



Cumberland County's

2015

Financial Condition

# INDICATOR 1

## Revenues per Capita

### Warning Trend:

Decreasing net operating revenues per capita  
(constant dollars)

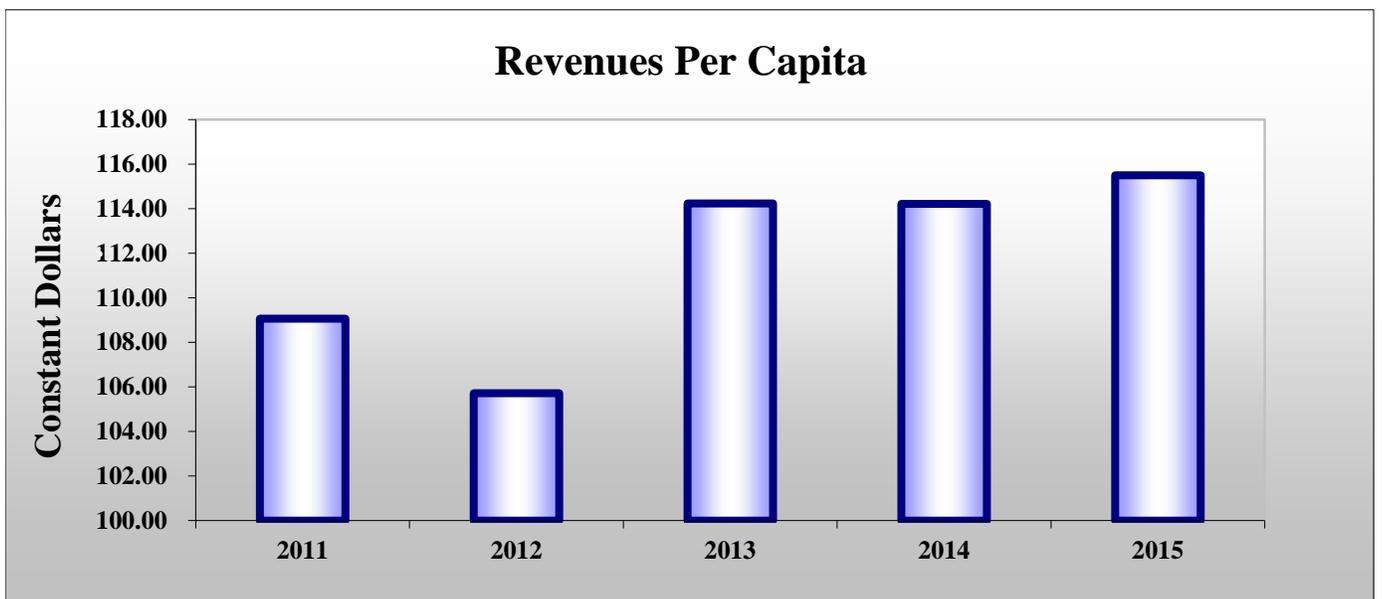
### Formula:

$$\frac{\text{Net operating revenues \& transfers (constant dollars)}}{\text{Population}}$$

Fiscal year:	2011	2012	2013	2014	2015
Net operating revenues and transfers	58,139,101	58,052,200	64,193,555	65,913,898	67,439,037
Consumer price index	224.939	229.594	232.957	236.736	237.017
Net operating revenues & transfers (constant dollars)	25,846,608	25,284,720	27,555,967	27,842,786	28,453,249
Current population	236,979	239,164	241,212	243,762	246,338
Net operating revenues & transfers per capita (constant dollars)	109.07	105.72	114.24	114.22	115.50

### Description:

Examining per capita revenues shows changes in revenues relative to changes in population size and rate of inflation. As population increases, it might be expected that revenues and the need for services would increase proportionately, and therefore that the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to maintain existing service levels unless it finds new revenue sources or ways to save money. This reasoning assumes that the cost of services is directly related to population size.



# INDICATOR 1a

## Revenues per Source

### Warning Trend:

Some revenue sources are growing faster than others

### Formula:

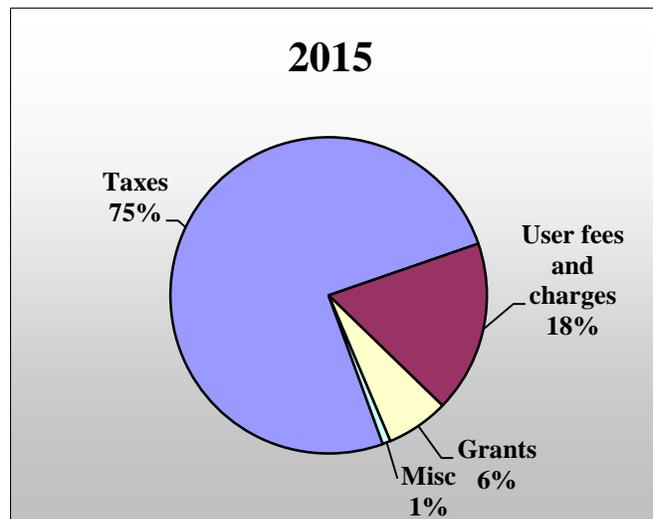
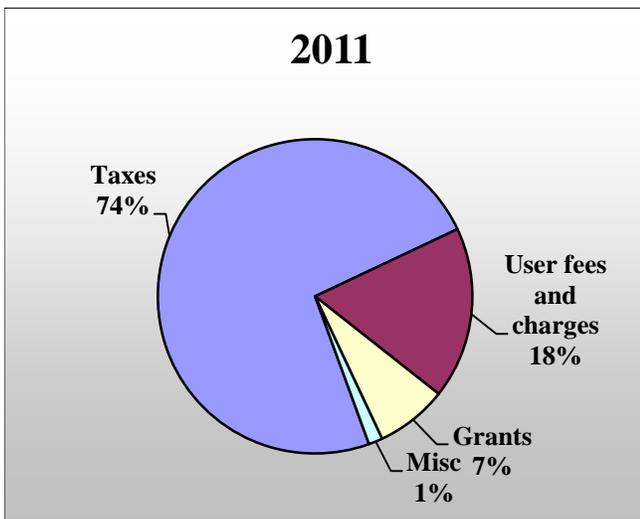
Revenue sources

Revenue Source	2011		2012		2013	
	\$	%	\$	%	\$	%
Taxes	42,747,201	73.53%	43,008,296	74.09%	48,499,771	75.56%
User fees and charges	10,270,890	17.67%	10,586,066	18.24%	11,376,935	17.72%
Grants	4,280,770	7.36%	3,815,622	6.57%	3,818,769	5.95%
Misc	840,240	1.45%	642,216	1.11%	498,080	0.77%
Total Revenues	58,139,101	100.00%	58,052,200	100.00%	64,193,555	100.00%

Revenue Source	2014		2015	
	\$	%	\$	%
Taxes	49,814,636	75.59%	50,748,374	75.26%
User fees and charges	10,975,034	16.65%	11,840,400	17.56%
Grants	4,509,024	6.84%	4,302,128	6.38%
Misc	615,204	0.92%	548,135	0.80%
Total Revenues	65,913,898	100.00%	67,439,037	100.00%

### Description:

This can tell you if some revenue sources are growing faster than others, if the revenue burden is shifting from one segment of the population to another, and if the growth in the rates of some revenues have not been keeping pace with that of others. Any such changes in revenue structure should probably receive attention from policy makers.



# INDICATOR 6

## Property Tax Revenues

### Warning Trend:

Decline in property tax revenues  
(constant dollars)

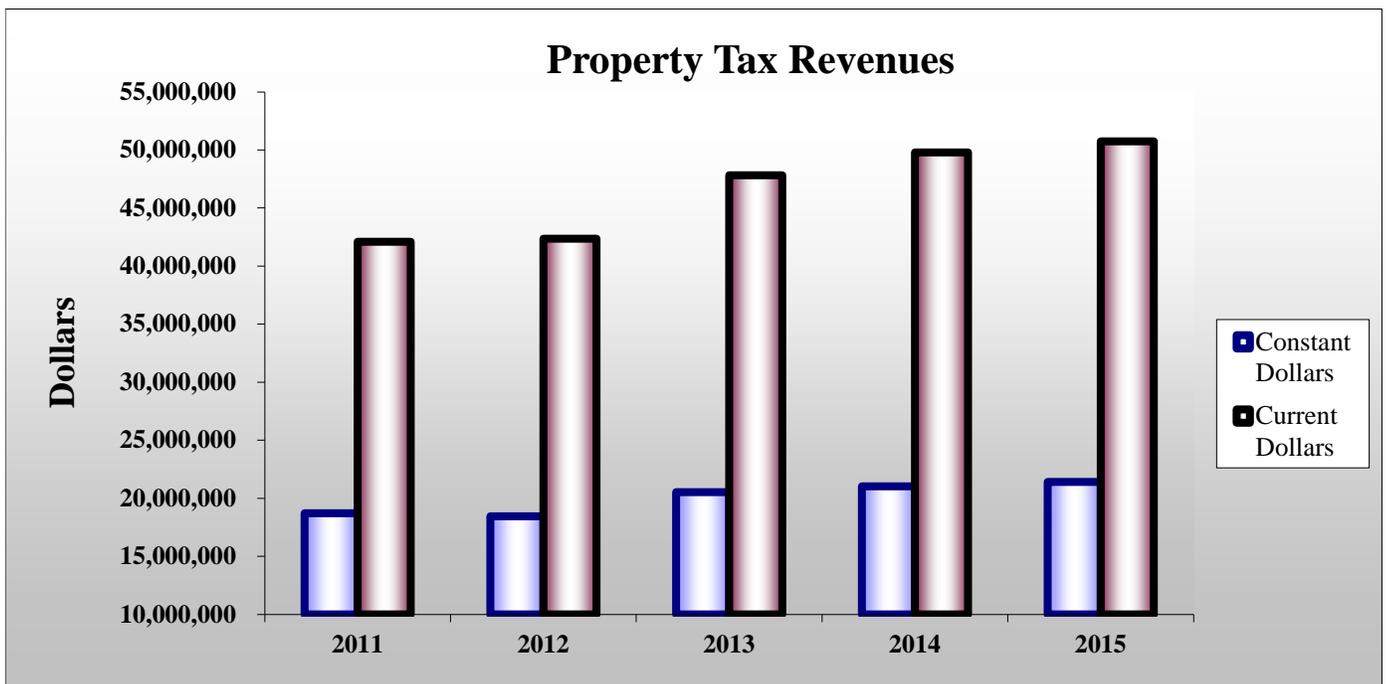
### Formula:

$$\frac{\text{Property tax revenues}}{\text{(constant \& current dollars)}}$$

Fiscal year:	2011	2012	2013	2014	2015
Property Tax Revenue	42,094,128	42,357,901	47,821,931	49,788,005	50,742,477
Consumer price index	224.939	229.594	232.957	236.736	237.017
CPI in decimal	2.249	2.296	2.330	2.367	2.370
Property Tax Revenue (current dollars)	42,094,128	42,357,901	47,821,931	49,788,005	50,742,477
Property Tax Revenue (constant dollars)	18,713,575	18,449,045	20,528,222	21,031,024	21,408,792

### Description:

Property tax revenue should be considered separately from other revenues because most governments rely heavily on them. A decline or a diminished growth rate in property taxes can have a number of causes. First, it may reflect an overall decline in property values. Second, it may result from unwilling default on property taxes by property owners. Third, it may result from inefficient assessment or appraisal. Finally, a decline can be caused by deliberate default by property owners, who realize that delinquency penalties are less than short-run interest rates and that nonpayment is therefore an economical way to borrow money.



