations	(734,290)
Net pension liability	(9,216,573)
Software Licensing Agreements	(223,748)
Interest accrued on long-term liabilities is not due and payable in the current period and, therefore is not reported in governmental funds.	(255,278)
Net position of governmental activities	\$ <u><u>76,697,242</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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Nonmajor Funds	Total
REVENUES						
Taxes	\$ 50,748,374	—	—	—	1,896,626	52,645,000
Licenses and permits	195,612	—	—	—	—	195,612
Grants	4,302,128	14,416,011	13,534,160	29,681,670	11,895,793	73,829,762
County charges	9,192,773	2,016,100	270,827	—	8,944,830	20,424,530
Court costs, fines and forfeitures	2,452,015	—	—	—	177,271	2,629,286
Investment earnings	119,426	2,411	—	280	9,867	131,984
Payment in lieu of taxes	133,151	—	—	—	—	133,151
Contributions and other	216,146	115,389	820	—	80,305	412,660
Total revenues	<u>67,359,625</u>	<u>16,549,911</u>	<u>13,805,807</u>	<u>29,681,950</u>	<u>23,004,692</u>	<u>150,401,985</u>
EXPENDITURES						
Current:						
General government – administrative	10,966,522	—	—	—	233,001	11,199,523
General government – judicial	15,647,902	—	—	—	3,225,386	18,873,288
Corrections	17,490,930	—	—	—	—	17,490,930
Public safety	2,961,102	—	—	—	—	2,961,102
Emergency telephone	—	—	—	—	4,567,837	4,567,837
Public works and enterprises	—	—	—	—	1,037,277	1,037,277
Transportation	—	—	—	—	1,341,181	1,341,181
Human services	781,586	17,052,397	16,975,067	29,681,950	8,304,714	72,795,714
Culture and recreation	483,877	—	—	—	—	483,877
Conservation and development	382,018	—	—	—	—	382,018
Economic development and assistance	1,741,590	—	—	—	1,896,626	3,638,216
Debt service:						
Principal retirement	—	—	—	—	4,714,186	4,714,186
Debt interest	—	—	—	—	1,598,116	1,598,116
Fiscal charges	—	—	—	—	—	—
Capital outlay	1,561,622	—	—	—	2,784,698	4,346,320
Payments to other governments	148,965	—	—	—	146,204	295,169
Total expenditures	<u>52,166,114</u>	<u>17,052,397</u>	<u>16,975,067</u>	<u>29,681,950</u>	<u>29,849,226</u>	<u>145,724,754</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,193,511</u>	<u>(502,486)</u>	<u>(3,169,260)</u>	<u>—</u>	<u>(6,844,534)</u>	<u>4,677,231</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	79,412	458,941	3,237,260	—	10,255,198	14,030,811
Transfers out	(12,094,371)	—	(68,000)	—	(1,868,440)	(14,030,811)
Proceeds from licensing agreement	238,231	—	—	—	—	238,231
Premium on refunding bonds issued	—	—	—	—	—	—
Payment to refunding bond escrow agent	—	—	—	—	—	—
Proceeds from insurance recovery	—	—	—	—	30,364	30,364
Proceeds from sale of assets	—	—	—	—	—	—
Total other financing sources (uses)	<u>(11,776,728)</u>	<u>458,941</u>	<u>3,169,260</u>	<u>—</u>	<u>8,417,122</u>	<u>268,595</u>
SPECIAL ITEM						
Discontinued operation	—	—	—	—	(378,887)	(378,887)
Total special item	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(378,887)</u>	<u>(378,887)</u>
Net change in fund balances	3,416,783	(43,545)	—	—	1,193,701	4,566,939
Fund balances, beginning of year	31,567,683	368,684	—	8,340	5,189,352	37,134,059
Fund balances, end of year	<u>\$ 34,984,466</u>	<u>325,139</u>	<u>—</u>	<u>8,340</u>	<u>6,383,053</u>	<u>41,700,998</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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

Net change in fund balances-total governmental funds	\$ 4,566,939
<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 depreciation expense exceeded capital outlay in the current period. In the current period these amounts are:</p>	
Expenditures for capital assets	4,344,842
Depreciation expense	(4,468,715)
Amortization of prepaid items	(363,416)
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.	(163,602)
<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	(243,911)
Long term debt paid	4,719,856
<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	200,820
Deferred amount on refunding	(75,170)
Deferred difference-projected and actual pension earnings	8,879,176
Deferred difference-expected and actual pension experience	1,592,948
<p>Post employment benefits are reflected on the statement of activities but are not considered a current expenditure for the fund statements:</p>	
Other post employment benefit obligations	(41,777)
Net pension liability	(9,258,507)
<p>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.</p>	
	(154,978)
<p>Governmental funds do not recognize interest on long term debt until legally due, while the statement of net position accrues for interest payable.</p>	
	18,897
<p>Governmental funds do not recognize voluntary seperation expense until due, while the statement of net position accrues for the amount payable</p>	
	374,496
<p>Internal service funds are used by management to charge the cost of self-insurance claims to individual funds:</p>	
Worker's compensation	(113,382)
Health reimbursement arrangement	(213,031)
Change in net position of governmental activities	\$ <u>9,601,485</u>

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

MAJOR PROPRIETARY FUNDS
DESCRIPTION OF FUNDS

Proprietary Funds

Funds 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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund County Nursing Home</u>	<u>Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,088,509	87,578
Investments	—	1,385,775
Restricted cash:		
Patient funds	425,318	—
Due from other funds	—	1,015,770
Accounts receivable (net of allowance):		
Patient accounts receivable	4,113,713	—
Customer accounts receivable	—	1,300
Prepaid items	97,725	80,543
Total current assets	<u>7,725,265</u>	<u>2,570,966</u>
Noncurrent assets:		
Non-inventoried assets	229,537	—
Capital assets, net of depreciation	10,337,306	—
Total non-current assets	<u>10,566,843</u>	<u>—</u>
Total assets	<u>18,292,108</u>	<u>2,570,966</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred difference-projected and actual pension earnings	2,421,697	—
Deferred difference-expected and actual pension experience	434,459	—
Deferred charge on refunding	45,498	—
Total deferred outflows of resources	<u>2,901,654</u>	<u>—</u>
LIABILITIES		
Current liabilities:		
Accounts payable	474,548	42,200
Accrued liabilities and withholdings		
Accrued payroll	166,224	—
Accrued interest	44,112	—
Due to other funds	1,147,026	—
Unearned revenue	142,755	—
Funds held as fiduciary	425,318	—
General obligation bonds payable	1,121,480	—
Sick and vacation accrual	46,875	—
Self-insurance claims payable	—	226,708
Total current liabilities	<u>3,568,338</u>	<u>268,908</u>
Noncurrent liabilities:		
Due in more than one year:		
General obligation bonds payable	6,992,101	—
Self-insurance claims payable	—	998,711
Net OPEB obligation	266,814	—
Net pension liability	2,513,542	—
Sick and vacation accrual	420,879	—
Total noncurrent liabilities	<u>10,193,336</u>	<u>998,711</u>
Total liabilities	<u>13,761,674</u>	<u>1,267,619</u>
NET POSITION		
Net invested in capital assets	2,269,224	—
Unrestricted	5,162,864	1,303,347
Total net position	<u>\$ 7,432,088</u>	<u>1,303,347</u>
Reconciliation of the Statement of Net Position - Proprietary Funds to the Statement of Activities:		
Total net position-Proprietary Funds	\$ 7,432,088	
Adjustment to reflect the consolidation of workers' compensation activity related to business-type activities	(113,130)	
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities.	321,425	
Net position of business-type activities	<u>\$ 7,640,383</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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund County Nursing Home</u>	<u>Internal Service Funds</u>
Operating revenues:		
Charges for sales and services:		
County charges	\$ 26,061,412	544,991
Rentals and other revenues	29,987	—
Total operating revenues	<u>26,091,399</u>	<u>544,991</u>
Operating expenses:		
Patient/client services	19,159,365	1,075,555
Depreciation	902,121	—
Administrative	4,636,199	—
Total operating expenses	<u>24,697,685</u>	<u>1,075,555</u>
Operating income	<u>1,393,714</u>	<u>(530,564)</u>
Nonoperating revenues (expenses):		
Insurance recovery	2,408	—
Interest income	3,657	18,232
Interest expense	(160,635)	—
Total net nonoperating revenues (expenses)	<u>(154,570)</u>	<u>18,232</u>
Change in net position	1,239,144	(512,332)
Net position, beginning of year, as restated	<u>6,192,944</u>	<u>1,815,679</u>
Net position, end of year	<u>\$ 7,432,088</u>	<u>1,303,347</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	\$ 1,053,396
Adjustment to reflect the consolidation of workers' compensation activity related to the business-type activities.	71,090
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities.	114,658
Change in net position of business-type activities	<u>\$ 1,239,144</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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>		
	<u>Enterprise Fund</u>	<u>Governmental Activities</u>	
	<u>County Nursing Home</u>	<u>Internal Service Funds</u>	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received on county charges	\$ 24,211,371	849,679	
Payments to vendors	(6,984,377)	(555,153)	
Payments to employees	(17,109,636)	(496,165)	
Net cash provided by (used in) operating activities	<u>117,358</u>	<u>(201,639)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(924,951)	—	
Insurance proceeds	2,408	—	
Principal paid on capital debt	(1,086,787)	—	
Interest paid on capital debt	(279,701)	—	
Net cash used in capital and related financing activities	<u>(2,289,031)</u>	<u>—</u>	
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	—	241,477	
Investment income received	3,657	18,332	
Net cash provided by investing activities	<u>3,657</u>	<u>259,809</u>	
Net increase (decrease) in cash and cash equivalents	(2,168,016)	58,170	
Cash and cash equivalents, January 1	5,681,843	29,408	
Cash and cash equivalents, December 31	<u>\$ 3,513,827</u>	<u>87,578</u>	

(Continued)

STATEMENT OF CASH FLOWS

Proprietary Funds

For the year ended December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal</u>
	<u>County</u>	<u>Service Funds</u>
	<u>Nursing Home</u>	
(Continued)		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 1,393,714	(530,564)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	902,121	—
Changes in assets and liabilities in:		
Patient accounts receivable	(1,900,024)	—
Due from other funds	573,067	304,689
Prepaid items	(24,392)	1,128
Non-inventoried assets	78,717	—
Accounts payable	(380,330)	22,350
Accrued liabilities and withholdings	(413,443)	—
Unearned revenues	22,562	—
Funds held as fiduciary	181,670	—
Net OPEB obligation	14,697	—
Net pension liability	(331,001)	—
Self-insurance claims payable	—	758
Total adjustments	<u>(1,276,356)</u>	<u>328,925</u>
Net cash provided by (used in) operating activities	<u>\$ 117,358</u>	<u>(201,639)</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

Funds 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 Court, 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, 2015***COUNTY OF CUMERLAND, PENNSYLVANIA**

	Pension Trust - Employees' Retirement	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 3,474,748	7,756,956
Investments:		
Negotiable bank certificates of deposit	10,040,042	—
U.S. government and agency securities	23,559,787	—
Corporate bonds and notes	26,957,528	—
Equity securities	46,981,788	—
Mutual funds	67,871,934	—
Total investments	175,411,079	—
Due from broker	115,424	—
Accrued interest and dividends receivable	687,685	—
Total assets	179,688,936	7,756,956
LIABILITIES		
Due to other governments	—	2,868,564
Due to broker	134,500	—
Other liabilities	38,913	4,888,392
Total liabilities	173,413	7,756,956
NET POSITION		
Net position held in trust for pension benefits and other purposes	\$ 179,515,523	—

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, 2015***COUNTY OF CUMBERLAND, PENNSYLVANIA****ADDITIONS**

Contributions:

Employer	\$ 3,620,219
Plan members	<u>3,021,193</u>
Total contributions	<u>6,641,412</u>

Investment income:

Net depreciation in fair value of investments	(5,007,572)
Interest	1,390,172
Dividends	<u>3,418,141</u>
Total investment earnings	(199,259)
Less investment expense	<u>497,513</u>
Net investment income	<u>(696,772)</u>
Total additions	<u>5,944,640</u>

DEDUCTIONS

Benefits	8,536,550
Refunds of contributions	534,653
Administrative expenses	<u>160,542</u>
Total deductions	<u>9,231,745</u>

Change in net position (3,287,105)

Net position - beginning of year	<u>182,802,628</u>
Net position - end of year	<u>\$ 179,515,523</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 246,338 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 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 2015, the County paid CAT \$286,417. As a participant in the joint venture, the County's annual subsidy payment was \$266,382 in 2015. Additionally, the County pays \$11,320 per year to CAT for transportation services for Shippensburg Borough. The County also pays approximately \$5,215 per year for the Shared Ride program, and in 2015 also paid \$3,500 for the Carlisle Circulator.

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

Cumberland County/Penn State Agricultural Extension Programs

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

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

In 2015, the County's share of Agricultural Extension program expenses were \$335,089 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 report an activity for which a fee is charged to external users for goods or services.

Internal service funds 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. County Charges for Patient Service Revenue

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 other funds investments. These policies are discussed in Note 3.

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.

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:

Description	Useful Life in Years
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 which are 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 County has three items that qualify for reporting in this category.

One deferred outflow of resources 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.

The other two are a result of pension expense recognition. The account deferred actual to expected experience is the difference in the actual pension liability expense on claims over what was expected. The account deferred actual to projected earnings is where the projected earnings fall short of the expected results. Both categories are amortized over an appropriate actuarially determined period of time.

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 one 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.

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.

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. 68, *Accounting and Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pension plans. This Statement is effective for financial statements for fiscal years beginning after June 15, 2014. The County has implemented GASB 68 in the current year.

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. The County has implemented GASB 71 in the current year.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The Statement provides guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The County is currently evaluating what effect, if any, the adoption of GASB 72 will have on the County's financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The County is currently evaluating what effect, if any, the adoption of GASB 73 will have on the County's financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the

general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statement No. 43, *Financial Reporting for*

Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43 and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The County is currently evaluating what effect, if any, the adoption of GASB 74 will have on the County's financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. The County is currently evaluating what effect, if any, the adoption of GASB 75 will have on the County's financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The County has implemented GASB 76 in the current year.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosure*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The County is currently evaluating what effect, if any, the adoption of GASB 77 will have on the County's financial statements.

2. Restatement of Net Position/Restatement of Beginning Balances

Effective December 31, 2014, the County implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." As a result of this accounting change, a net pension asset was established which required net position at December 31, 2014, to be adjusted to reflect this change. The impact of these changes is disclosed as follows:

RESTATEMENT NOTE

December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

Proprietary Funds Statement of Net Position

	<u>County Nursing Home</u>	<u>Internal Service Funds</u>
Net position, as previously reported, at December 31, 2014	\$ 6,181,331	1,815,679
Recognition of net pension asset (GASB 68)	11,613	-
Net position, as restated, at December 31, 2014	<u>\$ 6,192,944</u>	<u>1,815,679</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, 2014	\$ 67,053,823	6,575,374	73,629,197	522,653	483,673	3,380,650
Recognition of net pension asset (GASB 68)	41,934	11,613	53,547	367	-	-
Net position, as restated, at December 31, 2014	<u>\$ 67,095,757</u>	<u>6,586,987</u>	<u>73,682,744</u>	<u>523,020</u>	<u>483,673</u>	<u>3,380,650</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, 2015, \$32,731,878 of the County’s bank balance of \$34,722,629 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the bank but not in the County’s name	\$ 1,231,219
Uninsured and collateral held by pledging bank’s trust department or agent but not in the County’s name	<u>31,500,659</u>
Total	<u>\$ 32,731,878</u>

Custodial credit risk – fiduciary fund deposits – Excluding the negotiable certificates of deposit held by the County’s Pension Fund as of December 31, 2015, \$6,228,124 of the County’s bank balance of its fiduciary funds of \$8,439,543 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, 2015, through a \$613,274 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, 2015, 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 (In years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
<u>Debt securities</u>			
U.S. government	\$ 923,416	649,714	273,702
U.S. agency	149,777	149,777	—
Total debt securities	<u>1,073,193</u>	<u>799,491</u>	<u>273,702</u>
		74%	26%
		<u>Duration</u>	
Money market funds	87,578		
Mutual funds:			
U.S. government and agency fixed income	149,430	2.4	
U.S. government and agency fixed income	<u>163,152</u>	4.3	
Total investments	<u>\$ 1,473,353</u>		

Monies in the County’s self-insured workers compensation trust are invested for the satisfaction of short and long-term workers compensation claims.

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, \$87,578 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, \$1,385,775 are classified as investments on the statement of net position of the primary government.

The County held \$613,274 of U.S. Treasury zero coupon STRIPS at December 31, 2015. 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.

Interest rate risk – pension investments – As of December 31, 2015, 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	\$ 3,474,748	3,474,748	—	—	—
Negotiable bank certificates of deposit	10,040,042	—	10,040,042	—	—
U.S. Treasury inflation protected securities	1,537,982	1,265,632	272,350	—	—
U.S. government	19,929,170	2,830,717	9,420,254	7,631,242	46,957
U.S. agency	2,092,635	—	—	2,092,635	—
Corporate bonds and notes	26,957,528	85,196	16,537,780	9,761,942	572,610
Total debt securities	<u>64,032,105</u>	<u>7,656,293</u>	<u>36,270,426</u>	<u>19,485,819</u>	<u>619,567</u>
		12%	57%	30%	1%
<u>Other investments</u>					
Equity mutual fund-foreign	13,348,660				
Equity mutual fund-global	19,151,017				
Equity mutual fund-U.S.	35,372,257				
Equity securities-U.S.	46,981,788				
Total investments	<u>\$ 178,885,827</u>				

The total pension trust fund investments of \$178,885,827, above, includes \$3,474,748 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 \$1,537,982 of U.S. Treasury inflation-adjusted bonds (TIPS) at December 31, 2015. 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, 2015 follow:

Pension Trust Fund Debt Securities Highly Sensitive to Interest Rate Changes

<u>Debt Security</u>	<u>Amount</u>	<u>Interest Terms</u>
Negotiable bank CD	\$ 644,703	Step coupon, next reset 12/2020
Negotiable bank CD	595,710	Step coupon, next reset 2/2020
Negotiable bank CD	243,408	Variable coupon, next reset 3/2016
U.S. government	1,282,241	Step coupon, next reset 9/2020
U.S. government	826,859	Step coupon, next reset 5/2020
U.S. government	480,134	Step coupon, next reset 9/2020
U.S. government	22,637	Floating coupon based on CMT 1 year, next reset 1/2017
U.S. government	9,087	Floating coupon based on CMT 1 year, next reset 8/2016
U.S. government	4,482	Floating coupon based on LIBOR 1year, next reset 11/2016
U.S. government	195	Floating coupon based on CMT 1 year, next reset 11/2106
	<u>\$ 4,109,456</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, 2015, 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: \$1,240,413 of negotiable bank certificates of deposits, \$7,507,111 of U.S. government securities, \$2,092,635 of U.S. agency debt securities and \$6,734,340 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, 2015, is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's Rating</u>
Debt securities:		
Money market funds	\$ 87,578	Not rated
Debt securities:		
U.S. government	923,416	Not rated
U.S. agencies	149,777	Not rated
Mutual funds:		
U.S. government and agency fixed income	312,582	Not rated
U.S. Treasury STRIPS	613,274	Not rated
Total debt securities	<u>\$ 2,086,627</u>	

Credit risk – pension investments – Exposure to credit risk in the County pension trust fund at December 31, 2015, is as follows:

Debt Securities	Fair Value	Credit Quality Ratings*					
		Unrated	Aaa	Aa	A	Baa	Ba
Money market funds	\$ 3,474,748	-	3,474,748	-	-	-	-
Negotiable bank certificates							
of deposit	10,040,042	10,040,042	-	-	-	-	-
U.S. Treasury inflation protected	1,537,982	1,537,982	-	-	-	-	-
U.S. government	19,929,170	19,929,170	-	-	-	-	-
U.S. agency	2,092,635	2,092,635	-	-	-	-	-
Corporate bonds and notes	26,957,528	-	403,129	6,423,194	16,454,782	3,396,667	279,756
Total debt securities	\$ 64,032,105	33,599,829	3,877,877	6,423,194	16,454,782	3,396,667	279,756
		52.5%	6%	10%	26%	5%	0.5%

*Moody’s rating, except for money market funds that reflect Standard & Poors rating.

