

County of Cumberland, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2016



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

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Alfred L. Whitcomb
Controller



COUNTY OF CUMBERLAND, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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The cover photograph was taken in Boiling Springs, Cumberland County. Cover photograph is courtesy of Cornee van der Linden provided by Cumberland Valley Visitors Bureau.

Controller of Cumberland County

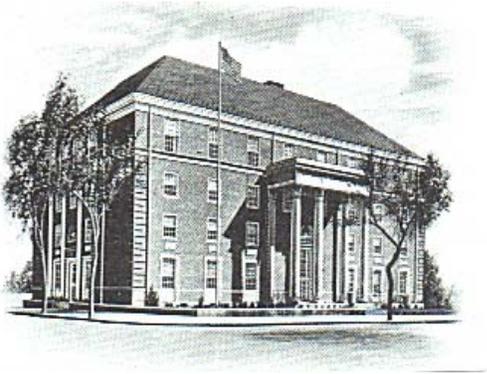
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AUDIT MANAGER

TINA L. MALICK
ADMINISTRATIVE ASSISTANT

JAMES D. BOGAR
SOLICITOR

June 28, 2017

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, 2016, 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 2016 population of 248,506. 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 over 6,000 businesses that employ nearly 131,760 people (Source: PA Department of Labor, Cumberland County profile, April 2017). 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 2016 with a December unemployment rate of 3.5 percent – the 2nd lowest unemployment rate among Pennsylvania’s 67 counties – whereas the statewide and national unemployment rate was 4.7 and 4.5 percent, respectively. (Source: U.S. Department of Labor, Bureau of Labor Statistics, not seasonally adjusted.)

The County continues to enjoy a diverse tax base with little concentration on any one taxpayer.

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, Geisinger Holy Spirit Hospital, Highmark Blue Shield and Commonwealth of Pennsylvania.

Cumberland County incomes exceed the state and national averages with the county’s average income at \$50,757, Pennsylvania’s average at \$49,786 and the national average at \$42,621 (Source: 2015 data from the U.S. Department of Commerce, Bureau of Economic Analysis, as 2016 data is unavailable).

Cumberland County remains the fastest growing county in the Commonwealth since 2010. Reasons cited included low unemployment, safety, quality of services, educational opportunities, and high scores on 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 property tax rates remain the lowest among comparable counties in the state. Among the twelve third class counties, Cumberland County offers the lowest property taxes per capita.

Long-Term Strategy and Financial Planning

Modernization of County Government

The County’s strategy for balancing costs and revenues remains to modernize County government. The premise is that it should be run on a business-like basis. In that vein, the County’s long-term approach to operations is based on the following tenets:

- Slowing the rate of increase in overall compensation spending, particularly in the area of benefits
- Maintaining zero growth in overall workforce as much as possible through process improvement, automation, and shifting resources from low priority, inefficient departments to more efficient departments and high-demand activities
- Continuous improvement in operational efficiencies, data guided decision making, basing funding decisions on Return on Investment (ROI), outcomes management and evidence-based practice criteria
- Investment in workforce productivity through Merit Based Compensation (MBC), prudent automation, skills training, management development, and gainsharing (share the benefits of cost savings with those who produce the savings)
- Prioritization of services in light of a more precise role for County government
- Allowing private citizens to take on a more substantial role in financially supporting specific areas of interest: such as libraries, farmland preservation, Claremont Nursing and Rehabilitation Center (CNRC) and public safety
- Reasonable cost sharing with municipalities on expenses associated with libraries and public safety
- Continued disengagement from inefficient, small scale municipal authorities in favor of efficient, consolidated regional organizations in the areas of transportation and public safety
- Long-term, integrated financial planning particularly in the area of big ticket capital projects
- Continued restrained and judicious use of debt and conservative debt management

Cost Drivers

The County is keenly aware of its external cost drivers, in part, through inputs from its criminal justice policy team, prison board, human services policy team, and other standing and ad hoc committees. Further, the Board of Commissioners, other elected officials and senior management's active involvement in statewide and regional committees and workgroups aids in staying in-front of issues and shaping solutions.

The County's major external cost drivers are:

- Increased demand for child protective services resulting from Sandusky legislation in 2015
- Demands on the courts, prison and human services due to the growth in opioid and heroin addiction
- Cuts to human service funding in prior years that have not been restored in spite of growing demand

In addition to pressure on operating costs, the County is planning, in the next seven years, to upgrade its 9-1-1 communications and infrastructure at an estimated cost of \$40-\$80 million. The County is exploring the mix of funding sources that may be available, including cost sharing, for this capital project.

Savings Initiatives

Given the aforementioned upward operational and capital cost pressures, and others, as well as the natural slow growth in County revenues, absent tax increases, the County is pursuing the following cost saving initiatives:

- Cost efficiencies through regional consolidation of services; notably fixed route and share ride public transit services
- Migrating to defined contribution plans for employee benefits.
- Self-insuring health benefits
- Voluntary separation programs
- Gainsharing to identify and take advantage of savings opportunities
- Cost sharing in the public safety service realm
- Expansion of evidence-based prison diversion programs, delaying the opening of prison wings
- Acting on a pension asset allocation study to improve expected pension return on investment

Court collection of victim restitution and County costs, fees and fines are an area with potential for significant improvement, as collection effectiveness is down 40% from the courts high performing years. A Collections Advisory Board has been established to research best practices and advise the County's Court of Common Pleas on collection best practices.

Results

For the third consecutive year, Cumberland County finds itself in a stable financial situation.

Through a concerted and focused effort on cost management and limited tax increases (3% in 2014), Cumberland County has managed to maintain service without further taxation or borrowings through increasing productivity and efficiencies, i.e. modernizing the way the County does business.

Private sector support for achieving the County's objectives has occurred through partnering with 501(c)(3) organizations to variously assist with or direct the County's successful economic development efforts, resident enhancements at the County's nursing home, first responder training facilities as well as fund, and expand, farmland preservation.

Financial Policies

The Cumberland County Board of Commissioners are the administrators of the County and establish the County's vision and objectives and the strategies to attain them.

Though the Controller provides significant input into County fiscal policies, the Commissioners establish and approve Countywide fiscal policies as per County Code.

The Board of Commissioners have formally adopted a financial philosophy policy to guide the establishment of financial objectives and the underlying fiscal policies and procedures. The Board has also adopted formal financial policies covering budget, capital planning, debt management, fund balance maintenance, purchasing and bond compliance.

Accountability occurs through monthly budget to actual reporting and the County's implementation of an ERP system that limits spending to the overall approved budget, aided by thoughtfully designed segregation of duties that limit an individual employee's spending discretion.

Cumberland County's Financial Analysis Committee annually presents, to the Board of Commissioners, a five year revenue, expense and fund balance analysis as decision support for long-term financial and operations planning.

Key County operating indicators are regularly benchmarked, by the County Finance and Controller's Offices as well as the County's various management committees, against both neighboring counties and peer counties in the state for policy and practice decision support; though in numerous instances Cumberland County's indicators are superior.

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, 2015. This was the twenty-eighth 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, 2015. 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 thirteen 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, 2016. This is the ninth consecutive year the County has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

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

Respectfully submitted,



Alfred L. Whitcomb
Controller



Government Finance Officers Association

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

Presented to

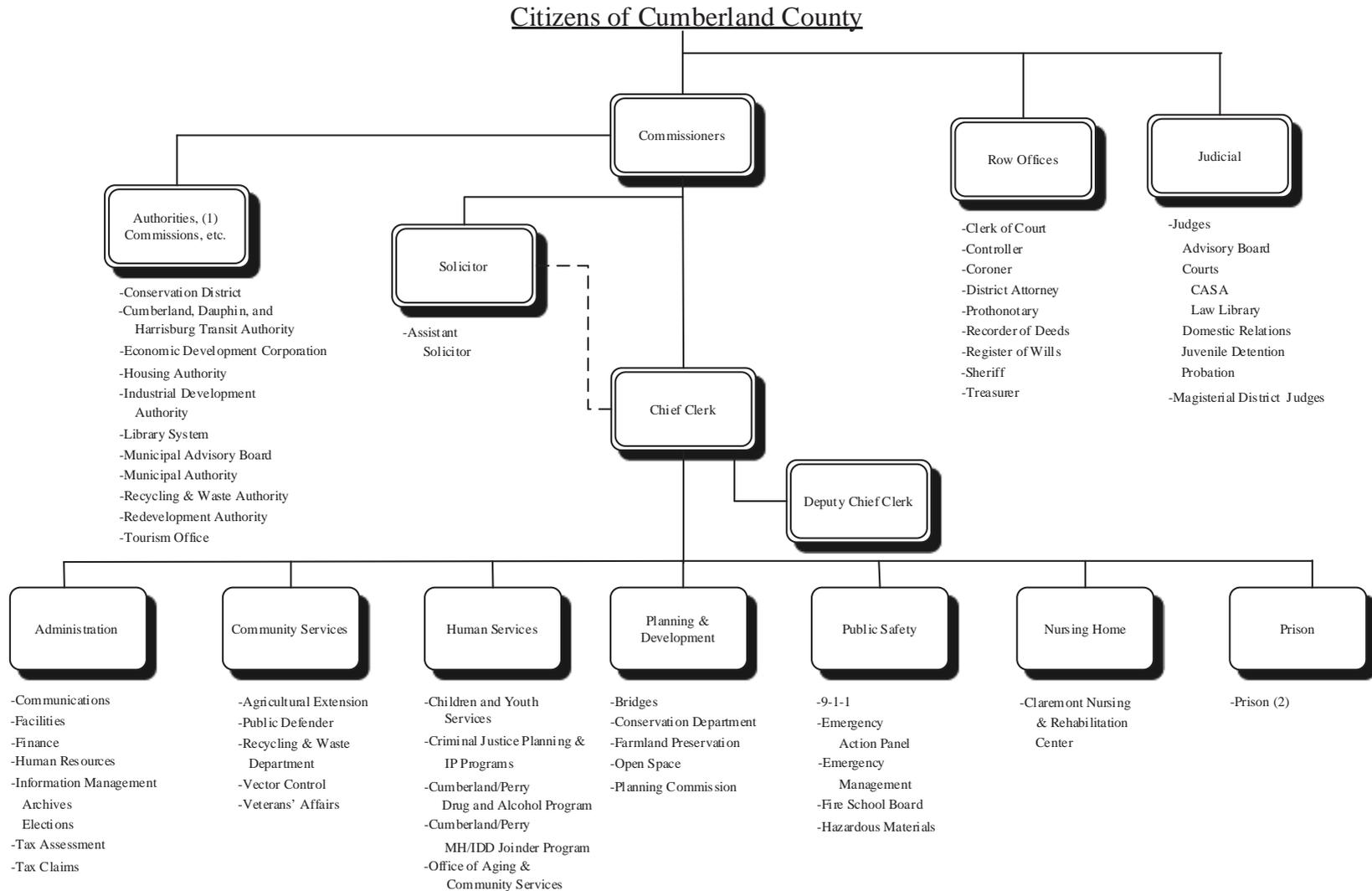
**County of Cumberland
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

Cumberland County, Pennsylvania Organizational Chart



(1) The Board of Directors for the authorities, commissions, etc., are appointed by the Cumberland County Board of Commissioners

(2) Governed and managed by the Prison Board

COUNTY OF CUMBERLAND
LIST OF ELECTED OFFICIALS
AS OF DECEMBER 31, 2016

COMMISSIONERS

Vincent D. DiFilippo, Chairman
James Hertzler
Gary Eichelberger

PROTHONOTARY

David D. Buell

CLERK OF COURT

Dennis E. Lebo

JUDGES OF COURT

Honorable Edward E. Guido, President Judge
Honorable M.L. "Skip" Ebert
Honorable Albert H. Masland
Honorable Christylee L. Peck
Honorable Thomas A. Placey
Honorable Jessica E. Brewbaker