# INDICATOR 7a

## Uncollected Current Levy

### Warning Trend:

Increasing amount of uncollected tax levy as a percentage of total tax levy

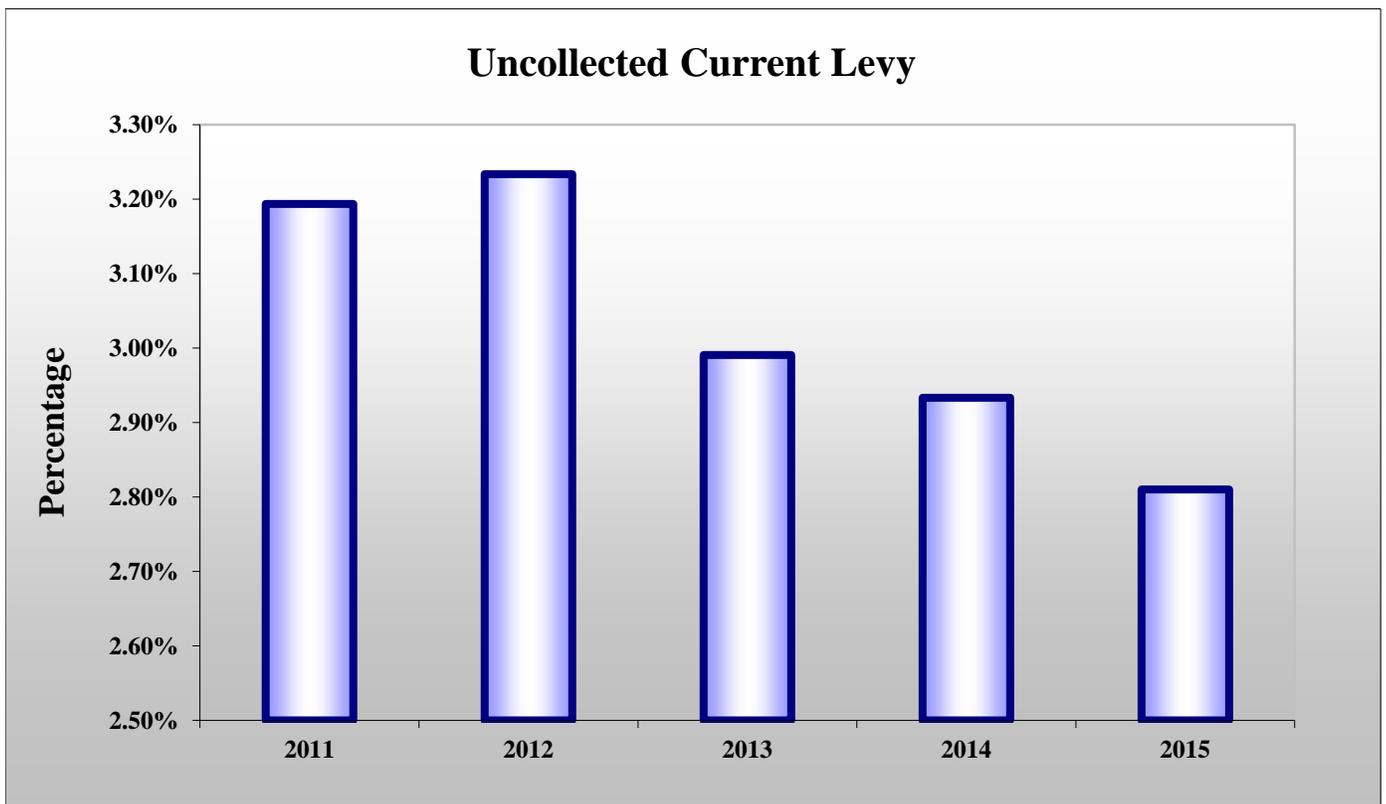
### Formula:

$$\frac{\text{Uncollected current levy}}{\text{Net property tax levy}}$$

Fiscal year:	2011	2012	2013	2014	2015
Net property tax levy	41,994,227	42,213,193	47,826,059	49,855,721	50,454,280
Uncollected current levy	1,341,047	1,364,944	1,430,293	1,462,364	1,417,800
Uncollected current levy as a percentage of net property tax levy	3.19%	3.23%	2.99%	2.93%	2.81%

### Description:

Every year, a percentage of property owners are unable to pay property taxes. If this percentage increases over time, it may indicate overall decline in the local government's economic health. Additionally, as uncollected current property taxes rise, liquidity is decreased and there is less cash on hand to pay bills or to invest.



# INDICATOR 8

## User Charge Coverage

### Warning Trend:

Decreasing revenues from user charges as a percentage of total expenditures for related services

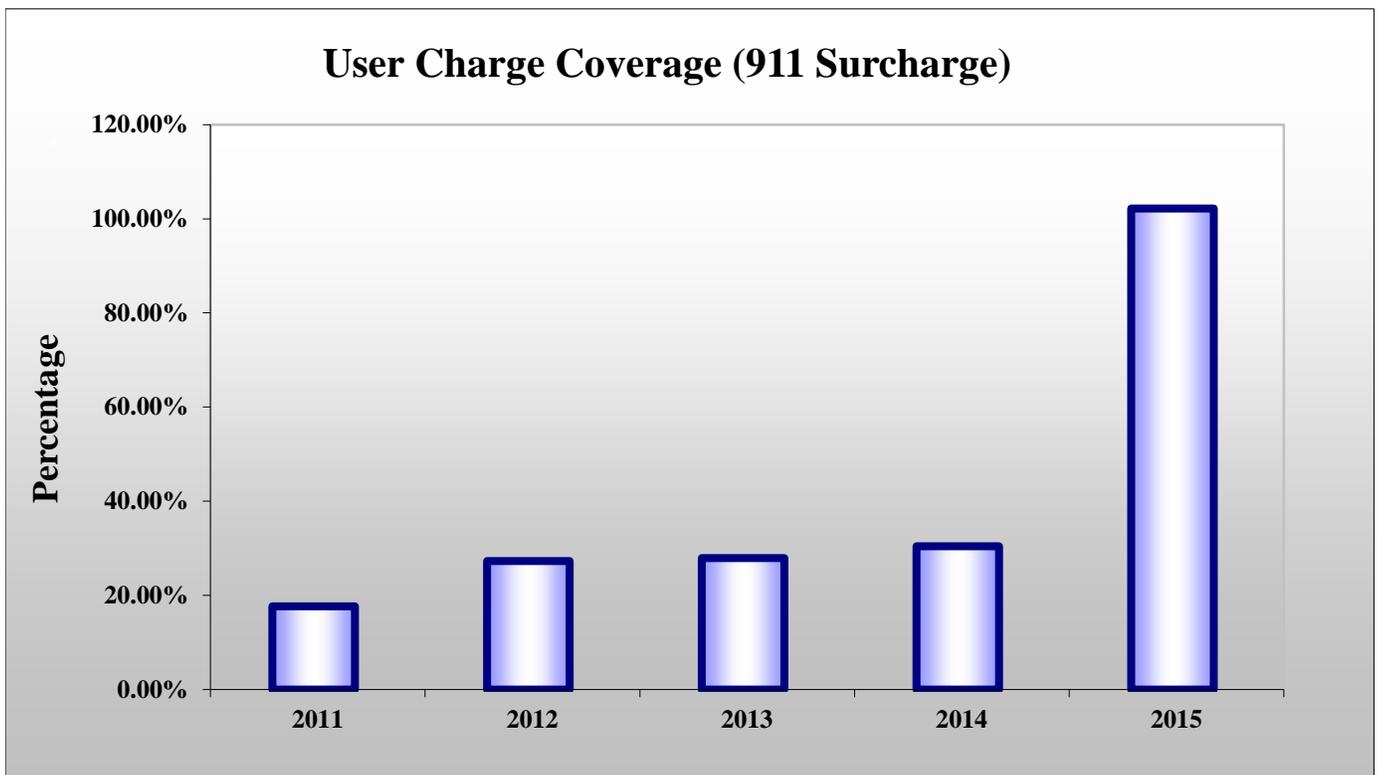
### Formula:

$$\frac{\text{Revenues from user charges}}{\text{Expenditures for related services}}$$

Fiscal year:	2011	2012	2013	2014	2015
Revenues from user charges	1,711,195	1,650,639	1,608,781	1,635,749	5,716,768
Expenditures for services for which there is a fee or user charge	9,677,107	6,045,825	5,760,158	5,373,457	5,594,855
Revenues from user charges as a percentage of total expenditures for related service	17.68%	27.30%	27.93%	30.44%	102.18%

### Description:

The term user charge coverage refers to whether fees and charges cover the entire cost of providing a service. As coverage declines, the burden on other revenues to support the services increases. Because the typical municipal accounting system does not employ cost-accounting techniques, it is easy for inflation and other factors to erode user charge coverage without being noticed.



# INDICATOR 9

## 911 Revenue Shortfall

### Warning Trend:

Increase in revenue shortfalls as a percentage of actual net operating revenues

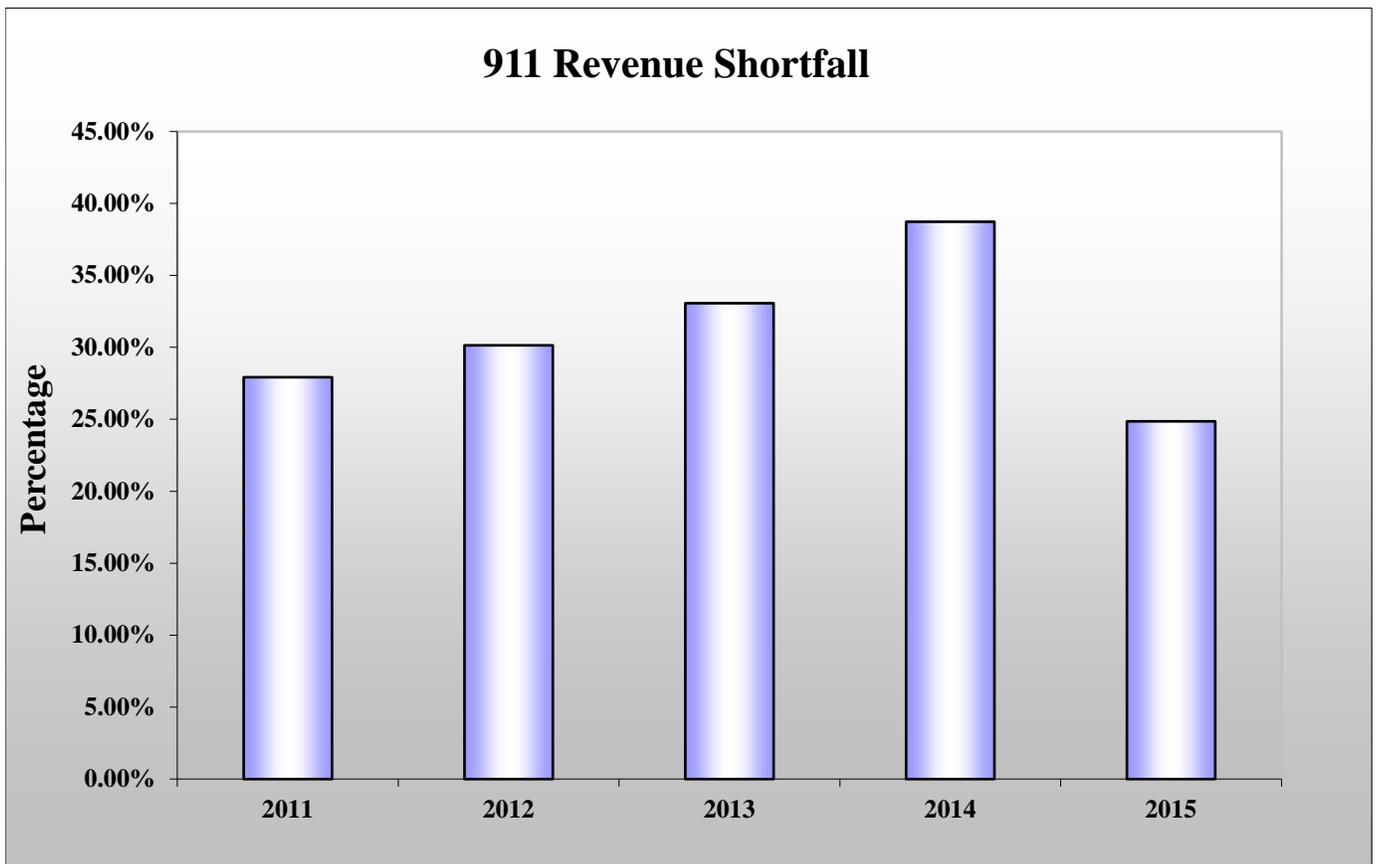
### Formula:

$$\frac{\text{Shortfall (Subsidy)}}{\text{Net operating revenues}}$$

Fiscal year:	2011	2012	2013	2014	2015
Subsidy (Revenue Shortfall)	2,253,814	1,856,242	1,871,169	1,974,343	2,082,348
Net Operating Revenue	8,072,175	6,159,139	5,659,451	5,098,481	8,377,542
Revenue shortfalls as	27.92%	30.14%	33.06%	38.72%	24.86%
Consumer price index	224.9	229.6	233.0	236.7	237.0
CPI in decimal	2.249	2.296	2.32957	2.36736	2.37017
Subsidy (constant dollar)	1,001,967	808,489	803,225	833,985	878,565