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, 2015, 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 \$13,348,660 investment at fair value in international equity mutual funds as of December 31, 2015. 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 ten 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 2015, 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, 2015, which are expected to be collected within one year.

The County nursing home has \$4,103,964 in net patient accounts receivable as of December 31, 2015, 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 \$475,439 against the gross patient accounts receivable. Of the County nursing home's patient accounts receivable, \$172,813 is expected to be collected beyond one year.

Taxes receivable is reduced by an allowance for uncollectible accounts of \$741,512 for 2015 which is determined by a review of account status. Of the County's delinquent taxes receivable, \$376,100 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, 2015 is \$10,753,651. Of that balance, the County has recognized an allowance for doubtful accounts of \$9,416,058. Of the County's court costs and fines receivable, \$84,481 is expected to be collected beyond one year.

6. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Sales and Other Dispositions *	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,503,264	—	—	2,503,264
Construction in progress	914,956	2,803,765	(947,443)	2,771,278
Agricultural easements	9,305,334	75,888	—	9,381,222
Total capital assets, not being depreciated	<u>12,723,554</u>	<u>2,879,653</u>	<u>(947,443)</u>	<u>14,655,764</u>
Capital assets, being depreciated:				
Buildings and systems	86,218,606	366,937	—	86,585,543
Improvements other than buildings	2,209,931	300,100	—	2,510,031
Machinery and equipment	20,343,673	1,763,553	(6,575)	22,100,651
Bridges	10,167,105	—	(17,958)	10,149,147
Total capital assets being depreciated	<u>118,939,315</u>	<u>2,430,590</u>	<u>(24,533)</u>	<u>121,345,372</u>
Less accumulated depreciation for:				
Buildings and systems	(34,829,029)	(2,561,198)	—	(37,390,227)
Improvements other than buildings	(359,149)	(118,374)	—	(477,523)
Machinery and equipment	(13,137,622)	(1,671,767)	6,575	(14,802,814)
Bridges	(5,865,131)	(117,376)	—	(5,982,507)
Total accumulated depreciation	<u>(54,190,931)</u>	<u>(4,468,715)</u>	<u>6,575</u>	<u>(58,653,071)</u>
Total capital assets, being depreciated, net	<u>64,748,384</u>	<u>(2,038,125)</u>	<u>(17,958)</u>	<u>62,692,301</u>
Governmental activities capital assets, net	<u>\$ 77,471,938</u>	<u>841,528</u>	<u>(965,401)</u>	<u>77,348,065</u>

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

6. Capital Assets (continued)

	Beginning Balance	Additions	Sales and Other Dispositions*	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,569,164	268,404	(2,837,568)	—
Total capital assets, not being depreciated	<u>2,569,164</u>	<u>268,404</u>	<u>(2,837,568)</u>	<u>—</u>
Capital assets, being depreciated:				
Buildings and systems	23,560,565	2,905,017	—	26,465,582
Improvements other than buildings	635,139	12,766	—	647,905
Machinery and equipment	1,743,197	141,401	—	1,884,598
Total capital assets, being depreciated	<u>25,938,901</u>	<u>3,059,184</u>	<u>—</u>	<u>28,998,085</u>
Less accumulated depreciation for:				
Buildings and systems	(15,879,555)	(774,269)	—	(16,653,824)
Improvements other than buildings	(506,038)	(39,188)	—	(545,226)
Machinery and equipment	(1,373,065)	(88,664)	—	(1,461,729)
Total accumulated depreciation	<u>(17,758,658)</u>	<u>(902,121)</u>	<u>—</u>	<u>(18,660,779)</u>
Total capital assets, being depreciated, net	<u>8,180,243</u>	<u>2,157,063</u>	<u>—</u>	<u>10,337,306</u>
Business-type activities capital assets, net	<u>\$ 10,749,407</u>	<u>2,425,467</u>	<u>(2,837,568)</u>	<u>10,337,306</u>

* 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 2015 as follows:

Governmental activities:

General government - administrative	\$	1,217,866
General government - judicial		238,245
Corrections		1,240,200
Emergency telephone		794,809
Public safety		459,255
Transportation		279,204
Roads and bridge maintenance		117,376
Recycling and waste management		56,149

Human services:

Mental health/intellectual and developmental disabilities		783
Children and youth		4,960
Food and shelter		13,826
Office of aging		15,093
Other		8,296
Culture and recreation		12,726
Conservation		9,927

Total depreciation expense - governmental activities	\$	<u><u>4,468,715</u></u>
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Business-type activities:

County nursing home	\$	<u>902,121</u>
Total depreciation expense - business-type activities	\$	<u><u>902,121</u></u>

7. Interfund and Transfer Accounts

The composition of interfund balances at December 31, 2015 follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Children and Youth	\$ 5,786,992
	HealthChoices-Cumberland County	49,056
	MH/IDD	3,408,806
	County Nursing Home	1,147,026
	Non-major governmental funds	2,654,225
Non-major governmental funds	General	656,813
	Non-major governmental funds	11
Internal Service Fund	General	1,015,770
Total		<u>\$ 14,718,699</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, 2015 follow:

	<u>Transfers in</u>				<u>Total</u>
	<u>General Fund</u>	<u>MH/IDD</u>	<u>Children and Youth</u>	<u>Governmental Non-major</u>	
Transfers out:					
General Fund	\$ -	458,941	3,237,260	8,398,170	12,094,371
Children and Youth	-	-	-	68,000	68,000
Non-major funds	79,412	-	-	1,789,028	1,868,440
Total transfers outs	<u>\$ 79,412</u>	<u>458,941</u>	<u>3,237,260</u>	<u>10,255,198</u>	<u>14,030,811</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, 2015:

<u>Liabilities</u>	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
Bonds	\$ 46,555,931	-	4,608,213	41,947,718	4,723,520
Notes	715,000	-	-	715,000	-
Net premium (discount) on bonds and notes	1,304,126	-	200,820	1,103,306	-
Total bonds and notes payable	48,575,057	-	4,809,033	43,766,024	4,723,520
Sick and vacation	3,764,219	4,163,639	4,008,661	3,919,197	339,301
Other postemployment benefit obligations	692,513	92,641	50,864	734,290	-
Net Pension Liability	(41,934)	9,258,507	-	9,216,573	-
Worker's Compensation	1,224,661	359,126	358,368	1,225,419	226,708
Software licensing agreements	91,489	243,911	111,652	223,748	61,140
Governmental activities long- term liabilities	\$ 54,306,005	14,117,824	9,338,578	59,085,251	5,350,669
Business-type activities:					
Bonds and notes payable:					
Bonds	\$ 8,589,069	-	1,086,787	7,502,282	1,121,480
Net premium (discount) on notes	734,905	-	123,606	611,299	-
Total bonds and notes payable	9,323,974	-	1,210,393	8,113,581	1,121,480
Sick and vacation	423,119	876,198	831,563	467,754	46,875
Other postemployment benefit obligations	252,117	32,590	17,893	266,814	-
Net Pension Liability	(11,613)	2,525,155	-	2,513,542	-
Business-type activities long-term liabilities	\$ 9,987,597	3,433,943	2,059,849	11,361,691	1,168,355

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, 2015.

All bonds and notes outstanding at December 31, 2015, 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	13,480,000	—
G.O. bonds – 2010 issue	1.75% - 2.25%	2019	9,850,000	5,850,000	—
G.O. bonds – 2011 issue	2% - 5%	2031	18,000,000	15,350,000	—
G.O. bonds – 2013 issue	2% - 5%	2021	14,670,000	5,442,719	5,232,282
G.O. bonds – 2014 issue	2% - 2.255%	2024	4,865,000	1,825,000	2,270,000
Long-term debt at December 31, 2015				42,662,719	7,502,282
Premium/Discount on notes				1,103,306	611,299
Net long-term debt at December 31, 2015				\$ 43,766,025	8,113,581

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, 2015, of the 2008 bond issue, \$13,480,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2015, of the 2010 bond issue, \$5,850,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2015, of the 2011 bond issue, \$15,350,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2015, of the 2013 bond issue, \$5,232,282 has been accounted for in the County nursing home, \$3,940,915 benefits the Emergency Telephone Fund and \$1,501,804 benefits the general fund, and therefore, repayment will be budgeted in the emergency telephone fund and the general fund.

Of the outstanding balance at December 31, 2015, of the 2014 bond issue, \$2,270,000 has been accounted for in the County nursing home, \$1,825,000 benefits the general fund, and therefore, repayment will be budgeted in the emergency telephone fund and the general fund.

In 2015, the County entered into a five year licensing agreement for software rights payable in equal installments through 2018 to be funded by the County’s general fund.

The County’s December 31, 2015, net nonelectoral debt limit, and combined net nonelectoral debt and net lease rental debt limit are \$448,322,522 and \$614,485,028 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, 2015, including interest payments, are as follows:

		Governmental Activities		Business-type Activities	
		Principal	Interest	Principal	Interest
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		2,508,021	904,365	1,271,979	63,944
2021-2025		11,324,264	3,194,453	1,540,736	54,577
2026-2030		9,325,000	1,058,530	—	—
2031		1,245,000	24,900	—	—
Total	\$	42,662,718	10,179,211	7,502,282	841,486

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 2025. Total expenses for building and office equipment leases were \$595,559 for the year ended December 31, 2015.

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, 2015:

Year Ending December 31	Lease Payments
2016	\$ 587,910
2017	473,893
2018	413,729
2019	359,420
2020	342,590
2021-2025	811,122
Total	\$ 2,988,664

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, 2015, the date of the latest actuarial valuation:

	<u>Membership</u>
Retirees and beneficiaries receiving benefits	24
Active employees	<u>1,130</u>
Total membership	<u><u>1,154</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:

	2015
Employer normal cost	\$ 72,854
Amortization of unfunded actuarial accrued liability	70,145
Annual required contribution	142,999
Interest on the net OPEB obligation	38,065
Adjustment to the ARC	(55,039)
Annual OPEB cost	126,025
Contributions made	(69,193)
Increase in net OPEB obligation	56,832
Net OPEB obligation, beginning of year	951,620
Net OPEB obligation, end of year	<u>\$ 1,008,452</u>

The percentage of OPEB cost contributed for 2013 through 2015 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>
12/31/2013	\$104,367	72.50%	\$917,347
12/31/2014	\$103,854	67.00%	\$951,620
12/31/2015	\$126,025	54.90%	\$1,008,452

D. Funding Status and Funding Progress

The County’s actuarial accrued liability (AAL) for other postemployment benefits as of January 1, 2015, is \$1,212,809. 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>
1/1/2015	-	\$1,212,809	\$1,212,809	-	\$50,132,929	2.40%

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 5.9 percent to an ultimate rate of 3.8 percent per year (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, 2015, employee membership data related to the pension plan was as follows:

Inactive plan members or beneficiaries receiving benefits	571
Inactive plan members entitled to but not yet receiving benefits	125
Active plan members	<u>1,130</u>
	<u>1,826</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 2015 was \$3,620,219 and is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to 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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (.32) 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, 2015, 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, 2015, the pension plan does not have any allocated insurance contracts that are excluded from pension plan assets.

F. Reserves

As of December 31, 2015, 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, 2015, were as follows:

Total pension liability	\$191,378,017
Plan fiduciary net position	<u>179,554,436</u>
County’s net pension liability	<u>\$ 11,823,581</u>
Plan fiduciary net position as a percentage of the total pension liability	93.82%

There is a \$38,913 difference between the Pension Trust statement of fiduciary net position on page 47 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, 2015, 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, 2015 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.

No adhoc postemployment benefit changes were included in future liability

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, 2015, (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 – 6.4%
International equity	5.5 – 6.5
Debt or fixed income securities	1.3 – 3.3
Real estate/Alternative	4.5 – 5.5
Cash	0.0 – 1.0

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.

Changes in the Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2014	\$ 182,789,687	\$ 182,843,601	\$ (53,914)
Changes for the year:			
Service cost	1,804,887	-	1,804,887
Interest	13,510,573	-	13,510,573
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,344,073	-	2,344,073
Changes of assumptions	-	-	-
Contributions-employer	-	3,620,219	(3,620,219)
Contributions-member	-	3,021,193	(3,021,193)
Net investment Income	-	(623,463)	623,463
Benefit payments, including refunds of members contribution	(9,071,203)	(9,071,203)	-
Plan administration expense	-	(235,911)	235,911
Other changes	-	-	-
Net Changes	<u>8,588,330</u>	<u>(3,289,165)</u>	<u>11,877,495</u>
Balances as of December 31, 2015	<u>\$ 191,378,017</u>	<u>\$ 179,554,436</u>	<u>\$ 11,823,581</u>

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.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
County's net pension liability	\$29,839,727	\$11,823,581	\$(3,124,299)

Pension expense and deferred outflows of resources and deferred inflows of resources related to the pension plan

For the year ended December 31, 2015, the County recognized pension expense of \$2,063,302. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,043,551	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>11,390,861</u>	<u>-</u>
Total	<u>\$ 13,434,412</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2016	\$	3,148,237
2017		3,148,237
2018		3,148,237
2019		3,148,237
Thereafter		841,464

At December 31, 2015, the County’s contributions were fully funded to the pension plan required for the year.

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, 2015.

13. Commitments and Contingencies

Commitments

The County has significant contractual commitments related to various construction projects. At December 31, 2015, the County’s commitments are as follows:

<u>Project</u>	<u>Expended Through December 31, 2015</u>	<u>Remaining Commitment</u>
County Bridge Replacement	\$2,081,692	\$4,078,933

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, 2015 and December 31, 2014, were:

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2015 \$	1,224,661	455,749	(96,623)	127,099	231,268	1,225,419
2014 \$	1,069,959	560,485	(137,917)	92,430	175,436	1,224,661

Health Reimbursement Arrangement

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

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2015	\$ 17,000	568,446	9,707	528,446	26,707	40,000
2014	\$ 30,000	509,389	-	509,262	13,127	17,000

15. Discontinued Operations

On July 1, 2015, Cumberland County Department of Transportation discontinued the provision of shared ride services internally by contracting with Central Pennsylvania Transportation Authority doing business as rabbittransit. The disposal of operations expense and expenditure are disclosed on the face of the government-wide statement of activities and statement of revenues, expenditures, and changes in fund balance, respectively, as special items.

16. Subsequent Event

On May 26, 2016, the County issued \$11,470,000 face amount of general obligation bonds maturing serially through May 1, 2028, with coupon interest ranging from 2% to 5%. Bond proceeds totaled \$12,840,948 including a bond premium of \$1,370,948 representing an effective yield to maturity of .57% to 2.05% for the serial repayments. The proceeds repay outstanding debt with higher interest rates.

As part of this 2016 debt issue, the County’s AAA credit rating was affirmed by Standard and Poor’s.

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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Taxes:				
Real estate taxes	\$ 50,545,244	50,545,244	50,742,477	197,233
Per capita taxes	—	—	5,896	5,896
Library taxes	3,292,801	3,292,801	3,302,868	10,067
Licenses and permits	152,250	152,250	195,612	43,362
Grants	3,359,265	3,359,265	3,685,891	326,626
County charges	12,068,440	12,068,440	12,440,367	371,927
Court costs, fines, and forfeitures	1,048,199	1,048,199	1,099,242	51,043
Interest	98,600	98,600	118,855	20,255
Contributions and other	196,400	196,400	213,146	16,746
Payment in lieu of taxes	127,369	127,369	133,151	5,782
Total revenues	<u>70,888,568</u>	<u>70,888,568</u>	<u>71,937,505</u>	<u>1,048,937</u>
EXPENDITURES				
Current:				
General government – administrative:				
Commissioners	722,657	740,657	702,309	38,348
Solicitors	285,253	311,753	294,711	17,042
Elections	978,450	981,775	837,109	144,666
Controller	1,050,082	1,060,582	1,034,206	26,376
Finance office	869,134	806,671	754,180	52,491
Tax claims	265,191	270,891	252,540	18,351
Treasurer	309,923	324,943	299,813	25,130
Tax collectors administration	330,665	310,165	280,695	29,470
Personnel	632,795	824,770	723,781	100,989
Tax assessment	1,263,215	1,203,040	1,123,669	79,371
Recorder of Deeds	447,937	436,937	397,846	39,091
Administrative services	361,166	377,980	256,659	121,321
Information management and technology office	2,349,111	2,729,759	1,963,351	766,408
Enterprise resource management office	795,589	805,975	541,366	264,609
Insurance	452,694	452,694	374,961	77,733
Human services fiscal operations	176,296	179,096	172,589	6,507
County buildings	3,039,708	3,293,134	2,815,734	477,400
Planning	505,488	556,652	535,185	21,467
Pooled reserves-program innovation, improvements and contingencies	950,000	185,187	—	185,187
Pooled reserves-contingencies	1,000,000	806,367	—	806,367
Debt retirement	6,212	6,212	4,928	1,284
Homestead	52,770	55,974	55,711	263
Uniform Parcel Identifier	94,433	95,433	87,820	7,613
Program subsidy	134,300	134,300	127,321	6,979
Total general government – administrative	<u>17,073,069</u>	<u>16,950,947</u>	<u>13,636,484</u>	<u>3,314,463</u>
General government – judicial:				
Building security	430,896	435,896	394,891	41,005
Courts	3,962,001	4,279,325	4,039,387	239,938
Court appointed advocate	168,438	175,438	167,882	7,556
District judges	3,223,517	3,276,026	3,036,834	239,192
Law library	203,577	224,129	221,713	2,416
Clerk of Court	683,098	654,658	620,933	33,725
Coroner	975,800	1,076,887	933,034	143,853

(Continued)