TREASURER

John C. Gross, II

SHERIFF

Ronny R. Anderson

CONTROLLER

Alfred L. Whitcomb

REGISTER OF WILLS

Lisa M. Grayson

CORONER

Charles E. Hall

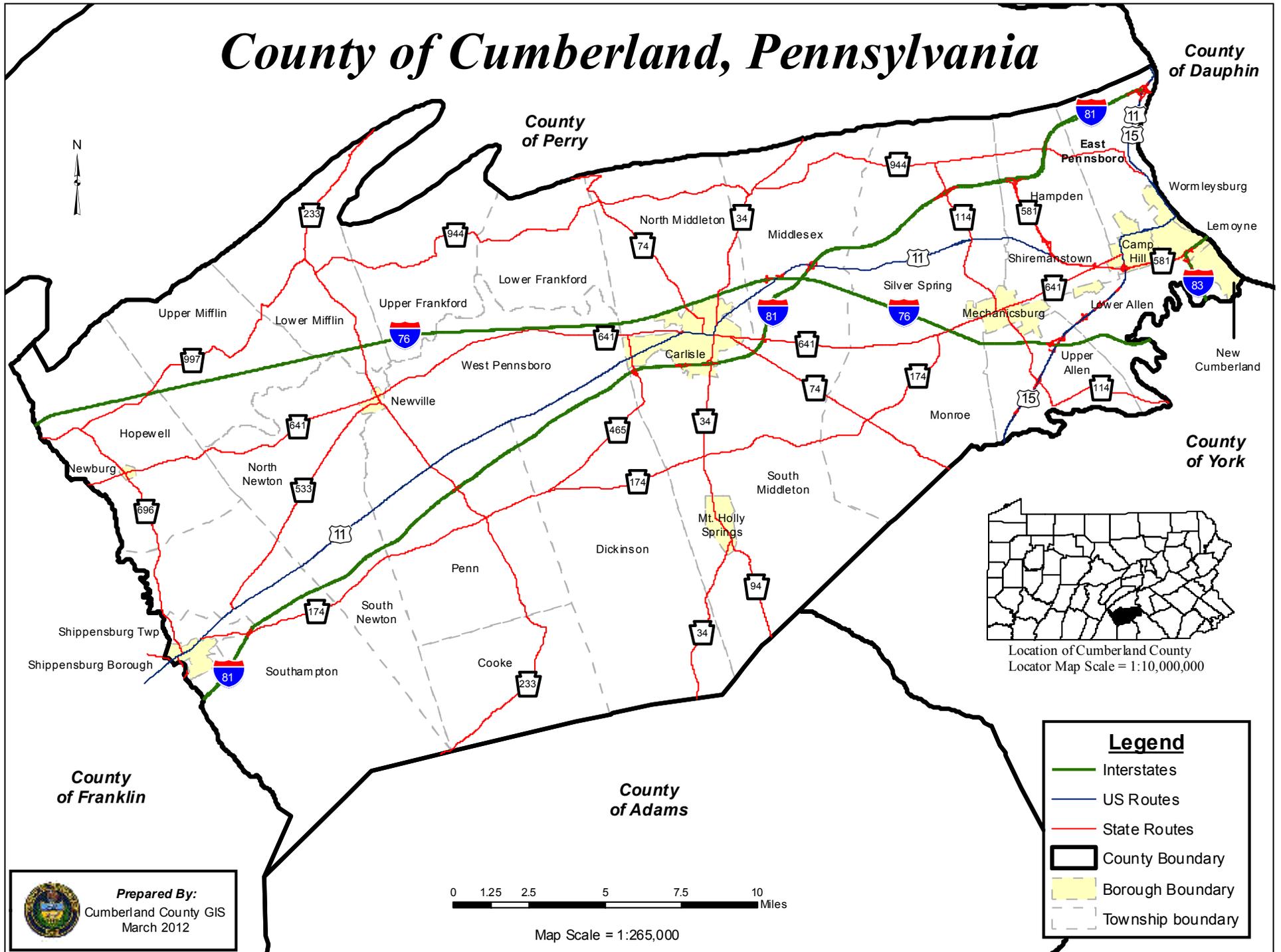
RECORDER OF DEEDS

Tammy Shearer

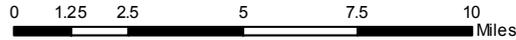
DISTRICT ATTORNEY

David J. Freed

County of Cumberland, Pennsylvania



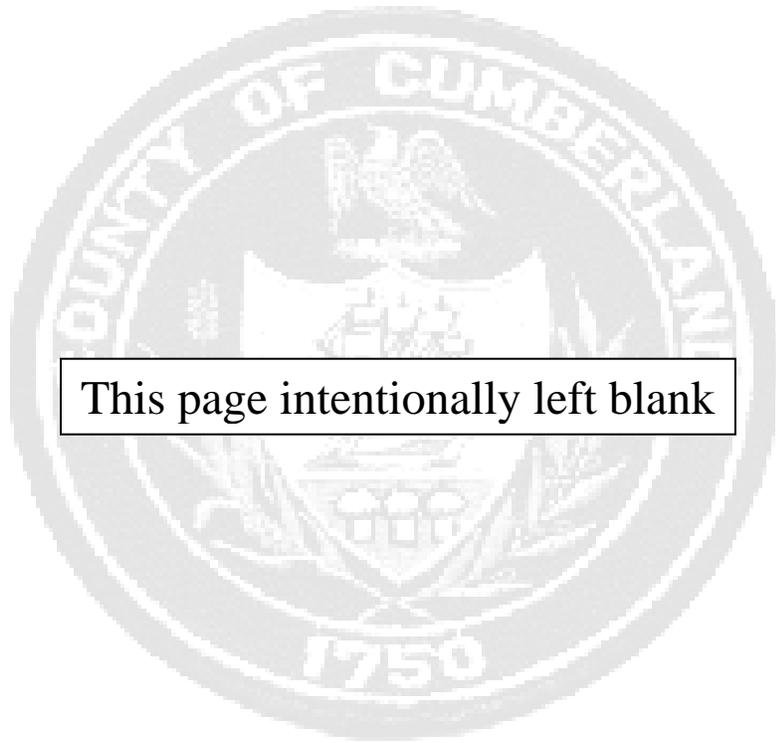
Prepared By:
Cumberland County GIS
March 2012



Map Scale = 1:265,000

Legend

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



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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, 2016, 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, 2016, 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 2, to the financial statements, the County restated its beginning net position and net pension liability for governmental and business-type activities. This was a result of a change in the actuarial calculation methodology of net pension liability and related deferred outflows of resources. The impact of these changes is disclosed in Note 2.

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, other postretirement benefits schedules of funding progress and the employees' retirement plan schedules on pages 16-28 and 94-104 (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 28, 2017

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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of Cumberland County exceeded its liabilities at the close of the most recent fiscal year by \$94,696,291 (*net position*). Of this amount, \$42,843,025 (*unrestricted net position*) may be used to meet the County's general ongoing obligations to citizens and creditors, whereas an additional \$12,085,563 of *restricted net position* are available for funding specific activities benefiting the citizens.
- As of December 31, 2016, Cumberland County's governmental funds reported combined ending fund balances of \$45,581,445, an increase of \$3,880,447, due primarily to an increase in Emergency Telephone funding and other revenue and expense changes. Approximately 77 percent of the total amount (\$35,153,529) is *available for spending* at the government's discretion (*unrestricted fund balance*).
- The government's total net position increased by \$4,666,897 in 2016, which represents approximately three percent of total expense, due to the aforementioned reasons.
- The County's general fund total fund balance was \$37,918,226 at the end of 2016, up 8% or \$2,933,760, which compares favorably to the budgeted 2016 drawdown of \$3.9 million.
- At the end of 2016, general fund unassigned fund balance was \$26,734,235 and assigned fund balance was \$7,859,813 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 \$7,045,000. The County's debt decreased due to the payment of the scheduled principal payments and the reduction of debt outstanding as a result of refinancing the 2008 general obligation bond (GOB).
- The County's bond rating was confirmed AAA in April 2016.
- The County refinanced the 2008 GOB in April of 2016. The refinancing resulted in a \$2,117,343 reduction in payments and an economic gain of \$2,053,892.
- The County preserved 678 acres of premium farmland in 2016 with 926 acres pending settlement at the end of 2016.
- 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.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Enterprise funds report the same functions presented as *business-type activities* in the government-wide financial statements only in more detail. The County uses an enterprise fund to account for its nursing home operations, which is considered a major fund.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48 through 93 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 95 through 104 of this report.

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

Government-wide Financial Analysis

Over time, net position may serve as a useful indicator of government's financial position. In the case of Cumberland County, assets exceeded liabilities by \$94,696,291 at the close of the most recent calendar year.

Cumberland County's Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Other assets	\$ 62,209,032	62,783,467	7,148,135	7,016,071	69,357,167	69,799,538
Capital assets	75,437,792	77,348,065	9,808,314	10,337,306	85,246,106	87,685,371
Total assets	<u>137,646,824</u>	<u>140,131,532</u>	<u>16,956,449</u>	<u>17,353,377</u>	<u>154,603,273</u>	<u>157,484,909</u>
Deferred outflow of resources	<u>9,922,421</u>	<u>10,732,348</u>	<u>2,692,796</u>	<u>2,901,654</u>	<u>12,615,217</u>	<u>13,634,002</u>
Liabilities:						
Long-term liabilities	45,766,492	53,734,582	8,002,898	10,193,336	53,769,390	63,927,918
Other liabilities	15,777,747	20,432,056	2,975,062	2,421,312	18,752,809	22,853,368
Total liabilities	<u>61,544,239</u>	<u>74,166,638</u>	<u>10,977,960</u>	<u>12,614,648</u>	<u>72,522,199</u>	<u>86,781,286</u>
Net position:						
Net invested in capital assets	36,791,935	34,018,215	2,975,768	2,269,224	39,767,703	36,287,439
Restricted	12,085,563	10,851,199	-	-	12,085,563	10,851,199
Unrestricted	37,147,508	31,827,828	5,695,517	5,371,159	42,843,025	37,198,987
Total net position	* \$ <u>86,025,006</u>	<u>76,697,242</u>	<u>8,671,285</u>	<u>7,640,383</u>	<u>94,696,291</u>	<u>84,337,625</u>

* The County restated its beginning net position and net pension liability for governmental and business-type activities. It was due to a correction in the actuarially determined pension related balances. Further information on the restatement can be found in the footnotes.

Forty-two 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 (\$12,085,563). The remaining balance of *unrestricted net assets* (\$42,843,025) 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.

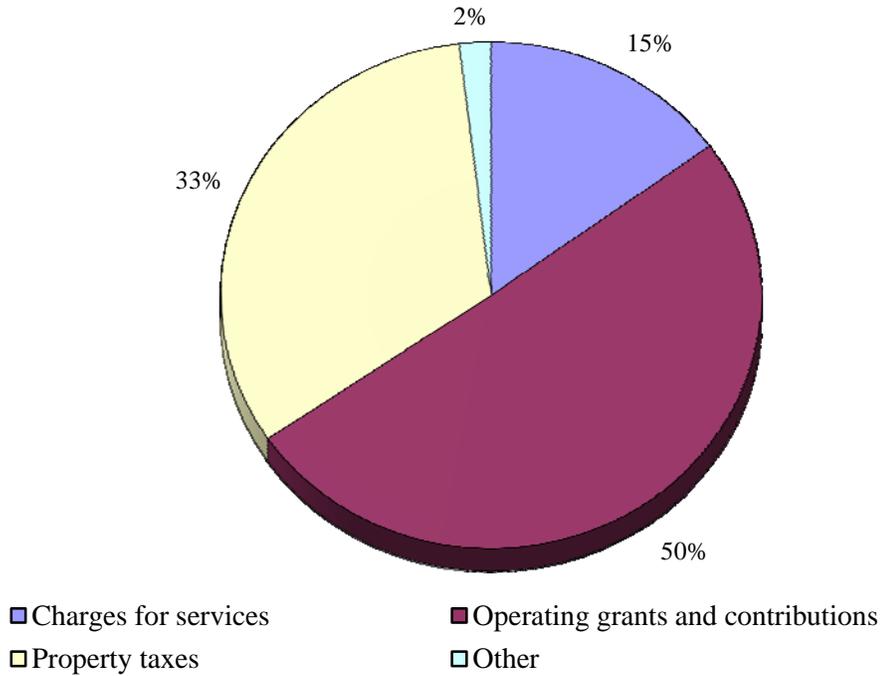
Cumberland County's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 23,517,017	23,518,601	27,091,190	26,084,652	50,608,207	49,603,253
Operating grants and contributions	79,177,185	73,485,040	9,961	6,747	79,187,146	73,491,787
Capital grants and contributions	614,277	636,136	-	-	614,277	636,136
General revenues:						
Property taxes	51,340,102	50,564,085	-	-	51,340,102	50,564,085
Other taxes	2,081,488	1,902,523	-	-	2,081,488	1,902,523
Unrestricted investment earnings	249,731	150,214	3,596	3,657	253,327	153,871
Total revenues	156,979,800	150,256,599	27,104,747	26,095,056	184,084,547	176,351,655
Expenses:						
General government-administrative	14,810,069	13,631,117	-	-	14,810,069	13,631,117
General government-judicial	20,888,619	18,751,395	-	-	20,888,619	18,751,395
Corrections	19,330,948	18,568,390	-	-	19,330,948	18,568,390
Emergency telephone	5,469,089	5,272,839	-	-	5,469,089	5,272,839
Public safety	4,635,939	4,029,829	-	-	4,635,939	4,029,829
Transportation services	131,285	1,465,829	-	-	131,285	1,465,829
Roads and bridge maintenance	818,420	920,955	-	-	818,420	920,955
Recycling and waste management	254,298	271,432	-	-	254,298	271,432
Human services	80,210,767	71,552,642	-	-	80,210,767	71,552,642
Culture and recreation	26,192	435,407	-	-	26,192	435,407
Conservation	546,916	462,380	-	-	546,916	462,380
Community redevelopment and housing	192,851	180,019	-	-	192,851	180,019
Economic development and assistance	3,537,217	3,715,216	-	-	3,537,217	3,715,216
Interest on long-term debt	1,389,520	1,579,219	-	-	1,389,520	1,579,219
Indirect expenses	(635,987)	(560,442)	635,987	560,442	-	-
Claremont Nursing and Rehabilitation Center	-	-	26,709,058	24,481,218	26,709,058	24,481,218
Total expenses	151,606,143	140,276,227	27,345,045	25,041,660	178,951,188	165,317,887
Increase (decrease) in net position before transfers	5,373,657	9,980,372	(240,298)	1,053,396	5,133,359	11,033,768
Special item	(706,760)	(378,887)	-	-	(706,760)	(378,887)
Increase (decrease) in net position	4,666,897	9,601,485	(240,298)	1,053,396	4,426,599	10,654,881
Net position, beginning, as restated*	81,358,109	67,095,757	8,911,583	6,586,987	90,269,692	73,682,744
Net position, ending	\$ 86,025,006	76,697,242	8,671,285	7,640,383	94,696,291	84,337,625

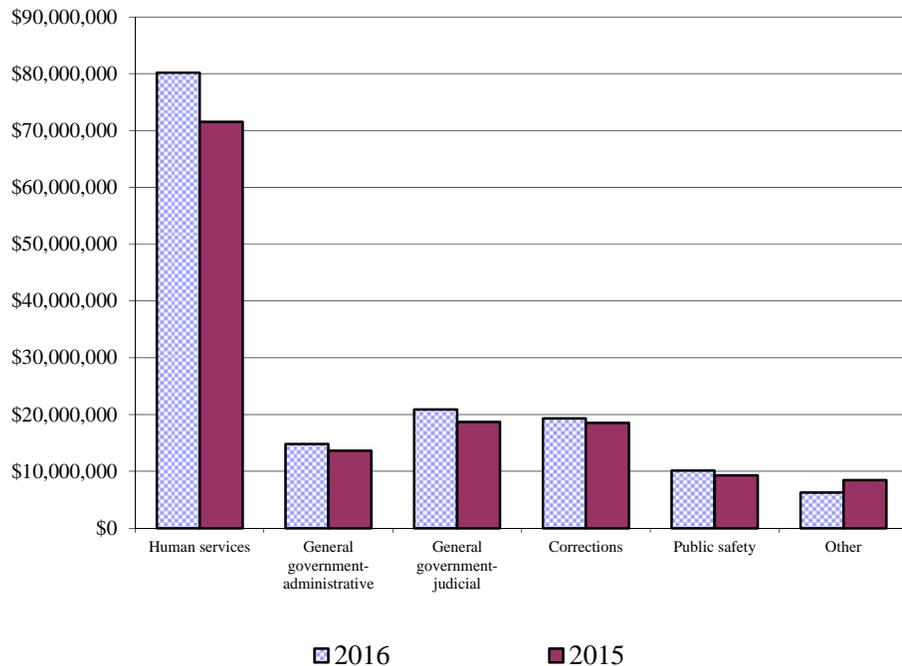
* The County restated its beginning net position and net pension liability for governmental and business-type activities. It was due to a correction in the actuarially determined pension related balances. Further information on the restatement can be found in the footnotes.