### Description:

This indicator examines relationship between revenue surplus/deficit and net operating revenue. Major



# INDICATOR 9

## CNRC Surplus / Deficit

### Warning Trend:

Increase in revenue surplus/deficit as a percentage of actual net operating revenues

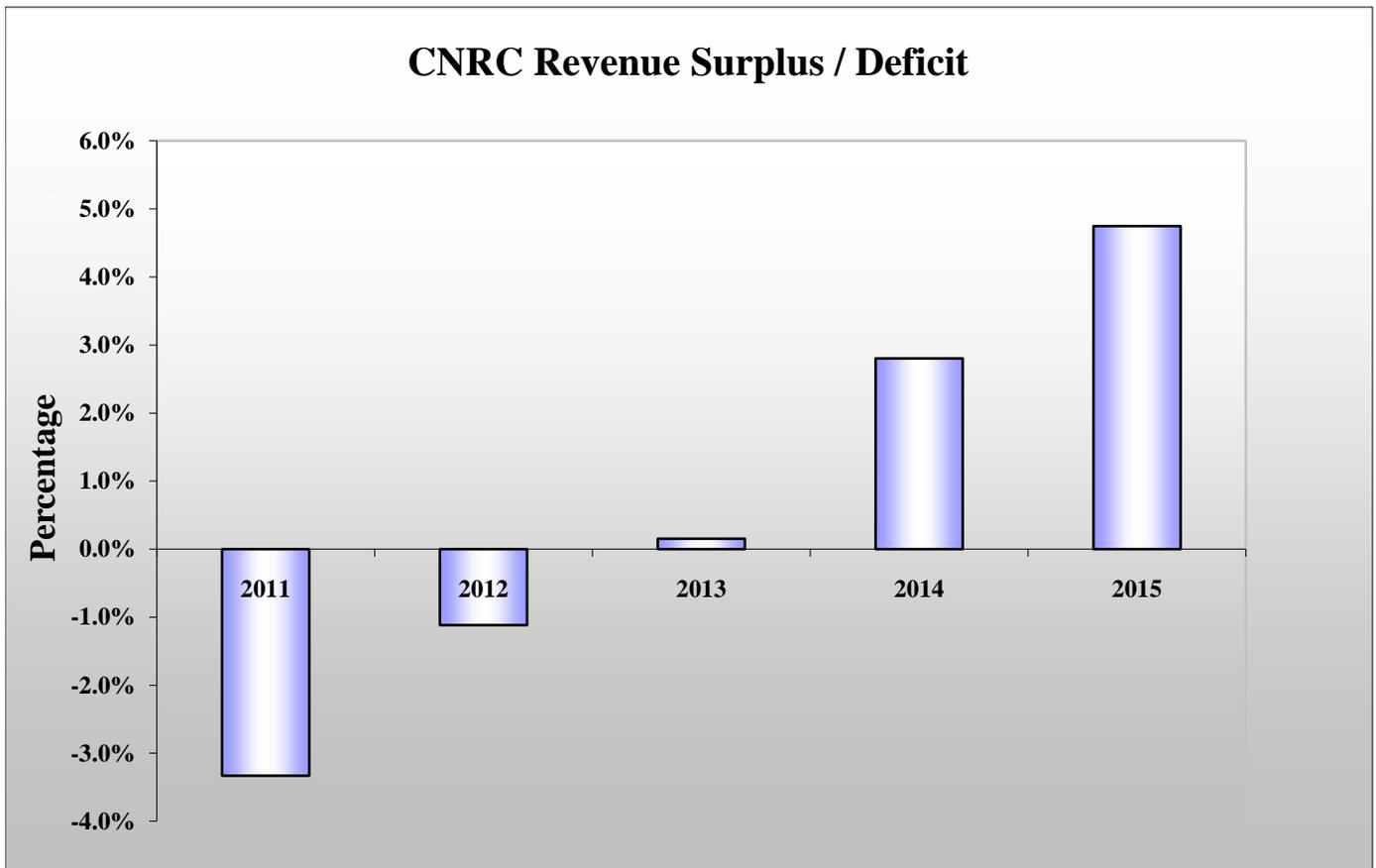
### Formula:

$$\frac{\text{Surplus / Deficit}}{\text{Net operating revenues}}$$

Fiscal year:	2011	2012	2013	2014	2015
Revenue surplus / deficit	(827,500)	(277,741)	37,387	720,182	1,239,144
Net operating revenue	24,846,478	24,857,295	24,493,238	25,698,346	26,097,464
Revenue shortfalls as a percentage of net operating revenue	-3.33%	-1.12%	0.15%	2.80%	4.75%
Consumer price index	224.9	229.6	233.0	236.7	237.0
CPI in decimal	2.249	2.296	2.32957	2.36736	2.37017
Revenue surplus/deficit (constant dollar)	(367,878)	(120,970)	16,049	304,213	522,808
Net Operating Revenue (constant dollar)	11,045,874	10,826,631	10,514,060	10,855,276	11,010,798

### Description:

This indicator examines relationship between revenue surplus/deficit and net operating revenue. Major discrepancies that continue year after year can indicate a declining economy or inefficient collection procedures.



# INDICATOR 9

## Children & Youth Revenue Shortfall

### Warning Trend:

Increase in revenue shortfalls as a percentage of actual net operating revenues

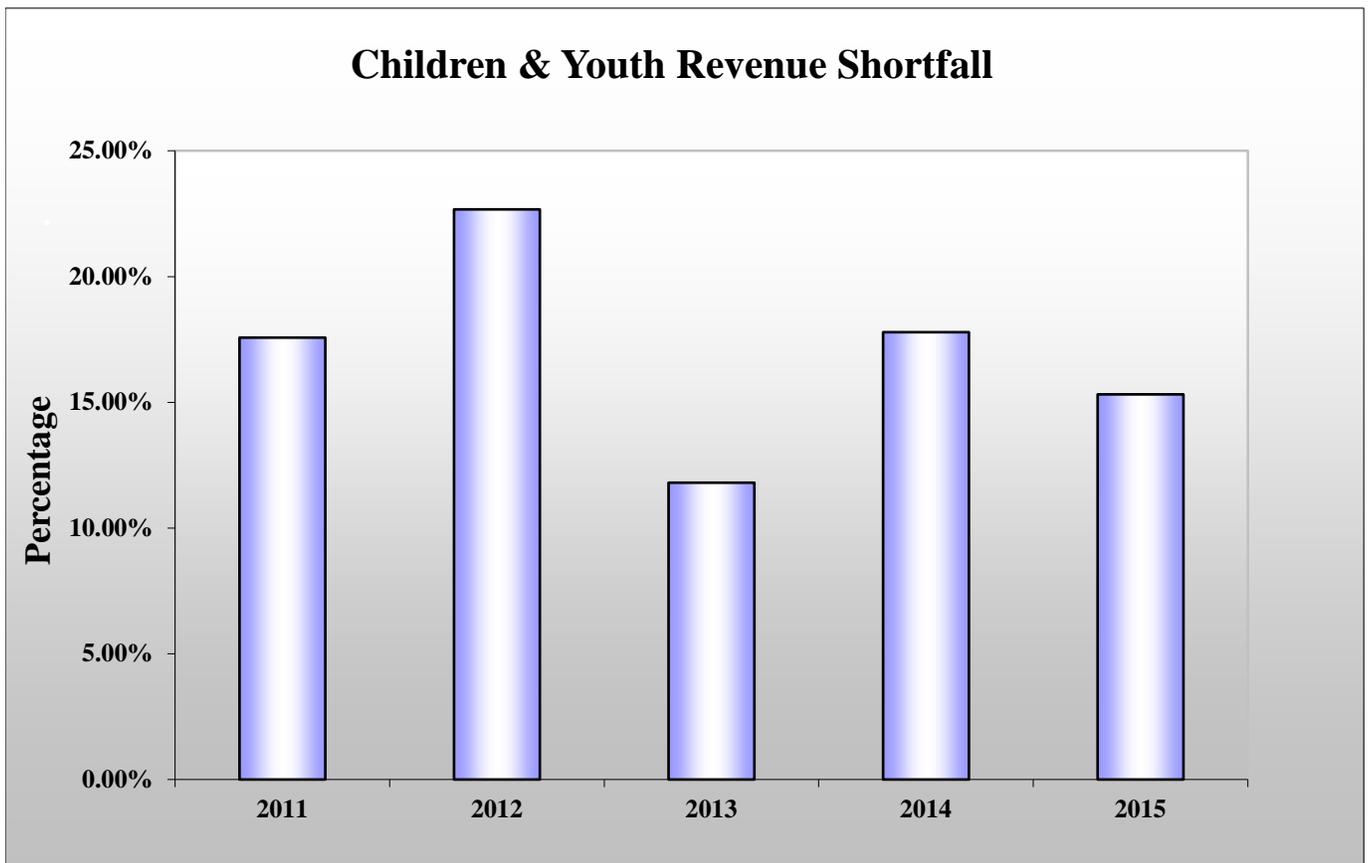
### Formula:

$$\frac{\text{Shortfall (Subsidy)}}{\text{Net operating revenues}}$$

Fiscal year:	2011	2012	2013	2014	2015
Subsidy (Revenue Shortfall)	2,418,164	3,201,582	1,713,777	2,582,745	2,610,493
Net Operating Revenue	13,759,878	14,120,152	14,518,501	14,518,501	17,043,067
Revenue shortfalls as	17.57%	22.67%	11.80%	17.79%	15.32%

### Description:

This indicator examines the relationship between revenue surplus/deficit and net operating revenue. Major discrepancies that continue year after year can indicate a declining economy or inefficient collection procedures.



# INDICATOR 10

## Expenditures per Capita

### Warning Trend:

Increasing net operating expenditures per capita  
(constant dollars)

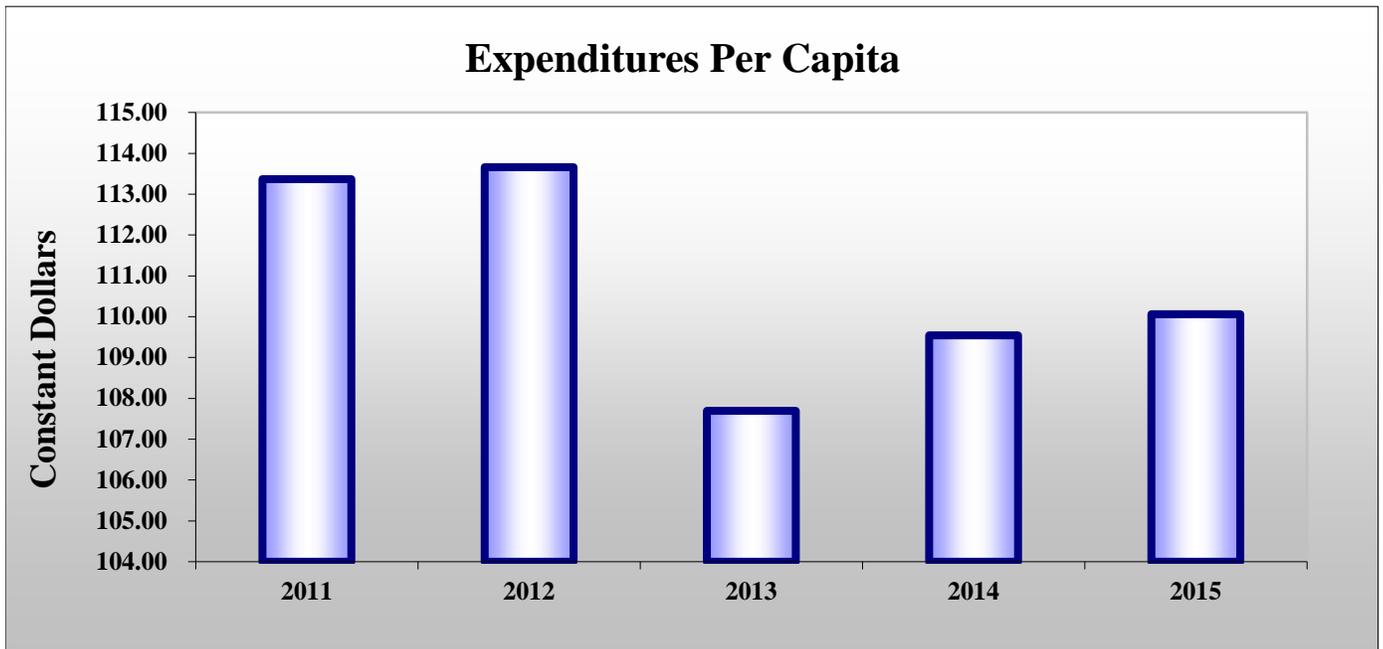
### Formula:

$$\frac{\text{Net operating expenditures \& transfers (constant dollars)}}{\text{Population}}$$

Fiscal year:	2011	2012	2013	2014	2015
Net operating expenditures and transfers	60,432,083	62,412,376	60,515,973	63,214,441	64,260,485
Consumer price index	224.939	229.594	232.957	236.736	237.017
Net operating expenditures & transfers (constant dollars)	26,865,987	27,183,801	25,977,315	26,702,504	27,112,184
Current population	236,979	239,164	241,212	243,762	246,338
Net operating expenditures & transfers per capita (constant dollars)	113.37	113.66	107.69	109.54	110.06

### Description:

Changes in per capita expenditures reflect changes in expenditures relative to changes in population. Increasing per capita expenditures can indicate that the cost of providing services is outstripping the community's ability to pay, especially if spending is increasing faster than the residents' collective personal income. From a different perspective, if the increase in spending is greater than can be accounted for by inflation or the addition of new services, it may indicate declining productivity -- that is, that the government is spending more real dollars to support the same level of services.