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

General Fund

For the year ended December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
EXPENDITURES (continued)				
Current (continued):				
General government - judicial (continued):				
Public defender	\$ 1,237,857	1,262,857	1,156,209	106,648
District Attorney	2,128,084	2,216,512	2,065,926	150,586
Prothonotary	550,125	553,050	515,165	37,885
Register of Wills	660,470	667,070	545,392	121,678
Sheriff	2,830,508	2,804,351	2,664,429	139,922
Total general government – judicial	<u>17,054,371</u>	<u>17,626,199</u>	<u>16,361,795</u>	<u>1,264,404</u>
Public safety:				
DA crime investigation	621,901	609,944	577,859	32,085
DA justice services	400,603	561,191	498,134	63,057
HAZMAT	110,568	130,468	135,425	(4,957)
Vector control	246,733	257,833	235,776	22,057
Fire training	24,955	39,943	19,631	20,312
Public safety	653,064	571,797	497,137	74,660
Total public safety	<u>2,057,824</u>	<u>2,171,176</u>	<u>1,963,962</u>	<u>207,214</u>
Corrections:				
County prison	13,228,224	13,229,944	12,582,734	647,210
Probation and parole	5,098,748	5,173,162	4,908,196	264,966
Total corrections	<u>18,326,972</u>	<u>18,403,106</u>	<u>17,490,930</u>	<u>912,176</u>
Human services	235,081	243,581	213,266	30,315
Culture and recreation	4,682,160	4,679,013	4,677,107	1,906
Conservation and development	914,992	909,192	529,856	379,336
Economic development	1,844,050	1,844,050	1,818,590	25,460
Total expenditures	<u>62,188,519</u>	<u>62,827,264</u>	<u>56,691,990</u>	<u>6,135,274</u>
Excess of revenues over expenditures	<u>8,700,049</u>	<u>8,061,304</u>	<u>15,245,515</u>	<u>7,184,211</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,640	150,640	153,102	2,462
Transfers out	(13,103,514)	(12,464,770)	(12,456,010)	8,760
Proceeds from licensing agreement	—	—	238,231	238,231
Total other financing sources (uses)	<u>(12,952,874)</u>	<u>(12,314,130)</u>	<u>(12,064,677)</u>	<u>249,453</u>
Net change in fund balance	(4,252,825)	(4,252,826)	3,180,838	7,433,664
Fund balance, beginning of year	<u>21,666,917</u>	<u>21,666,917</u>	<u>30,176,239</u>	<u>8,509,322</u>
Fund balance, end of year	<u>\$ 17,414,092</u>	<u>17,414,091</u>	<u>33,357,077</u>	<u>15,942,986</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, 2015*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 14,386,897	14,549,147	14,455,319	(93,828)
County charges	2,403,932	2,428,932	2,944,570	515,638
Interest	2,000	2,000	3,713	1,713
Contributions and other	118,440	121,640	121,063	(577)
Total revenues	<u>16,911,269</u>	<u>17,101,719</u>	<u>17,524,665</u>	<u>422,946</u>
EXPENDITURES				
Current:				
Human services	17,407,546	17,612,574	18,004,035	(391,461)
Total expenditures	<u>17,407,546</u>	<u>17,612,574</u>	<u>18,004,035</u>	<u>(391,461)</u>
Deficiency of revenues under expenditures	<u>(496,277)</u>	<u>(510,855)</u>	<u>(479,370)</u>	<u>31,485</u>
OTHER FINANCING SOURCES				
Transfers in	496,277	510,855	463,652	(47,203)
Total other financing sources	<u>496,277</u>	<u>510,855</u>	<u>463,652</u>	<u>(47,203)</u>
Net change in fund balance	—	—	(15,718)	(15,718)
Fund balance, beginning of year	—	—	368,683	368,683
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>352,965</u>	<u>352,965</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**

Children and Youth

For the fiscal year ended June 30, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 12,880,917	12,880,917	12,596,675	(284,242)
County charges	331,562	331,562	279,159	(52,403)
Contributions and others	—	—	2,378	2,378
Total revenues	13,212,479	13,212,479	12,878,212	(334,267)
EXPENDITURES				
Current:				
Human services	15,980,776	15,980,776	15,420,705	560,071
Capital outlay	—	—	—	—
Total expenditures	15,980,776	15,980,776	15,420,705	560,071
Deficiency of revenues under expenditures	(2,768,297)	(2,768,297)	(2,542,493)	225,804
OTHER FINANCING SOURCES (USES)				
Transfers in	2,836,297	2,836,297	2,610,493	(225,804)
Transfers out	(68,000)	(68,000)	(68,000)	—
Total other financing sources (uses)	2,768,297	2,768,297	2,542,493	(225,804)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 29,689,683	29,689,683	27,892,449	(1,797,234)
Interest	500	500	310	(190)
Total revenues	29,690,183	29,690,183	27,892,759	(1,797,424)
EXPENDITURES				
Current:				
Human services	29,690,183	29,690,183	27,892,759	1,797,424
Total expenditures	29,690,183	29,690,183	27,892,759	1,797,424
Excess of revenues over expenditures	—	—	—	—
Fund balance, beginning of year	—	—	8,340	8,340
Fund balance, end of year	\$ —	—	8,340	8,340

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

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT PLAN SCHEDULES

December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

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

	<u>2014</u>	<u>2015</u>
Pension liability		
Service cost	\$ 1,903,395	\$ 1,804,887
Interest	13,023,617	13,510,573
Changes of benefit terms	-	-
Differences between expected and actual experience	406,591	2,344,073
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(8,425,180)</u>	<u>(9,071,203)</u>
Net change in total pension liability	6,908,423	8,588,330
Total pension liability-beginning	175,881,264	182,789,687
Total pension liability-ending	<u>\$ 182,789,687</u>	<u>\$ 191,378,017</u>
Plan fiduciary net position		
Contributions-employer	\$ 4,134,246	\$ 3,620,219
Contributions-member	2,913,238	3,021,193
Net investment income	9,714,262	(623,463)
Benefit payments, including refunds of member contributions	(8,425,180)	(9,071,203)
Administrative expense	<u>(150,259)</u>	<u>(235,911)</u>
Net change in plan fiduciary net position	8,186,307	(3,289,165)
Plan fiduciary net position-beginning	174,657,294	182,843,601
Plan fiduciary net position-ending	<u>\$ 182,843,601</u>	<u>\$ 179,554,436</u>
Net pension liability	<u>\$ (53,914)</u>	<u>\$ 11,823,581</u>
Plan fiduciary net position as a percentage of the total pension liability	100.03 %	93.82 %
Covered-employee payroll	\$ 52,236,859	\$ 50,760,752
Net pension liability as a percentage of covered-employee payroll	(0.10) %	23.29 %

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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Schedule of County Contributions
Last 10 Years

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 4,134,246	\$ 3,620,219
Contributions in relation to the actuarially determined contribution	<u>4,134,246</u>	<u>3,620,219</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 52,236,859	\$ 50,760,752
Contributions as a percentage of covered-employee payroll	7.91 %	7.13 %

Notes to Schedule

Valuation date: 1/1/2014 1/1/2015

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>	<u>2015</u>
Annual money weighted rate of return, net of investment expense	6.73 %	(0.32) %

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, 2015
(unaudited)

Other Postemployment Benefits Plan
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
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%
1/1/2015	-	1,212,809	1,212,809	-	50,132,929	2.40%

For the January 1, 2015 actuarial valuation, there was no significant change to the actuarial assumptions or methods.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (unaudited) December 31, 2015

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, 2015, or on a fiscal year ended June 30, 2015. 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, 2015, follows:

	<u>General Fund</u>
Budgetary basis- net change in fund balance	\$ 3,180,838
Adjustments:	
To adjust revenues, expenditures and other financing sources/uses:	
Net fund budget-related revenues, expenditures and other financing sources/uses:	(79,372)
Fund balance effect from funds included in GAAP statements:	
Criminal justice and intermediate punishment	1,099
Offender supervision fund	<u>314,218</u>
GAAP basis - net change in fund balance	<u>\$ 3,416,783</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (unaudited) December 31, 2015

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

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

During the year, no general fund supplemental appropriations were enacted. 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 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, 2015

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	\$ 998,229	191,682	185,704	—	—	16,640	1,208,212
Receivables:							
Taxes	—	—	—	—	—	—	—
Due from other governments	541,447	315,226	1,609,355	26,469	198,104	864,907	—
Accounts receivable	—	—	3,544	—	101,970	26,106	—
Due from other funds	—	—	11	—	—	92,041	—
Prepaid items	—	—	—	—	—	—	—
Total assets	<u>\$ 1,539,676</u>	<u>506,908</u>	<u>1,798,614</u>	<u>26,469</u>	<u>300,074</u>	<u>999,694</u>	<u>1,208,212</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 730,541	950	260,396	488	109,603	268,025	—
Accrued liabilities and withholdings	—	30,010	35,520	1,315	4,626	16,433	—
Due to other funds	—	462,821	1,161,608	24,666	124,062	—	17,708
Due from component unit	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	1,190,504
Unearned revenue	—	—	183,322	—	780	226,259	—
Funds held as fiduciary	—	13,127	—	—	—	—	—
Total liabilities	<u>730,541</u>	<u>506,908</u>	<u>1,640,846</u>	<u>26,469</u>	<u>239,071</u>	<u>510,717</u>	<u>1,208,212</u>
FUND BALANCES							
Nonspendable:							
Prepaid items	—	—	—	—	—	—	—
Restricted:							
Roads and bridge maintenance	809,135	—	—	—	—	—	—
Human services	—	—	150,949	—	—	488,977	—
Public safety	—	—	—	—	—	—	—
Row office automation	—	—	—	—	—	—	—
Marcellus shale	—	—	—	—	—	—	—
Conservation	—	—	—	—	—	—	—
Capital projects	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Assigned:							
Human services	—	—	6,819	—	61,003	—	—
Capital projects	—	—	—	—	—	—	—
Total fund balances	<u>809,135</u>	<u>—</u>	<u>157,768</u>	<u>—</u>	<u>61,003</u>	<u>488,977</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 1,539,676</u>	<u>506,908</u>	<u>1,798,614</u>	<u>26,469</u>	<u>300,074</u>	<u>999,694</u>	<u>1,208,212</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue						
	Witness Assistance	ARD/DUI Program	Records Improvement	Recycling and Waste	Affordable Housing	Hotel Tax	Transportation
(Continued)							
ASSETS							
Cash and cash equivalents	\$ —	—	332,205	715,540	63,397	962,446	—
Receivables:							
Taxes	—	—	—	—	—	111,000	—
Due from other governments	75,331	—	—	32,296	—	—	—
Accounts receivable	—	—	—	41,646	—	—	—
Due from other funds	—	21,589	52,676	—	—	—	490,507
Prepaid items	6,329	—	26,460	325	—	—	—
Total assets	<u>\$ 81,660</u>	<u>21,589</u>	<u>411,341</u>	<u>789,807</u>	<u>63,397</u>	<u>1,073,446</u>	<u>490,507</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 1,159	21,589	64,270	665	44,267	—	403,080
Accrued liabilities and withholdings	5,441	—	486	879	—	—	—
Due to other funds	30,614	—	—	10,023	9,005	656,820	—
Due to component unit	—	—	—	—	—	416,626	—
Due to other governments	—	—	—	—	—	—	31,304
Unearned revenue	—	—	—	—	—	—	56,123
Funds held as fiduciary	—	—	—	—	—	—	—
Total liabilities	<u>37,214</u>	<u>21,589</u>	<u>64,756</u>	<u>11,567</u>	<u>53,272</u>	<u>1,073,446</u>	<u>490,507</u>
FUND BALANCES							
Nonspendable:							
Prepaid items	6,329	—	26,460	325	—	—	—
Restricted:							
Roads and bridge maintenance	—	—	—	—	—	—	—
Human services	—	—	—	—	—	—	—
Public safety	38,117	—	—	—	—	—	—
Row office automation	—	—	320,125	—	—	—	—
Marcellus shale	—	—	—	—	—	—	—
Conservation	—	—	—	777,915	—	—	—
Capital projects	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	10,125	—	—
Assigned:							
Human services	—	—	—	—	—	—	—
Capital projects	—	—	—	—	—	—	—
Total fund balances	<u>44,446</u>	<u>—</u>	<u>346,585</u>	<u>778,240</u>	<u>10,125</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 81,660</u>	<u>21,589</u>	<u>411,341</u>	<u>789,807</u>	<u>63,397</u>	<u>1,073,446</u>	<u>490,507</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue			Capital projects Fund	Total Nonmajor Governmental Funds
	Emergency Telephone	Total	Debt Service		
(Continued)					
ASSETS					
Cash and cash equivalents	\$ 1,509,412	6,183,467	—	1,030,197	7,213,664
Receivables:					
Taxes	—	111,000	—	—	111,000
Due from other governments	53,750	3,716,885	—	—	3,716,885
Accounts receivable	1,443,655	1,616,921	—	—	1,616,921
Due from other funds	—	656,824	—	—	656,824
Prepaid items	132,068	165,182	—	—	165,182
Total assets	\$ <u>3,138,885</u>	<u>12,450,279</u>	<u>—</u>	<u>1,030,197</u>	<u>13,480,476</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 271,611	2,176,644	—	12,986	2,189,630
Accrued liabilities and withholdings	40,802	135,512	—	—	135,512
Due to other funds	43,786	2,541,113	—	113,123	2,654,236
Due from component unit	—	416,626	—	—	416,626
Due to other governments	—	1,221,808	—	—	1,221,808
Unearned revenue	—	466,484	—	—	466,484
Funds held as fiduciary	—	13,127	—	—	13,127
Total liabilities	<u>356,199</u>	<u>6,971,314</u>	<u>—</u>	<u>126,109</u>	<u>7,097,423</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	132,068	165,182	—	—	165,182
Restricted:					
Roads and bridge maintenance	—	809,135	—	—	809,135
Human services	—	639,926	—	—	639,926
Public safety	2,650,618	2,688,735	—	—	2,688,735
Row office automation	—	320,125	—	—	320,125
Marcellus shale	—	—	—	396,917	396,917
Conservation	—	777,915	—	—	777,915
Capital projects	—	—	—	7,171	7,171
Economic development and assistance	—	10,125	—	—	10,125
Assigned:					
Human services	—	67,822	—	—	67,822
Capital projects	—	—	—	500,000	500,000
Total fund balances	<u>2,782,686</u>	<u>5,478,965</u>	<u>—</u>	<u>904,088</u>	<u>6,383,053</u>
Total liabilities and fund balances	\$ <u>3,138,885</u>	<u>12,450,279</u>	<u>—</u>	<u>1,030,197</u>	<u>13,480,476</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2015

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
	Tax	Office	Aging	Development	Shelter	Alcohol	Agent
REVENUES							
Taxes	\$ —	—	—	—	—	—	—
Grants	1,151,455	2,127,393	3,672,964	130,716	900,235	1,714,396	—
County charges	971,680	19,716	215,771	—	160,815	485,971	—
Court costs, fines and forfeitures	—	12,898	—	—	—	164,373	—
Interest	2,842	518	678	66	100	—	1,310
Contributions and other	—	—	36,922	—	5,700	16,074	—
Total revenues	<u>2,125,977</u>	<u>2,160,525</u>	<u>3,926,335</u>	<u>130,782</u>	<u>1,066,850</u>	<u>2,380,814</u>	<u>1,310</u>
EXPENDITURES							
Current:							
General government – administrative	—	—	—	—	—	—	—
General government – judicial	—	3,115,941	—	—	—	—	—
Emergency telephone	—	—	—	—	—	—	—
Public works and enterprises	822,919	—	—	—	—	—	—
Human services	—	—	3,874,498	133,890	1,104,063	2,694,853	—
Economic development and assistance	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Capital outlay	1,870,597	14,651	69,229	—	—	—	—
Payments to other governments	—	—	—	—	—	—	—
Total expenditures	<u>2,693,516</u>	<u>3,130,592</u>	<u>3,943,727</u>	<u>133,890</u>	<u>1,104,063</u>	<u>2,694,853</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(567,539)</u>	<u>(970,067)</u>	<u>(17,392)</u>	<u>(3,108)</u>	<u>(37,213)</u>	<u>(314,039)</u>	<u>1,310</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	—	970,067	61,254	70,993	67,885	290,560	—
Transfers out	—	—	—	(67,885)	(2,993)	—	(1,310)
Proceeds from insurance recovery	—	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>970,067</u>	<u>61,254</u>	<u>3,108</u>	<u>64,892</u>	<u>290,560</u>	<u>(1,310)</u>
SPECIAL ITEM							
Discontinued operations	—	—	—	—	—	—	—
Total Special Item	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net changes in fund balance	<u>(567,539)</u>	<u>—</u>	<u>43,862</u>	<u>—</u>	<u>27,679</u>	<u>(23,479)</u>	<u>—</u>
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 809,135</u>	<u>—</u>	<u>157,768</u>	<u>—</u>	<u>61,003</u>	<u>488,977</u>	<u>—</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2015

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	\$ —	—	—	—	—	1,896,626	—	—
Grants	241,914	—	—	328,835	—	—	663,296	—
County charges	37,281	264,131	162,831	111,899	190,107	—	604,374	—
Court costs, fines and forfeitures	—	—	—	—	—	—	—	—
Interest	—	—	100	667	49	759	—	—
Contributions and other	—	—	—	20,000	—	—	1,510	—
Total revenues	<u>279,195</u>	<u>264,131</u>	<u>162,931</u>	<u>461,401</u>	<u>190,156</u>	<u>1,897,385</u>	<u>1,269,180</u>	<u>—</u>
EXPENDITURES								
Current:								
General government – administrative	—	—	196,002	—	33,916	—	—	—
General government – judicial	—	109,445	—	—	—	—	—	—
Emergency telephone	—	—	—	—	—	—	—	—
Public works and enterprises	—	—	—	214,358	—	—	—	—
Human services	497,410	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	1,896,626	—	—
Transportation	—	—	—	—	—	—	1,341,181	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—	—
Capital outlay	—	—	132,280	311,436	—	—	—	—
Payments to other governments	—	—	—	—	146,115	—	—	—
Total expenditures	<u>497,410</u>	<u>109,445</u>	<u>328,282</u>	<u>525,794</u>	<u>180,031</u>	<u>1,896,626</u>	<u>1,341,181</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(218,215)</u>	<u>154,686</u>	<u>(165,351)</u>	<u>(64,393)</u>	<u>10,125</u>	<u>759</u>	<u>(72,001)</u>	<u>—</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	216,672	—	—	—	—	—	—	—
Transfers out	—	(154,686)	—	—	—	(759)	—	—
Proceeds from insurance recovery	—	—	—	—	—	—	30,364	—
Total other financing sources (uses)	<u>216,672</u>	<u>(154,686)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(759)</u>	<u>30,364</u>	<u>—</u>
SPECIAL ITEM								
Discontinued operations	—	—	—	—	—	—	(378,887)	—
Total Special Item	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(378,887)</u>	<u>—</u>
Net changes in fund balance	(1,543)	—	(165,351)	(64,393)	10,125	—	(420,524)	—
Fund balances, beginning of year	45,989	—	511,936	842,633	—	—	420,524	—
Fund balances, end of year	<u>\$ 44,446</u>	<u>—</u>	<u>346,585</u>	<u>778,240</u>	<u>10,125</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2015