Governmental activities. The following charts graphically depict the sources of revenue and functional expenses of governmental activities for the fiscal year ended December 31, 2016:

Revenues by Source - Governmental Activities



Expense Comparison by Activity - Governmental Activities

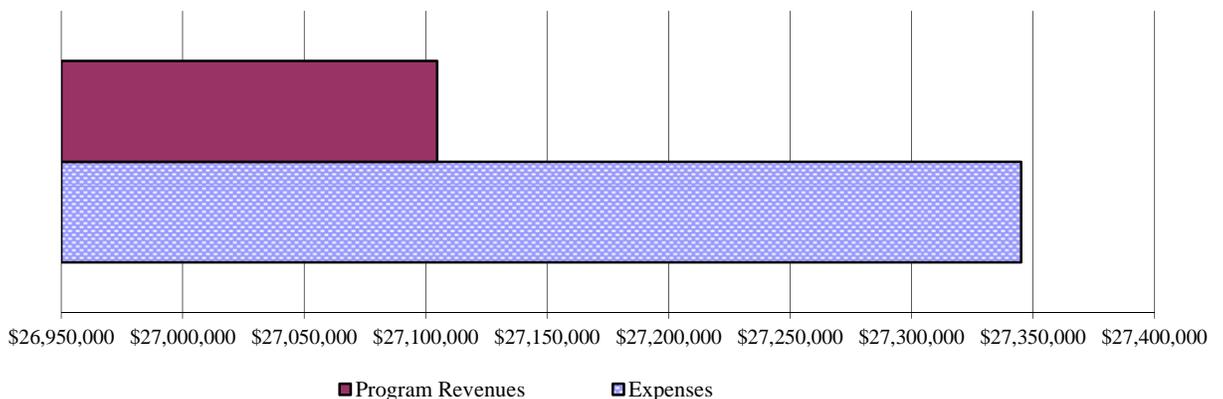


Governmental activities increased Cumberland County's net assets by \$4,666,897. The primary changes in revenues and expenses are:

- Revenues increased \$6,723,201 mainly due to Operating Grants and Contributions which increased \$5,692,145. The operating grants increased mainly due to Health Choices.
- Expenses increased by \$11,329,916. The majority of the increase is in 3 areas.
 - Human services increased \$8,658,125. The majority of this is related to Health Choices.
 - Increase in salaries and benefits:
 - Full year of salary increases due to the changes made to salaries based on a market study of salaries.
 - Early separation incentive created turnover in 2015. In 2016, positions were filled with full year of salaries.
 - Merit based compensation (1.51%) and COLA (1%)
 - Increase in benefits based on above.
 - The net pension obligation increased by \$2,648,599.

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, 2016:

Expenses and Program Revenues - County Home



Business type activities decreased Cumberland County's net position by \$240,298. The primary changes in revenues and expenses to the business are:

- Claremont Nursing and Rehabilitation Charges for Services increased \$1,006,538. The average rate increased by about \$3.75 per day and 2016 was leap year with 1 extra billing day.
- Claremont Nursing and Rehabilitation expenses increased about 9% or \$2,303,385.
- Salaries and benefits increase by about 11% or \$2,145,620. Salary and benefits increased based on increases due to the changes made to salaries based on a market study of salaries, merit based compensation increases, the union contract, and related benefits.
- Net pension obligation increased \$743,946.

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 2016, Cumberland County's governmental funds reported combined ending fund balances of \$45,581,445 and an increase of \$3,880,447 in comparison to the prior year. Approximately 77 percent of the total amount (\$35,153,529) constitutes *unrestricted fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is *nonspendable* (\$496,407) or *restricted* (\$9,931,509) to indicate that it is not available for future spending at the discretion of the County because it either nonspendable or is legally restricted to Register of Wills-Act 34, Coroner-Act 122, roads and bridge maintenance, judicial services, human services, public safety, row office automation, conservation, economic development and housing, Marcellus shale, hazmat emergency planning, and capital projects.

The general fund is the chief operating fund of Cumberland County. At the end of the year, unassigned fund balance of the general fund was \$26,734,235 while total fund balance was \$37,918,226. 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 (\$34,594,048) and total fund balance represents 71 percent and 65 percent, respectively, of total general fund expenditures.

The fund balance of Cumberland County's general fund increased by \$2,933,760 during the current year. In 2016, the Commissioner's continued to implement cost savings measures and re-engineering workflows and business processes that "bent the cost curve down". In addition, the County implemented a comprehensive compensation package that is designed to reward employees based on performance as opposed to longevity.

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 \$1,119,814 or 1.5% over the amended budget. Real Estate Taxes were over budget due to being conservative when estimating the assessed value for 2016. County charges were over budget due to an increase in the number of documents recorded in the Recorder of Deeds Office. Court costs, fines, and forfeitures were over budget due to the increase in number of cases processed by the District Attorney's forensic lab.

Actual general fund expenditures (including other financing uses) were under budget by \$5,767,326. The major items under budget were:

Pooled Reserves	\$ 962,477
Information Management and Technology Office (IMTO)	\$ 708,897
County Prison	\$ 634,487
County Buildings	\$ 483,417
Transfers Out	\$ 371,166
Enterprise Resource Management Office	\$ 254,736
Conservation and Development	\$ 242,360

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 utilities costs decreasing and drug and alcohol counseling services decreasing due to extra funding in the Drug and Alcohol fund which paid for a portion in 2016. County Buildings are under budget due to an overall decrease in utility costs and several capital projects came in under budget (Allen Road paving and Human Service Building light pole replacements). Transfers Out is under budget due to Emergency Telephone-911 implementation of Act 12 of 2015 that increased 911 revenues and decreased subsidy. Children and Youth subsidy was over budget due to an increase in adoption assistance, out of home placements, and shelter costs. The Enterprise Resource Management Office is under budget due to delaying the implementation of Kronos countywide. Conservation and Development is under budget due to the timing of the Land Partnership grant payments for approved projects. Small incremental savings occurred throughout the general fund which supported actual expenditures less than budgeted.

Capital Asset and Debt Administration

Capital Assets. Cumberland County's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounted to \$85,246,106 (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	
		2016	2015	2016	2015	2016	2015
Land	\$	2,503,264	2,503,264	-	-	2,503,264	2,503,264
Buildings and systems		46,810,576	49,195,316	9,042,764	9,811,758	55,853,340	59,007,074
Improvements other than buildings		1,974,286	2,032,508	151,344	102,679	2,125,630	2,135,187
Machinery and equipment		5,923,397	7,297,837	375,350	422,869	6,298,747	7,720,706
Bridges		6,547,608	4,166,640	-	-	6,547,608	4,166,640
Construction in progress		2,055,060	2,771,278	238,856	-	2,293,916	2,771,278
Agricultural easements		9,623,601	9,381,222	-	-	9,623,601	9,381,222
Total	\$	75,437,792	77,348,065	9,808,314	10,337,306	85,246,106	87,685,371

Total governmental activities net capital assets decreased in 2016 by \$1,910,273 through depreciation of existing capital assets. Governmental activities' construction in progress decreased \$716,218 in 2016 as a result of ongoing bridge replacement projects and completion to two bridge replacements.

Total business-type activities net capital assets decreased by \$528,992 in 2016 through depreciation of existing capital assets.

Additional information on Cumberland County's capital assets can be found in Notes on pages 76 through 78.

Debt Administration

At the end of the current fiscal year, Cumberland County had net outstanding bonded debt of \$45,116,131. 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, 2016 and 2015 were:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$38,247,636	43,051,024	6,868,495	8,113,581	45,116,131	51,164,605
General Obligation Notes	715,000	715,000	-	-	715,000	715,000
Total	\$38,962,636	43,766,024	6,868,495	8,113,581	45,831,131	51,879,605

Cumberland County's bonded debt decreased by \$6,048,474

Principal payments paid in 2016 were \$5,035,000.

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 \$476,746,330 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 9 on pages 80 through 82 of this report.

Economic Factors and Next Year's Budget

Economic Conditions in 2016

Economic indicators continue to improve in 2016 and the County's diverse economy has fared better than national and state averages, in part, because of its significant base of Federal and state employers. Cumberland County's December unemployment rate was 3.6% while the statewide and national rates were 4.8% and 4.7%, 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 remains the fastest growing County, by 5.6%, in the Commonwealth since the last U.S. Census in 2010, according to the U.S. Census Bureau and analysis from the Pennsylvania State Data Center. The reasons cited for this growth included low unemployment, safety, quality of services, educational opportunities, and high scores in numerous quality of life indicators. Recently Cumberland County was named one of the best places to live in Pennsylvania for many of the same reasons.

Cumberland County continues to enjoy a diverse tax base with little reliance on any one taxpayer. The top ten taxpayers represent only 3.25% of assessed values as of December 31, 2016.

Next Year's Budget

Cumberland County is in a stable, short-term financial situation as it enters the 2017 budget cycle. Stable in the sense that current revenues and expenses are in rough equilibrium. However, the County's long term financial projections continue to show a growing operational deficit through 2020. 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's strategy for balancing costs and revenues remains to modernize County government. It must be run on a business-like basis. While the County should not be run on a for-profit basis, it should be run efficiently and business-like as in the private sector.

Although a deficit was budgeted in 2016, the County made aggressive changes that increased the General Fund's fund balance by \$2,933,760. This was done through a combination of revenue enhancements and cost cutting measures.

In 2017, the General Fund budget shows a potential transfer of \$2,693,969 from reserves. This amount will be reduced directly by the Commissioner's efforts at addressing long-term cost drivers that provide sustainable reductions and moderations in the cost of government. The end result will be an estimated ending unassigned fund balance of \$27.2 million and a projected transfer from reserves of \$598,652. 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 2017 budget include:

- Bridge infrastructure.
- Investment in the County workforce's productivity through Merit Based Compensation (MBC), prudent automation, skills training, management development, and gainsharing.
- VoIP Telephone System.
- Long-term integrated financial planning particularly in the area of big ticket capital projects.
- 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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Conservation District	Industrial Development Authority	CAEDC
ASSETS						
Cash and cash equivalents	\$ 41,788,441	3,399,133	45,187,574	705,313	46,548	980,393
Investments	9,081,486	—	9,081,486	250,000	—	1,151,233
Receivables (net of allowance):						
Taxes	2,001,534	—	2,001,534	—	—	—
Due from other governments	5,199,397	—	5,199,397	153,436	—	1,476,926
Accounts receivable	678,541	3,637,262	4,315,803	—	—	—
Court costs and fines receivable	1,853,324	—	1,853,324	—	—	—
Notes receivable	—	—	—	—	1,225,217	—
Due from primary government	—	—	—	—	—	466,913
Internal balances	396,822	(396,822)	—	—	—	—
Prepaid items	583,074	84,757	667,831	—	788	199,929
Restricted assets:						
Cash and cash equivalents	—	273,200	273,200	—	—	101,083
Capital assets, not being depreciated:						
Land	2,503,264	—	2,503,264	—	2,284,628	—
Construction in progress	2,055,060	238,856	2,293,916	—	—	—
Agricultural easements	9,623,601	—	9,623,601	—	—	—
Capital assets, net of accumulated depreciation:						
Buildings and systems	46,810,576	9,042,764	55,853,340	4,686	—	—
Improvements other than buildings	1,974,286	151,344	2,125,630	—	—	—
Machinery and equipment	5,923,397	375,350	6,298,747	40,560	—	34,777
Bridges	6,547,608	—	6,547,608	—	—	—
Non-inventoried assets	578,178	150,605	728,783	339	—	—
Other assets	48,235	—	48,235	—	—	—
Total assets	<u>137,646,824</u>	<u>16,956,449</u>	<u>154,603,273</u>	<u>1,154,334</u>	<u>3,557,181</u>	<u>4,411,254</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred difference-projected and actual pension earnings	7,756,656	2,106,400	9,863,056	78,831	—	—
Deferred difference-expected and actual pension experience	1,960,925	550,448	2,511,373	19,499	—	—
Deferred charges on refunding	204,840	35,948	240,788	—	—	—
Total deferred outflow of resources	<u>9,922,421</u>	<u>2,692,796</u>	<u>12,615,217</u>	<u>98,330</u>	<u>—</u>	<u>—</u>

(Continued)

STATEMENT OF NET POSITION

December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

LIABILITIES

Accounts payable and other current liabilities	6,136,975	1,078,250	7,215,225	40,061	903,113	251,154
Accrued payroll	1,070,062	286,420	1,356,482	9,067	—	—
Due to component unit	419,463	—	419,463	—	—	—
Due to primary government	—	—	—	28,701	—	—
Due to other governments	1,985,569	—	1,985,569	—	—	—
Accrued interest payable	215,496	37,391	252,887	—	—	—
Unearned revenues	1,024,446	87,730	1,112,176	182,868	—	19,052
Funds held as fiduciary	204,243	273,200	477,443	—	—	—
Noncurrent liabilities:						
Due in less than one year:						
Licensing agreement	61,140	—	61,140	—	—	—
General obligation bonds payable	4,129,203	1,160,797	5,290,000	—	—	—
General obligation notes payable	—	—	—	—	2,150,000	244,590
Sick and vacation accrual	350,442	51,274	401,716	3,587	—	—
Workers' compensation claims payable	180,708	—	180,708	—	—	—
Due in more than one year:						
Licensing agreement	162,608	—	162,608	—	—	—
General obligation bonds payable	34,118,433	5,707,698	39,826,131	—	—	—
General obligation notes payable	715,000	—	715,000	—	—	—
Sick and vacation accrual	3,551,941	453,184	4,005,125	38,940	—	—
Net pension obligation	5,653,444	1,563,308	7,216,752	56,837	—	—
Net OPEB obligation	768,971	278,708	1,047,679	7,658	—	—
Workers' compensation claims payable	796,095	—	796,095	—	—	—
Total liabilities	<u>61,544,239</u>	<u>10,977,960</u>	<u>72,522,199</u>	<u>367,719</u>	<u>3,053,113</u>	<u>514,796</u>
NET POSITION						
Net invested in capital assets	36,791,935	2,975,768	39,767,703	45,246	—	34,777
Restricted for:						
Conservation	1,906,906	—	1,906,906	763,149	—	—
Human services	1,281,002	—	1,281,002	—	—	—
Judicial services	161,924	—	161,924	—	—	—
Public safety	3,363,416	—	3,363,416	—	—	—
Emergency telephone	3,751,378	—	3,751,378	—	—	—
Transportation	25,949	—	25,949	—	—	—
Records improvement	496,180	—	496,180	—	—	—
Economic development	18,933	—	18,933	—	—	101,083
Roads and bridges	1,079,875	—	1,079,875	—	—	—
Unrestricted	<u>37,147,508</u>	<u>5,695,517</u>	<u>42,843,025</u>	<u>76,550</u>	<u>504,068</u>	<u>3,760,598</u>
Total net position	<u>\$ 86,025,006</u>	<u>8,671,285</u>	<u>94,696,291</u>	<u>884,945</u>	<u>504,068</u>	<u>3,896,458</u>