# INDICATOR 11

## Employees per Capita

### Warning Trend:

Increasing number of county employees per capita

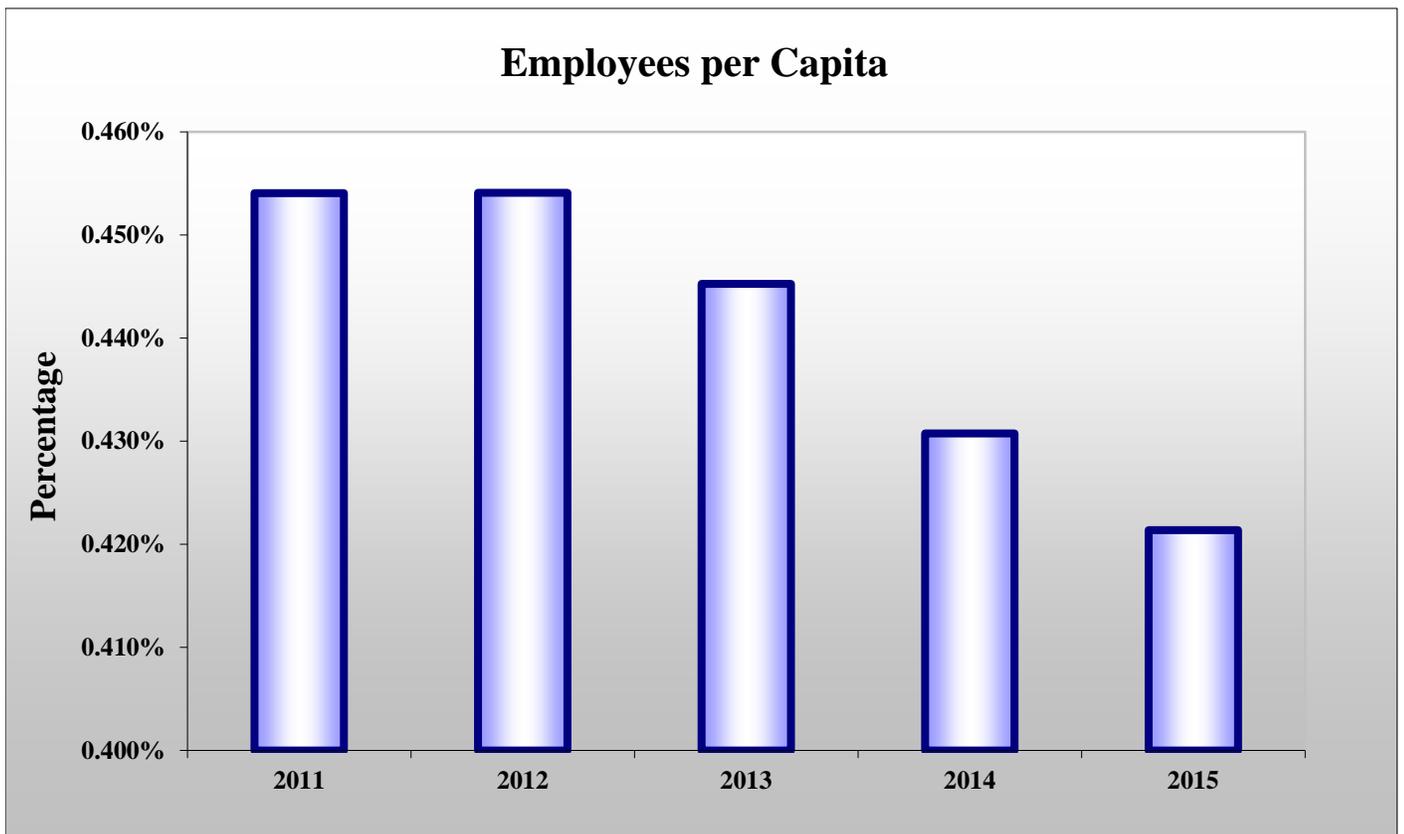
### Formula:

$$\frac{\text{Number of county employees}}{\text{Population}}$$

Fiscal year:	2011	2012	2013	2014	2015
Number of county employees	1,076	1,086	1,074	1,050	1,038
Population	236,979	239,164	241,212	243,762	246,338
Number of county employees per capita	0.45%	0.45%	0.45%	0.43%	0.42%

### Description:

Personnel costs are a major portion of a local government's operating budget, plotting changes in the number of employees per capita is a good way to measure changes in expenditures. An increase in employees per capita might indicate that expenditures are rising faster than revenues, that the government is becoming more labor intensive or that personnel productivity is declining.



# INDICATOR 13

## Fringe Benefits

### Warning Trend:

Increasing fringe benefit expenditures as a percentage of salaries and wages

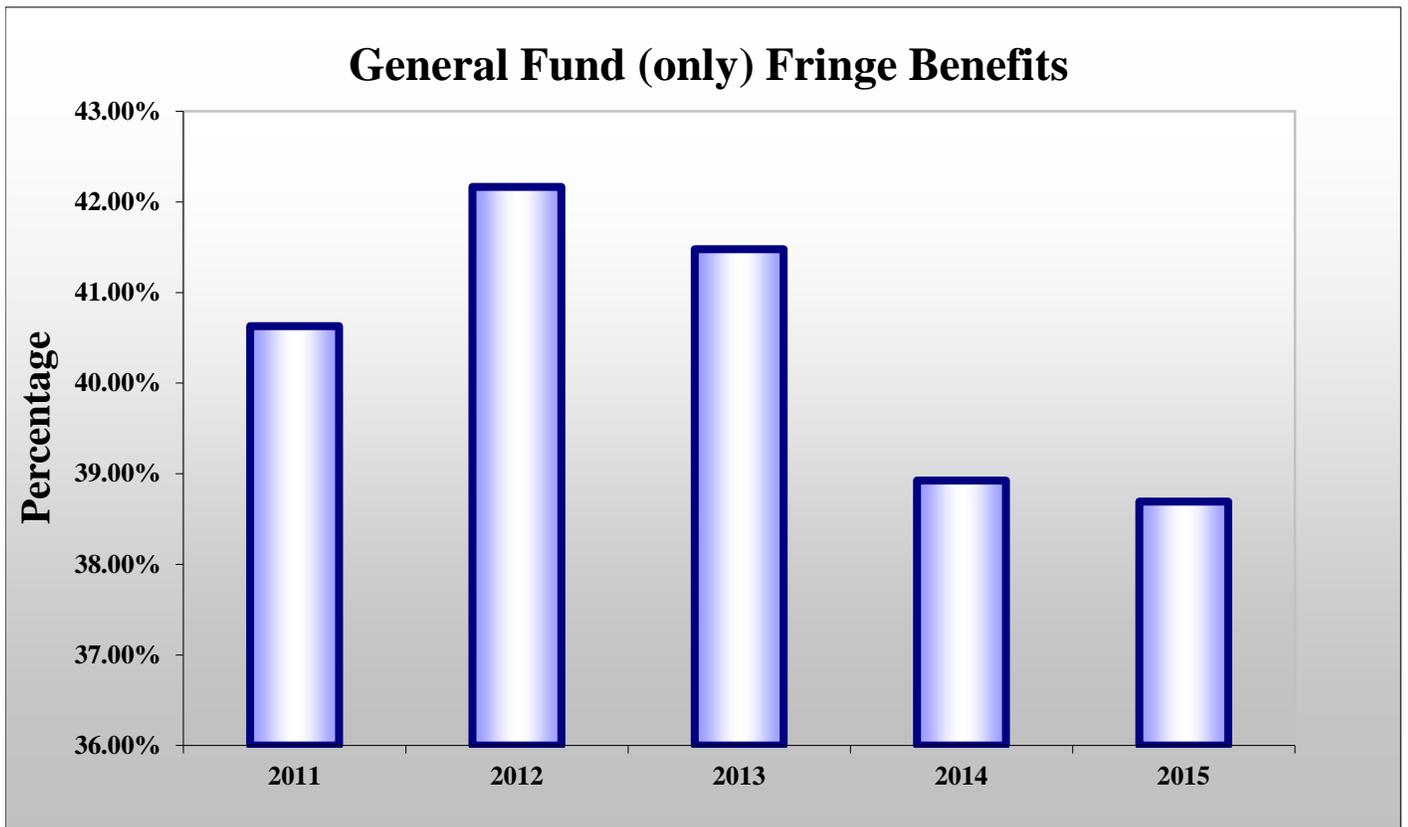
### Formula:

$$\frac{\text{General Fund (only) Fringe benefit expenditures}}{\text{General Fund (only) Salaries and wages}}$$

Fiscal year:	2011	2012	2013	2014	2015
General Fund (only) Fringe benefit expenditures	10,405,904	11,088,747	10,880,265	10,239,970	10,301,794
General Fund (only) Salaries and wages	25,612,004	26,297,923	26,231,271	26,307,128	26,624,943
General Fund (only) Fringe benefit expenditures as a percentage of salaries and wages	40.63%	42.17%	41.48%	38.92%	38.69%

### Description:

The most common forms of fringe benefits are pension plans, health, dental, vision and life insurance, vacation, deferred compensation, and disability insurance. Benefits represent a significant share of operating costs, often amounting to more than 30 percent of employee compensation.