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	\$ —	1,896,626	—	—	1,896,626
Grants	575,323	11,506,527	—	389,266	11,895,793
County charges	5,719,438	8,944,014	—	816	8,944,830
Court costs, fines and forfeitures	—	177,271	—	—	177,271
Interest	334	7,423	—	2,444	9,867
Contributions and other	99	80,305	—	—	80,305
Total revenues	<u>6,295,194</u>	<u>22,612,166</u>	<u>—</u>	<u>392,526</u>	<u>23,004,692</u>
EXPENDITURES					
Current:					
General government – administrative	—	229,918	—	3,083	233,001
General government – judicial	—	3,225,386	—	—	3,225,386
Emergency telephone	4,567,837	4,567,837	—	—	4,567,837
Public works and enterprises	—	1,037,277	—	—	1,037,277
Human services	—	8,304,714	—	—	8,304,714
Economic development and assistance	—	1,896,626	—	—	1,896,626
Transportation	—	1,341,181	—	—	1,341,181
Debt service:					
Principal retirement	—	—	4,714,186	—	4,714,186
Debt interest	—	—	1,598,116	—	1,598,116
Capital outlay	261,147	2,659,340	—	125,358	2,784,698
Payments to other governments	89	146,204	—	—	146,204
Total expenditures	<u>4,829,073</u>	<u>23,408,483</u>	<u>6,312,302</u>	<u>128,441</u>	<u>29,849,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,466,121</u>	<u>(796,317)</u>	<u>(6,312,302)</u>	<u>264,085</u>	<u>(6,844,534)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,082,348	3,759,779	6,312,302	183,117	10,255,198
Transfers out	(765,783)	(993,416)	—	(875,024)	(1,868,440)
Proceeds from insurance recovery	—	30,364	—	—	30,364
Total other financing sources (uses)	<u>1,316,565</u>	<u>2,796,727</u>	<u>6,312,302</u>	<u>(691,907)</u>	<u>8,417,122</u>
SPECIAL ITEM					
Discontinued operations	—	(378,887)	—	—	(378,887)
Total Special Item	<u>—</u>	<u>(378,887)</u>	<u>—</u>	<u>—</u>	<u>(378,887)</u>
Net changes in fund balance	2,782,686	1,621,523	—	(427,822)	1,193,701
Fund balances, beginning of year	—	3,857,442	—	1,331,910	5,189,352
Fund balances, end of year	\$ <u>2,782,686</u>	<u>5,478,965</u>	<u>—</u>	<u>904,088</u>	<u>6,383,053</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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants:				
Liquid fuels tax	\$ 1,592,260	1,742,260	1,151,455	(590,805)
County charges	800	850,800	971,680	120,880
Interest	1,800	1,800	2,842	1,042
Total revenues	<u>1,594,860</u>	<u>2,594,860</u>	<u>2,125,977</u>	<u>(468,883)</u>
EXPENDITURES				
Current:				
Public works and enterprises	773,064	829,164	822,919	6,245
Capital outlay	1,550,000	2,493,900	1,870,597	623,303
Payments to other governments	32,000	32,000	—	32,000
Total expenditures	<u>2,355,064</u>	<u>3,355,064</u>	<u>2,693,516</u>	<u>661,548</u>
Deficiency of revenues over expenditures	(760,204)	(760,204)	(567,539)	192,665
Fund balance, beginning of year	<u>1,241,306</u>	<u>1,241,306</u>	<u>1,376,674</u>	<u>135,368</u>
Fund balance, end of year	<u>\$ 481,102</u>	<u>481,102</u>	<u>809,135</u>	<u>328,033</u>

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

Domestic Relations Office

For the year ended December 31, 2015

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	\$ 2,243,998	2,243,998	2,127,393	(116,605)
County charges	27,775	27,775	19,716	(8,059)
Court costs, fines, and forfeitures	13,500	13,500	12,898	(602)
Interest	450	450	518	68
Total revenues	<u>2,285,723</u>	<u>2,285,723</u>	<u>2,160,525</u>	<u>(125,198)</u>
EXPENDITURES				
Current:				
General government – judicial	3,173,520	3,173,520	3,115,941	57,579
Capital outlay	23,595	23,595	14,651	8,944
Total expenditures	<u>3,197,115</u>	<u>3,197,115</u>	<u>3,130,592</u>	<u>66,523</u>
Deficiency of revenues under expenditures	<u>(911,392)</u>	<u>(911,392)</u>	<u>(970,067)</u>	<u>(58,675)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>911,392</u>	<u>911,392</u>	<u>970,067</u>	<u>58,675</u>
Total other financing sources	<u>911,392</u>	<u>911,392</u>	<u>970,067</u>	<u>58,675</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, 2015

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	\$ 3,269,681	3,745,654	3,413,212	(332,442)
County charges	205,300	213,280	217,387	4,107
Interest	200	200	811	611
Contributions and other	23,350	23,350	36,244	12,894
Total revenues	<u>3,498,531</u>	<u>3,982,484</u>	<u>3,667,654</u>	<u>(314,830)</u>
EXPENDITURES				
Current:				
Human services	3,556,531	3,969,641	3,609,026	360,615
Capital outlay	—	87,000	69,229	17,771
Total expenditures	<u>3,556,531</u>	<u>4,056,641</u>	<u>3,678,255</u>	<u>378,386</u>
Deficiency of revenues under expenditures	<u>(58,000)</u>	<u>(74,157)</u>	<u>(10,601)</u>	<u>63,556</u>
OTHER FINANCING SOURCES				
Transfers in	<u>58,000</u>	<u>54,500</u>	<u>50,410</u>	<u>(4,090)</u>
Total other financing sources	<u>58,000</u>	<u>54,500</u>	<u>50,410</u>	<u>(4,090)</u>
Net change in fund balance	—	(19,657)	39,809	59,466
Fund balance, beginning of year	<u>97,292</u>	<u>97,292</u>	<u>218,406</u>	<u>121,114</u>
Fund balance, end of year	<u>\$ 97,292</u>	<u>77,635</u>	<u>258,215</u>	<u>180,580</u>

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

Human Services Development

For the fiscal year ended June 30, 2015

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	—	—	66	66
Total revenues	<u>129,187</u>	<u>129,187</u>	<u>129,253</u>	<u>66</u>
EXPENDITURES				
Current:				
Human services	<u>121,085</u>	<u>127,207</u>	<u>126,805</u>	<u>402</u>
Total expenditures	<u>121,085</u>	<u>127,207</u>	<u>126,805</u>	<u>402</u>
Excess of revenues over expenditures	<u>8,102</u>	<u>1,980</u>	<u>2,448</u>	<u>468</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	68,265	72,365	70,993	(1,372)
Transfers out	<u>(76,367)</u>	<u>(74,345)</u>	<u>(73,441)</u>	<u>904</u>
Total other financing sources (uses)	<u>(8,102)</u>	<u>(1,980)</u>	<u>(2,448)</u>	<u>(468)</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, 2015

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	\$ 817,678	1,253,330	965,824	(287,506)
County charges	193,810	268,810	183,537	(85,273)
Contributions and other	—	—	5,700	5,700
Interest	30	30	100	70
Total revenues	<u>1,011,518</u>	<u>1,522,170</u>	<u>1,155,161</u>	<u>(367,009)</u>
EXPENDITURES				
Current:				
Human services	<u>1,101,043</u>	<u>1,608,702</u>	<u>1,199,803</u>	<u>408,899</u>
Total expenditures	<u>1,101,043</u>	<u>1,608,702</u>	<u>1,199,803</u>	<u>408,899</u>
Deficiency of revenues over expenditures	<u>(89,525)</u>	<u>(86,532)</u>	<u>(44,642)</u>	<u>41,890</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	90,525	90,525	73,441	(17,084)
Transfers out	<u>(1,000)</u>	<u>(3,993)</u>	<u>(2,993)</u>	<u>1,000</u>
Total other financing sources (uses)	<u>89,525</u>	<u>86,532</u>	<u>70,448</u>	<u>(16,084)</u>
Net change in fund balance	—	—	25,806	25,806
Fund balance, beginning of year	<u>68,102</u>	<u>68,102</u>	<u>63,055</u>	<u>(5,047)</u>
Fund balance, end of year	<u>\$ 68,102</u>	<u>68,102</u>	<u>88,861</u>	<u>20,759</u>

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

Drug and Alcohol

For the fiscal year ended June 30, 2015

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	\$ 2,038,136	2,097,576	2,066,354	(31,222)
County charges	368,830	465,936	443,927	(22,009)
Court costs, fines and forfeitures	155,693	156,189	170,452	14,263
Contributions and other	5,837	14,037	14,774	737
Total revenues	<u>2,568,496</u>	<u>2,733,738</u>	<u>2,695,507</u>	<u>(38,231)</u>
EXPENDITURES				
Current:				
Human services	2,874,198	3,248,788	2,940,730	308,058
Capital outlay	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>2,874,198</u>	<u>3,248,788</u>	<u>2,940,730</u>	<u>308,058</u>
Deficiency of revenues under expenditures	<u>(305,702)</u>	<u>(515,050)</u>	<u>(245,223)</u>	<u>269,827</u>
OTHER FINANCING SOURCES				
Transfers in	<u>278,629</u>	<u>291,462</u>	<u>291,462</u>	<u>—</u>
Total other financing sources	<u>278,629</u>	<u>291,462</u>	<u>291,462</u>	<u>—</u>
Net change in fund balance	(27,073)	(223,588)	46,239	269,827
Fund balance, beginning of year	<u>480,468</u>	<u>480,468</u>	<u>433,087</u>	<u>(1,142)</u>
Fund balance, end of year	<u>\$ 453,395</u>	<u>256,880</u>	<u>479,326</u>	<u>268,685</u>

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

Fiscal Employer Agent

For the fiscal year ended June 30, 2015

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	\$ —	—	1,204	1,204
Total revenues	—	—	1,204	1,204
EXPENDITURES				
Current:				
Human services	—	—	—	—
Payments to other governments	—	—	—	—
Total expenditures	—	—	—	—
Excess of revenues over expenditures	—	—	1,204	1,204
OTHER FINANCING SOURCES				
Transfers out	—	—	(1,204)	(1,204)
Total other financing uses	—	—	(1,204)	(1,204)
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, 2015

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	\$ 207,377	210,666	241,914	31,248
County charges	22,000	22,000	37,281	15,281
Total revenues	<u>229,377</u>	<u>232,666</u>	<u>279,195</u>	<u>46,529</u>
EXPENDITURES				
Current:				
Human services	<u>477,450</u>	<u>480,739</u>	<u>497,410</u>	<u>(16,671)</u>
Total expenditures	<u>477,450</u>	<u>480,739</u>	<u>497,410</u>	<u>(16,671)</u>
Deficiency of revenues under expenditures	<u>(248,073)</u>	<u>(248,073)</u>	<u>(218,215)</u>	<u>29,858</u>
OTHER FINANCING SOURCES				
Transfers in	<u>228,741</u>	<u>228,741</u>	<u>216,672</u>	<u>(12,069)</u>
Total other financing sources	<u>228,741</u>	<u>228,741</u>	<u>216,672</u>	<u>(12,069)</u>
Net change in fund balance	(19,332)	(19,332)	(1,543)	17,789
Fund balance, beginning of year	<u>76,652</u>	<u>76,652</u>	<u>45,989</u>	<u>(30,663)</u>
Fund balance, end of year	<u><u>\$ 57,320</u></u>	<u><u>57,320</u></u>	<u><u>44,446</u></u>	<u><u>(12,874)</u></u>

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

ARD/DUI Program

For the year ended December 31, 2015

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	264,131	(47,869)
Total revenues	312,000	312,000	264,131	(47,869)
EXPENDITURES				
Current:				
General government – judicial	159,320	157,314	109,445	47,869
Total expenditures	159,320	157,314	109,445	47,869
Excess of revenues over expenditures	152,680	154,686	154,686	—
OTHER FINANCING SOURCES				
Transfers out	(152,680)	(154,686)	(154,686)	—
Total other financing uses	(152,680)	(154,686)	(154,686)	—
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, 2015

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	\$ 160,000	160,000	162,831	2,831
Interest	1,000	1,000	100	(900)
Total revenues	<u>161,000</u>	<u>161,000</u>	<u>162,931</u>	<u>1,931</u>
EXPENDITURES				
Current:				
General government – administrative	208,796	277,974	196,002	81,972
Capital outlay	<u>109,200</u>	<u>173,923</u>	<u>132,280</u>	<u>41,643</u>
Total expenditures	<u>317,996</u>	<u>451,897</u>	<u>328,282</u>	<u>123,615</u>
Deficiency of revenues under expenditures	(156,996)	(290,897)	(165,351)	(121,684)
Fund balance, beginning of year	<u>681,285</u>	<u>681,285</u>	<u>511,936</u>	<u>(169,349)</u>
Fund balance, end of year	<u>\$ 524,289</u>	<u>390,388</u>	<u>346,585</u>	<u>(291,033)</u>

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

Recycling and Waste

For the year ended December 31, 2015

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	\$ 323,500	323,500	328,835	5,335
County charges	165,500	165,500	111,899	(53,601)
Interest	1,200	1,200	667	(533)
Contributions and other	20,000	20,000	20,000	—
Total revenues	<u>510,200</u>	<u>510,200</u>	<u>461,401</u>	<u>(48,799)</u>
EXPENDITURES				
Current:				
Public works and enterprises	297,563	297,563	214,358	83,205
Capital outlay	380,000	380,000	311,436	68,564
Total expenditures	<u>677,563</u>	<u>677,563</u>	<u>525,794</u>	<u>151,769</u>
Deficiency of revenues under expenditures	(167,363)	(167,363)	(64,393)	102,970
Fund balance, beginning of year	<u>869,260</u>	<u>869,260</u>	<u>842,633</u>	<u>(26,627)</u>
Fund balance, end of year	<u>\$ 701,897</u>	<u>701,897</u>	<u>778,240</u>	<u>76,343</u>

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

Affordable Housing

For the year ended December 31, 2015

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	180,000	190,107	10,107
Interest	150	150	49	(101)
Total revenues	<u>240,150</u>	<u>180,150</u>	<u>190,156</u>	<u>10,006</u>
EXPENDITURES				
Current:				
General government - administrative	36,437	34,122	33,916	206
Payments to other governments	<u>204,000</u>	<u>146,315</u>	<u>146,115</u>	<u>200</u>
Total expenditures	<u>240,437</u>	<u>180,437</u>	<u>180,031</u>	<u>406</u>
Excess (deficiency) of revenues over (under) expenditures	(287)	(287)	10,125	10,412
Fund balance, beginning of year	<u>1,000</u>	<u>1,000</u>	<u>—</u>	<u>(1,000)</u>
Fund balance, end of year	<u><u>\$ 713</u></u>	<u><u>713</u></u>	<u><u>10,125</u></u>	<u><u>9,412</u></u>

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

Hotel Tax

For the year ended December 31, 2015

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	\$ 1,650,000	2,150,000	1,896,626	(253,374)
Interest	640	640	759	119
Total revenues	<u>1,650,640</u>	<u>2,150,640</u>	<u>1,897,385</u>	<u>(253,255)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>1,650,000</u>	<u>2,150,000</u>	<u>1,896,626</u>	<u>253,374</u>
Total expenditures	<u>1,650,000</u>	<u>2,150,000</u>	<u>1,896,626</u>	<u>253,374</u>
Excess of revenues over expenditures	<u>640</u>	<u>640</u>	<u>759</u>	<u>119</u>
OTHER FINANCING SOURCES				
Transfers out	<u>(640)</u>	<u>(640)</u>	<u>(759)</u>	<u>(119)</u>
Total other financing uses	<u>(640)</u>	<u>(640)</u>	<u>(759)</u>	<u>(119)</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**

Transportation

For the fiscal year ended June 30, 2015

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	\$ 1,449,000	1,449,000	1,088,078	(360,922)
County charges	1,300,150	1,300,150	1,245,094	(55,056)
Interest	400	400	1,729	1,329
Total revenues	<u>2,749,550</u>	<u>2,749,550</u>	<u>2,334,901</u>	<u>(414,649)</u>
EXPENDITURES				
Current:				
Transportation	2,415,519	2,415,519	2,260,022	155,497
Capital outlay	<u>334,800</u>	<u>334,800</u>	<u>—</u>	<u>334,800</u>
Total expenditures	<u>2,750,319</u>	<u>2,750,319</u>	<u>2,260,022</u>	<u>490,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(769)</u>	<u>(769)</u>	<u>74,879</u>	<u>75,648</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	—	—	2,987	2,987
Proceeds from insurance recovery	<u>2,000</u>	<u>2,000</u>	<u>31,737</u>	<u>29,737</u>
Total other financing sources	<u>2,000</u>	<u>2,000</u>	<u>34,724</u>	<u>32,724</u>
Net change in fund balance	1,231	1,231	109,603	108,372
Fund balance, beginning of year, as restated	<u>1,634,333</u>	<u>1,634,333</u>	<u>287,500</u>	<u>(1,346,833)</u>
Fund balance, end of year	<u>\$ 1,635,564</u>	<u>1,635,564</u>	<u>397,103</u>	<u>(1,238,461)</u>

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

Emergency Telephone

For the year ended December 31, 2015

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	\$ 1,561,668	1,561,668	575,323	(986,345)
County charges	1,658,772	1,838,872	5,719,438	3,880,566
Interest	—	—	334	334
Contributions and other	200	200	99	(101)
Total revenues	<u>3,220,640</u>	<u>3,400,740</u>	<u>6,295,194</u>	<u>2,894,454</u>
EXPENDITURES				
Current:				
Emergency telephone	4,846,578	4,859,713	4,567,837	291,876
Capital outlay	109,000	275,876	261,147	14,729
Payments to other governments	—	89	89	—
Total expenditures	<u>4,955,578</u>	<u>5,135,678</u>	<u>4,829,073</u>	<u>306,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,734,938)</u>	<u>(1,734,938)</u>	<u>1,466,121</u>	<u>3,201,059</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,500,721	2,500,721	2,082,348	(418,373)
Transfers out	(765,783)	(765,783)	(765,783)	—
Total other financing sources (uses)	<u>1,734,938</u>	<u>1,734,938</u>	<u>1,316,565</u>	<u>(418,373)</u>
Net change in fund balance	—	—	2,782,686	2,782,686
Fund balance, beginning of year, as restated	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>2,782,686</u>	<u>2,782,686</u>

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

Debt Service

For the year ended December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Interest	\$ —	—	—	—
Total revenues	—	—	—	—
EXPENDITURES				
Debt service:				
Principal retirement	4,700,215	4,725,215	4,714,186	11,029
Debt interest	1,599,175	1,599,175	1,598,116	1,059
Total expenditures	6,299,390	6,324,390	6,312,302	12,088
Deficiency of revenues under expenditures	(6,299,390)	(6,324,390)	(6,312,302)	12,088
OTHER FINANCING SOURCES				
Transfers in	6,299,390	6,324,390	6,312,302	(12,088)
Total other financing sources	6,299,390	6,324,390	6,312,302	(12,088)
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, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 385,000	385,000	389,266	4,266
County charges	—	—	816	816
Interest	1,500	1,500	2,444	944
Total revenues	386,500	386,500	392,526	6,026
EXPENDITURES				
Current:				
General government-administrative	41,098	41,098	3,083	38,015
Capital outlay	1,300,000	1,301,429	125,358	1,176,071
Payments to other governments	—	—	—	—
Total expenditures	1,341,098	1,342,527	128,441	1,214,086
Excess (deficiency) of revenues over(under) expenditures	(954,598)	(956,027)	264,085	1,220,112
OTHER FINANCING SOURCES (USES)				
Transfer in	—	—	183,117	183,117
Transfer out	(1,000,000)	(998,571)	(875,024)	123,547
Total other financing sources (uses)	(1,000,000)	(998,571)	(691,907)	306,664
Net change in fund balance	(1,954,598)	(1,954,598)	(427,822)	1,526,776
Fund balance, beginning of year	2,100,000	2,100,000	1,331,910	(768,090)
Fund balance, end of year	\$ 145,402	145,402	904,088	758,686

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.