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

STATEMENT OF ACTIVITIES

For the year ended December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position						
	Expenses	Indirect Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Units			
						Governmental Activities	Business-type Activities	Total	Conservation District	Industrial Development Authority	CAEDC	
Primary government:												
Governmental activities:												
General government - administrative	\$ 14,810,069	(1,563,815)	4,264,648	350,237	—	(8,631,369)	—	(8,631,369)	—	—	—	—
General government - judicial	20,888,619	103,069	4,202,217	2,707,945	—	(14,081,526)	—	(14,081,526)	—	—	—	—
Corrections	19,330,948	—	2,207,594	618,714	—	(16,504,640)	—	(16,504,640)	—	—	—	—
Emergency telephone	5,469,089	—	5,935,193	651	—	466,755	—	466,755	—	—	—	—
Public safety	4,635,939	—	1,689,680	843,102	25,515	(2,077,642)	—	(2,077,642)	—	—	—	—
Transportation	131,285	—	—	131,285	—	—	—	—	—	—	—	—
Roads and bridge maintenance	818,420	30,768	1,201,297	520,611	588,762	1,461,482	—	1,461,482	—	—	—	—
Recycling and waste management	254,298	—	120,571	106,249	—	(27,478)	—	(27,478)	—	—	—	—
Human services:												
Mental health/intellectual and developmental disabilities	17,230,628	205,717	2,100,625	14,536,070	—	(799,650)	—	(799,650)	—	—	—	—
HealthChoices-Cumberland County	36,322,582	—	—	36,322,288	—	(294)	—	(294)	—	—	—	—
Children and youth	18,000,735	296,205	431,627	14,359,595	—	(3,505,718)	—	(3,505,718)	—	—	—	—
Food and shelter	758,684	32,846	83,282	612,996	—	(95,252)	—	(95,252)	—	—	—	—
Office of aging	4,144,889	150,256	289,737	3,871,651	—	(133,757)	—	(133,757)	—	—	—	—
Other	3,753,249	108,967	735,458	2,434,801	—	(691,957)	—	(691,957)	—	—	—	—
Culture and recreation	26,192	—	—	—	—	(26,192)	—	(26,192)	—	—	—	—
Conservation	546,916	—	53,412	304,912	—	(188,592)	—	(188,592)	—	—	—	—
Community redevelopment and housing	192,851	—	201,676	—	—	8,825	—	8,825	—	—	—	—
Economic development and assistance	3,537,217	—	—	1,456,078	—	(2,081,139)	—	(2,081,139)	—	—	—	—
Interest on long-term debt	1,389,520	—	—	—	—	(1,389,520)	—	(1,389,520)	—	—	—	—
Total governmental activities	152,242,130	(635,987)	23,517,017	79,177,185	614,277	(48,297,664)	—	(48,297,664)	—	—	—	—
Business-type activities:												
County nursing home	26,709,058	635,987	27,091,190	9,961	—	—	(243,894)	(243,894)	—	—	—	—
Total business-type activities	26,709,058	635,987	27,091,190	9,961	—	—	(243,894)	(243,894)	—	—	—	—
Total primary government	\$ 178,951,188	—	50,608,207	79,187,146	614,277	(48,297,664)	(243,894)	(48,541,558)	—	—	—	—
Discretely presented component units:												
Conservation District	\$ 929,411	—	373,232	722,518	—	—	—	—	166,339	—	—	—
Industrial Development Authority	2,094,806	—	2,124,319	—	—	—	—	—	—	29,513	—	—
Cumberland Area Economic Development Corporation	2,244,881	—	2,439,818	118,000	—	—	—	—	—	—	312,937	—
Total discretely presented component units	\$ 5,269,098	—	4,937,369	840,518	—	—	—	—	166,339	29,513	312,937	—
General revenues:												
Real estate taxes						51,340,102	—	51,340,102	—	—	—	—
Per capita taxes						96	—	96	—	—	—	—
Hotel taxes						2,081,392	—	2,081,392	—	—	—	—
Unrestricted investment earnings						249,731	3,596	253,327	1,140	373	24,160	—
Special item-discontinued operations						(706,760)	—	(706,760)	—	—	—	—
Total general revenues and special items						52,964,561	3,596	52,968,157	1,140	373	24,160	—
Change in net position						4,666,897	(240,298)	4,426,599	167,479	29,886	337,097	—
Net position, beginning of year, as restated						81,358,109	8,911,583	90,269,692	717,466	474,182	3,559,361	—
Net position, end of year						\$ 86,025,006	8,671,285	94,696,291	884,945	504,068	3,896,458	—

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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Nonmajor Funds	Total
ASSETS						
Cash and cash equivalents	\$ 32,029,930	2,516,782	300	129,206	7,054,586	41,730,804
Investments	7,628,860	—	—	—	—	7,628,860
Receivables (net of allowance):						
Taxes	1,869,534	—	—	—	132,000	2,001,534
Due from other governments	470,058	259,313	1,565,590	—	2,904,436	5,199,397
Accounts receivable	519,785	—	—	—	157,756	677,541
Court costs and fines receivable	1,853,324	—	—	—	—	1,853,324
Due from other funds	1,898,763	—	124,665	—	1,434,353	3,457,781
Due from component unit	33,037	—	—	—	—	33,037
Prepaid items	339,389	1,830	—	—	157,018	498,237
Other assets	48,361	—	—	—	—	48,361
Total assets	<u>\$ 46,691,041</u>	<u>2,777,925</u>	<u>1,690,555</u>	<u>129,206</u>	<u>11,840,149</u>	<u>63,128,876</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 1,382,218	2,374,007	1,570,559	3,133	774,760	6,104,677
Accrued liabilities and withholdings	778,568	51,796	72,181	—	167,517	1,070,062
Due to other funds	2,299,253	9,931	—	47,217	1,238,419	3,594,820
Due to component unit	—	—	—	—	448,165	448,165
Due to other governments	795,065	—	—	—	1,190,504	1,985,569
Unearned revenue	214,230	171,608	47,815	70,516	520,277	1,024,446
Funds held as fiduciary	188,032	—	—	—	16,211	204,243
Total liabilities	<u>5,657,366</u>	<u>2,607,342</u>	<u>1,690,555</u>	<u>120,866</u>	<u>4,355,853</u>	<u>14,431,982</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	1,336,296	—	—	—	—	1,336,296
Unavailable revenue-court costs and fines	1,779,153	—	—	—	—	1,779,153
Total deferred inflows of resources	<u>3,115,449</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,115,449</u>

BALANCE SHEET
Governmental Funds

December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

FUND BALANCES

Nonspendable:							
Prepaid items	\$	339,389	—	—	—	157,018	496,407
Restricted:							
Landfill closure		56,443	—	—	—	—	56,443
Farmland preservation		658,973	—	—	—	—	658,973
Offender supervision		1,058,353	—	—	—	—	1,058,353
Juvenile probation restitution funds		33,818	—	—	—	—	33,818
Criminal investigation		540,179	—	—	—	—	540,179
Register of Wills-Act 34		75,450	—	—	—	—	75,450
Coroner - Act 122		38,589	—	—	—	—	38,589
Roads and bridge maintenance		—	—	—	—	1,079,875	1,079,875
Human services		—	170,583	—	8,340	891,056	1,069,979
Hazardous materials emergency planning		27,504	—	—	—	—	27,504
Public safety		—	—	—	—	3,606,138	3,606,138
Row office automation		144,142	—	—	—	337,731	481,873
Marcellus shale		351,338	—	—	—	500	351,838
Conservation		—	—	—	—	832,962	832,962
Capital projects		—	—	—	—	500	500
Economic development and assistance		—	—	—	—	19,035	19,035
Unrestricted:							
Assigned:							
Human services		—	—	—	—	59,481	59,481
Future budgetary requirements		2,693,969	—	—	—	—	2,693,969
Capital projects		3,725,000	—	—	—	500,000	4,225,000
Risk liability		250,000	—	—	—	—	250,000
Farmland preservation		628,860	—	—	—	—	628,860
Prison canteen		557,861	—	—	—	—	557,861
Criminal justice planning		4,123	—	—	—	—	4,123
Unassigned		26,734,235	—	—	—	—	26,734,235
Total fund balances		<u>37,918,226</u>	<u>170,583</u>	<u>—</u>	<u>8,340</u>	<u>7,484,296</u>	<u>45,581,445</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u>46,691,041</u>	<u>2,777,925</u>	<u>1,690,555</u>	<u>129,206</u>	<u>11,840,149</u>	<u>63,128,876</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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

Total fund balances-governmental funds	\$ 45,581,445
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.	75,437,792
Unamortized prepaid items used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	578,178
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds.	3,125,451
Refunding bonds issued by the County create deferred charges that are amortized to interest expense over the shorter life between the new and old bonds, are reported as deferred outflow of resources on the statement of net position.	204,840
Net pension obligations owed by the County create deferred charges that are amortized to pension expense over an actuarially determined period of time and are reported as deferred outflow of resources on the statement of net position as follows:	
Deferred difference-projected and actual pension earnings	7,756,656
Deferred difference-expected and actual pension experience	1,960,925
Internal service fund used by management to charge the costs of the self-insurance to individual funds:	
Workers' compensation	697,512
Health reimbursement arrangement	408,885
Long-term liabilities are not due and payable in the current period and, therefore, are not reported at the fund level:	
Bonds payable	(36,024,198)
Notes payable	(715,000)
Net premium on bonds and notes	(2,223,438)
Sick and vacation payable	(3,902,383)
Other post employment benefit obligations	(768,971)
Net pension liability	(5,653,444)
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.	(215,496)
Net position of governmental activities	\$ <u><u>86,025,006</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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Nonmajor Funds	Total
REVENUES						
Taxes	\$ 51,406,925	—	—	—	2,081,392	53,488,317
Licenses and permits	216,698	—	—	—	—	216,698
Grants	3,612,064	14,529,050	14,359,220	36,322,288	10,652,702	79,475,324
County charges	9,078,560	1,983,069	431,627	—	8,871,469	20,364,725
Court costs, fines and forfeitures	2,275,688	—	—	—	193,397	2,469,085
Investment earnings	219,455	4,896	—	449	11,731	236,531
Payment in lieu of taxes	131,075	—	—	—	—	131,075
Contributions and other	233,121	124,576	375	—	89,600	447,672
Total revenues	<u>67,173,586</u>	<u>16,641,591</u>	<u>14,791,222</u>	<u>36,322,737</u>	<u>21,900,291</u>	<u>156,829,427</u>
EXPENDITURES						
Current:						
General government – administrative	11,438,094	—	—	—	939,074	12,377,168
General government – judicial	16,948,107	—	—	—	3,354,862	20,302,969
Corrections	17,644,252	—	—	—	—	17,644,252
Public safety	3,275,383	—	—	—	—	3,275,383
Emergency telephone	—	—	—	—	4,545,142	4,545,142
Public works and enterprises	—	—	—	—	879,227	879,227
Transportation	—	—	—	—	131,285	131,285
Human services	946,037	17,288,997	18,107,927	36,322,582	8,340,716	81,006,259
Culture and recreation	2,278	—	—	—	—	2,278
Conservation and development	409,951	—	—	—	—	409,951
Economic development and assistance	1,456,125	—	—	—	2,081,092	3,537,217
Debt service:						
Principal retirement	—	—	—	—	4,723,520	4,723,520
Debt interest	—	—	—	—	1,393,222	1,393,222
Fiscal charges	—	—	—	—	133,654	133,654
Capital outlay	942,936	50,702	—	—	1,455,779	2,449,417
Payments to other governments	185,429	—	—	—	155,000	340,429
Total expenditures	<u>53,248,592</u>	<u>17,339,699</u>	<u>18,107,927</u>	<u>36,322,582</u>	<u>28,132,573</u>	<u>153,151,373</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,924,994</u>	<u>(698,108)</u>	<u>(3,316,705)</u>	<u>155</u>	<u>(6,232,282)</u>	<u>3,678,054</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	83,131	543,552	3,384,705	—	8,216,702	12,228,090
Transfers out	(11,141,892)	—	(68,000)	(155)	(1,018,043)	(12,228,090)
Refunding bonds issued	—	—	—	—	11,470,000	11,470,000
Premium on refunding bonds issued	—	—	—	—	1,370,948	1,370,948
Payment to refunding bond escrow agent	—	—	—	—	(12,706,082)	(12,706,082)
Proceeds from insurance recovery	58,558	—	—	—	—	58,558
Proceeds from sale of assets	8,969	—	—	—	—	8,969
Total other financing sources (uses)	<u>(10,991,234)</u>	<u>543,552</u>	<u>3,316,705</u>	<u>(155)</u>	<u>7,333,525</u>	<u>202,393</u>
Net change in fund balances	2,933,760	(154,556)	—	—	1,101,243	3,880,447
Fund balances, beginning of year	34,984,466	325,139	—	8,340	6,383,053	41,700,998
Fund balances, end of year	<u>\$ 37,918,226</u>	<u>170,583</u>	<u>—</u>	<u>8,340</u>	<u>7,484,296</u>	<u>45,581,445</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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

Net change in fund balances-total governmental funds	\$	3,880,447
<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 exceeded capital outlays in the current period. In the current period these amounts are:</p>		
Expenditures for capital assets		3,179,514
Depreciation expense		(4,351,147)
Retirement and sale of equipment		(48,448)
Loss on discontinued operations-disposal of capital assets		(690,192)
<p>Prepaid items</p>		
Amortization of prepaid items		(358,094)
Loss on discontinued operations-unamortized prepaid items		(16,567)
<p>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.</p>		
		128,204
<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>		
Refunding bonds issued		(11,470,000)
Long term debt paid		4,687,438
Payment to refunding bond escrow agent		12,706,082
<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>		
Premium on refunding bond issued		(1,370,948)
Net premium on bonds and notes		250,816
Deferred amount on refunding		(55,384)
Deferred difference-projected and actual pension earnings		(1,122,520)
Deferred difference-expected and actual pension experience		1,334,981
<p>Post employment benefits are reflected on the statement of activities but are not considered a current expenditure for the fund statements:</p>		
OPEB		(34,681)
Net pension liability		(2,064,742)
<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>		
		16,814
<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>		
		39,782
<p>Internal service funds are used by management to charge the cost of self-insurance claims to individual funds:</p>		
Workers' compensation		189,869
Health reimbursement arrangement		(164,327)
Change in net position of governmental activities	\$	<u>4,666,897</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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds County Nursing Home</u>	<u>Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,399,133	57,637
Investments	—	1,452,626
Restricted cash:		
Patient funds	273,200	—
Due from other funds	—	740,256
Accounts receivable (net of allowance):		
Patient accounts receivable	3,637,262	—
Customer accounts receivable	—	1,000
Prepaid items	84,757	84,837
Total current assets	<u>7,394,352</u>	<u>2,336,356</u>
Noncurrent assets:		
Non-inventoried assets	150,605	—
Capital assets, net of depreciation	9,808,314	—
Total noncurrent assets	<u>9,958,919</u>	<u>—</u>
Total assets	<u>17,353,271</u>	<u>2,336,356</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred difference-projected and actual pension earnings	2,106,400	—
Deferred difference-expected and actual pension experience	550,448	—
Deferred charge on refunding	35,948	—
Total deferred outflows of resources	<u>2,692,796</u>	<u>—</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,078,250	32,300
Accrued liabilities and withholdings		
Accrued payroll	286,420	—
Accrued interest	37,391	—
Due to other funds	602,837	380
Unearned revenue	87,730	—
Funds held as fiduciary	273,200	—
General obligation bonds payable	1,160,797	—
Sick and vacation accrual	51,274	—
Self-insurance claims payable	—	180,709
Total current liabilities	<u>3,577,899</u>	<u>213,389</u>
Noncurrent liabilities:		
Due in more than one year:		
General obligation bonds payable	5,707,697	—
Self-insurance claims payable	—	796,095
Net OPEB obligation	278,708	—
Net pension liability	1,563,308	—
Sick and vacation accrual	453,184	—
Total noncurrent liabilities	<u>8,002,897</u>	<u>796,095</u>
Total liabilities	<u>11,580,796</u>	<u>1,009,484</u>
NET POSITION		
Net invested in capital assets	2,975,768	—
Unrestricted	5,489,503	1,326,872
Total net position	<u>\$ 8,465,271</u>	<u>1,326,872</u>

Reconciliation of the Statement of Net Position - Proprietary Funds to the Statement of Activities:

Total net position-Proprietary Funds	\$ 8,465,271
Adjustment to reflect the consolidation of workers' compensation activity related to business-type activities	(14,223)
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities.	220,237
Net position of business-type activities	<u>\$ 8,671,285</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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	
	<u>County</u>	<u>Internal</u>
	<u>Nursing Home</u>	<u>Service Funds</u>
Operating revenues:		
Charges for sales and services:		
County charges	\$ 27,076,547	669,224
Rentals and other revenues	23,653	—
Total operating revenues	<u>27,100,200</u>	<u>669,224</u>
Operating expenses:		
Patient/client services	21,230,267	658,898
Depreciation	908,344	—
Administrative	5,080,423	—
Total operating expenses	<u>27,219,034</u>	<u>658,898</u>
Operating income	<u>(118,834)</u>	<u>10,326</u>
Nonoperating revenues (expenses):		
Grant income	951	—
Interest income	3,596	13,199
Interest expense	(123,730)	—
Total net nonoperating revenues (expenses)	<u>(119,183)</u>	<u>13,199</u>
Change in net position	(238,017)	23,525
Net position, beginning of year, as restated	8,703,288	1,303,347
Net position, end of year	<u>\$ 8,465,271</u>	<u>1,326,872</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	\$ (238,017)
Adjustment to reflect the consolidation of workers' compensation activity related to the business-type activities.	98,907
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities.	(101,188)
Change in net position of business-type activities	<u>\$ (240,298)</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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	
	<u>County Nursing Home</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received on county charges	\$ 27,394,058	944,738
Payments to vendors	(7,688,867)	(436,993)
Payments to employees	(18,011,971)	(484,334)
Net cash provided by operating activities	<u>1,693,220</u>	<u>23,411</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES		
Operating grants	951	—
Net cash provided by noncapital financing activities	<u>951</u>	<u>—</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(173,273)	—
Principal paid on capital debt	(1,121,480)	—
Interest paid on capital debt	(244,508)	—
Net cash used in capital and related financing activities	<u>(1,539,261)</u>	<u>—</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	—	(63,856)
Investment income received	3,596	10,504
Net cash provided by (used in) investing activities	<u>3,596</u>	<u>(53,352)</u>
Net increase (decrease) in cash and cash equivalents	158,506	(29,941)
Cash and cash equivalents, January 1	3,513,827	87,578
Cash and cash equivalents, December 31	<u>\$ 3,672,333</u>	<u>57,637</u>

(Continued)

STATEMENT OF CASH FLOWS

Proprietary Funds

For the year ended December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities	Governmental Activities
	Enterprise Funds	
	County Nursing Home	Internal Service Funds
(Continued)		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income	\$ (118,834)	10,326
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	908,344	—
Changes in assets and liabilities in:		
Patient accounts receivable	476,452	—
Due from other funds	(544,190)	275,894
Prepaid items	12,968	(4,294)
Non-inventoried assets	—	—
Accounts payable	397,624	(9,900)
Accrued liabilities and withholdings	156,900	—
Unearned revenues	(55,025)	—
Funds held as fiduciary	(152,118)	—
Net OPEB obligation	11,895	—
Net pension liability	599,204	—
Self-insurance claims payable	—	(248,615)
Total adjustments	1,812,054	13,085
Net cash provided by operating activities	\$ 1,693,220	23,411

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, 2016

COUNTY OF CUMERLAND, PENNSYLVANIA

	Pension Trust - Employees' Retirement Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 3,890,066	4,829,115
Investments:		
Negotiable bank certificates of deposit	4,768,074	—
U.S. government and agency securities	25,094,924	—
Corporate bonds and notes	30,871,232	—
Equity securities	41,962,235	—
Mutual funds	81,538,983	—
Total investments	184,235,448	—
Accrued interest and dividends receivable	572,968	—
Total assets	188,698,482	4,829,115
LIABILITIES		
Due to other governments	—	1,868,294
Due to broker	48,844	—
Other liabilities	42,388	2,960,821
Total liabilities	91,232	4,829,115
NET POSITION		
Net position restricted for pensions	\$ 188,607,250	—

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Pension Trust-Employees' Retirement Fund

*For the year ended December 31, 2016***COUNTY OF CUMBERLAND, PENNSYLVANIA****ADDITIONS**

Contributions:

Employer	\$	4,046,264
Plan members		3,149,641
Total contributions		<u>7,195,905</u>

Investment income:

Net appreciation in fair value of investments		6,369,765
Interest		1,481,026
Dividends		<u>4,174,726</u>
Total investment earnings		12,025,517
Less investment expense		<u>400,514</u>
Net investment income		<u>11,625,003</u>
Total additions		<u>18,820,908</u>

DEDUCTIONS

Benefits		8,816,453
Refunds of contributions		677,718
Administrative expenses		<u>235,010</u>
Total deductions		<u>9,729,181</u>

Change in net position 9,091,727

Net position - beginning of year		<u>179,515,523</u>
Net position - end of year	\$	<u>188,607,250</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 248,506 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 2016, the County paid CAT \$302,349. As a participant in the joint venture, the County's annual subsidy payment was \$287,841 in 2016. Additionally, the County paid \$12,586 to CAT for transportation services for Shippensburg Borough. The County also paid approximately \$1,652 for the Shared Ride program.

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

Cumberland County/Penn State Agricultural Extension Programs

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

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

In 2016, the County's share of Agricultural Extension program expenses were \$352,022 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
Central Pennsylvania Transportation 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. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

M. 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

N. 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.

O. 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.

P. 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.

Q. 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.

R. 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 2017.

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. The general fund is the only fund that may report a positive unassigned fund balance. In other governmental funds it is not appropriate to report positive unassigned fund balance.

However, in governmental funds, other than the general fund, if expenditures exceed revenues it may be appropriate to report a negative unassigned fund balance.

S. 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.

T. 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.

U. 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 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 has implemented GASB 72 in the current year.

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 has implemented GASB 73 in the current year.

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 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 has implemented GASB 77 in the current year.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, and earlier application is encouraged. The County is currently evaluating what effect, if any, the adoption of GASB 80 will have on the County's financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for

the requirements of this Statement for the selection of assumptions in a circumstance in which the pension liability is measured as of a date other than the most recent fiscal year-end. In that circumstance, the effective date is June 15, 2017. The County is currently evaluating what effect, if any, the adoption of GASB 82 will have on the County's financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred out flow of resources for asset retirement obligations. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, and earlier application is encouraged. The County is currently evaluating what effect, if any, the adoption of GASB 83 will have on the County's financial statements.

2. Restatement of Net Position/Restatement of Beginning Balances

The County restated its beginning net position and net pension liability for governmental and business-type activities. For year ended December 31, 2015, net position was restated due to a change in actuarial calculation methodology related net pension liability and related deferred outflows. The restatement detailed in the following schedule shows a restatement totaling \$5,979,303 for both the primary government and discretely presented component unit.

As of December 31, 2015, the change in methodology resulted in a restatement of net pension liability of \$7,968,862. It was as a result of accumulated member contributions that need to be recognized as part of the total pension liability because member contributions are payable upon separation or upon retirement. With methodology guidance from GASB, the total pension liability was then discounted using a singular rate of return equal to the pension plan's discount rate leading to this portion of the restatement.

Additionally, the methodology change also reassessed the December 31, 2015, balance for the deferred outflow category entitled deferred difference-expected and actual pension experience. This category restatement was for a reduction of net position of \$1,989,559. The reduction resulted from a change in the roll-forward of liability and present value of accumulated member contributions. The discount rate was applied at 7.5% and the guaranteed projected rate of 4% was earned by member's contributions.

Proprietary Funds Statement of Net Position

	<u>County Nursing Home</u>	<u>Internal Service Funds</u>
Net position, as previously reported, at December 31, 2015	\$ 7,432,088	1,303,347
Actuarially calculated net pension liability revision	1,694,180	-
Actuarially calculated deferred outflow-deferred difference- expected and actual pension experience	(422,980)	-
Net position, as restated, at December 31, 2015	<u>\$ 8,703,288</u>	<u>1,303,347</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, 2015	\$ 76,697,242	7,640,383	84,337,625	670,230	474,182	3,559,361
Actuarially calculated net pension liability revision	6,211,728	1,694,180	7,905,908	62,954	-	-
Actuarially calculated deferred outflow-deferred difference- expected and actual pension experience	(1,550,861)	(422,980)	(1,973,841)	(15,718)	-	-
Net position, as restated, at December 31, 2015	<u>\$ 81,358,109</u>	<u>8,911,583</u>	<u>90,269,692</u>	<u>717,466</u>	<u>474,182</u>	<u>3,559,361</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
- Fair Value Measurement

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	47%	Russell 3000
International equity	18%	MSCI ACWI ex U.S. (net)
Fixed income	34%	Barclay Intermediate Governmental/Credit
Cash	1%	ML 90-day T-Bill

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, 2016, \$50,673,344 of the County’s bank balance of \$52,835,414 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the bank but not in the County’s name	\$ 950,774
Uninsured and collateral held by pledging bank’s trust department or agent but not in the County’s name	<u>49,722,570</u>
Total	<u>\$ 50,673,344</u>

Custodial credit risk – fiduciary fund deposits – Excluding the negotiable certificates of deposit held by the County’s Pension Fund as of December 31, 2016, \$3,273,771 of the County’s bank balance of its fiduciary funds of \$5,500,276 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, 2016, through a \$628,860 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, 2016, 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	\$ 1,198,413	949,265	249,148
U.S. agency	100,077	—	100,077
Total debt securities	<u>1,298,490</u>	<u>949,265</u>	<u>349,225</u>
		73%	27%
		<u>Duration</u>	
Money market funds	7,783		
Mutual funds:			
U.S. government and agency fixed income	104,556	4.5	
U.S. government and agency fixed income	<u>99,434</u>	2.9	
Total investments	<u>\$ 1,510,263</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, \$57,637 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, \$1,452,626 are classified as investments on the statement of net position of the primary government.

The County held \$628,860 of U.S. Treasury zero coupon STRIPS at December 31, 2016. 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, 2016, the County’s pension trust fund had the following investments:

Pension Trust 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>6-10</u>	<u>More Than 10</u>
<u>Debt securities</u>					
Money market funds	\$ 3,890,066	3,890,066	—	—	—
Negotiable bank certificates of deposit	4,768,074	—	4,768,074	—	—
U.S. government	25,094,924	8,081,957	10,555,486	6,451,524	5,957
Corporate bonds and notes	30,871,232	1,720,644	13,860,273	14,492,679	797,636
Total debt securities	<u>64,624,296</u>	<u>13,692,667</u>	<u>29,183,833</u>	<u>20,944,203</u>	<u>803,593</u>
		21%	45%	33%	1%
<u>Other investments</u>					
Equity mutual fund-foreign	12,747,349				
Equity mutual fund-global	42,308,333				
Equity mutual fund-U.S.	26,407,491				
Equity securities-U.S.	42,038,045				
Total investments	<u>\$ 188,125,514</u>				

The total pension trust fund investments of \$188,125,514, above, include \$3,890,066 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.

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, 2016 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	\$ 649,051	Step coupon, next reset 12/9/2020
Negotiable bank CD	600,102	Step coupon, next reset 2/19/2020
Negotiable bank CD	241,203	Variable coupon, next reset 3/26/2017
U.S. government	1,141,290	Step coupon, next reset 9/30/2017
U.S. government	367,728	Step coupon, next reset 5/2020
	<u>\$ 2,999,374</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, 2016, 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: \$1,249,153 of negotiable bank certificates of deposits, \$2,278,727 of U.S. government securities and \$10,777,143 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, 2016, is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's Rating</u>
Debt securities		
Money market funds	\$ 7,783	Not rated
Debt securities:		
U.S. government	1,198,413	Not rated
U.S. agencies	100,077	Not rated
Mutual funds:		
U.S. government and agency fixed income	203,990	Not rated
Total debt securities	<u>\$ 1,510,263</u>	

Credit risk – pension investments – Exposure to credit risk in the County pension trust fund at December 31, 2016, is as follows:

<u>Debt Securities</u>	<u>Fair Value</u>	<u>Credit Quality Ratings*</u>					
		<u>Unrated</u>	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Ba</u>
Money market funds	\$ 3,890,066	-	3,890,066	-	-	-	-
Negotiable bank certificates of deposit	4,768,074	4,768,074	-	-	-	-	-
U.S. government	25,094,924	25,094,924	-	-	-	-	-
Corporate bonds and notes	30,871,232	-	1,270,424	8,428,657	16,267,356	4,535,699	369,096
Total debt securities	<u>\$ 64,624,296</u>	<u>29,862,998</u>	<u>5,160,490</u>	<u>8,428,657</u>	<u>16,267,356</u>	<u>4,535,699</u>	<u>369,096</u>
		46%	8%	13%	25%	7%	1%

*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, 2016, 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 \$12,747,349 investment at fair value in international equity mutual funds as of December 31, 2016. The equity funds objectives are to invest 80% to 90% of their net position in equity securities of issuers located outside of the United States and using exchanges outside the United States.

C. Fair Value Measurement

The pension trust fund characterizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The pension trust fund has the following recurring fair value measurements at December 31, 2016:

Pension Trust Fund Investments

<u>Investments by Fair Value Level</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Debt securities</u>				
Negotiable bank certificates of deposit	\$ 4,768,074	-	4,768,074	-
U.S. government securities	25,094,924	22,810,239	2,284,685	-
Corporate bonds and notes	30,871,232	-	30,871,232	-
Total debt securities	<u>60,734,230</u>	<u>22,810,239</u>	<u>37,923,991</u>	-
<u>Other investments</u>				
Equity mutual fund - foreign	12,747,349	12,747,349	-	-
Equity mutual fund - global	42,308,333	42,308,333	-	-
Equity mutual fund - U.S.	26,407,491	26,407,491	-	-
Equity securities - U.S.	42,038,045	41,962,234	75,811	-
Total investments	<u>\$ 184,235,448</u>	<u>146,235,645</u>	<u>37,999,802</u>	-

Money market funds are reported at amortized cost, rather than at fair value.

U.S. government securities, in the form of U.S. Treasury bonds and notes totaling \$22,810,239 are valued based on quoted market prices of identical securities in active markets.

The County holds \$2,284,685 of U.S. agency securities, which are reported as U.S. government securities as a result of the issuer agencies possessing the full faith and backing of the U.S. government, valued using quoted prices for similar securities in active markets.

Negotiable bank certificates of deposit and corporate bonds and notes are valued using pricing data from primary and secondary markets for debt instruments with similar terms, conditions and characteristics.

Equity securities and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities.

The investments in the County’s workers compensation self-insurance internal service fund are all level 2, with valuations based on quoted prices for similar securities, except for \$203,899 of mutual fund holdings which are valued based on market values of identical shares in active markets (level 1).

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 2016, 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. Tax Abatement

Cumberland County negotiates property tax abatement agreements on an individual basis. As of December 31, 2016, the County of Cumberland has tax abatement agreements with three entities for a total of four properties.