# INDICATOR 16

## Fund Balances (Unrestricted)

### Warning Trend:

Declining unreserved fund balances as a percentage of net operating revenues

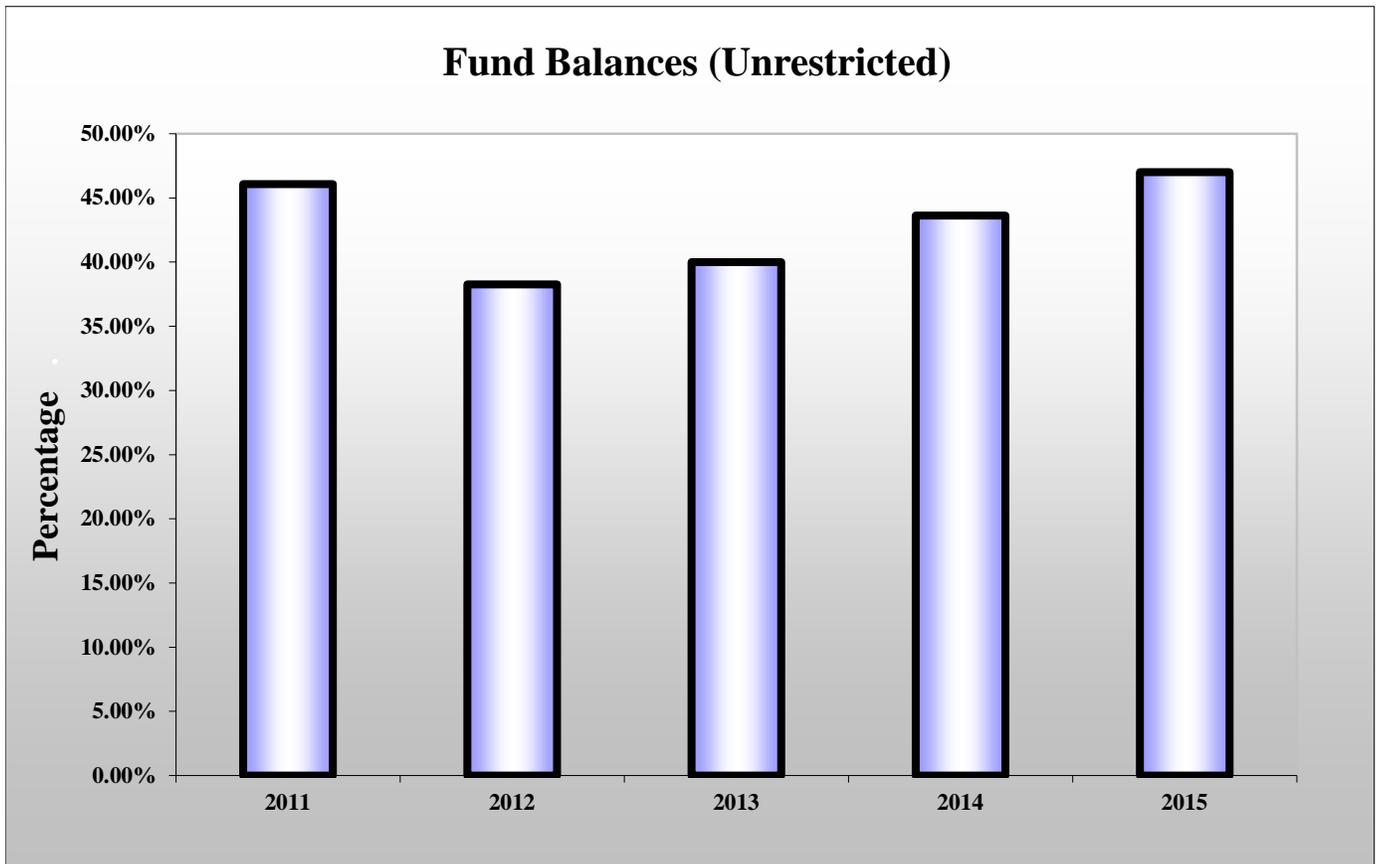
### Formula:

$$\frac{\text{Unrestricted fund balances}}{\text{Net operating revenues}}$$

Fiscal year:	2011	2012	2013	2014	2015
Unrestricted fund balances	26,786,362	22,211,113	25,675,568	28,753,435	31,699,206
Net operating revenues	58,139,101	58,052,200	64,193,555	65,913,898	67,439,037
Unrestricted fund balances as a percentage of net operating revenues	46.07%	38.26%	40.00%	43.62%	47.00%

### Description:

The size of Cumberland County's fund balances can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow.



# INDICATOR 16

## Fund Balances (Unassigned)

### Warning Trend:

Declining undesigned fund balances as a percentage of net operating revenues

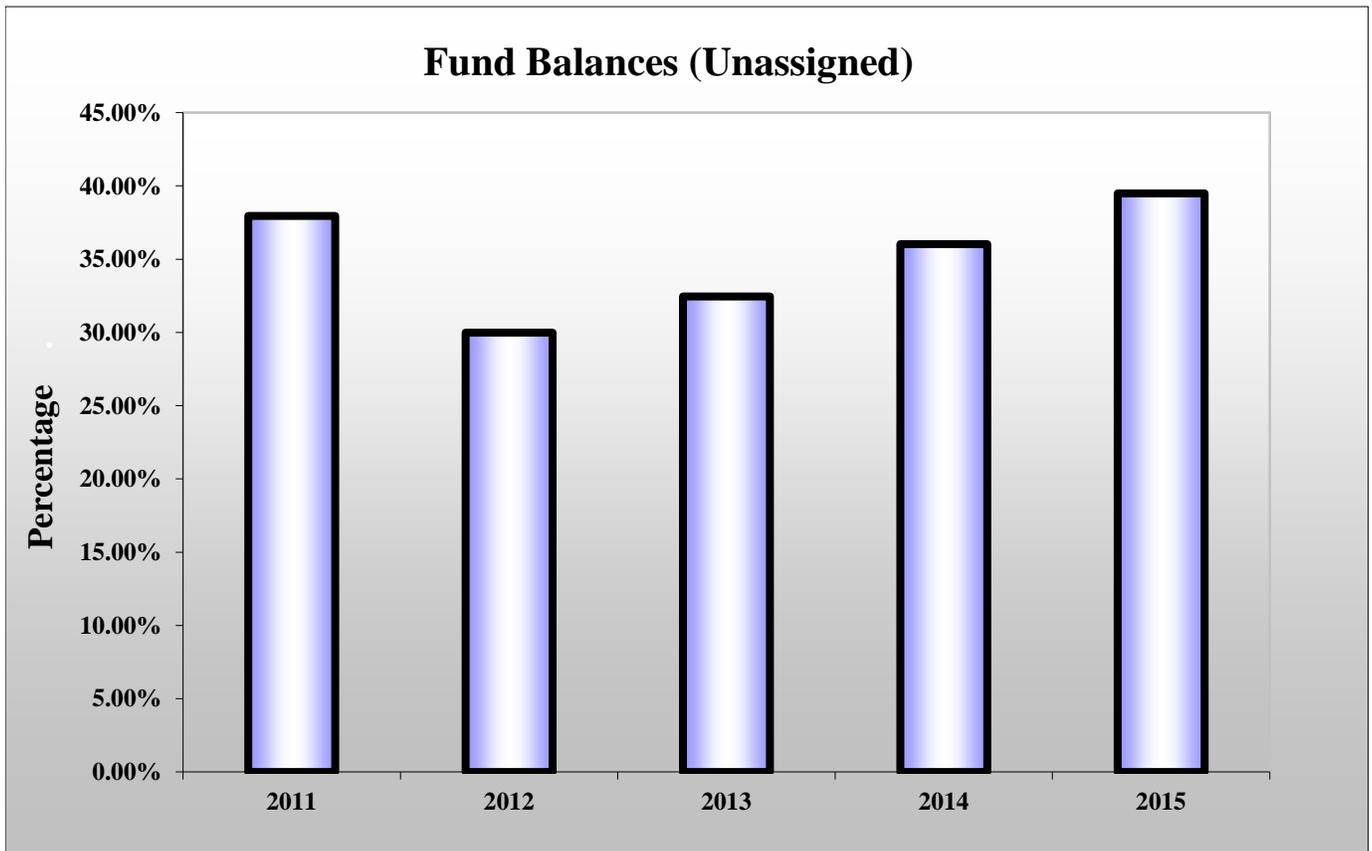
### Formula:

$$\frac{\text{Unassigned fund balances}}{\text{Net operating revenues}}$$

Fiscal year:	2011	2012	2013	2014	2015
Unassigned fund balances	22,065,345	17,407,964	20,834,842	23,745,885	26,632,682
Net operating revenues	58,139,101	58,052,200	64,193,555	65,913,898	67,439,037
Unassigned fund balances as a percentage of net operating revenues	37.95%	29.99%	32.46%	36.03%	39.49%

### Description:

The size of Cumberland County's fund balances can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow.



# INDICATOR 17

## Liquidity

### Warning Trend:

Decreasing amount of cash and short-term investments as a percentage of current liabilities

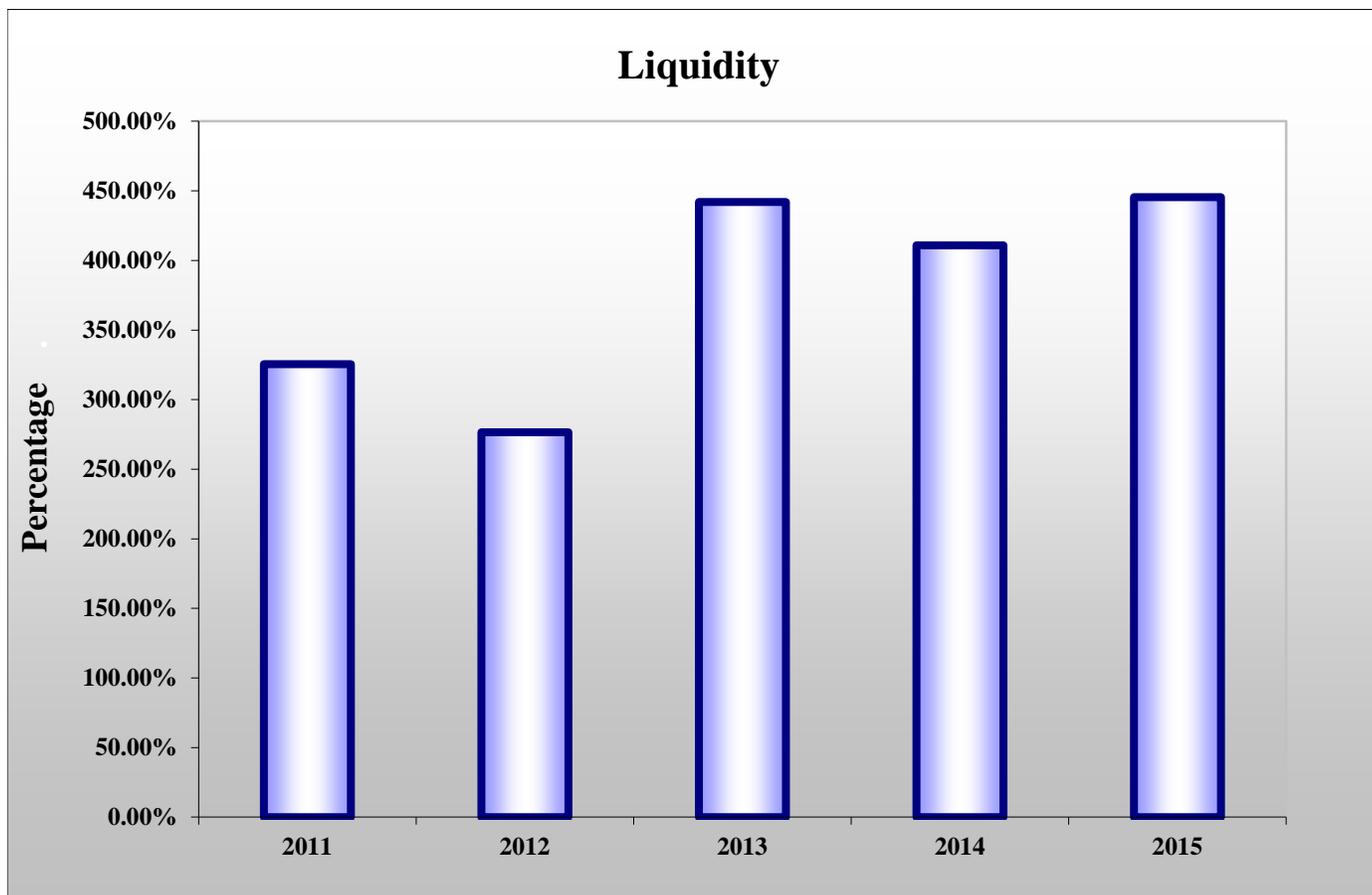
### Formula:

$$\frac{\text{Cash and short-term investments}}{\text{Current Liabilities}}$$

Fiscal year:	2011	2012	2013	2014	2015
Cash and short-term investments	24,294,120	18,938,478	29,278,274	32,178,615	23,791,023
Current liabilities	7,464,011	6,847,950	6,623,961	7,831,599	5,340,446
Cash and short-term investments as a percentage of current liabilities	325.48%	276.56%	442.01%	410.88%	445.49%

### Description:

A good measure of Cumberland County's short-run financial condition is its cash position.