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

Insurance Fraud Prevention Authority

For the fiscal year ended June 30, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 247,532	247,532	196,181	(51,351)
County charges	—	—	2	2
Interest	150	150	193	43
Total revenues	247,682	247,682	196,376	(51,306)
EXPENDITURES				
Current:				
Public safety	215,397	210,897	160,489	50,408
Capital outlat	38,760	43,260	35,887	7,373
Total expenditures	254,157	254,157	196,376	57,781
Deficiency of revenues under expenditures	(6,475)	(6,475)	—	6,475
OTHER FINANCING SOURCES				
Proceeds from sale of assets	6,475	6,475	—	(6,475)
Total other financing sources	6,475	6,475	—	(6,475)
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**

Criminal Justice Planning

For the fiscal year ended June 30, 2015

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	\$ 437,601	341,599	340,099	(1,500)
County charges	3,000	3,000	4,115	1,115
Contributions and other	—	3,000	3,000	—
Total revenues	<u>440,601</u>	<u>347,599</u>	<u>347,214</u>	<u>(385)</u>
EXPENDITURES				
Current:				
Human services	623,357	639,689	622,915	16,774
Capital outlay	—	0	—	—
Total expenditures	<u>623,357</u>	<u>639,689</u>	<u>622,915</u>	<u>16,774</u>
Deficiency of revenues under expenditures	<u>(182,756)</u>	<u>(292,090)</u>	<u>(275,701)</u>	<u>16,389</u>
OTHER FINANCING SOURCES				
Transfers in	<u>182,756</u>	<u>290,090</u>	<u>277,320</u>	<u>(12,770)</u>
Total other financing sources	<u>182,756</u>	<u>290,090</u>	<u>277,320</u>	<u>(12,770)</u>
Net change in fund balance	—	(2,000)	1,619	3,619
Fund balance, beginning of year	<u>4,300</u>	<u>4,300</u>	<u>4,301</u>	<u>1</u>
Fund balance, end of year	<u>\$ 4,300</u>	<u>2,300</u>	<u>5,920</u>	<u>3,620</u>

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

Offender Supervision

For the fiscal year ended June 30, 2015

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	636,180	838,036	201,856
Total revenues	636,730	636,730	838,036	201,306
EXPENDITURES				
Current:				
Public safety	662,719	666,639	631,233	35,406
Total expenditures	662,719	666,639	631,233	35,406
Excess (deficiency) of revenues over (under) expenditures	(25,989)	(29,909)	206,803	236,712
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	(100,989)	(104,909)	131,803	236,712
Fund balance, beginning of year	801,063	801,063	801,064	1
Fund balance, end of year	\$ 700,074	696,154	932,867	236,713

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

STOP Grant

For the year ended December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
REVENUES				
Grants	\$ 125,000	125,000	125,000	—
County charges	—	—	36	36
Interest	—	—	6	6
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>125,042</u>	<u>42</u>
EXPENDITURES				
Current:				
Public safety	<u>260,361</u>	<u>260,361</u>	<u>209,496</u>	<u>50,865</u>
Total expenditures	<u>260,361</u>	<u>260,361</u>	<u>209,496</u>	<u>50,865</u>
Deficiency of revenues under expenditures	<u>(135,361)</u>	<u>(135,361)</u>	<u>(84,454)</u>	<u>50,907</u>
OTHER FINANCING SOURCES				
Transfers in	<u>135,361</u>	<u>135,361</u>	<u>84,454</u>	<u>(50,907)</u>
Total other financing sources	<u>135,361</u>	<u>135,361</u>	<u>84,454</u>	<u>(50,907)</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>

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, 2015

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	\$ 87,578	—	87,578
Investments	1,385,775	—	1,385,775
Due from other funds	—	1,015,770	1,015,770
Customer accounts receivable	1,300	—	1,300
Prepaid	80,543	—	80,543
Total current assets	<u>1,555,196</u>	<u>1,015,770</u>	<u>2,570,966</u>
Total assets	<u>1,555,196</u>	<u>1,015,770</u>	<u>2,570,966</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,200	40,000	42,200
Self-insurance claims payable	226,708	—	226,708
Total current liabilities	<u>228,908</u>	<u>40,000</u>	<u>268,908</u>
Noncurrent liabilities:			
Due in more than one year:			
Self-insurance claims payable	998,711	—	998,711
Total noncurrent liabilities	<u>998,711</u>	<u>—</u>	<u>998,711</u>
Total liabilities	<u>1,227,619</u>	<u>40,000</u>	<u>1,267,619</u>
NET POSITION			
Unrestricted	327,577	975,770	1,303,347
Total net position	<u>\$ 327,577</u>	<u>975,770</u>	<u>1,303,347</u>

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

Internal Service Funds

For the year ended December 31, 2015

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	\$ 294,527	250,464	544,991
Total operating revenues	<u>294,527</u>	<u>250,464</u>	<u>544,991</u>
Operating expenses:			
Patient/client services	497,402	578,153	1,075,555
Total operating expenses	<u>497,402</u>	<u>578,153</u>	<u>1,075,555</u>
Operating income (loss)	(202,875)	(327,689)	(530,564)
Nonoperating revenues:			
Interest income	18,232	—	18,232
Total nonoperating revenues	<u>18,232</u>	<u>—</u>	<u>18,232</u>
Change in net position	(184,643)	(327,689)	(512,332)
Total net position, beginning of year	512,220	1,303,459	1,815,679
Total net position, end of year	<u>\$ 327,577</u>	<u>975,770</u>	<u>1,303,347</u>

STATEMENT OF CASH FLOWS**Internal Service Funds***For the year ended December 31, 2015***COUNTY OF CUMBERLAND, PENNSYLVANIA****(unaudited)**

	Workers' Compensation	Health Reimbursement Arrangement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received on county charges	\$ 294,526	555,153	849,679
Payments to vendors	—	(555,153)	(555,153)
Payments to employees	(496,165)	—	(496,165)
Net cash used in operating activities	<u>(201,639)</u>	<u>—</u>	<u>(201,639)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	241,477	—	241,477
Gain on investments	18,332	—	18,332
Net cash provided by investing activities	<u>259,809</u>	<u>—</u>	<u>259,809</u>
Net increase in cash and cash equivalents	58,170	—	58,170
Cash and cash equivalents, January 1	29,408	—	29,408
Cash and cash equivalents, December 31	<u>\$ 87,578</u>	<u>—</u>	<u>87,578</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (202,875)	(327,689)	(530,564)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities in:			
Prepays	1,128	—	1,128
Due from other funds	—	304,689	304,689
Accounts payable	(650)	23,000	22,350
Self-insurance debt-claims payable	758	—	758
Total adjustments	<u>1,236</u>	<u>327,689</u>	<u>328,925</u>
Net cash used in operating activities	<u>\$ (201,639)</u>	<u>—</u>	<u>(201,639)</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.

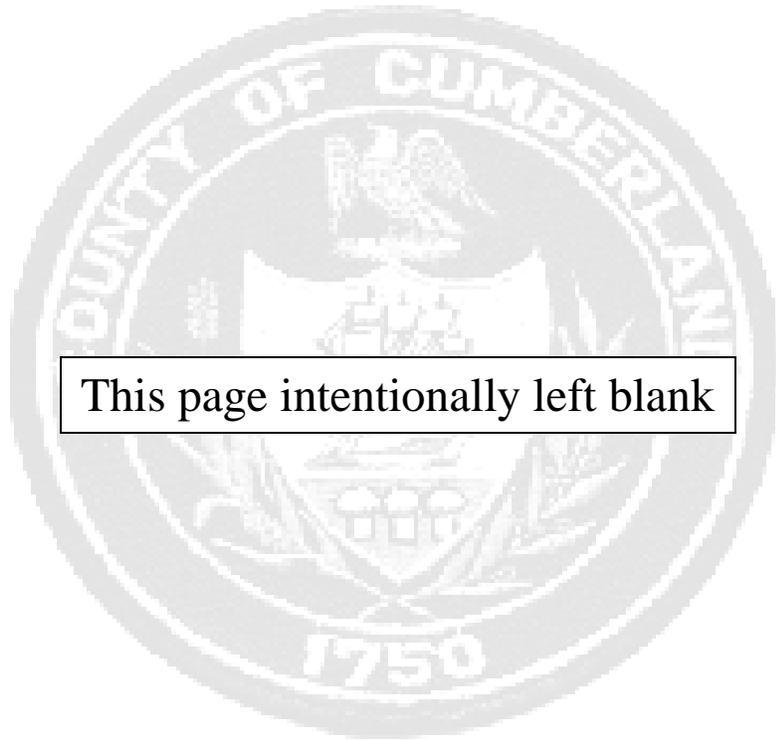
Perry County HealthChoices – Used to account for Perry County’s participation in Pennsylvania’s mandatory managed care program for Medical Assistance consumers. The program funds are collected by the Cumberland/Perry Mental Health/Intellectual and Developmental Disabilities Office.

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.



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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	\$ (9,131)	41,595	22,000	456,237	3,555,621
Total assets	\$ (9,131)	41,595	22,000	456,237	3,555,621
LIABILITIES					
Due to other governments	\$ —	—	—	130,088	9,832
Escrow and other liabilities	(9,131)	41,595	22,000	326,149	3,545,789
Total liabilities	\$ (9,131)	41,595	22,000	456,237	3,555,621

December 31, 2015

(unaudited)

Recorder of Deeds	Treasurer	Register of Wills	Sheriff	District Attorney	Flexible Spending Account	Human Services Guardianship Accounts	Total
2,647,568	6,248	37,208	688,460	187,028	6,482	117,640	7,756,956
<u>2,647,568</u>	<u>6,248</u>	<u>37,208</u>	<u>688,460</u>	<u>187,028</u>	<u>6,482</u>	<u>117,640</u>	<u>7,756,956</u>
2,647,568	6,248	37,208	24,605	13,015	—	—	2,868,564
—	—	—	663,855	174,013	6,482	117,640	4,888,392
<u>2,647,568</u>	<u>6,248</u>	<u>37,208</u>	<u>688,460</u>	<u>187,028</u>	<u>6,482</u>	<u>117,640</u>	<u>7,756,956</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

All Agency Funds

For the year ended December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2015	Additions	Deletions	Balance, December 31, 2015
Prison Work Release				
ASSETS				
Cash and cash equivalents	\$ 6,523	340,122	355,776	(9,131)
LIABILITIES				
Escrow	\$ 6,523	340,122	355,776	(9,131)
Total liabilities	\$ 6,523	340,122	355,776	(9,131)
Prison Inmate Accounts				
ASSETS				
Cash and cash equivalents	\$ 62,874	657,818	679,097	41,595
LIABILITIES				
Escrow	\$ 62,874	657,818	679,097	41,595
Total liabilities	\$ 62,874	657,818	679,097	41,595
Perry County HealthChoices				
ASSETS				
Cash and cash equivalents	\$ 47,402	463,370	488,772	22,000
LIABILITIES				
Escrow and other liabilities	\$ 47,402	463,370	488,772	22,000
Total liabilities	\$ 47,402	463,370	488,772	22,000

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2015*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2015	Additions	Deletions	Balance, December 31, 2015
(Continued)				
Clerk of Court				
ASSETS				
Cash and cash equivalents	\$ 422,599	2,347,367	2,313,729	456,237
LIABILITIES				
Due to other governments	\$ 130,044	1,435,545	1,435,501	130,088
Escrow	292,555	911,822	878,228	326,149
Total liabilities	\$ 422,599	2,347,367	2,313,729	456,237
Prothonotary				
ASSETS				
Cash and cash equivalents	\$ 686,652	3,982,176	1,113,207	3,555,621
LIABILITIES				
Due to other governments	\$ 8,390	117,621	116,179	9,832
Escrow	678,262	3,864,555	997,028	3,545,789
Total liabilities	\$ 686,652	3,982,176	1,113,207	3,555,621
Recorder of Deeds				
ASSETS				
Cash and cash equivalents	\$ 1,005,753	34,738,427	33,096,612	2,647,568
LIABILITIES				
Due to other governments	\$ 1,005,753	34,738,427	33,096,612	2,647,568
Total liabilities	\$ 1,005,753	34,738,427	33,096,612	2,647,568

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2015*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

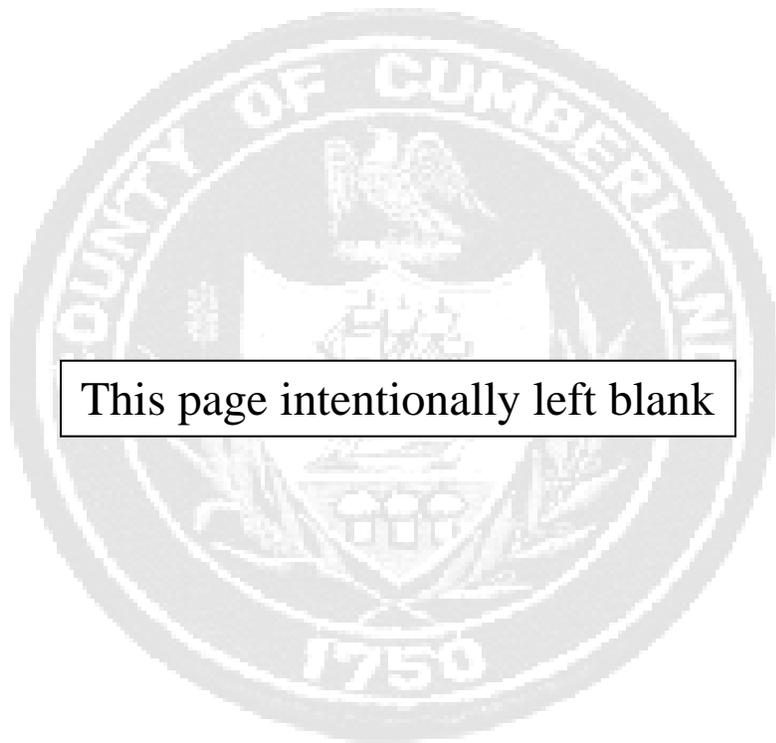
		Balance, January 1, 2015	Additions	Deletions	Balance, December 31, 2015
(Continued)					
Treasurer					
ASSETS					
Cash and cash equivalents	\$	8,303	173,158	175,213	6,248
LIABILITIES					
Due to other governments	\$	8,303	173,158	175,213	6,248
Total liabilities	\$	8,303	173,158	175,213	6,248
Register of Wills					
ASSETS					
Cash and cash equivalents	\$	4,260	19,275,294	19,242,346	37,208
LIABILITIES					
Due to other governments	\$	4,260	19,275,294	19,242,346	37,208
Total liabilities	\$	4,260	19,275,294	19,242,346	37,208
Sheriff					
ASSETS					
Cash and cash equivalents	\$	478,580	3,572,660	3,362,780	688,460
LIABILITIES					
Due to other governments	\$	17,981	168,514	161,890	24,605
Escrow		460,599	3,404,146	3,200,890	663,855
Total liabilities	\$	478,580	3,572,660	3,362,780	688,460

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2015*

COUNTY OF CUMBERLAND, PENNSYLVANIA (unaudited)

	Balance, January 1, 2015	Additions	Deletions	Balance, December 31, 2015
(Continued)				
District Attorney				
ASSETS				
Cash and cash equivalents	\$ 216,861	78,979	108,812	187,028
LIABILITIES				
Due to other governments	\$ 6,030	12,001	5,016	13,015
Escrow	210,831	66,978	103,796	174,013
Total liabilities	\$ 216,861	78,979	108,812	187,028
Flexible Spending Account				
ASSETS				
Cash and cash equivalents	\$ (30)	48,338	41,826	6,482
LIABILITIES				
Escrow	\$ (30)	48,338	41,826	6,482
Total liabilities	\$ (30)	48,338	41,826	6,482
Human Services Guardianship Accounts				
ASSETS				
Cash and cash equivalents	\$ 84,223	239,185	205,768	117,640
LIABILITIES				
Escrow	\$ 84,223	239,185	205,768	117,640
Total liabilities	\$ 84,223	239,185	205,768	117,640
Total All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 3,024,000	65,916,894	61,183,938	7,756,956
LIABILITIES				
Due to other governments	\$ 1,180,761	55,920,560	54,232,757	2,868,564
Escrow and other liabilities	1,843,239	9,996,334	6,951,181	4,888,392
Total liabilities	\$ 3,024,000	65,916,894	61,183,938	7,756,956



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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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net invested in capital assets	\$ 17,291,386	18,992,768	21,107,189	23,171,314
Restricted	15,555,829	12,011,798	26,125,693	16,434,597
Unrestricted	<u>5,547,482</u>	<u>13,983,874</u>	<u>4,149,705</u>	<u>18,005,779</u>
Total governmental activities net position	<u>\$ 38,394,697</u>	<u>44,988,440</u>	<u>51,382,587</u>	<u>57,611,690</u>
Business-type activities				
Net invested in capital assets	\$ (1,304,478)	(1,495,109)	(1,301,131)	(403,424)
Restricted	-	-	-	-
Unrestricted	<u>7,920,167</u>	<u>9,723,191</u>	<u>9,914,008</u>	<u>9,021,640</u>
Total business-type activities net position	<u>\$ 6,615,689</u>	<u>8,228,082</u>	<u>8,612,877</u>	<u>8,618,216</u>
Primary government				
Net invested in capital assets	\$ 15,986,908	17,497,659	19,806,058	22,767,890
Restricted	15,555,829	12,011,798	26,125,693	16,434,597
Unrestricted	<u>13,467,649</u>	<u>23,707,065</u>	<u>14,063,713</u>	<u>27,027,419</u>
Total primary government net position	<u>\$ 45,010,386</u>	<u>53,216,522</u>	<u>59,995,464</u>	<u>66,229,906</u>

Last Ten Years as of December 31, 2015

(unaudited)

2010	2011	2012	2013	2014	2015
23,210,201	25,321,465	26,848,932	27,357,708	30,386,044	34,018,215
13,578,839	11,341,250	10,653,143	8,345,285	8,832,346	10,851,199
<u>24,309,827</u>	<u>25,663,371</u>	<u>22,076,410</u>	<u>25,596,675</u>	<u>27,835,433</u>	<u>31,827,828</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>	<u>76,697,242</u>
664,320	3,270,869	4,383,167	4,675,435	1,768,189	2,269,224
-	-	-	-	-	-
<u>8,334,573</u>	<u>6,284,362</u>	<u>5,020,588</u>	<u>5,033,865</u>	<u>4,807,185</u>	<u>5,371,159</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>	<u>7,640,383</u>
23,874,521	28,592,334	31,232,099	32,033,143	32,154,233	36,287,439
13,578,839	11,341,250	10,653,143	8,345,285	8,832,346	10,851,199
<u>32,644,400</u>	<u>31,947,733</u>	<u>27,096,998</u>	<u>30,630,540</u>	<u>32,642,618</u>	<u>37,198,987</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>	<u>84,337,625</u>

FINANCIAL TRENDS

Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA (accrual basis of accounting)