Each agreement was negotiated under the Pennsylvania Local Economic Revitalization Tax Assistance Act of December 1, 1977, referred to as LERTA. LERTA permits local taxing authorities such as Cumberland County to provide tax abatement for new construction on deteriorated industrial, commercial or other business property in economically depressed communities. The exemption amount, if approved by a Board of Commissioners' resolution, would be the valuation of the new construction or improvement. The Act establishes that the length of exemption shall not exceed ten years, with a schedule stipulating the portion of the new construction or improvements to be exempted by year. The current County LERTA properties have an established five year declining tax assessment percentages, 100, 90, 80, 60, and 40 percent, per year respectively.

The State law does not provide for the recapture of abated taxes, in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The County has not made any commitments as part of the agreements other than to reduce real estate taxes. The County is not subject to any tax abatement agreements entered into by other governmental entities. The County has chosen to disclose information about its tax abatement agreements individually.

The amount of County taxes abated are contingent on a variety of factors outside of the County's control, such as completion of construction/redevelopment plans, changes in such plans, demand for projects and commercial rents/sales in the future; all directly affect future assessed valuations. The aforementioned variables contribute to making objective measurement against any contemplated abatement agreement reporting threshold difficult to uniformly apply; as such, the County chooses to report all abatement agreements.

For the year ended December 31, 2016, the following schedule provides the LERTA eligible properties and their tax abatement:

Owner of Tax Parcel	Year of Abatement	Exempted Real Estate Valuation	Percentage of Abatement	Abated 2016 Real Estate Taxes
Carlisle High Street Properties	4	\$ 185,800	60%	\$ 245
Carlisle High Street Properties	4	155,000	60%	204
Caprice Properties, LLC	3	435,200	80%	764
Mechanicsburg Real Estate Company, LP	3	6,700,700	50%	<u>7,354</u>
Gross amount of County tax reduction				<u>\$ 8,567</u>

Note: The County millage for 2016 was 2.195 mills

6. Receivables

Amounts due from other governments are primarily grants receivable from the Commonwealth of Pennsylvania as of December 31, 2016, which are expected to be collected within one year.

The County nursing home has \$3,590,758 in net patient accounts receivable as of December 31, 2016, 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 \$589,292 against the gross patient accounts receivable. Of the County nursing home’s patient accounts receivable, \$184,970 is expected to be collected beyond one year.

Taxes receivable is reduced by an allowance for uncollectible accounts of \$731,392 for 2016 which is determined by a review of account status. Of the County’s delinquent taxes receivable, \$401,244 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, 2016 is \$11,893,681. Of that balance, the County has recognized an allowance for doubtful accounts of \$10,040,357. Of the County’s court costs and fines receivable, \$190,147 is expected to be collected beyond one year.

7. Capital Assets

Capital asset activity for the year ended December 31, 2016, 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	2,771,278	2,078,269	(2,794,487)	2,055,060
Agricultural easements	9,381,222	242,379	—	9,623,601
Total capital assets, not being depreciated	<u>14,655,764</u>	<u>2,320,648</u>	<u>(2,794,487)</u>	<u>14,181,925</u>
Capital assets, being depreciated:				
Buildings and systems	86,585,543	204,327	(345,639)	86,444,231
Improvements other than buildings	2,510,031	72,483	—	2,582,514
Machinery and equipment	22,100,651	852,963	(3,553,258)	19,400,356
Bridges	10,149,147	2,523,580	—	12,672,727
Total capital assets being depreciated	<u>121,345,372</u>	<u>3,653,353</u>	<u>(3,898,897)</u>	<u>121,099,828</u>
Less accumulated depreciation for:				
Buildings and systems	(37,390,227)	(2,584,252)	340,824	(39,633,655)
Improvements other than buildings	(477,523)	(130,705)	—	(608,228)
Machinery and equipment	(14,802,814)	(1,493,578)	2,819,433	(13,476,959)
Bridges	(5,982,507)	(142,612)	—	(6,125,119)
Total accumulated depreciation	<u>(58,653,071)</u>	<u>(4,351,147)</u>	<u>3,160,257</u>	<u>(59,843,961)</u>
Total capital assets, being depreciated, net	<u>62,692,301</u>	<u>(697,794)</u>	<u>(738,640)</u>	<u>61,255,867</u>
Governmental activities capital assets, net	<u>\$ 77,348,065</u>	<u>1,622,854</u>	<u>(3,533,127)</u>	<u>75,437,792</u>

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

7. Capital Assets (continued)

	Beginning Balance	Additions	Sales and Other Dispositions*	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ —	238,856	—	238,856
Total capital assets, not being depreciated	—	238,856	—	238,856
Capital assets, being depreciated:				
Buildings and systems	26,465,582	12,350	—	26,477,932
Improvements other than buildings	647,905	91,067	—	738,972
Machinery and equipment	1,884,598	37,079	—	1,921,677
Total capital assets, being depreciated	28,998,085	140,496	—	29,138,581
Less accumulated depreciation for:				
Buildings and systems	(16,653,824)	(781,344)	—	(17,435,168)
Improvements other than buildings	(545,226)	(42,402)	—	(587,628)
Machinery and equipment	(1,461,729)	(84,598)	—	(1,546,327)
Total accumulated depreciation	(18,660,779)	(908,344)	—	(19,569,123)
Total capital assets, being depreciated, net	10,337,306	(767,848)	—	9,569,458
Business-type activities capital assets, net	\$ 10,337,306	(528,992)	—	9,808,314

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

7. Capital Assets (continued)

Depreciation expense was charged to the functions/programs of the County in 2016 as follows:

Governmental activities:

General government - administrative	\$	1,250,426
General government - judicial		310,809
Corrections		1,247,587
Emergency telephone		794,842
Public safety		456,090
Roads and bridge maintenance		142,611
Recycling and waste management		76,655

Human services:

Mental health/intellectual and developmental disabilities		10,140
Children and youth		4,960
Food and shelter		12,452
Office of aging		14,356
Other		9,366
Culture and recreation		12,726
Conservation		8,127

Total depreciation expense - governmental activities \$ 4,351,147

Business-type activities:

County nursing home	\$	<u>908,344</u>
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Total depreciation expense - business-type activities \$ 908,344

8. Interfund and Transfer Accounts

The composition of interfund balances at December 31, 2016, follows:

Receivable Fund	Payable Fund	Amount
General	HealthChoices-Cumberland County	\$ 47,217
	MH/IDD	9,931
	County Nursing Home	602,837
	Non-major governmental funds	1,238,398
	Internal service fund	380
Children and Youth	General	124,665
Non-major governmental funds	General	1,434,332
	Non-major governmental funds	21
Internal Service Fund	General	740,256
Total		\$ 4,198,037

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, 2016, follow:

	Transfers in				Total
	General Fund	MH/IDD	Children and Youth	Governmental Non-major	
Transfers out:					
General Fund	\$ -	543,151	3,384,705	7,214,036	11,141,892
Children and Youth	-	-	-	68,000	68,000
HealthChoices-Cumberland County	-	155	-	-	155
Non-major funds	83,131	246	-	934,666	1,018,043
Total transfers outs	\$ 83,131	543,552	3,384,705	8,216,702	12,228,090

9. Long-term Liabilities

The following is a summary of the changes in the County’s long-term liabilities for the year ended December 31, 2016:

<u>Liabilities</u>	Balance January 1, 2016 as restated*	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
Bonds	\$ 41,947,718	11,470,000	17,393,520	36,024,198	4,129,203
Notes	715,000	-	-	715,000	-
Net premium (discount) on bonds and notes	<u>1,103,306</u>	<u>1,370,948</u>	<u>250,816</u>	<u>2,223,438</u>	<u>-</u>
Total bonds and notes payable	43,766,024	12,840,948	17,644,336	38,962,636	4,129,203
Sick and vacation	3,919,197	4,025,162	4,041,976	3,902,383	350,442
Other postemployment benefit obligations	734,290	92,471	57,790	768,971	-
Net pension liability	3,004,845	2,648,599	-	5,653,444	-
Workers' compensation	1,225,419	107,300	355,915	976,804	180,708
Software licensing agreements	<u>223,748</u>	<u>-</u>	<u>-</u>	<u>223,748</u>	<u>61,140</u>
Governmental activities long-term liabilities	<u>\$ 52,873,523</u>	<u>19,714,480</u>	<u>22,100,017</u>	<u>50,487,986</u>	<u>4,721,493</u>
Business-type activities:					
Bonds payable:					
Bonds	\$ 7,502,282	-	1,121,480	6,380,802	1,160,797
Net premium (discount) on bonds	<u>611,299</u>	<u>-</u>	<u>123,606</u>	<u>487,693</u>	<u>-</u>
Total bonds payable	8,113,581	-	1,245,086	6,868,495	1,160,797
Sick and vacation	467,754	892,096	855,392	504,457	51,274
Other postemployment benefit obligations	266,814	31,715	19,821	278,708	-
Net pension liability	<u>819,362</u>	<u>743,946</u>	<u>-</u>	<u>1,563,308</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 9,667,511</u>	<u>1,667,757</u>	<u>2,120,299</u>	<u>9,214,968</u>	<u>1,212,071</u>

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 restated its beginning net position and net pension liability for governmental and business-type activities. It was due to a correction in the actuarially determined pension related balances. Further information on the restatement can be found in the footnotes.

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, 2016.

All bonds and notes outstanding at December 31, 2016, 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 – 2010 issue	1.75% - 2.25%	2019	9,850,000	4,255,000	—
G.O. bonds – 2011 issue	2% - 5%	2031	18,000,000	14,640,000	—
G.O. bonds – 2013 issue	2% - 5%	2021	14,670,000	4,389,198	4,345,802
G.O. bonds – 2014 issue	2% - 2.255%	2024	4,865,000	1,270,000	2,035,000
G.O. bonds – 2016 issue	2% - 5%	2028	11,470,000	11,470,000	—
Long-term debt at December 31, 2016				36,739,198	6,380,802
Premium/Discount on notes				2,223,438	487,693
Net long-term debt at December 31, 2016				\$ 38,962,636	6,868,495

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, 2016, of the 2010 bond issue, \$4,255,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2016, of the 2011 bond issue, \$14,640,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2016, of the 2013 bond issue, \$4,345,802 benefits the County nursing home, \$3,324,198 benefits the emergency telephone fund and \$1,065,000 benefits the general fund, and therefore, repayment will be budgeted in the County nursing home, the emergency telephone fund and the general fund.

Of the outstanding balance at December 31, 2016, of the 2014 bond issue, \$2,035,000 benefits the County nursing home, \$1,270,000 benefits the general fund, and therefore, repayment will be budgeted in the County nursing home and in the general fund.

In 2016, the County issued general obligation bonds, series 2016 to refund the 2008 bonds. The proceeds of the 2016 bonds less issuance costs were used to call and fully defease the 2008 bonds. The refunding resulted in a \$2,117,343 reduction in payments and an economic gain of \$2,053,892 in total. Of the outstanding balance at December 31, 2016, of the 2016 bond issue, \$11,470,000 benefits the general fund, therefore, repayment will be budgeted in the general fund.

In 2016, 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, 2016, net nonelectoral debt limit, and combined net nonelectoral debt and net lease rental debt limit are \$476,746,330 and \$650,035,108 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, 2016, including interest payments, are as follows:

		Governmental Activities		Business- type Activities	
		Principal	Interest	Principal	Interest
2017	\$	4,129,203	1,238,913	1,160,797	203,407
2018		4,280,511	1,110,974	1,179,489	161,446
2019		3,462,199	972,916	1,227,801	113,604
2020		2,543,021	849,101	1,271,979	63,944
2021		2,524,264	748,949	745,736	28,840
2022-2026		11,440,000	2,307,600	795,000	25,738
2027-2031		8,360,000	640,193	—	—
Total	\$	<u>36,739,198</u>	<u>7,868,646</u>	<u>6,380,802</u>	<u>596,979</u>

10. 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 \$593,646 for the year ended December 31, 2016.

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, 2016:

<u>Year Ending December 31</u>	<u>Lease Payments</u>
2017	\$ 520,965
2018	458,608
2019	403,302
2020	384,738
2021	275,707
2022-2025	576,336
Total	<u>\$ 2,619,656</u>

11. 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:

Retirees and beneficiaries receiving benefits	<u>Membership</u> 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:

	2016
Employer normal cost	\$ 72,854
Amortization of unfunded actuarial accrued liability	70,145
Annual required contribution	142,999
Interest on the net OPEB obligation	40,338
Adjustment to the ARC	(58,326)
Annual OPEB cost	125,011
Contributions made	(78,127)
Increase in net OPEB obligation	46,884
Net OPEB obligation, beginning of year	1,008,452
Net OPEB obligation, end of year	<u>\$ 1,055,336</u>

The percentage of OPEB cost contributed for 2014 through 2016 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>
12/31/2014	\$103,854	67.00%	\$951,620
12/31/2015	\$126,025	54.90%	\$1,008,452
12/31/2016	\$125,011	62.50%	\$1,055,336

D. Funding Status and Funding Progress

The County’s actuarial accrued liability (AAL) for other postemployment benefits as of January 1, 2016, is \$1,263,612. 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.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2016	-	\$1,263,612	\$1,263,612	-	\$53,204,653	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.

12. Cumberland County Retirement Plan

A. Summary of Significant Accounting Policies

Method used to value investments. Investments are reported at fair value.

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, 2016, employee membership data related to the pension plan was as follows:

Inactive plan members or beneficiaries receiving benefits	608
Inactive plan members entitled to but not yet receiving benefits	144
Active plan members	<u>1,112</u>
	<u>1,864</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. They 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 2016 was \$4,046,264 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 accrued 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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.9 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, 2016, 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, 2016, the pension plan does not have any allocated insurance contracts that are excluded from pension plan assets.

F. Reserves

As of December 31, 2016, 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, 2016, were as follows:

Total pension liability	\$195,923,227
Plan fiduciary net position	<u>188,649,638</u>
County’s net pension liability	<u>\$ 7,273,589</u>
 Plan fiduciary net position as a percentage of the total pension liability	 96.29%

There is a \$42,388 difference between the Pension Trust statement of fiduciary net position on page 45 and the plan fiduciary net position recorded in the components of net pension liability of this note due to other liabilities reported in the statement of fiduciary net position.

I. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2016, 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, 2016, 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 liabilities.

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, 2016, (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, 2015, as restated	\$ 183,409,154	179,554,436	3,854,718
Changes for the year:			
Service cost	5,076,860	-	5,076,860
Interest	13,894,384	-	13,894,384
Changes of benefit terms	-	-	-
Differences between expected and actual experience	3,037,001	-	3,037,001
Changes of assumptions	-	-	-
Contributions-employer	-	4,046,264	(4,046,264)
Contributions-member	-	3,149,641	(3,149,641)
Net investment Income	-	11,625,004	(11,625,004)
Benefit payments, including refunds of members contribution	(9,494,172)	(9,494,172)	-
Plan administration expense	-	(231,535)	231,535
Other changes	-	-	-
Net Changes	<u>12,514,073</u>	<u>9,095,202</u>	<u>3,418,871</u>
Balances as of December 31, 2016	<u>\$ 195,923,227</u>	<u>188,649,638</u>	<u>7,273,589</u>

* The County restated its beginning net position and net pension liability for governmental and business-type activities. It was due to a correction in the actuarially determined pension related balances. Further information on the restatement can be found in the footnotes.