# INDICATOR 17

## CNRC Liquidity

### Warning Trend:

Decreasing amount of cash and short-term investments as a percentage of current liabilities

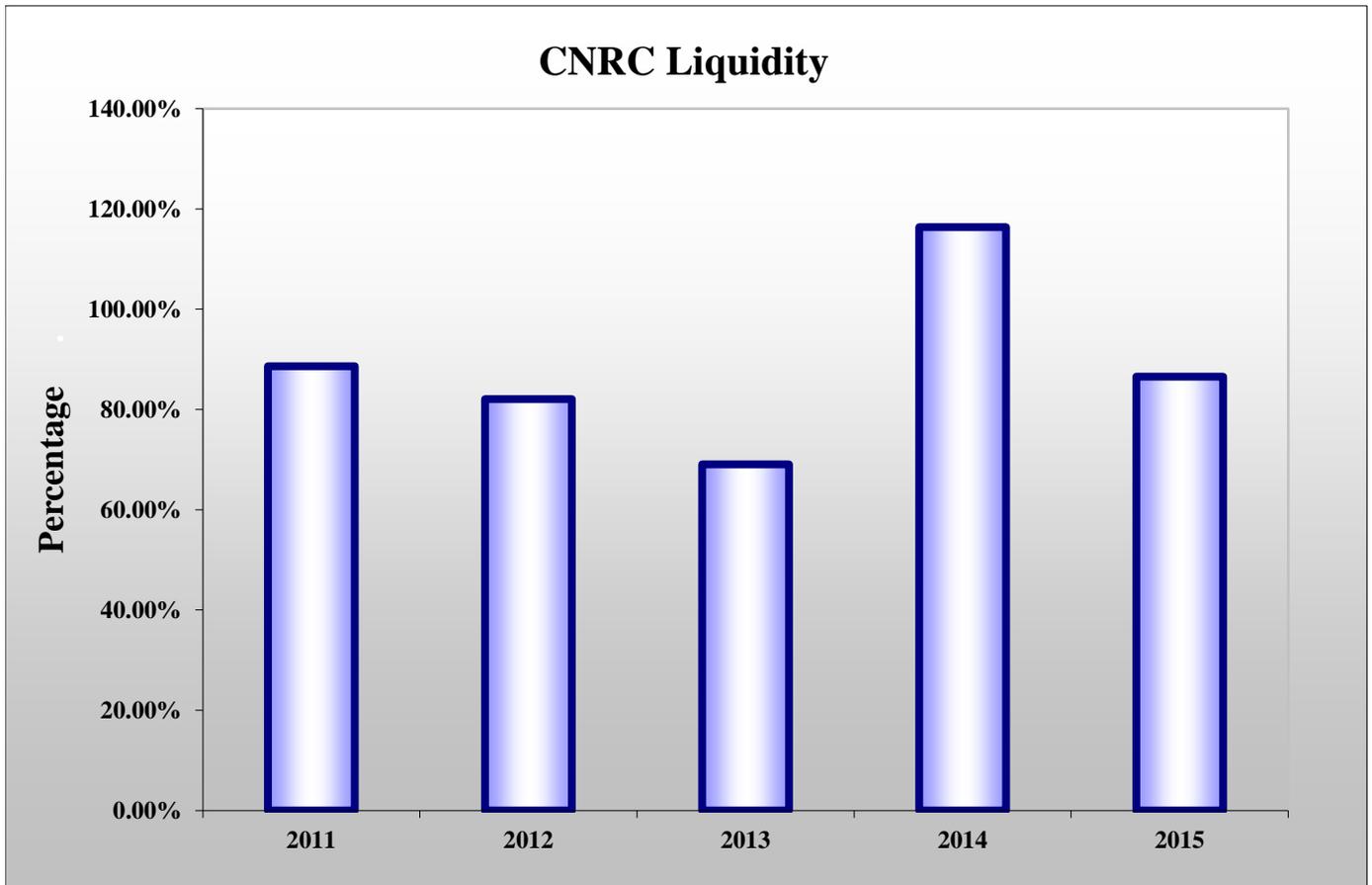
### Formula:

$$\frac{\text{CNRC Cash and short-term investments}}{\text{CNRC Current Liabilities}}$$

Fiscal year:	2011	2012	2013	2014	2015
CNRC Cash and short-term investments	4,454,162	4,011,433	1,991,886	4,690,164	3,088,509
CNRC Current liabilities	5,025,254	4,887,864	2,884,487	4,029,949	3,568,388
CNRC Cash and short-term investments as a percentage of current liabilities	88.64%	82.07%	69.06%	116.38%	86.55%

### Description:

A good measure of the County's Nursing Home's short-run financial condition is its cash position.



# INDICATOR 18

## Current Liabilities

### Warning Trend:

Increasing current liabilities at the end of the year as a percentage of net operating revenues

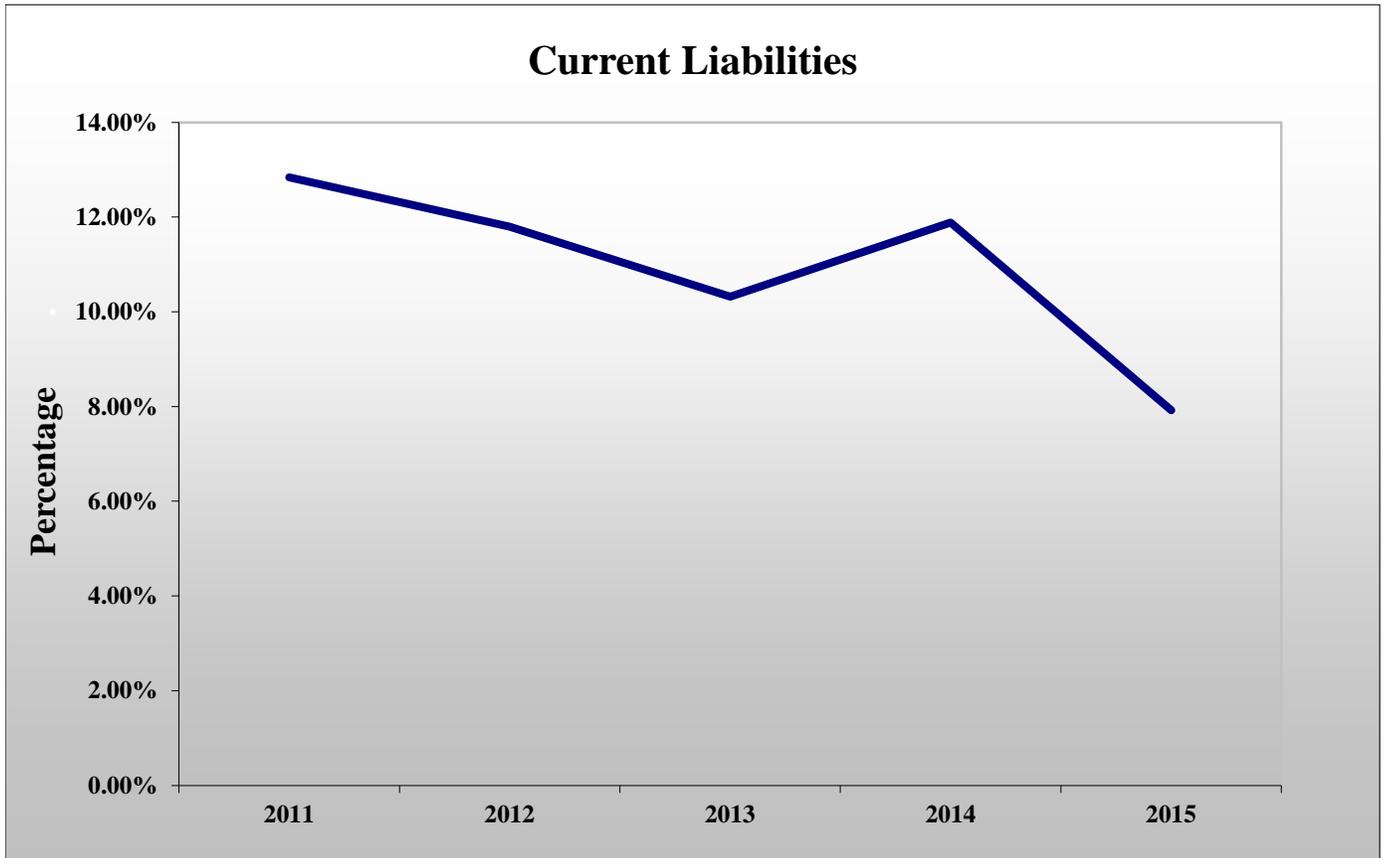
### Formula:

$$\frac{\text{Current Liabilities}}{\text{Net Operating Revenues}}$$

Fiscal year:	2011	2012	2013	2014	2015
Current liabilities	7,464,011	6,847,950	6,623,961	7,831,599	5,340,446
Net Operating Revenues	58,139,101	58,052,200	64,193,555	65,913,898	67,439,037
<b>Current liabilities as a percentage of net operating revenues</b>	<b>12.84%</b>	<b>11.80%</b>	<b>10.32%</b>	<b>11.88%</b>	<b>7.92%</b>

### Description:

Current liabilities are defined as the sum of all liabilities due at the end of the fiscal year, including short-term debt, current portion of long-term debt, all accounts payable, accrued liabilities, and other current liabilities.



# INDICATOR 19

## Long-Term Debt

### Warning Trend:

Increasing net direct bonded long-term debt as a percentage of assessed valuation

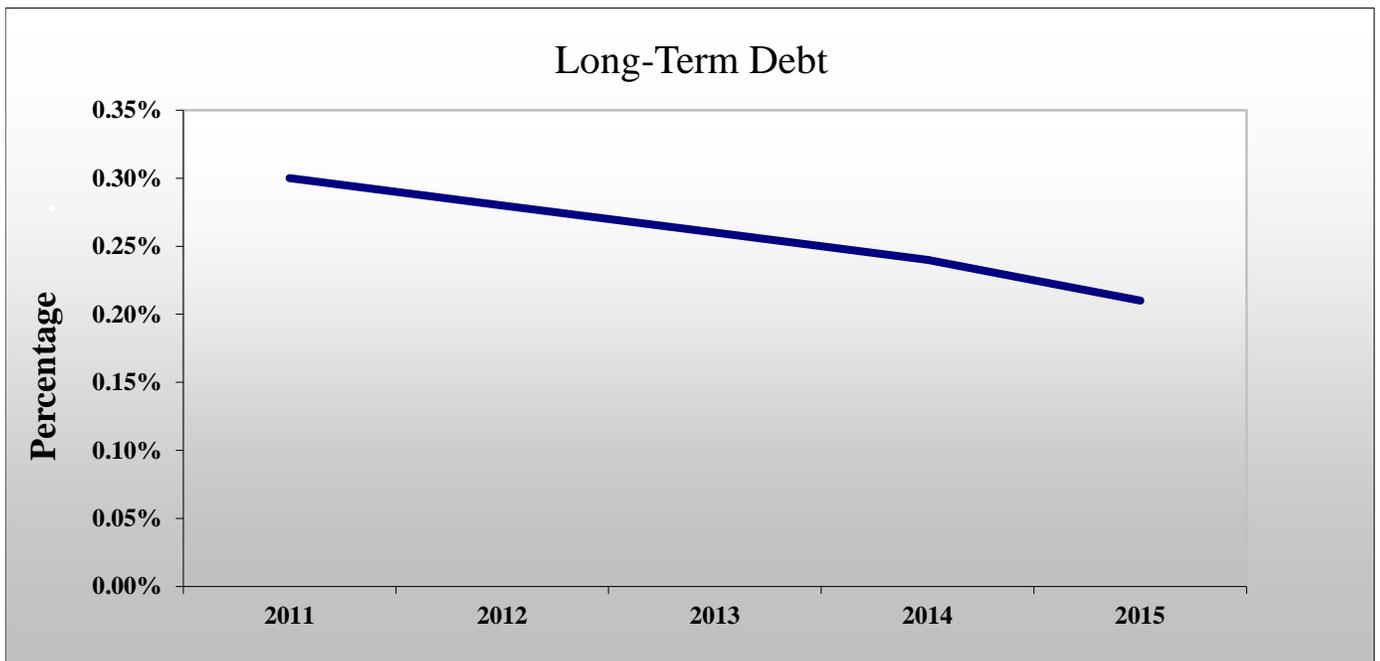
### Formula:

$$\frac{\text{Net direct bonded long-term debt}}{\text{Assessed valuation}}$$

Fiscal year:	2011	2012	2013	2014	2015
Assessed valuation	22,433,161,400	22,678,427,100	22,935,673,700	23,222,492,800	23,573,505,000
Net direct bonded long-term debt	68,405,105	63,791,789	58,715,000	55,860,000	50,165,000
Net direct bonded long-term debt as a percentage of assessed valuation	0.30%	0.28%	0.26%	0.24%	0.21%

### Description:

Direct debt is bonded debt for which the local government has pledged its full faith and credit. It does not include the debt of overlapping jurisdictions, such as separate school districts, even if the local government has pledged its full faith and credit for such debts. Self-supporting debt is bonded debt that the local government has pledged to repay from a source separate from its general tax revenues. Net direct debt is direct debt minus self-supporting debt. An increase in net direct bonded long-term debt as a percentage of assessed valuation can mean that the government's ability to repay is diminishing -- assuming that a government depends on the property tax to pay its debts.