	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government - administrative	\$ 11,265,601	12,084,842	12,914,833	12,627,406
General government - judicial (1)	14,431,904	14,884,695	15,300,757	16,100,981
Corrections (2)	-	-	-	-
Emergency telephone (3)	-	-	-	-
Public safety	15,368,282	16,554,754	16,524,566	17,366,885
Transportation services (3)	-	-	-	-
Roads and bridge maintenance	1,472,466	952,524	479,261	855,299
Recycling and waste management	567,813	535,267	449,387	514,416
Human services:				
Mental health/intellectual and developmental disabilities	32,343,624	33,099,088	35,708,717	27,708,562
HealthChoices - Cumberland County	22,678,241	21,728,030	22,892,241	27,042,052
Children and youth	12,015,385	12,559,788	13,327,513	12,839,074
Food and shelter	4,379,791	4,298,143	4,554,398	4,726,775
Office of aging	4,485,342	4,176,758	4,585,368	4,889,623
Other	3,879,024	4,196,473	4,248,998	3,973,504
Culture and recreation	45,273	81,430	106,326	227,443
Conservation	711,848	882,688	1,047,706	531,424
Community redevelopment and housing	379,553	245,888	217,028	218,714
Economic development and assistance	4,437,310	3,026,549	3,870,456	4,093,769
Interest on long-term debt	661,412	846,026	1,130,803	1,280,716
Indirect expenses	(393,955)	(432,428)	(494,329)	(531,008)
Total governmental activities expenses	<u>128,728,914</u>	<u>129,720,515</u>	<u>136,864,029</u>	<u>134,465,635</u>
Business-type activities:				
County nursing home	21,604,381	21,715,212	22,463,389	23,833,449
Early Learning Center	456,022	487,679	516,737	483,456
Emergency telephone (3)	4,817,157	5,163,736	5,277,951	5,329,529
Hazardous materials protection (3)	223,403	278,299	258,893	247,389
Transportation services (3)	1,889,158	2,122,585	2,305,882	2,360,459
Indirect expenses	393,955	432,428	494,329	531,008
Total business-type activities expenses	<u>29,384,076</u>	<u>30,199,939</u>	<u>31,317,181</u>	<u>32,785,290</u>
Total primary government expenses	<u>\$ 158,112,990</u>	<u>159,920,454</u>	<u>168,181,210</u>	<u>167,250,925</u>
Program revenues				
Governmental activities:				
Charges for services				
General government - administrative	\$ 3,687,016	4,034,692	3,861,945	4,325,427
General government - judicial (1)	2,108,136	3,760,691	4,182,989	3,895,465
Corrections (2)	-	-	-	-
Emergency telephone (3)	-	-	-	-
Public safety	2,512,689	2,697,819	3,155,752	2,951,887
Transportation services (3)	-	-	-	-
Roads and bridge maintenance	6,680	53,110	29,729	-
Recycling and waste management	1,037,382	266,099	128,166	114,998
Human services	2,230,349	1,417,763	1,811,103	6,215,264
Culture and recreation	12,426	10,537	10,942	11,052
Conservation	61,522	139,365	59,533	35,915

Last Ten Years as of December 31, 2015

(unaudited)

2010	2011	2012	2013	2014	2015
13,814,789	14,046,596	14,280,937	14,144,701	13,728,858	13,631,117
16,658,597	17,814,045	18,528,473	18,545,493	18,396,045	18,751,395
-	-	-	18,165,075	18,955,396	18,568,390
-	-	-	-	5,444,274	5,272,839
19,253,729	20,794,098	21,611,054	3,826,455	4,125,147	4,029,829
-	-	-	-	2,506,885	1,465,829
672,542	387,359	281,498	511,078	327,879	920,955
380,137	458,016	586,934	330,697	266,872	271,432
18,141,649	16,928,959	17,257,878	16,409,341	17,837,104	16,842,101
28,601,028	27,491,594	28,363,948	28,879,387	28,653,048	29,681,949
12,342,876	13,417,768	13,813,083	14,186,821	14,873,696	16,660,594
3,137,335	936,619	810,200	851,772	1,204,422	1,054,332
4,785,973	3,915,211	3,425,700	3,055,181	3,297,677	3,798,961
5,051,374	6,143,289	8,338,934	3,651,819	3,907,128	3,514,705
108,217	67,799	138,045	191,890	38,657	435,407
423,928	386,490	432,798	486,778	571,509	462,380
212,555	220,815	222,796	237,269	198,051	180,019
3,992,708	3,877,944	3,539,001	3,602,456	4,058,868	3,715,216
1,320,663	1,323,974	1,687,988	1,618,892	1,702,282	1,579,219
(613,073)	(635,931)	(641,105)	(716,180)	(676,395)	(560,442)
<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>	<u>140,276,227</u>
24,806,003	25,737,338	24,610,308	24,005,271	24,480,806	24,481,218
479,681	532,003	339,864	-	-	-
9,481,575	6,505,960	5,969,320	5,704,448	-	-
194,317	228,067	192,719	157,291	-	-
2,331,954	2,611,077	2,502,154	2,503,355	-	-
613,073	635,931	641,105	716,180	676,395	560,442
<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>25,041,660</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>	<u>165,317,887</u>
3,952,398	3,972,749	4,464,773	4,838,303	3,954,301	4,408,795
4,021,584	3,878,412	4,610,779	4,527,455	2,690,559	4,006,868
-	-	-	1,743,574	2,126,004	2,157,892
-	-	-	-	1,638,261	5,719,438
3,055,916	3,359,727	3,125,837	1,429,935	1,582,213	1,871,093
-	-	-	-	1,280,478	604,374
7,272	49,773	10,791	2,952	80	971,680
116,498	145,302	109,662	111,890	121,023	111,899
5,377,369	6,420,238	6,999,960	3,740,695	4,515,227	3,439,248
11,300	11,193	11,397	8,648	-	-
54,341	26,799	30,282	18,716	53,613	37,207

FINANCIAL TRENDS
Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	2006	2007	2008	2009
Program revenues (continued)				
Community redevelopment and housing	294,109	265,108	227,398	235,154
Economic development and assistance	63,418	198,360	146,409	98,884
Operating grants and contributions				
General government - administrative	1,090,729	76,132	245,575	110,861
General government - judicial	2,413,569	2,531,381	2,497,334	2,650,047
Corrections (2)	\$ -	-	-	-
Emergency telephone (3)	-	-	-	-
Public safety	1,738,660	1,327,598	1,243,092	1,235,751
Transportation services (3)	-	-	-	-
Roads and bridge maintenance	1,469,833	2,392,227	951,691	529,854
Recycling and waste management	93,749	57,033	470,419	160,115
Human services:				
Mental health/intellectual and developmental disabilities	31,325,889	32,062,709	34,853,233	26,936,260
HealthChoices - Cumberland County	22,660,910	21,707,823	22,881,948	27,040,563
Children and youth	9,688,684	10,225,414	10,642,965	10,658,021
Food and shelter	3,840,332	4,149,274	4,486,184	689,254
Office of aging	3,851,537	4,033,513	4,336,567	3,934,097
Other	3,296,947	3,414,422	3,104,052	2,953,656
Culture and recreation	-	-	45,119	163,881
Conservation	57,060	77,726	165,986	430,053
Economic development and assistance	3,000,109	1,606,690	2,226,010	2,535,722
Capital grants and contributions				
General government - administrative	-	-	-	-
General government - judicial	-	54,953	6,832	-
Public safety	16,527	12,465	65,745	22,749
Roads and bridge maintenance	2,581	272,199	96,987	-
Conservation	149,604	64,901	-	-
Total governmental activities program revenues	<u>96,710,447</u>	<u>96,910,004</u>	<u>101,933,705</u>	<u>97,934,930</u>
Business-type activities:				
Charges for services				
County nursing home	21,414,687	22,729,768	22,536,429	23,592,054
Early Learning Center	369,206	400,963	399,429	406,814
Emergency telephone (3)	1,971,210	2,062,474	1,944,338	1,835,550
Hazardous materials protection (3)	50,901	49,690	50,708	58,096
Transportation services (3)	841,716	1,002,810	1,100,062	1,051,045
Operating grants and contributions				
County nursing home	7,410	7,732	10,718	22,612
Early Learning Center	13,020	22,493	34,016	32,355
Emergency telephone (3)	1,799,540	1,395,121	3,002,387	2,470,344
Hazardous materials protection (3)	27,834	28,349	30,112	33,361
Transportation services (3)	845,171	955,443	1,134,124	1,139,457
Capital grants and contributions				
Early Learning Center	-	14,975	1,283	-
Hazardous materials protection (3)	-	895	3,505	3,427
Transportation services (3)	76,263	249,923	198,638	433,123
Total business-type activities program revenues	<u>27,416,958</u>	<u>28,920,636</u>	<u>30,445,749</u>	<u>31,078,238</u>

Last Ten Years as of December 31, 2015

(unaudited)

2010	2011	2012	2013	2014	2015
214,505	197,915	221,410	223,797	176,318	190,107
130,752	143,883	93,888	-	-	-
217,232	567,219	574,441	350,086	451,533	527,623
2,883,864	2,943,449	2,657,904	2,829,612	2,722,094	2,747,005
-	-	-	699,760	738,753	665,351
-	-	-	-	1,484,096	575,422
1,856,181	1,637,737	1,405,009	598,286	708,927	776,487
-	-	-	-	1,101,968	664,806
589,234	557,169	445,570	532,209	446,947	605,852
75,312	67,821	100,250	68,822	75,303	348,835
17,436,659	14,306,924	14,750,083	13,928,418	14,403,100	14,423,979
28,634,245	27,489,782	28,354,028	28,879,053	28,652,699	29,681,670
9,927,394	10,726,676	10,745,739	12,395,912	12,083,726	13,534,980
920,238	703,688	632,886	574,527	999,975	880,510
4,001,745	3,445,930	3,218,411	3,075,150	3,169,562	3,709,887
2,796,894	2,777,210	2,715,633	2,581,674	2,656,276	2,159,564
-	-	-	92,272	-	500,000
70,146	49,269	289,545	294,722	279,065	295,199
2,308,941	1,994,012	1,632,160	1,462,951	1,901,964	1,387,870
571,757	638,503	44,185	-	109,043	68,602
-	-	-	-	-	-
27,099	21,602	23,339	21,409	78,338	21,932
8,752	61,649	104,717	135,074	119,073	545,602
-	-	-	-	-	-
89,267,628	86,194,631	87,372,679	85,165,902	90,320,519	97,639,777
25,259,305	25,276,933	24,669,038	24,474,978	25,693,602	26,084,652
414,613	429,812	251,875	-	-	-
1,761,860	1,714,758	1,647,432	1,606,054	-	-
50,500	47,450	45,518	58,377	-	-
1,044,212	1,049,685	1,012,670	1,157,031	-	-
23,045	159,868	9,265	15,434	220,525	6,747
39,215	43,492	8,753	-	-	-
6,410,484	3,891,927	2,637,325	2,180,632	-	-
71,630	23,548	39,015	36,427	-	-
1,050,365	1,156,134	979,680	1,060,635	-	-
-	-	-	-	-	-
1,673	200,000	1,011	-	-	-
13,585	611,271	449,718	715,541	-	-
36,140,487	34,604,878	31,751,300	31,305,109	25,914,127	26,091,399

FINANCIAL TRENDS

Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA

(accrual basis of accounting)

	2006	2007	2008	2009
Total primary government program revenues	\$ 124,127,405	125,830,640	132,379,454	129,013,168
Net expense:				
Governmental activities	\$ (32,018,467)	(32,810,511)	(34,930,324)	(36,530,705)
Business-type activities	(1,967,118)	(1,279,303)	(871,432)	(1,707,052)
Total primary government net expense	\$ (33,985,585)	(34,089,814)	(35,801,756)	(38,237,757)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:

Real estate taxes	\$ 35,211,322	37,534,225	38,319,951	41,366,554
Per capita taxes	610,226	729,222	638,640	639,342
Hotel taxes	950,036	1,057,801	1,345,191	1,192,707
Special item	-	-	-	-
Unrestricted investment earnings	2,403,031	2,642,631	1,897,431	1,106,743
Transfers	(3,770,245)	(2,559,625)	(876,742)	(1,545,538)
Total governmental activities	35,404,370	39,404,254	41,324,471	42,759,808

Business-type activities:

Unrestricted investment earnings	344,333	332,071	379,485	166,853
Transfers	3,770,245	2,559,625	876,742	1,545,538
Total business-type activities	4,114,578	2,891,696	1,256,227	1,712,391
Total primary government	\$ 39,518,948	42,295,950	42,580,698	44,472,199

Changes in Net Position

Governmental activities	\$ 3,385,903	6,593,743	6,394,147	6,229,103
Business-type activities	2,147,460	1,612,393	384,795	5,339
Total primary government	\$ 5,533,363	8,206,136	6,778,942	6,234,442

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, 2015

(unaudited)

2010	2011	2012	2013	2014	2015
125,408,115	120,799,509	119,123,979	116,471,011	116,234,646	123,731,176
(39,017,399)	(41,380,014)	(45,305,483)	(42,813,023)	(49,096,884)	(42,636,450)
(1,766,116)	(1,645,498)	(2,504,170)	(1,781,436)	756,926	1,049,739
(40,783,515)	(43,025,512)	(47,809,653)	(44,594,459)	(48,339,958)	(41,586,711)
41,788,709	42,140,921	42,385,600	47,880,387	49,915,747	50,564,085
629,068	677,729	650,909	676,050	26,631	5,897
1,518,194	1,502,072	1,602,610	1,604,287	1,676,860	1,896,626
-	-	-	-	-	(378,887)
652,760	422,986	222,193	20,558	198,052	150,214
(2,084,155)	(2,136,475)	(2,303,430)	(2,250,276)	-	-
42,504,576	42,607,233	42,557,882	47,931,006	51,817,290	52,237,935
62,638	65,361	49,264	-	4,744	3,657
2,084,155	2,136,475	2,303,430	2,250,276	-	-
2,146,793	2,201,836	2,352,694	2,250,276	4,744	3,657
44,651,369	44,809,069	44,910,576	50,181,282	51,822,034	52,241,592
3,487,177	1,227,219	(2,747,601)	5,117,983	2,720,406	9,601,485
380,677	556,338	(151,476)	468,840	761,670	1,053,396
3,867,854	1,783,557	(2,899,077)	5,586,823	3,482,076	10,654,881

FINANCIAL TRENDS
Fund Balances of Governmental Funds

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

	2006	2007	2008	2009
General fund				
Reserved	\$ 3,862,538	1,592,623	2,092,339	1,332,001
Unreserved	16,231,782	20,679,184	22,766,147	29,270,507
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>\$ 20,094,320</u>	<u>22,271,807</u>	<u>24,858,486</u>	<u>30,602,508</u>
All other governmental funds				
Reserved	\$ -	-	-	-
Unreserved, reported in:				
Special revenue funds	7,611,520	6,994,029	7,426,419	6,865,274
Capital projects fund	4,848,593	4,042,418	17,738,683	8,569,764
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>\$ 12,462,436</u>	<u>11,036,447</u>	<u>25,165,102</u>	<u>15,435,038</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, 2015

(unaudited)

2010	2011	2012	2013	2014	2015
-	-	-	-	-	-
-	-	-	-	-	-
170,321	227,426	296,853	353,803	240,956	387,486
488,858	418,540	347,522	275,863	203,492	130,438
1,092,655	825,164	714,300	270,217	318,409	437,718
564,467	564,847	681,358	658,158	675,229	989,446
-	-	-	-	18,920	27,402
229,803	203,802	338,460	821,979	747,271	672,896
67,200	69,450	71,250	72,750	74,025	74,925
49,499	68,905	68,634	48,022	33,861	35,061
-	-	-	50,000	-	-
16,723	16,256	15,812	13,615	10,503	-
-	-	-	-	14,098	25,813
174,701	190,587	218,242	252,211	153,201	128,260
-	-	199,719	348,659	324,283	375,815
-	-	-	-	-	-
-	10,920,515	6,551,207	3,686,704	4,252,825	3,888,647
3,725,000	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	250,000
446,367	560,825	595,009	546,947	603,101	613,274
66,732	177,895	226,059	314,835	425,502	473,203
5,885	7,297	7,081	3,944	3,947	5,047
24,316,110	11,144,830	10,856,757	17,148,138	19,493,060	22,744,035
<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>	<u>34,984,466</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
23,649	235,485	330,154	11,916	115,233	165,182
635,004	955,530	1,207,397	1,168,695	1,376,674	809,135
55,920	287,665	-	-	-	-
952,567	1,474,155	726,499	553,974	996,026	973,405
35,758	33,156	38,502	36,974	39,660	2,688,735
1,005,582	923,002	972,248	744,951	511,936	320,125
1,670,258	1,461,610	1,093,589	931,598	842,633	777,915
-	-	335,543	600,259	134,664	396,917
1,920,788	2,190,163	2,597,397	20,864	-	10,125
9,870	-	-	-	-	-
1,948,613	15,751,272	3,818,123	1,177,907	697,246	7,171
-	500,082	500,000	500,000	500,000	500,000
-	-	-	-	420,524	-
891,930	297,941	55,409	388,851	34,343	67,822
(83,661)	4,694	(12,150)	(5,523)	(102,563)	-
<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>	<u>6,716,532</u>

FINANCIAL TRENDS

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(modified accrual basis of accounting)

	2006	2007	2008	2009
Revenues:				
Taxes	\$ 36,496,600	39,174,148	40,270,517	43,016,438
Licenses and permits	109,045	104,440	101,762	115,886
Grants	84,474,545	83,870,461	88,045,118	79,570,052
County charges	10,587,280	10,569,865	11,086,953	15,477,114
Court, costs, fines and forfeitures	1,369,036	1,724,379	1,851,223	1,970,159
Investment earnings	2,403,030	2,642,631	1,897,431	1,106,741
Payment in lieu of taxes	83,160	143,355	116,614	141,168
Contributions and other	1,155,695	308,366	331,004	670,539
Total revenues	<u>136,678,391</u>	<u>138,537,645</u>	<u>143,700,622</u>	<u>142,068,097</u>
Expenditures:				
Current:				
General government - administrative	8,841,723	9,536,444	10,071,676	9,470,786
General government - judicial	15,050,890	15,652,556	16,251,512	16,858,261
Corrections (1)	-	-	-	-
Public safety	13,733,295	15,032,388	15,165,158	15,525,396
Emergency telephone (2)	-	-	-	-
Public works and enterprises	827,067	934,188	680,216	1,167,927
Transportation (2)	-	-	-	-
Human services:				
Mental health/intellectual and developmental disabilities	32,499,919	33,248,461	35,964,303	27,883,589
Children and youth	12,147,306	12,710,692	13,525,507	12,975,471
HealthChoices - Cumberland County	22,678,241	21,728,030	22,892,242	27,042,053
Food and shelter	4,392,767	4,389,777	4,644,898	4,821,488
Office of aging	4,587,396	4,264,224	4,755,060	5,047,609
Drug and alcohol	3,058,490	3,230,289	3,286,072	3,043,704
Fiscal Employer Agent	-	-	-	-
General fund	573,640	721,015	740,773	705,617
Witness assistance	375,099	392,197	403,120	406,683
Human services development	301,727	267,292	291,959	274,963
Capital projects	-	-	-	211,299
Other	-	-	21,000	-
Culture and recreation	63,177	102,070	136,569	243,647
Conservation and development	1,580,505	1,064,321	726,504	525,300
Economic development and assistance	4,330,084	2,900,074	3,711,259	3,972,265
Debt service:				
Principal retirement	1,433,738	1,468,327	1,615,330	1,423,447
Debt interest	479,186	957,841	967,808	1,250,182
Fiscal charges	137,369	-	119,291	145,207
Capital Outlay	7,200,628	6,122,633	6,574,648	14,029,489
Payments to other governments	713,158	588,243	715,601	289,677
Total expenditures	<u>135,005,405</u>	<u>135,311,062</u>	<u>143,260,506</u>	<u>147,314,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,672,986</u>	<u>3,226,583</u>	<u>440,116</u>	<u>(5,245,963)</u>
Other financing sources (uses):				
Transfers in	7,861,282	9,290,911	10,006,158	8,849,334
Transfers out	(11,599,563)	(11,850,346)	(10,876,498)	(10,394,752)
Debt issued	9,900,000	-	17,121,750	9,656,482
Payment to refund bonds	-	-	-	(7,108,829)
Bond premium (discount)	(52,511)	-	(34,507)	92,084