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	\$29,524,905	\$7,273,589	(\$11,703,988)

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

For the year ended December 31, 2016, the County recognized pension expense of \$6,437,230.

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,530,872	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>9,941,887</u>	<u>-</u>
Total	<u>\$ 12,472,759</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:	
2017	\$ 3,757,522
2018	3,757,522
2019	3,757,523
2020	909,808
2021	284,031
Thereafter	6,353

At December 31, 2016, the County's contributions were fully funded to the pension plan as 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.

13. 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, 2016.

14. Commitments and Contingencies

Commitments

The County has significant contractual commitments related to various construction projects. At December 31, 2016, the County's commitments are as follows:

<u>Project</u>	<u>Expended Through December 31, 2016</u>	<u>Remaining Commitment</u>
County Bridge Replacement	\$2,929,291	\$7,548,948

The bridge replacement projects, in the County's non-major funds, are funded through Liquid Fuels tax proceeds, a five dollar county vehicle registration fee for local transportation needs, 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.

15. 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, 2016 and December 31, 2015, were:

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2016	\$ 1,225,419	464,232	(356,932)	175,581	180,334	976,804
2015	\$ 1,224,661	455,749	(96,623)	127,099	231,268	1,225,419

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	
2016	\$ 40,000	437,718	(10,724)	407,718	29,276	30,000
2015	\$ 17,000	568,446	9,707	528,446	26,707	40,000

16. 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 were 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, in 2015. In 2016, the net carrying value of remaining buses were transferred off of the County's books coinciding with the transfer of title.

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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Taxes:				
Real estate taxes	\$ 51,199,774	51,199,774	51,406,829	207,055
Per capita taxes	2,000	2,000	96	(1,904)
Library taxes	3,335,566	3,335,566	3,358,944	23,378
Licenses and permits	156,900	156,900	216,698	59,798
Grants	2,957,715	2,957,715	2,931,118	(26,597)
County charges	12,055,873	12,055,873	12,509,264	453,391
Court costs, fines, and forfeitures	1,040,618	1,040,618	1,204,547	163,929
Interest	70,500	70,500	219,090	148,590
Contributions and other	186,200	186,200	233,121	46,921
Payment in lieu of taxes	134,222	134,222	131,075	(3,147)
Total revenues	<u>71,139,368</u>	<u>71,139,368</u>	<u>72,210,782</u>	<u>1,071,414</u>
EXPENDITURES				
Current:				
General government – administrative:				
Commissioners	929,640	964,648	826,017	138,631
Solicitors	306,906	306,906	304,096	2,810
Elections	1,013,615	1,018,641	901,521	117,120
Controller	1,089,762	1,097,800	1,063,616	34,184
Finance office	872,647	879,661	810,703	68,958
Tax claims	266,867	266,867	236,656	30,211
Treasurer	318,586	320,886	304,187	16,699
Tax collectors administration	283,760	283,760	266,428	17,332
Personnel	726,499	726,499	618,118	108,381
Tax assessment	1,199,705	1,169,705	1,115,576	54,129
Recorder of Deeds	383,475	383,475	394,367	(10,892)
Administrative services	384,809	378,324	315,938	62,386
Information management and technology office	2,574,737	2,574,737	1,865,840	708,897
Enterprise resource management office	731,533	737,533	482,797	254,736
Insurance	411,346	411,346	402,286	9,060
Human services fiscal operations	180,361	180,361	178,190	2,171
County buildings	2,798,337	2,831,570	2,348,153	483,417
Planning	844,095	844,220	782,595	61,625
Pooled reserves-program innovation, improvements and contingencies	950,000	349,901	—	349,901
Pooled reserves-contingencies	1,001,500	612,576	—	612,576
Debt retirement	3,061	3,061	3,031	30
Homestead	53,050	56,588	56,393	195
Uniform Parcel Identifier	96,114	96,114	90,361	5,753
Program subsidy	134,300	134,300	148,641	(14,341)
Total general government – administrative	<u>17,554,705</u>	<u>16,629,479</u>	<u>13,515,510</u>	<u>3,113,969</u>
General government – judicial:				
Building security	459,228	473,036	393,731	79,305
Courts	4,184,595	4,321,445	4,112,280	209,165
Court appointed advocate	183,684	184,789	179,273	5,516
District judges	3,383,667	3,314,910	3,121,416	193,494
Law library	230,302	230,302	227,538	2,764
Clerk of Court	687,500	686,224	643,355	42,869
Coroner	1,059,611	1,143,321	1,143,363	(42)

(Continued)

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

General Fund

For the year ended December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
EXPENDITURES (continued)				
Current (continued):				
General government - judicial (continued):				
Public defender	\$ 1,372,330	1,312,330	1,190,067	122,263
District Attorney	2,233,835	2,255,524	2,236,447	19,077
Prothonotary	531,426	580,101	556,873	23,228
Register of Wills	614,867	614,867	539,418	75,449
Sheriff	2,959,112	3,229,358	3,064,182	165,176
Total general government – judicial	<u>17,900,157</u>	<u>18,346,207</u>	<u>17,407,943</u>	<u>938,264</u>
Public safety:				
DA crime investigation	652,760	650,358	615,745	34,613
DA justice services	563,498	713,473	692,174	21,299
HAZMAT	119,457	131,407	128,082	3,325
Vector control	353,462	405,062	360,658	44,404
Fire training	40,112	35,074	19,012	16,062
Public safety	675,915	649,215	613,191	36,024
Total public safety	<u>2,405,204</u>	<u>2,584,589</u>	<u>2,428,862</u>	<u>155,727</u>
Corrections:				
County prison	12,327,856	12,291,159	11,656,672	634,487
Probation and parole	6,272,149	6,348,162	6,115,271	232,891
Total corrections	<u>18,600,005</u>	<u>18,639,321</u>	<u>17,771,943</u>	<u>867,378</u>
Human services	243,092	3,339,447	3,308,865	30,582
Culture and recreation	4,298,500	4,289,970	4,242,178	47,792
Conservation and development	699,128	1,010,065	767,705	242,360
Economic development	1,422,635	1,456,213	1,456,125	88
Total expenditures	<u>63,123,426</u>	<u>66,295,291</u>	<u>60,899,131</u>	<u>5,396,160</u>
Excess of revenues over expenditures	<u>8,015,942</u>	<u>4,844,077</u>	<u>11,311,651</u>	<u>6,467,574</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	154,466	3,250,821	3,231,694	(19,127)
Transfers out	(12,059,055)	(11,983,545)	(11,612,379)	371,166
Proceeds from insurance recovery	—	—	58,558	58,558
Proceeds from sale of assets	—	—	8,969	8,969
Total other financing sources (uses)	<u>(11,904,589)</u>	<u>(8,732,724)</u>	<u>(8,313,158)</u>	<u>419,566</u>
Net change in fund balance	<u>(3,888,647)</u>	<u>(3,888,647)</u>	<u>2,998,493</u>	<u>6,887,140</u>
Fund balance, beginning of year, as restated	<u>25,308,318</u>	<u>25,308,318</u>	<u>33,357,077</u>	<u>8,048,759</u>
Fund balance, end of year	<u>\$ 21,419,671</u>	<u>21,419,671</u>	<u>36,355,570</u>	<u>14,935,899</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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 14,571,897	14,644,217	14,499,226	(144,991)
County charges	1,600,315	1,999,051	2,027,019	27,968
Interest	2,000	2,000	2,651	651
Contributions and other	113,441	113,441	123,848	10,407
Total revenues	16,287,653	16,758,709	16,652,744	(105,965)
EXPENDITURES				
Current:				
Human services	16,783,929	17,298,257	17,248,408	49,849
Capital outlay	—	50,703	50,702	1
Total expenditures	16,783,929	17,348,960	17,299,110	49,850
Deficiency of revenues under expenditures	(496,276)	(590,251)	(646,366)	(56,115)
OTHER FINANCING SOURCES				
Transfers in	496,278	496,278	536,784	(40,506)
Transfers out	(2)	(2)	—	2
Total other financing sources	496,276	496,276	536,784	(40,504)
Net change in fund balance	—	(93,975)	(109,582)	(96,619)
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	(93,975)	(109,582)	(96,619)

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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 13,612,410	14,296,879	14,066,515	(230,364)
County charges	338,020	476,989	409,699	(67,290)
Total revenues	<u>13,950,430</u>	<u>14,773,868</u>	<u>14,476,214</u>	<u>(297,654)</u>
EXPENDITURES				
Current:				
Human services	<u>16,830,382</u>	<u>17,653,820</u>	<u>17,653,821</u>	<u>(1)</u>
Total expenditures	<u>16,830,382</u>	<u>17,653,820</u>	<u>17,653,821</u>	<u>(1)</u>
Deficiency of revenues under expenditures	<u>(2,879,952)</u>	<u>(2,879,952)</u>	<u>(3,177,607)</u>	<u>(297,655)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,947,952	2,947,952	3,245,607	297,655
Transfers out	<u>(68,000)</u>	<u>(68,000)</u>	<u>(68,000)</u>	<u>—</u>
Total other financing sources (uses)	<u>2,879,952</u>	<u>2,879,952</u>	<u>3,177,607</u>	<u>297,655</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

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

HealthChoices-Cumberland County

For the fiscal year ended June 30, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 29,689,683	32,245,865	32,123,741	(122,124)
Interest	339	339	293	(46)
Total revenues	29,690,022	32,246,204	32,124,034	(122,170)
EXPENDITURES				
Current:				
Human services	29,690,022	32,246,204	32,124,034	122,170
Total expenditures	29,690,022	32,246,204	32,124,034	122,170
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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

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

	2014	2015	2016
Pension liability*			
Service cost	\$ 4,816,633	4,826,080	5,076,860
Interest	12,375,857	13,010,850	13,894,384
Changes of benefit terms	-	-	-
Differences between expected and actual experience	11,257,243	61,932	3,037,001
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(8,425,180)	(9,071,203)	(9,494,172)
Net change in total pension liability	20,024,553	8,827,659	12,514,073
Total pension liability-beginning	154,556,942	174,581,495	183,409,154
Total pension liability-ending	\$ 174,581,495	183,409,154	195,923,227
Plan fiduciary net position			
Contributions-employer	\$ 4,134,246	3,620,219	4,046,264
Contributions-member	2,913,238	3,021,193	3,149,641
Net investment income	9,714,262	(623,463)	11,625,004
Benefit payments, including refunds of member contributions	(8,425,180)	(9,071,203)	(9,494,172)
Administrative expense	(150,259)	(235,911)	(231,535)
Net change in plan fiduciary net position	8,186,307	(3,289,165)	9,095,202
Plan fiduciary net position-beginning	174,657,294	182,843,601	179,554,436
Plan fiduciary net position-ending	\$ 182,843,601	179,554,436	188,649,638
Net pension liability	\$ (8,262,106)	3,854,718	7,273,589
Plan fiduciary net position as a percentage of the total pension liability	104.73 %	97.90 %	96.29 %
Covered-employee payroll	\$ 52,236,859	50,760,752	53,864,765
Net pension liability as a percentage of covered-employee payroll	(15.82) %	7.59 %	13.50 %

* The County restated pension liability balances in this schedule due to an actuarial correction.

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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Schedule of County Contributions
Last 10 Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 4,134,246	3,620,219	4,046,264
Contributions in relation to the actuarially determined contribution	<u>4,134,246</u>	<u>3,620,219</u>	<u>4,046,264</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 52,236,859	50,760,752	53,864,765
Contributions as a percentage of covered-employee payroll	7.91 %	7.13 %	7.51 %

Notes to Schedule

Valuation date: 1/1/2014 1/1/2015 1/1/2016

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	19 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3%
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>	<u>2016</u>
Annual money weighted rate of return, net of investment expense	6.73 %	(0.32) %	6.90 %

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, 2016
(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>
1/1/2012	-	\$ 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 %
1/1/2016	-	1,263,612	1,263,212	-	53,204,653	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, 2016

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, 2016, or on a fiscal year ended June 30, 2016. 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, 2016, follows:

	<u>General Fund</u>
Budgetary basis- net change in fund balance	\$ 2,998,493
Adjustments:	
To adjust revenues, expenditures and other financing sources/uses:	
Net fund budget-related revenues, expenditures and other financing sources/uses:	(132,716)
Fund balance effect from funds included in GAAP statements:	
Criminal justice and intermediate punishment	(923)
Offender supervision fund	<u>68,906</u>
GAAP basis - net change in fund balance	<u><u>\$ 2,933,760</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (unaudited) December 31, 2016

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

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

During the year, there was one general fund supplemental appropriation enacted in the amount of \$3,096,355. 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, 2016