# INDICATOR 20

## Debt Service

### Warning Trend:

Increasing net direct debt service as a percentage of net operating revenues

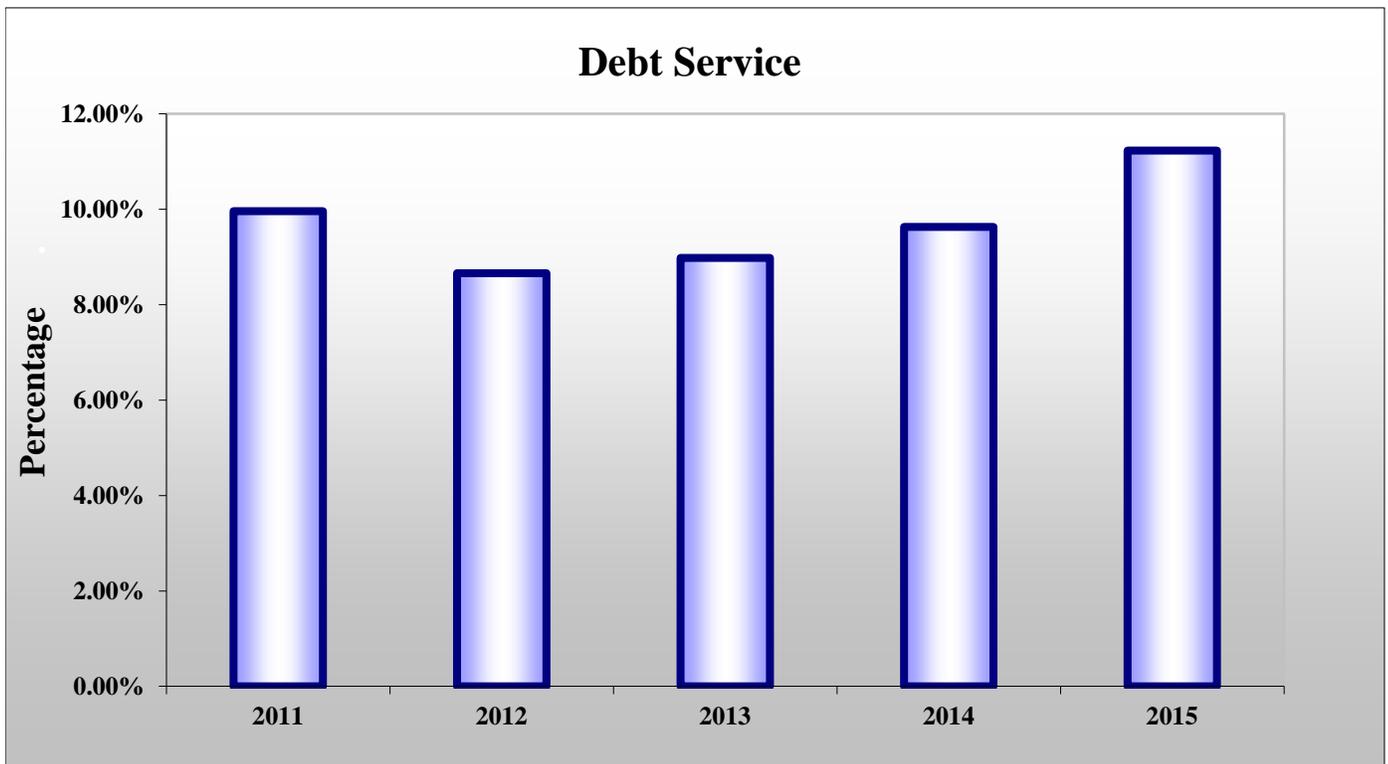
### Formula:

$$\frac{\text{Net direct debt service}}{\text{Net operating revenues}}$$

Fiscal year:	2011	2012	2013	2014	2015
Net direct debt service	5,788,483	5,027,710	5,762,710	6,344,537	7,572,818
Net operating revenue	58,139,101	58,052,200	64,193,555	65,913,898	67,439,037
Net direct debt service as a percentage of net operating revenues	9.96%	8.66%	8.98%	9.63%	11.23%

### Description:

Debt service is defined here as the amount of principal and interest that a local government must pay each year on net direct bonded long-term debt plus the interest it must pay on direct short-term debt. Increasing debt service reduces expenditure flexibility by adding to the government's obligations. Debt service can be a major part of a government's fixed costs, and its increase may indicate excessive debt and fiscal strain.



# INDICATOR 21

## Overlapping Debt

### Warning Trend:

Increasing long-term overlapping bonded debt as a percentage of assessed valuation

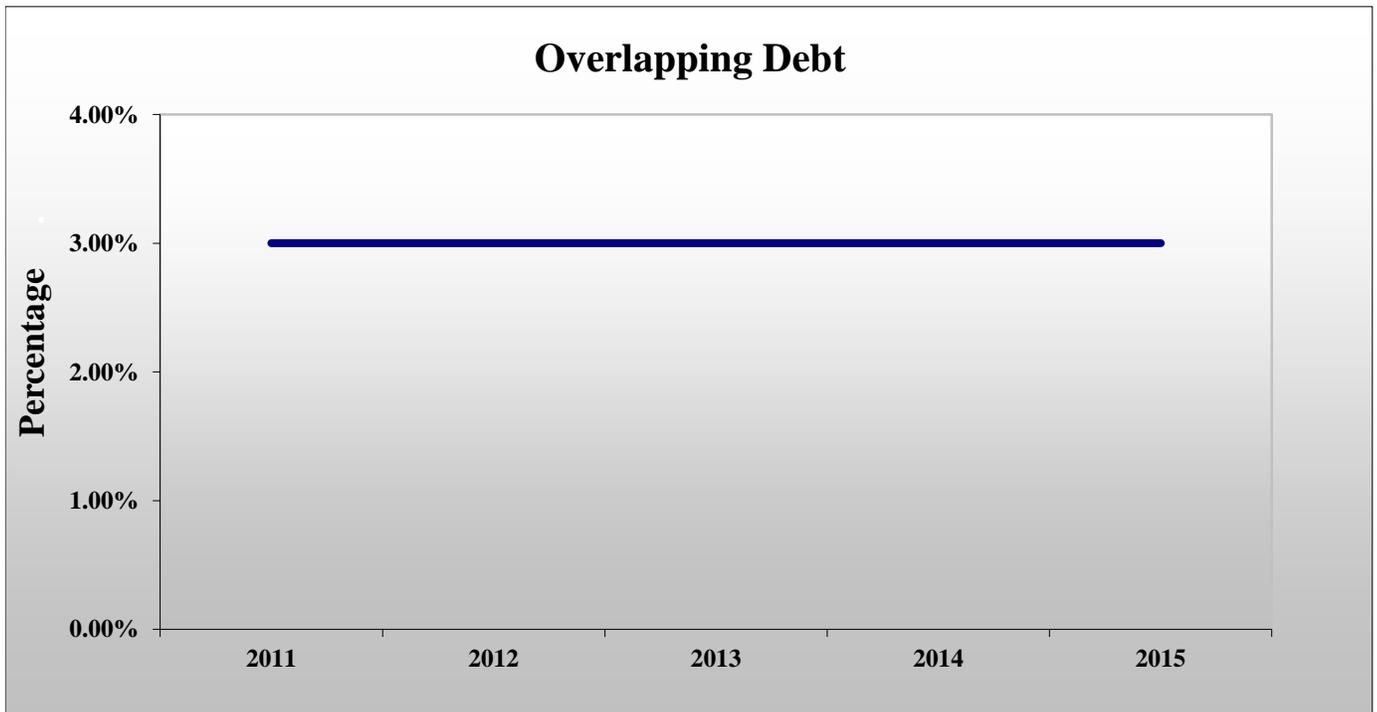
### Formula:

$$\frac{\text{Long-term overlapping bonded debt}}{\text{Assessed valuation}}$$

Fiscal year:	2011	2012	2013	2014	2015
Long-term overlapping debt	574,251,494	630,322,132	606,043,398	589,397,558	632,078,174
Assessed valuation	22,433,161,400	22,678,427,100	22,935,673,700	23,222,492,800	23,573,505,000
Long-term overlapping debt as a percentage of assessed valuation	3.00%	3.00%	3.00%	3.00%	3.00%

### Description:

Overlapping debt is the net direct bonded debt of another jurisdiction that is issued against a tax base within part or all of the boundaries of the community. The level of overlapping debt is only that debt applicable to the property shared by the two jurisdictions. The overlapping debt indicator measures the ability of the community's tax base to repay the debt obligations issued by all of its governmental and quasi-governmental jurisdictions. If other jurisdictions default, your community may have a contingent, moral, or political obligation to assume the debt, provide the services, or both.



# INDICATOR 26

## Capital Outlay

### Warning Trend:

A three or more year decline in capital outlay from operating funds as a percentage of net operating expenditures

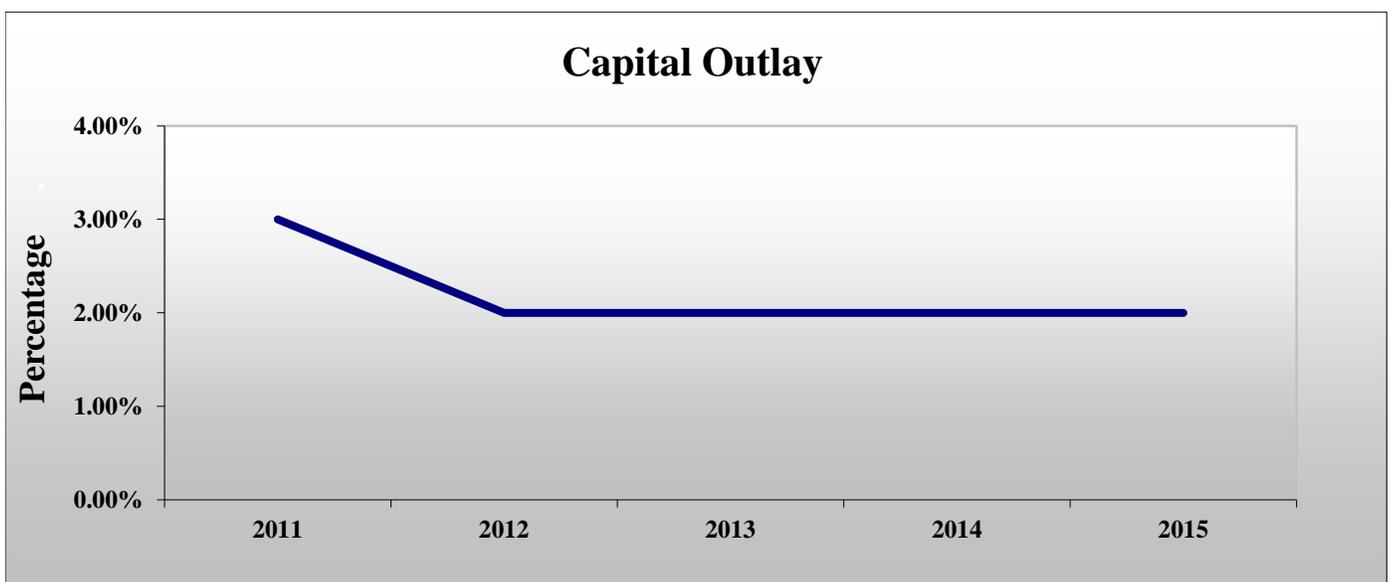
### Formula:

$$\frac{\text{Capital outlay from operating funds}}{\text{Net operating expenditures}}$$

Fiscal year:	2011	2012	2013	2014	2015
Capital outlay	1,750,619	1,544,025	1,075,301	1,128,115	1,561,622
Net operating expenditures	60,432,083	62,412,376	60,515,973	63,214,441	64,260,485
Capital outlay as a percentage of Net operating expenditures	3.00%	2.00%	2.00%	2.00%	2.00%

### Description:

Expenditures for operating equipment drawn from the operating budget are usually referred to as capital outlay. Capital outlay items normally include equipment that will last longer than one year and that has an initial cost above a significant minimum amount. Capital outlay does not include capital budget expenditures for construction of infrastructure such as streets, buildings, or bridges. The purpose of capital outlay in the operating budget is to replace worn equipment or to add new equipment. The ratio of capital outlay to net operating expenditures is a rough indicator of whether stock of equipment is being adequately replaced. If this ratio declines in the short run (one to three years), it may mean that the local government's needs are temporarily satisfied, since most equipment lasts more than one year. A decline persisting over three or more years can indicate that capital outlay needs are being deferred, which can result in the use of inefficient or obsolete equipment.