Last Ten Years as of December 31, 2015

(unaudited)

2010	2011	2012	2013	2014	2015
43,972,939	44,249,273	44,610,906	50,104,058	51,491,496	52,645,000
96,872	104,492	122,829	148,860	185,585	195,612
72,033,160	67,782,498	67,258,482	68,165,204	71,866,816	73,829,762
14,386,937	15,507,346	16,183,605	13,031,309	16,605,675	20,424,530
1,968,327	2,182,893	2,435,785	2,686,728	2,288,064	2,629,286
652,759	422,986	222,194	20,558	165,456	131,984
128,664	128,359	130,142	126,630	134,637	133,151
441,878	397,790	454,101	480,560	447,672	412,660
<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>	<u>150,401,985</u>
10,419,194	10,779,834	10,851,620	11,048,718	10,946,238	11,199,523
16,598,749	17,837,905	18,623,142	18,585,289	18,381,527	18,873,288
-	-	-	17,186,818	17,555,792	17,490,930
18,098,141	19,313,626	19,595,172	2,757,154	2,995,701	2,961,102
-	-	-	-	4,606,338	4,567,837
863,974	686,114	757,449	765,921	521,391	1,037,277
-	-	-	-	2,201,417	1,341,181
18,367,330	17,226,078	17,460,022	16,620,557	18,001,412	17,052,397
12,492,268	13,605,024	14,064,911	14,425,663	15,082,777	16,975,067
28,601,026	27,491,595	28,363,948	28,879,386	28,653,048	29,681,950
3,219,164	962,539	832,219	869,959	1,209,950	1,104,063
4,968,161	4,098,978	3,629,633	3,261,904	3,385,571	3,874,498
3,012,234	2,844,349	3,340,669	2,799,298	2,943,133	2,694,853
1,250,455	2,453,634	3,079,857	29,692	310	-
643,881	744,325	710,743	803,362	924,334	781,586
420,078	438,939	470,691	446,175	443,565	497,410
230,470	209,799	146,452	105,501	115,332	133,890
-	-	-	-	-	-
-	-	-	-	-	-
135,125	92,871	170,073	192,933	3,593	483,877
433,154	379,522	384,628	404,532	445,748	382,018
3,888,847	3,949,724	3,408,129	3,525,295	3,981,712	3,638,216
1,907,615	1,780,187	2,501,101	2,680,175	4,623,934	4,714,186
1,363,595	1,220,283	1,698,453	1,600,423	1,720,603	1,598,116
115,388	197,724	-	18,295	39,226	-
9,574,735	7,766,720	14,259,834	4,375,453	2,457,080	4,346,320
424,159	370,994	1,592,960	367,243	367,473	295,169
<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>	<u>145,724,754</u>
(3,346,207)	(3,675,127)	(14,523,662)	3,014,161	1,578,196	4,677,231
10,011,522	12,367,178	11,980,877	8,568,427	13,226,813	14,030,811
(12,097,520)	(14,498,394)	(14,269,435)	(10,594,831)	(13,226,813)	(14,030,811)
9,850,000	18,000,000	152,100	2,474,252	2,365,000	238,231
(9,877,630)	-	-	(2,745,437)	(2,401,932)	-
152,888	561,838	-	296,152	76,644	-

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(modified accrual basis of accounting)

	2006	2007	2008	2009
(Continued)				
Other financing sources (uses):				
Sale of assets	-	-	300	-
Insurance recovery	-	-	33,680	165,602
Capital leases	50,519	84,350	24,335	-
Total other financing sources (uses)	<u>6,159,727</u>	<u>(2,475,085)</u>	<u>16,275,218</u>	<u>1,259,921</u>
Special Item				
Discontinued operation	-	-	-	-
Total special item	-	-	-	-
Net change in fund balances	<u>\$ 7,832,713</u>	<u>751,498</u>	<u>16,715,334</u>	<u>(3,986,042)</u>
Debt service as a percentage of noncapital expenditures	%	1.50	1.88	1.89
			1.89	2.01

- (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, 2015

(unaudited)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
-	-	-	-	4,897	-
-	-	-	482	5,884	30,364
-	-	-	-	-	-
<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>268,595</u>
-	-	-	-	-	(378,887)
-	-	-	-	-	(378,887)
<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>	<u>4,566,939</u>
2.57	2.37	3.19	3.36	4.56	4.46

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 (3)	Estimated Actual Taxable Value (4)	Value as a Percentage of Actual Value (5)
2006	(1) \$ 10,801,168,820	\$ 4,440,201,950	\$ 673,647,300	\$ 30,065,890	\$ 16,433,977,760	\$ 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	16,854,809,360	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	(1) 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
2015	(2) 16,199,194,200	6,318,739,300	1,012,668,000	42,903,500	23,573,505,000	3,967,767,700	2.338	23,479,586,653	100.4

Notes:

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

	County	Library	Total	
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	* Millage adjustment due to 5% cap for reassessment
2013	2.131	0.143	2.274	
2014	2.195	0.143	2.338	
2015	2.195	0.143	2.338	

(4) Estimated actual value is calculated by dividing taxable assessed value by the Tax Equalization Division (TED)* common level ratios

(5) 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

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

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

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Year Taxes Are Payable</u>									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
County Direct Rates										
General	2.197	2.285	2.285	2.399	2.399	1.902	1.902	2.131	2.195	2.195
Library	0.18	0.18	0.18	0.18	0.18	0.143	0.143	0.143	0.143	0.143
Total Direct Rate	<u>2.377</u>	<u>2.465</u>	<u>2.465</u>	<u>2.579</u>	<u>2.579</u>	<u>2.045</u>	<u>2.045</u>	<u>2.274</u>	<u>2.338</u>	<u>2.338</u>
School Districts										
Big Spring	13.365	14.194	14.72	15.455	16.072	12.098	12.364	12.636	12.9771	13.2885
Camp Hill	12.77	13.39	14.22	14.8	16.21	12.9577	13.1622	13.1622	13.7573	14.4828
Carlisle Area	12.58	13.1	13.8	14.33	14.83	12.2606	12.3706	12.6056	12.9333	13.2436
Cumberland Valley	9.554	9.554	9.721	9.964	10.252	8.57	8.715	8.715	8.898	9.067
East Pennsboro	11.78	12.25	12.899	12.899	12.899	10.309	10.5254	10.8295	11.2378	11.5749
Mechanicsburg	12.83	13.26	13.73	14.29	14.7	12.168	12.289	12.289	12.535	12.535
Shippensburg Area	12.4	12.75	13.08	13.21	13.55	10.01	10.22	10.4	10.6808	10.9475
South Middleton	11.15	11.38	11.38	11.38	11.55	8.9245	8.9245	9.0081	9.1549	9.3288
West Shore Area	9.9	10.2	10.5	10.6	10.61	9	9.3	9.4	9.68	10.1988
Municipalities										
Camp Hill	1.881	3.88	3.881	3.881	3.881	3.022	3.022	3.022	3.022	3.022
Carlisle	2.81	2.81	2.81	3.08	3.57	3.058	3.058	3.275	3.275	3.275
Cooke	1.5	1.5	1.5	1.5	2	1.4	1.5	1.5	1.5	1.5
Dickinson	0.02857	0.02857	0.02857	0.22*	0.22*	.084*	.084*	.084*	.084*	0.084*
East Pennsboro	0.79	1.09	1.09	1.19	1.19	0.957	0.957	0.957	1.05	1.3
Hampden	0.18	0.18	0.18	0.18	0.18	0.156	0.156	0.156	0.156	0.156
Hopewell	-	-	-	-	-	-	-	-	-	-
Lemoyne	1.99	1.99	1.99	2.5	2.5	2.1	2.1	2.3	2.3	2.31
Lower Allen	1.9	2.0	2.0	2.5	2.5	1.23	2.05	2.45	2.45	2.45
Lower Frankford	0.18	0.18	0.18	0.18	0.18	0.0807	0.1211	0.1211	0.1211	0.3229
Lower Mifflin	-	-	-	-	-	-	-	-	-	-
Mechanicsburg	2.23	2.23	3.0	3.0	3.25	2.58	2.58	2.58	3.08	3.33
Middlesex	0.87	0.87	0.87	0.87	1.2	0.998	1.22	1.22	1.38	1.53
Monroe	0.2	0.2	0.2	0.2	0.595	0.169	0.525	0.525	0.556	0.556
Mt. Holly Springs	1.83	1.83	1.8	1.944	1.966	1.374	1.613	2.036	2.312	2.38
Newburg	0.121	0.121	1.0	1.0	1.0	0.7	1.0	1.25	1.75	2
New Cumberland	2.6	2.6	2.6	2.6	3.6	2.9	3.9	3.9	3.9	3.9
Newville	1.6657	1.6657	1.6657	1.6657	2.0657	1.358	2.434	2.398	2.898	2.898
North Middleton	0.889	0.889	0.889	0.889	0.889	0.694	0.694	0.694	0.694	0.89
North Newton	0.14	0.14	0.14	0.14	0.14	0.1	-	-	-	-
Penn	0.061	0.061	0.061	0.061	0.061	0.0414	0.0414	-	-	-
Shippensburg Borough	2.85	2.85	2.85	2.85	3.6	2.26	2.6	2.6	2.6	2.72
Shippensburg Twp.	0.95	0.95	0.95	0.95	0.95	0.675	0.675	0.675	0.675	0.975
Shiremanstown	1.75	2.0	2.0	2.2	2.35	1.9	2.1	2.1	2.0	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>									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Municipalities (continued)										
Silver Spring	0.584	0.584	1.034	1.034	1.034	0.8045	0.8045	0.8045	0.8045	1.3045
Southampton	0.10	0.10	-	-	-	-	-	-	-	-
South Middleton	0.16	0.22*	0.22*	0.22*	0.22*	0.17*	0.17*	0.17*	0.17*	0.25*
South Newton	0.129	0.129	0.129	0.129	0.129	0.0933	0.0933	0.0933	0.0933	0.0933
Upper Allen	1.25	1.25	1.25	1.25	1.532	1.2918	1.4	1.6	1.8	2.3
Upper Frankford	0.21128	0.21128	0.21128	0.21128	0.21128	0.16095	0.16095	0.16095	0.16095	0.16095
Upper Mifflin	-	-	-	-	-	-	-	-	-	-
West Pennsboro	0.2135	0.2135	0.2135	0.2135	0.35	0.2576	0.5076	0.5076	0.5076	0.5076
Wormleysburg	2.586	2.586	2.678	3.678	3.678	3.065	3.065	3.065	3.065	3.361

Notes:

(1) * 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	East Pennsboro
West Pennsboro	Shippensburg
Silver Springs	Wormleysburg

Source: County Board of Assessment

**REVENUE CAPACITY
Principal Property Taxpayers**

2006 and 2015 Tax Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2006			2015		
	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				\$ 162,760,900	1	0.69 %
Allen Distribution	\$ 58,482,850	2	0.37 %	84,672,600	2	0.36
PR CC Limited Partnership	35,480,130	6	0.22	79,000,000	3	0.33
Carlisle HMA, Inc.	73,000,000	1	0.46	75,648,400	4	0.32
Pennsylvania Blue Shield	56,987,300	3	0.36	72,584,100	5	0.31
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	0.26
CPUS Park 81 LP				53,800,000	9	0.23
Pancal 954 Centerville (Unit B) LLC				47,957,000	10	0.20
DP Industrial LLC	45,442,220	4	0.28			
Keystone Lemoyne Partners	43,801,270	5	0.27			
Inland Southeast Carlisle Dst.	35,143,990	7	0.22			
BIT Investment LP	34,082,990	8	0.21			
New York Life Insurance Co.	33,704,650	9	0.21			
Cedar-Camp Hill LLC	33,500,000	10	0.21			
Totals	\$ 449,625,400		2.81 %	\$ 762,656,800		3.23 %

Notes:

(1) Percentage based on total County taxable assessed valuation for 2006: \$15,945,083,960

(2) Percentage based on total County taxable assessed valuation for 2015: \$23,573,505,000

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
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	1,408,444	38,482,877	100.00%
2009	41,143,956	194,147	39,890,816	96.95	1,444,120	41,334,936	99.99%
2010	41,704,856	163,791	40,291,169	96.61	1,575,238	41,866,407	99.99%
2011	41,994,227	177,222	40,629,283	96.75	1,538,825	42,168,108	99.99%
2012	42,213,193	156,797	40,680,881	96.37	1,674,908	42,355,789	99.97%
2013	47,826,059	158,710	46,395,766	97.01	1,559,359	47,955,125	99.94%
2014	49,855,721	180,554	48,393,357	97.06	1,165,122	49,558,479	99.05%
2015	50,454,280	N/A	49,036,480	97.19	N/A	N/A	N/A

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
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	81,287	3,031,474	100.00
2009	3,087,088	14,790	2,993,205	96.96	108,433	3,101,638	99.99
2010	3,129,169	12,298	3,022,092	96.58	118,346	3,141,338	100.00
2011	3,157,081	20,816	3,054,797	96.76	122,820	3,177,617	99.99
2012	3,173,665	14,299	3,058,563	96.37	128,335	3,186,898	99.97
2013	3,208,510	11,691	3,113,381	97.04	104,832	3,218,213	99.94
2014	3,248,014	12,059	3,152,742	97.06	75,702	3,228,444	99.03
2015	3,287,007	N/A	3,194,639	97.19	N/A	N/A	N/A

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			
2006	\$ 19,593,108	\$ 2,296,756	\$ 68,082	\$ 10,106,892	\$ 13,038,244	\$ 8,378	\$ 45,111,460	0.53	% \$ 202.28
2007	18,273,838	2,175,725	40,055	3,221,162	18,974,275	-	42,685,055	0.48	188.77
2008	33,931,267	2,050,520	38,587	4,188,733	18,239,480	-	58,448,587	0.62	256.62
2009	32,831,602	4,425,315	16,974	3,503,398	17,089,685	-	57,866,974	0.62	251.24
2010	31,636,153	4,079,401	722	2,663,847	15,904,064	-	54,284,187	0.56	233.50
2011	48,222,774	3,713,316	258,279	1,797,226	14,671,789	-	68,663,384	0.68	288.63
2012	46,032,187	3,468,101	345,000	902,813	13,388,688	-	64,136,789	0.60	270.64
2013	45,968,357	715,000	229,597	12,031,643	-	-	58,944,597	0.53	246.46
2014	46,555,931	715,000	91,489	8,589,069	-	-	55,951,489	0.48	231.91
2015	41,947,718	715,000	223,748	7,502,282	-	-	50,388,748	*	204.55

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
2006	\$ 29,700,000	\$ 15,335,000	\$ 2,323	\$ 45,032,677	0.29 %	\$ 201.92
2007	21,495,000	21,150,000	-	42,645,000	0.23	188.60
2008	38,120,000	20,290,000	-	58,410,000	0.29	256.45
2009	36,335,000	21,515,000	-	57,850,000	0.27	251.16
2010	34,300,000	19,983,465	9,870	54,273,595	0.25	233.45
2011	50,020,000	18,385,105	-	68,405,105	0.31	290.58
2012	46,935,000	16,856,789	-	63,791,789	0.28	269.19
2013	58,000,000	715,000	-	58,715,000	0.26	245.50
2014	55,145,000	715,000	-	55,860,000	0.25	231.53
2015	49,450,000	715,000	-	50,165,000	0.21	203.64

DEBT CAPACITY
Direct and Overlapping Governmental Activities Debt

December 31, 2015

COUNTY OF CUMBERLAND, PENNSYLVANIA

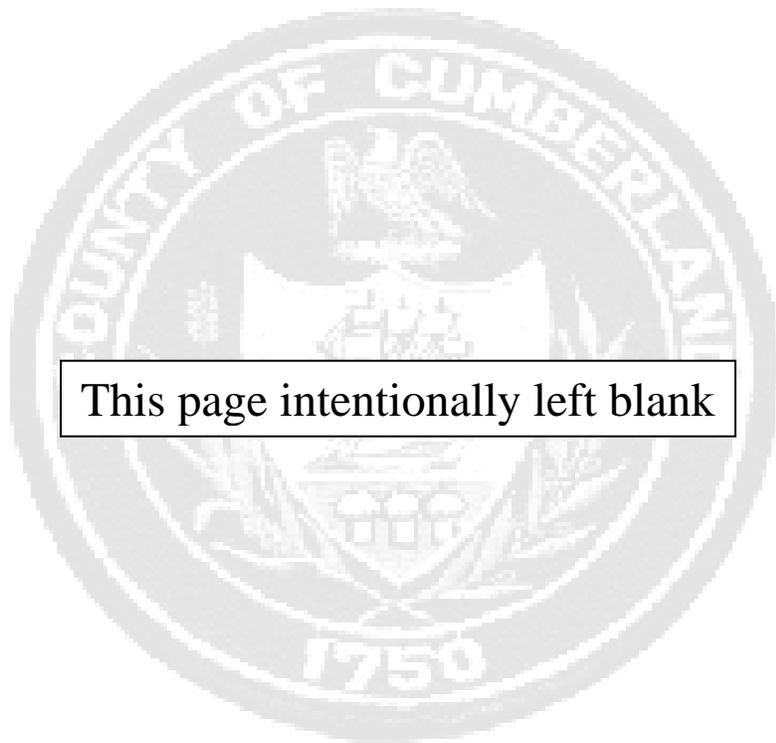
(unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
School Districts:			
Big Spring	\$ 30,907,045	100%	\$ 30,907,045
Camp Hill	20,160,000	100	20,160,000
Carlisle Area	69,914,621	100	69,914,621
Cumberland Valley	129,083,271	100	129,083,271
East Pennsboro	13,124,000	100	13,124,000
Mechanicsburg	42,475,000	100	42,475,000
*Shippensburg Area	27,625,000	61	16,851,250
South Middleton	34,323,736	100	34,323,736
*West Shore Area	45,660,000	55	25,113,000
Total school districts			<u>381,951,923</u>
Municipalities:			
Camp Hill Borough	19,305,000	100	19,305,000
Carlisle Borough	20,679,065	100	20,679,065
East Pennsboro Township	27,478,467	100	27,478,467
Hampden Township	46,539,386	100	46,539,386
Lower Allen Township	12,270,000	100	12,270,000
Mechanicsburg Borough	12,559,679	100	12,559,679
Middlesex Township	3,132,296	100	3,132,296
Monroe Township	1,013,894	100	1,013,894
New Cumberland Borough	20,603,936	100	20,603,936
Shippensburg Township	903,985	100	903,985
Silver Spring Township	13,634,000	100	13,634,000
South Middleton Township	2,545,000	100	2,545,000
South Newton Township	26,135	100	26,135
Upper Allen Township	22,450,000	100	22,450,000
Wormleysburg Borough	3,219,383	100	3,219,383
Total municipalities			<u>206,360,226</u>
Subtotal overlapping debt			588,312,149
Total direct debt - County			<u>43,766,025</u>
Total direct and overlapping debt			<u>\$ 632,078,174</u>

Source: Confirmation with school districts and municipalities

Notes:

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



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DEBT CAPACITY
Legal Debt Margin Information

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 420,628,703	453,522,334	481,210,536	489,555,684
Total net-debt applicable to limit	<u>45,035,000</u>	<u>42,645,000</u>	<u>58,410,000</u>	<u>57,850,000</u>
Net nonelectoral debt limit	<u>\$ 375,593,703</u>	<u>410,877,334</u>	<u>422,800,536</u>	<u>431,705,684</u>
Total net debt applicable to the limit as a percentage of debt limit	10.71 %	9.40	12.14	11.82

Last Ten Years

(unaudited)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
483,492,830	471,646,512	462,737,838	468,846,437	481,164,681	498,487,522
<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>50,165,000</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>	<u><u>448,322,522</u></u>
11.23	14.50	13.79	12.52	11.61	10.06

Legal Debt Margin Calculation for year ending 2015

Borrowing base revenue:

2013	\$ 159,774,893
2014	165,793,398
2015	<u>172,919,231</u>
Total revenue (1)	<u><u>\$ 498,487,522</u></u>

Debt Limit for General Obligation Debt

Average borrowing base revenues	\$ 166,162,507
Debt limit percentage	<u>300%</u>
Debt limit	498,487,522
Total amount of debt applicable to debt limit	<u>50,165,000</u>
Legal debt margin	<u><u>\$ 448,322,522</u></u>

Debt Limit for General Obligation Debt and Lease Rental Debt

Average borrowing base revenues	\$ 166,162,507
Debt limit percentage	<u>400%</u>
Debt limit	664,650,028
Total amount of debt applicable to debt limit	<u>50,165,000</u>
Legal debt margin	<u><u>\$ 614,485,028</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>
2006	\$ 226,117	\$ 8,906,627 (B)	\$ 39,265 (B)	\$ 56,426 (A)	34,308	3.4%
2007	227,762	9,413,957 (B)	41,160 (B)	58,268 (A)	34,720	3.3
2008	230,329 (A)	9,695,081 (B)	41,905 (B)	60,285 (A)	34,726	4.2
2009	232,483 (A)	9,662,358 (B)	41,308 (B)	60,400 (A)	35,352	6.6
2010	235,406 (A)	10,014,821 (B)	42,444 (B)	60,219 (A)	32,771	6.8
2011	236,912 (C)	10,586,371 (B)	44,683 (B)	60,832 (A)	32,610	6.4
2012	239,187 (A)	11,134,011 (B)	46,547 (B)	60,883 (A)	32,443	6.2
2013	241,163 (A)	11,292,479 (B)	46,805 (B)	60,826 (A)	32,726	5.7
2014	243,533 (A)	11,733,975 (B)	48,137 (B)	61,417 (A)	33,029	4.5
2015	246,338 (A)	* (B)	* (B)	* (A)	33,153	3.9

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

2006 and 2015 Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Employer	2006			2015		
	Employees	Rank	Percentage of Total County Employment (3)	Employees	Rank	Percentage of Total County Employment (3)
U.S. Department of Defense:						
Naval Support Activity	-			4,500		
Carlisle Barracks	-			1,717		
Total	6,848 (1)	1	6%	6,217 (1)	1	5 %
Giant Foods	3,153	3	3	3,149	2	4
Highmark Blue Shield	3,192	2	3	2,690	3	2
Holy Spirit Hospital	2,137	4	2	1,764	4	2
Commonwealth of Pennsylvania	1,990 (2)	5	2	1,723 (2)	5	1
Cumberland Valley School District	-	-	-	1,521	6	1
Cumberland County Government	1,281	8	1	1,291	7	1
JFC Temps Inc.	1,527	6	1	1,053	8	1
Fry Communications	-	-	-	1,035 *	9	1
Excel Logistics	1,300	7	1	1,000 *	10	1
Wal-Mart	1,176	9	1	-	-	-
Roadway	1,141	10	1	-	-	-
Total	23,745		21%	21,443		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	2006	2007	2008	2009
Primary Government:				
Governmental Activities:				
General Government-Administrative:				
Commissioners	8	7	8	8
Solicitors	3	3	3	3
Elections	5	7	6	7
Controller	16	16	16	16
Finance	10	10	10	10
Tax Claims	2	2	2	2
Treasurer	5	5	4	4
Tax collector administration	18	17	17	17
Human resources	5	4	5	7
Tax assessment	22	20	22	23
Recorder of deeds	9	8	8	7
Administrative services	5	4	3	2
Information management and technology	14	15	17	17
Enterprise resource management	3	3	3	3
Geographic information systems	2	2	3	2
Human service fiscal operations	2	2	2	2
Grant administration	2	3	3	3
County buildings	15	16	16	15
Planning	2	2	5	4
Domestic Relations	37	38	39	39
General Government-Judicial				
Building security	9	9	8	7
Courts	35	34	40	39
District judges	35	38	37	39
Clerk of court	11	12	11	12
Coroner	5	6	5	4
Public defender	13	15	13	13
District attorney	24	25	23	25
Prothonotary	9	9	8	8
Register of wills	6	7	6	6
Sheriff	34	33	35	34
Public safety				
District attorney-criminal investigation	5	4	4	4
District attorney-forensic lab	2	2	2	2
Victim witness services	8	9	9	9
Prison	99	100	101	106
Adult probation	33	34	32	36
Juvenile probation	26	25	27	27
Emergency management & communications	8	9	7	7
Emergency Telephone (1)	-	-	-	-
Hazardous Materials Protection (1)	-	-	-	-
Vector control	3	3	3	3
Transportation (1) (2)	-	-	-	-
Recycling and waste management	3	3	3	3
Human services:				
Mental health/intellectual and developmental disabilities	47	47	49	50
Children and youth	57	57	59	58
Office of aging	25	29	30	32
Community services	9	9	11	11
Drug and alcohol	17	18	19	18
Veteran's affairs	2	2	2	2
Culture and recreation	15	15	15	15
Conservation and development	9	9	7	7
Business-type Activities:				
County nursing home	287	292	303	295
Emergency telephone (1)	45	45	45	44
Hazardous materials protection (1)	1	1	1	1
Transportation services (1)	25	28	26	25
Total Primary Government	1092	1113	1133	1133
Component Unit:				
Conservation district	8	8	9	8

Source: County payroll records

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

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

Last Ten Years

						(unaudited)
2010	2011	2012	2013	2014	2015	
8	9	8	9	9	9	
4	4	3	4	4	4	
6	6	6	6	6	6	
16	16	15	16	16	16	
10	10	10	10	8	10	
2	2	2	2	2	2	
3	4	5	5	5	5	
17	17	17	17	17	16	
6	6	7	7	8	8	
22	19	20	20	19	18	
7	7	8	7	6	7	
3	3	3	3	3	2	
17	15	16	16	14	15	
3	3	3	2	3	3	
2	2	1	2	2	2	
2	2	2	2	2	2	
2	2	2	2	3	5	
22	21	21	21	20	20	
6	6	6	5	5	5	
39	38	39	39	39	39	
7	6	7	7	7	6	
41	43	40	42	44	46	
39	38	38	38	36	39	
12	11	13	13	11	12	
4	6	7	7	7	6	
13	12	15	15	16	15	
25	27	27	27	26	28	
9	8	9	9	8	9	
7	7	8	6	8	7	
35	34	35	36	36	38	
4	4	5	6	5	6	
2	3	3	3	3	3	
9	9	8	9	9	9	
115	115	115	117	118	119	
36	37	37	38	37	38	
27	26	26	25	26	26	
6	7	7	6	4	8	
-	-	-	-	46	46	
-	-	-	-	-	-	
2	3	3	4	3	3	
-	-	-	-	28	-	
3	3	3	2	1	1	
48	47	47	46	47	46	
62	62	63	62	67	65	
31	29	26	26	29	30	
11	9	8	6	6	6	
16	20	20	19	19	18	
2	2	2	2	2	2	
14	15	15	14	13	14	
6	6	6	6	6	6	
304	282	283	284	270	276	
44	43	45	46	47	-	
1	1	1	1	6	-	
28	24	27	28	28	-	
1160	1131	1143	1145	1136	1122	
8	8	8	7	8	9	

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental - type:										
General Government-administrative										
<i>Fiscal affairs</i>										
Deed transfers	7,385	6,625	5,864	5,592	5,280	4,889	5,801	6,177	5,957	6,430
Mortgage recorded	18,096	16,354	13,828	14,782	13,124	12,042	13,354	12,030	9,297	10,032
Subdivision plans filed	273	275	206	192	152	141	115	133	147	155
<i>Administration</i>										
General election information										
Registered voters	137,564	139,288	252,349	147,650	150,533	152,249	158,190	148,322	151,050	153,481
Votes cast	50,284	39,620	114,499	34,432	81,873	35,313	111,381	33,618	75,845	40,913
Percent of votes cast	37%	28%	45%	23%	54%	23%	70%	23%	50%	27%
General Government-judicial										
<i>Court services:</i>										
Criminal cases filed	3,360	3,377	3,370	3,478	3,720	3,651	3,629	3,603	3,786	3,540
Summary appeals	207	281	256	272	267	231	234	258	259	320
Juvenile delinquency	N/A	N/A	153	179	284	245	241	334	388	437
Juvenile dependency	N/A	N/A	120	168	112	144	210	221	231	285
Marriage license applications	1,163	1,173	1,139	1,203	1,143	1,169	1,203	1,148	1,317	1,255
Estates and wills probated	1,056	1,096	1,202	1,112	1,198	1,277	1,257	1,266	1,143	1,213
Orphans' court cases filed	110	78	87	105	84	108	87	90	82	106
Adoption cases	143	126	134	119	114	106	91	97	89	113
<i>Court administration:</i>										
Criminal jury trials	53	41	56	57	43	40	47	55	44	48
Criminal appointment of counsel	419	406	368	408	479	433	479	486	636	499
Hearings by domestic relations conference officers	2,754	3,202	3,315	3,556	3,403	2,843	2,729	3,670	3,748	3,492
<i>Sheriff:</i>										
Prisoner transports	3,635	3,994	3,647	3,671	3,790	3,949	3,817	4,235	4,284	4,079

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
<i>County prison:</i>										
Average daily population	350	351	370	377	394	399	381	389	422	401
Commitments to prison	2,802	2,784	2,991	3,077	3,174	3,387	3,098	3,054	3,319	3,383
Releases from prison	2,786	2,799	2,768	3,044	3,218	3,346	3,141	2,974	3,350	3,352
<i>Adult probation:</i>										
Average caseload	1,732	1,836	2,004	2,452	2,685	2,476	2,475	2,408	2,471	2,383
DUI-Intermediate Punishment Program										
Bed Days Saved at County Prison	N/A	4,861	13,896	12,856	11,422	8,813	7,263	8,554	11,312	13,912
Accelerated Rehabilitative Disposition/DUI Program	639	690	701	707	679	774	868	686	672	523
<i>Day Reporting Center:</i>										
Bed Days Saved at County Prison	N/A	9,243	10,315	7,704	6,967	6,957	6,469	5,712	6,443	6,073
Human services										
<i>Children and youth</i>										
Number of referrals	981	849	1,159	992	1,236	1,232	1,182	1,330	1,455	1,993
Clients receiving in-home services	286	262	391	434	343	370	392	439	625	833
Clients requiring placement	154	270	196	193	219	211	229	286	271	281
<i>Mental health services:</i>										
Number of out-patient hours	9,755	7,731	9,272	9,217	9,976	13,646	12,493	11,472	12,418	12,993
Number of out-patient consumers	614	557	531	502	538	596	567	585	542	414
In-patient days	823	493	611	520	585	687	274	189	470	507
Number of in-patient consumers	88	67	113	79	39	26	15	19	24	21
Residential days	16,214	16,992	19,435	23,665	51,619	55,626	54,193	57,265	58,276	56,113
Number of residential consumers	167	216	202	188	216	205	210	194	216	24
<i>HealthChoices:</i>										
In-patient psychiatric treatment										
Number of in-patient consumers	260	257	288	290	345	377	404	463	444	537
Number of in-patient days	3,550	4,925	5,976	5,215	5,609	6,293	6,920	7,809	8,519	10,800
Out-patient psychiatric treatment										
Number of out-patient consumers	2,483	2,613	2,910	2,823	3,219	3,432	3,627	3,806	4,082	4,537
Number of out-patient units	57,811	63,144	60,673	35,412	41,749	40,523	41,239	41,850	44,598	49,727

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA (Continued)	(unaudited)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Children's residential and behavioral health rehabilitation										
Number of consumers	846	756	956	812	1,013	1,029	1,140	1,142	1,040	1,060
Number of units	390,303	385,586	604,857	811,357	780,442	791,221	849,765	807,612	665,898	602,368
Targeted case management										
Number of consumers	405	434	483	492	487	482	481	487	486	458
Number of units	81,065	90,029	92,050	89,652	92,796	89,158	81,779	67,978	50,997	57,743
Crisis Intervention										
Number of consumers	412	527	562	614	634	692	653	752	819	740
Number of units	6,963	8,788	9,274	9,265	8,909	8,247	7,636	10,182	11,236	5,841
<i>Intellectual and Developmental Disabilities</i>										
Number of consumers served	1,267	1,379	1,759	1,517	1,139	1,140	1,093	1,089	1,076	1,058
Number of transportation units	116,581	115,597	72,433	275,993	15,612	9,130	4,986	4,094	6,027	6,182
Number of residential units	66,721	79,021	*4,224	3,534	2,380	2,264	1,922	1,827	2,277	2,648
Number of workshop/vocational units	194,688	250,844	*566,260	624,149	71,641	48,572	44,039	53,779	52,614	58,072
<i>Office of aging:</i>										
Senior transportation trips	52,000	48,253	50,152	48,628	46,442	46,950	47,740	45,496	44,732	44,066
Information and assistance contracts	8,900	12,206	12,849	13,938	16,879	16,800	13,014	14,003	6,616	6,227
Congregate meals served	35,500	32,969	33,611	33,102	33,082	30,873	31,260	31,830	33,446	31,417
Adult day care days provided	5,265	4,544	5,029	4,765	4,945	4,508	2,907	1,072	1,707	3,124
Home delivered meals served	8,863	7,255	7,153	6,855	5,780	4,480	3,960	4,140	5,718	8,661
Maintenance/modification of homes	213	244	268	227	171	207	152	151	412	317
<i>Drug and alcohol:</i>										
Community-based outpatient treatment (in hours unless otherwise noted)										
Assessment/evaluations	912	969	1,133	965	708	707	700	754	692	547
Individual counseling	2,659	2,781	4,257	4,653	4,681	3,978	4,003	3,773	3,885	3,831
Intensive outpatient group	4,942	4,705	4,365	5,585	9,039	6,700	5,824	6,414	7,016	4,858
Group	1,091	1,266	2,223	2,532	2,520	2,640	2,350	2,726	3,137	2,972
Prison-based treatment and intervention service hours	2,029	2,050	1,812	1,237	3,474	2,481	1,508	2,260	1,971	2,470
Case management services										
Capital Region Maternal Assistance Program:										
Intensive case management service clients	137	105	88	44	70	71	74	68	70	67

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA (Continued)	(unaudited)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business - type:										
Transportation **										
One way trips	150,825	149,448	151,872	150,270	144,827	145,398	143,590	136,485	127,440	N/A
Mileage	725,046	716,705	746,368	728,131	723,666	748,410	757,171	726,916	758,722	N/A

Notes:

Source: Cumberland County departmental statistics and annual reports.

N/A - not available

* Prior to 2014, only deed

** The County partnered with Rabbit Transit to provide shared ride services to Cumberland County residents.

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	N/A	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	29,160	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	36,000	36,000	36,000	36,000
Bureau of Elections										
Electronic voting machines	623	623	693	693	693	693	693	693	693	693
Court system and corrections										
District Attorney										
Square footage of Reed building (CID office)	2,584	2,584	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Domestic Relations										
Square footage of Domestic Relations building	23,905	23,315	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	6,022	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	5,168	5,168	5,168	5,168	5,168	5,168
Public safety										
County prison										
Maximum capacity of inmates	398	398	398	398	398	478	478	720	720	720
Square footage of the prison	93,107	93,107	93,107	109,617	109,617	145,064	145,064	178,410	178,410	178,410
Conservation										
Number of agricultural easements acquired	86	102	110	113	117	122	126	128	135	140
Acres in the agricultural easement program	10,818	12,553	13,480	13,867	14,333	14,825	15,311	15,437	16,144	16,750
Acres in agricultural secured areas	70,212	70,946	71,730	71,947	72,709	72,783	73,544	74,450	75,685	72,711
Square footage of agricultural extension building	8,024	8,024	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Roads and bridge maintenance										
County maintained bridges	19	19	19	19	19	19	19	19	19	19
County-bridges (shared)	9	9	9	9	9	9	9	9	9	9

(Continued)

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

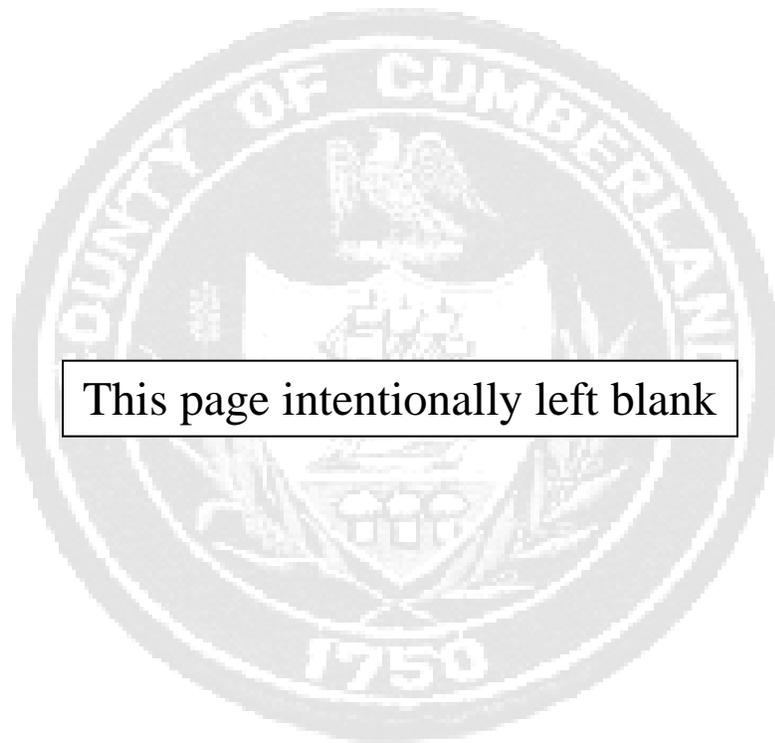
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Human Services										
Square footage of human services building (including parking garage)	42,400	42,400	42,400	47,844	47,844	47,844	47,844	47,844	47,844	47,844
Square footage of Aging/Community Services	N/A	N/A	N/A	N/A	8,024	8,024	8,024	8,024	8,024	8,024
Business-type activities:										
Nursing home										
Square footage of the nursing home	169,751	164,951	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	24,233	24,233	24,233	24,233	24,233
Transportation services										
Buses and other vehicles	32	35	33	33	33	33	29	35	31	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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