# INDICATOR 26

## Capital Outlay CNRC

### Warning Trend:

A three or more year decline in capital outlay from operating funds as a percentage of net operating expenditures

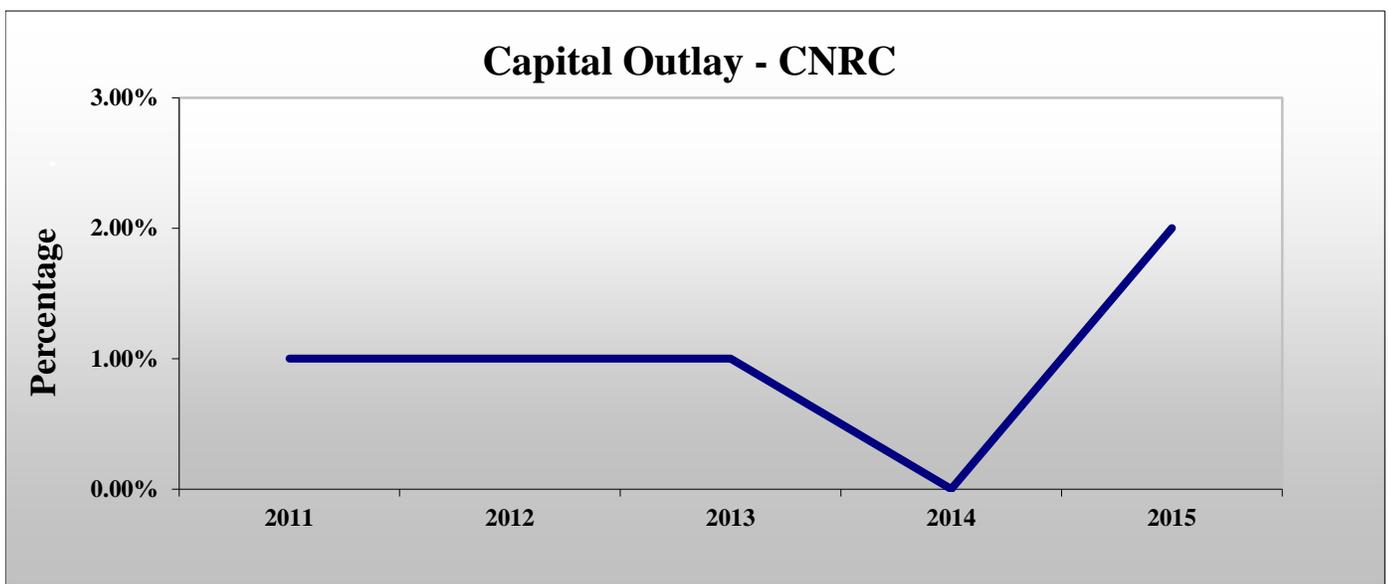
### Formula:

$$\frac{\text{Capital outlay from operating funds}}{\text{Net operating expenditures}}$$

Fiscal year:	2011	2012	2013	2014	2015
Capital outlay	323,353	257,993	203,894	100,040	445,758
Net operating expenditures	25,676,291	25,676,291	24,673,078	25,198,689	24,858,320
Capital outlay as a percentage of Net operating expenditures	1.00%	1.00%	1.00%	0.00%	2.00%

### Description:

Expenditures for operating equipment drawn from the operating budget are usually referred to as capital outlay. Capital outlay items normally include equipment that will last longer than one year and that has an initial cost above a significant minimum amount. Capital outlay does not include capital budget expenditures for construction of infrastructure such as streets, buildings, or bridges. The purpose of capital outlay in the operating budget is to replace worn equipment or to add new equipment. The ratio of capital outlay to net operating expenditures is a rough indicator of whether stock of equipment is being adequately replaced. If this ratio declines in the short run (one to three years), it may mean that the local government's needs are temporarily satisfied, since most equipment lasts more than one year. A decline persisting over three or more years can indicate that capital outlay needs are being deferred, which can result in the use of inefficient or obsolete equipment.



# INDICATOR 28

## Population

### Warning Trend:

Rapid change in population size

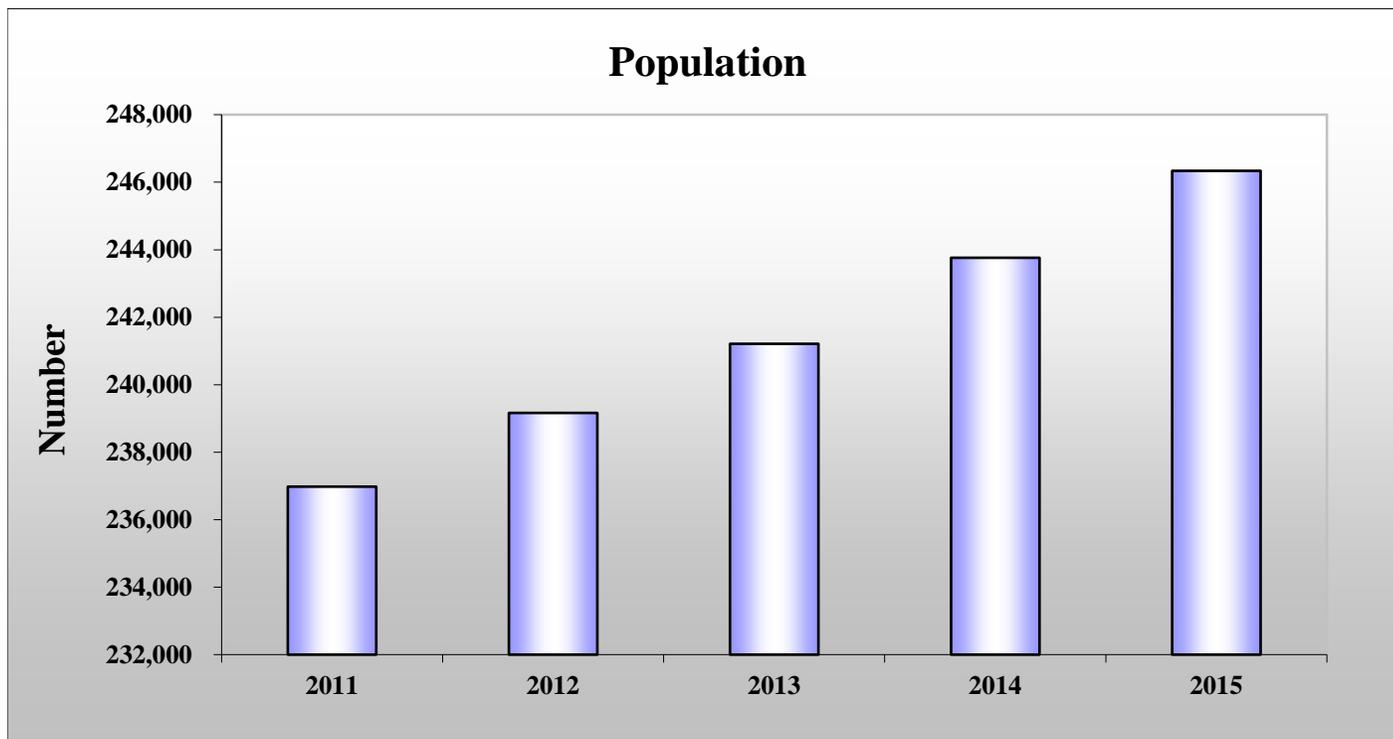
### Formula:

Population

Fiscal year:	2011	2012	2013	2014	2015
Population	236,979	239,164	241,212	243,762	246,338

### Description:

Population increases can create immediate pressures for new capital outlay and higher level of services. Population decreases create the need to make reductions in expenses that are proportional to the population loss. Many costs are fixed and cannot be reduced in the short-run.



# INDICATOR 32

## Property Value

### Warning Trend:

Declining growth or drop in the assessed value of residential, commercial, or industrial property (constant dollars)

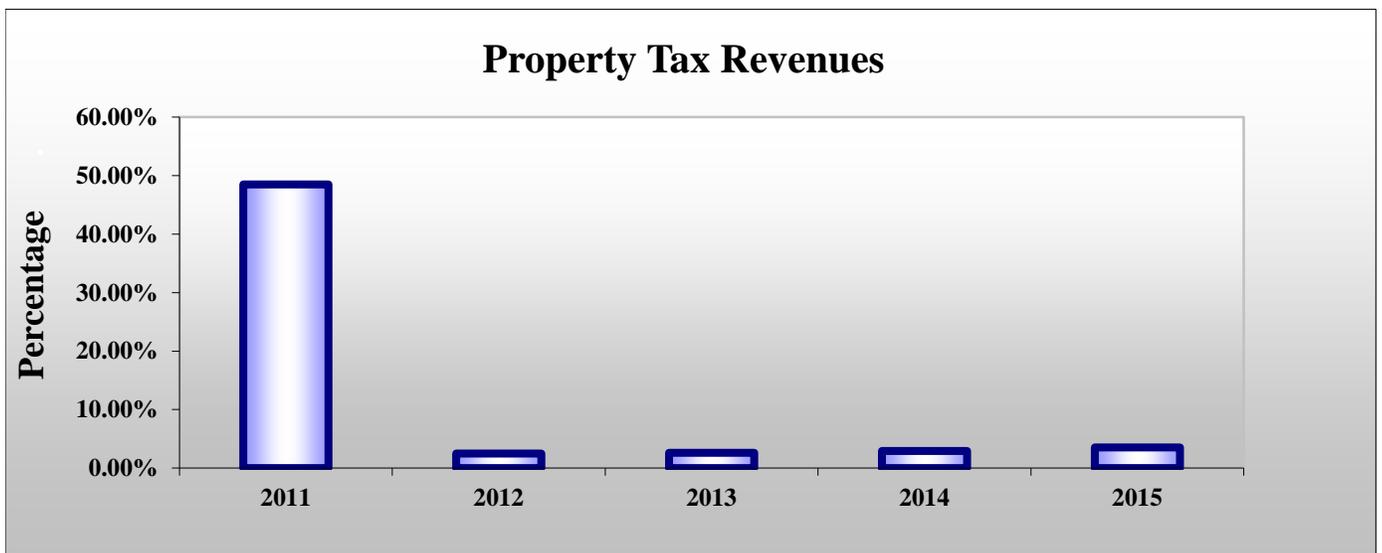
### Formula:

$$\frac{\text{Change in property value (constant dollars)}}{\text{Property value in prior year (constant dollars)}}$$

Fiscal year:	2011	2012	2013	2014	2015
Assessed value of property	22,433,161,400	22,678,427,100	22,935,673,700	23,222,492,800	23,573,505,000
Consumer Price Index (CPI)	224.94	229.59	232.96	236.74	237.02
Consumer Price Index (CPI) in decimal	2.249	2.296	2.330	2.367	2.370
Property value (constant dollars)	9,972,997,746	9,877,621,846	9,845,453,753	9,809,447,148	9,945,913,162
Change in property value	4,836,642,710	245,265,700	257,246,600	286,819,100	351,012,200
Percentage change in Property value	48.50%	2.48%	2.61%	2.92%	3.53%

### Description:

Changes in property value are important because most local governments depend on the property tax for a substantial portion of their revenues. Especially in a community with a stable or fixed tax rate, the higher the aggregate property value, the higher the revenues. Communities experiencing population and economic growth are likely to experience short-run, per unit increases in property value. This is because in the short-run, the housing supply is fixed and the increase in demand created by growth will force prices up. Declining areas are more likely to see a decrease in the market value of properties. The effect of declining property value on governmental revenues depends on the government's reliance on property taxes.



# INDICATOR 33A

## Exempt Property

### Warning Trend:

Increasing assessed value of exempt property as a percentage of assessed value of total property

### Formula:

$$\frac{\text{Assessed value of exempt property}}{\text{Assessed value of total}}$$

Fiscal year:	2011	2012	2013	2014	2015
Assessed value of exempt property	3,751,613,300	3,767,043,200	3,861,400,800	3,925,858,400	3,967,767,700
Total assessed value of total property	22,433,161,400	22,678,427,100	22,935,673,700	23,222,492,800	23,573,505,000
Assessed value of exempt property as a percentage of assessed value of total	16.72%	16.61%	16.84%	16.91%	16.83%

### Description:

Changes in property value are important because most local governments depend on property tax for a substantial portion of their revenues. The higher the Exempt property percentage grows the more it will reduce the tax basis.