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	\$ 873,798	196,019	246,867	—	—	11,821	1,209,421
Receivables:							
Taxes	—	—	—	—	—	—	—
Due from other governments	489,251	332,689	332,526	—	23,636	170,284	—
Accounts receivable	—	—	2,954	—	59,886	28,918	—
Due from other funds	—	—	21	45,554	85,513	903,389	—
Prepaid items	—	—	475	—	—	—	—
Total assets	<u>\$ 1,363,049</u>	<u>528,708</u>	<u>582,843</u>	<u>45,554</u>	<u>169,035</u>	<u>1,114,412</u>	<u>1,209,421</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 283,174	2,160	148,140	398	52,025	152,695	—
Accrued liabilities and withholdings	—	37,300	29,648	1,528	4,855	21,061	—
Due to other funds	—	473,037	96,631	21	—	—	18,917
Due to component unit	—	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—	1,190,504
Unearned revenue	—	—	145,768	43,607	58,378	206,077	—
Funds held as fiduciary	—	16,211	—	—	—	—	—
Total liabilities	<u>283,174</u>	<u>528,708</u>	<u>420,187</u>	<u>45,554</u>	<u>115,258</u>	<u>379,833</u>	<u>1,209,421</u>
FUND BALANCES							
Nonspendable:							
Prepaid items	—	—	475	—	—	—	—
Restricted:							
Roads and bridge maintenance	1,079,875	—	—	—	—	—	—
Human services	—	—	156,477	—	—	734,579	—
Public safety	—	—	—	—	—	—	—
Row office automation	—	—	—	—	—	—	—
Marcellus shale	—	—	—	—	—	—	—
Conservation	—	—	—	—	—	—	—
Capital projects	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Assigned:							
Human services	—	—	5,704	—	53,777	—	—
Capital projects	—	—	—	—	—	—	—
Total fund balances	<u>1,079,875</u>	<u>—</u>	<u>162,656</u>	<u>—</u>	<u>53,777</u>	<u>734,579</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 1,363,049</u>	<u>528,708</u>	<u>582,843</u>	<u>45,554</u>	<u>169,035</u>	<u>1,114,412</u>	<u>1,209,421</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue							
	Recycling							
	Witness Assistance	ARD/DUI Program	Records Improvement	and Waste	Affordable Housing	Hotel Tax	Transportation	
(Continued)								
ASSETS								
Cash and cash equivalents	\$	—	—	219,176	724,015	49,315	942,615	—
Receivables:								
Taxes		—	—	—	—	—	132,000	—
Due from other governments		81,299	—	—	54,168	—	—	—
Accounts receivable		—	—	—	64,143	—	—	—
Due from other funds		10,441	536	128,925	—	—	—	66,447
Prepaid items		—	—	—	—	—	—	—
Total assets	\$	<u>91,740</u>	<u>536</u>	<u>348,101</u>	<u>842,326</u>	<u>49,315</u>	<u>1,074,615</u>	<u>66,447</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$	517	536	9,517	259	15,710	—	—
Accrued liabilities and withholdings		6,941	—	853	1,116	—	—	—
Due to other funds		—	—	—	7,989	14,570	626,450	—
Due to component unit		—	—	—	—	—	448,165	—
Due to other governments		—	—	—	—	—	—	—
Unearned revenue		—	—	—	—	—	—	66,447
Funds held as fiduciary		—	—	—	—	—	—	—
Total liabilities		<u>7,458</u>	<u>536</u>	<u>10,370</u>	<u>9,364</u>	<u>30,280</u>	<u>1,074,615</u>	<u>66,447</u>
FUND BALANCES								
Nonspendable:								
Prepaid items		—	—	—	—	—	—	—
Restricted:								
Roads and bridge maintenance		—	—	—	—	—	—	—
Human services		—	—	—	—	—	—	—
Public safety		84,282	—	—	—	—	—	—
Row office automation		—	—	337,731	—	—	—	—
Marcellus shale		—	—	—	—	—	—	—
Conservation		—	—	—	832,962	—	—	—
Capital projects		—	—	—	—	—	—	—
Economic development and assistance		—	—	—	—	19,035	—	—
Assigned:								
Human services		—	—	—	—	—	—	—
Capital projects		—	—	—	—	—	—	—
Total fund balances		<u>84,282</u>	<u>—</u>	<u>337,731</u>	<u>832,962</u>	<u>19,035</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balances	\$	<u>91,740</u>	<u>536</u>	<u>348,101</u>	<u>842,326</u>	<u>49,315</u>	<u>1,074,615</u>	<u>66,447</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Emergency Telephone</u>	<u>Total</u>			
(Continued)					
ASSETS					
Cash and cash equivalents	\$ 2,079,735	6,552,782	—	501,804	7,054,586
Receivables:					
Taxes	—	132,000	—	—	132,000
Due from other governments	1,420,583	2,904,436	—	—	2,904,436
Accounts receivable	1,855	157,756	—	—	157,756
Due from other funds	193,527	1,434,353	—	—	1,434,353
Prepaid items	156,543	157,018	—	—	157,018
Total assets	\$ <u>3,852,243</u>	<u>11,338,345</u>	<u>—</u>	<u>501,804</u>	<u>11,840,149</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 109,629	774,760	—	—	774,760
Accrued liabilities and withholdings	64,215	167,517	—	—	167,517
Due to other funds	—	1,237,615	—	804	1,238,419
Due to component unit	—	448,165	—	—	448,165
Due to other governments	—	1,190,504	—	—	1,190,504
Unearned revenue	—	520,277	—	—	520,277
Funds held as fiduciary	—	16,211	—	—	16,211
Total liabilities	<u>173,844</u>	<u>4,355,049</u>	<u>—</u>	<u>804</u>	<u>4,355,853</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	156,543	157,018	—	—	157,018
Restricted:					
Roads and bridge maintenance	—	1,079,875	—	—	1,079,875
Human services	—	891,056	—	—	891,056
Public safety	3,521,856	3,606,138	—	—	3,606,138
Row office automation	—	337,731	—	—	337,731
Marcellus shale	—	—	—	500	500
Conservation	—	832,962	—	—	832,962
Capital projects	—	—	—	500	500
Economic development and assistance	—	19,035	—	—	19,035
Assigned:					
Human services	—	59,481	—	—	59,481
Capital projects	—	—	—	500,000	500,000
Total fund balances	<u>3,678,399</u>	<u>6,983,296</u>	<u>—</u>	<u>501,000</u>	<u>7,484,296</u>
Total liabilities and fund balances	\$ <u>3,852,243</u>	<u>11,338,345</u>	<u>—</u>	<u>501,804</u>	<u>11,840,149</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue						
	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Human Services Development	Food and Shelter	Drug and Alcohol	Fiscal Employer Agent
REVENUES							
Taxes	\$ —	—	—	—	—	—	—
Grants	1,109,373	2,202,981	3,835,607	123,703	607,323	1,931,548	—
County charges	1,201,297	21,365	289,737	—	83,282	534,968	—
Court costs, fines and forfeitures	—	11,360	—	—	—	181,957	—
Interest	2,164	408	651	29	163	—	1,209
Contributions and other	—	—	36,044	—	5,673	14,763	—
Total revenues	<u>2,312,834</u>	<u>2,236,114</u>	<u>4,162,039</u>	<u>123,732</u>	<u>696,441</u>	<u>2,663,236</u>	<u>1,209</u>
EXPENDITURES							
Current:							
General government – administrative	—	—	—	—	—	—	—
General government – judicial	—	3,247,385	—	—	—	—	—
Emergency telephone	—	—	—	—	—	—	—
Public works and enterprises	706,577	—	—	—	—	—	—
Human services	—	—	4,228,387	124,278	771,121	2,701,553	—
Economic development and assistance	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Fiscal charges	—	—	—	—	—	—	—
Capital outlay	1,335,517	74,705	—	—	—	5,349	—
Payments to other governments	—	—	—	—	—	—	—
Total expenditures	<u>2,042,094</u>	<u>3,322,090</u>	<u>4,228,387</u>	<u>124,278</u>	<u>771,121</u>	<u>2,706,902</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>270,740</u>	<u>(1,085,976)</u>	<u>(66,348)</u>	<u>(546)</u>	<u>(74,680)</u>	<u>(43,666)</u>	<u>1,209</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	—	1,085,976	71,482	76,812	76,266	289,268	—
Transfers out	—	—	(246)	(76,266)	(8,812)	—	(1,209)
Refunding bonds issued	—	—	—	—	—	—	—
Premium on refunding bond issued	—	—	—	—	—	—	—
Payment to refunding bond escrow agent	—	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>1,085,976</u>	<u>71,236</u>	<u>546</u>	<u>67,454</u>	<u>289,268</u>	<u>(1,209)</u>
Net changes in fund balance	270,740	—	4,888	—	(7,226)	245,602	—
Fund balances, beginning of year	809,135	—	157,768	—	61,003	488,977	—
Fund balances, end of year	<u>\$ 1,079,875</u>	<u>—</u>	<u>162,656</u>	<u>—</u>	<u>53,777</u>	<u>734,579</u>	<u>—</u>

(Continued)

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

Nonmajor Governmental Funds

For the year ended December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue							
	Witness Assistance	ARD/DUI Program	Records Improvement	Recycling		Affordable Housing	Hotel Tax	Transportation
				and Waste	Waste			
(Continued)								
REVENUES								
Taxes	\$ —	—	—	—	—	2,081,392	—	—
Grants	301,733	—	—	85,249	—	—	—	131,285
County charges	43,558	268,637	171,185	120,571	201,676	—	—	—
Court costs, fines and forfeitures	80	—	—	—	—	—	—	—
Interest	—	—	73	552	86	1,042	—	—
Contributions and other	12,000	—	—	21,000	—	—	—	—
Total revenues	<u>357,371</u>	<u>268,637</u>	<u>171,258</u>	<u>227,372</u>	<u>201,762</u>	<u>2,082,434</u>	<u>—</u>	<u>131,285</u>
EXPENDITURES								
Current:								
General government – administrative	—	—	171,126	—	37,852	—	—	—
General government – judicial	—	107,477	—	—	—	—	—	—
Emergency telephone	—	—	—	—	—	—	—	—
Public works and enterprises	—	—	—	172,650	—	—	—	—
Human services	515,377	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	2,081,092	—	—
Transportation	—	—	—	—	—	—	—	131,285
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—	—
Fiscal charges	—	—	—	—	—	—	—	—
Capital outlay	—	—	8,986	—	—	—	—	—
Payments to other governments	—	—	—	—	155,000	—	—	—
Total expenditures	<u>515,377</u>	<u>107,477</u>	<u>180,112</u>	<u>172,650</u>	<u>192,852</u>	<u>2,081,092</u>	<u>—</u>	<u>131,285</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158,006)</u>	<u>161,160</u>	<u>(8,854)</u>	<u>54,722</u>	<u>8,910</u>	<u>1,342</u>	<u>—</u>	<u>—</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	197,842	—	—	—	—	—	—	—
Transfers out	—	(161,160)	—	—	—	(1,342)	—	—
Refunding bonds issued	—	—	—	—	—	—	—	—
Premium on refunding bond issued	—	—	—	—	—	—	—	—
Payment to refunding bond escrow agent	—	—	—	—	—	—	—	—
Total other financing sources (uses)	<u>197,842</u>	<u>(161,160)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,342)</u>	<u>—</u>	<u>—</u>
Net changes in fund balance	39,836	—	(8,854)	54,722	8,910	—	—	—
Fund balances, beginning of year	44,446	—	346,585	778,240	10,125	—	—	—
Fund balances, end of year	<u>\$ 84,282</u>	<u>—</u>	<u>337,731</u>	<u>832,962</u>	<u>19,035</u>	<u>—</u>	<u>—</u>	<u>—</u>

(Continued)

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

Nonmajor Governmental Funds

For the year ended December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Special Revenue</u>			Capital projects Fund	Total Nonmajor Governmental Funds
	Emergency Telephone	Total	Debt Service		
(Continued)					
REVENUES					
Taxes	\$ —	2,081,392	—	—	2,081,392
Grants	531	10,329,333	—	323,369	10,652,702
County charges	5,935,193	8,871,469	—	—	8,871,469
Court costs, fines and forfeitures	—	193,397	—	—	193,397
Interest	1,715	8,092	—	3,639	11,731
Contributions and other	120	89,600	—	—	89,600
Total revenues	<u>5,937,559</u>	<u>21,573,283</u>	<u>—</u>	<u>327,008</u>	<u>21,900,291</u>
EXPENDITURES					
Current:					
General government – administrative	—	208,978	—	730,096	939,074
General government – judicial	—	3,354,862	—	—	3,354,862
Emergency telephone	4,545,142	4,545,142	—	—	4,545,142
Public works and enterprises	—	879,227	—	—	879,227
Human services	—	8,340,716	—	—	8,340,716
Economic development and assistance	—	2,081,092	—	—	2,081,092
Transportation	—	131,285	—	—	131,285
Debt service:					
Principal retirement	—	—	4,723,520	—	4,723,520
Debt interest	—	—	1,393,222	—	1,393,222
Fiscal charges	—	—	133,654	—	133,654
Capital outlay	31,222	1,455,779	—	—	1,455,779
Payments to other governments	—	155,000	—	—	155,000
Total expenditures	<u>4,576,364</u>	<u>21,152,081</u>	<u>6,250,396</u>	<u>730,096</u>	<u>28,132,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,361,195</u>	<u>421,202</u>	<u>(6,250,396)</u>	<u>(403,088)</u>	<u>(6,232,282)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	303,526	2,101,172	6,115,530	—	8,216,702
Transfers out	(769,008)	(1,018,043)	—	—	(1,018,043)
Refunding bonds issued	—	—	11,470,000	—	11,470,000
Premium on refunding bond issued	—	—	1,370,948	—	1,370,948
Payment to refunding bond escrow agent	—	—	(12,706,082)	—	(12,706,082)
Total other financing sources (uses)	<u>(465,482)</u>	<u>1,083,129</u>	<u>6,250,396</u>	<u>—</u>	<u>7,333,525</u>
Net changes in fund balance	895,713	1,504,331	—	(403,088)	1,101,243
Fund balances, beginning of year	<u>2,782,686</u>	<u>5,478,965</u>	<u>—</u>	<u>904,088</u>	<u>6,383,053</u>
Fund balances, end of year	\$ <u>3,678,399</u>	<u>6,983,296</u>	<u>—</u>	<u>501,000</u>	<u>7,484,296</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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
REVENUES				
Grants:				
Liquid fuels tax	\$ 6,498,000	6,498,000	1,109,373	(5,388,627)
County charges	1,822,000	1,822,000	1,201,297	(620,703)
Interest	2,300	2,300	2,164	(136)
	<u>8,322,300</u>	<u>8,322,300</u>	<u>2,312,834</u>	<u>(6,009,466)</u>
Total revenues				
EXPENDITURES				
Current:				
Public works and enterprises	697,000	1,292,600	706,577	586,023
Capital outlay	8,325,000	7,729,400	1,335,517	6,393,883
Payments to other governments	—	—	—	—
	<u>9,022,000</u>	<u>9,022,000</u>	<u>2,042,094</u>	<u>6,979,906</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(699,700)	(699,700)	270,740	970,440
Fund balance, beginning of year	<u>1,250,000</u>	<u>1,250,000</u>	<u>809,135</u>	<u>(440,865)</u>
Fund balance, end of year	<u>\$ 550,300</u>	<u>550,300</u>	<u>1,079,875</u>	<u>529,575</u>

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

Domestic Relations Office

For the year ended December 31, 2016

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	\$ 2,364,175	2,364,175	2,202,981	(161,194)
County charges	23,450	23,450	21,365	(2,085)
Court costs, fines, and forfeitures	13,500	13,500	11,360	(2,140)
Interest	400	400	408	8
Total revenues	<u>2,401,525</u>	<u>2,401,525</u>	<u>2,236,114</u>	<u>(165,411)</u>
EXPENDITURES				
Current:				
General government – judicial	3,408,585	3,396,285	3,247,385	148,900
Capital outlay	63,000	75,300	74,705	595
Total expenditures	<u>3,471,585</u>	<u>3,471,585</u>	<u>3,322,090</u>	<u>149,495</u>
Deficiency of revenues under expenditures	<u>(1,070,060)</u>	<u>(1,070,060)</u>	<u>(1,085,976)</u>	<u>(15,916)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,070,060</u>	<u>1,070,060</u>	<u>1,085,976</u>	<u>15,916</u>
Total other financing sources	<u>1,070,060</u>	<u>1,070,060</u>	<u>1,085,976</u>	<u>15,916</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, 2016

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	\$ 3,681,076	3,807,714	3,718,587	(89,127)
County charges	208,500	199,229	248,972	49,743
Interest	600	600	538	(62)
Contributions and other	23,500	23,500	37,003	13,503
Total revenues	<u>3,913,676</u>	<u>4,031,043</u>	<u>4,005,100</u>	<u>(25,943)</u>
EXPENDITURES				
Current:				
Human services	3,935,837	4,140,060	4,061,862	78,198
Capital outlay	30,000	—	—	—
Total expenditures	<u>3,965,837</u>	<u>4,140,060</u>	<u>4,061,862</u>	<u>78,198</u>
Deficiency of revenues under expenditures	<u>(52,161)</u>	<u>(109,017)</u>	<u>(56,762)</u>	<u>52,255</u>
OTHER FINANCING SOURCES				
Transfers in	52,161	52,161	65,186	13,025
Transfers out	—	(500)	(246)	254
Total other financing sources	<u>52,161</u>	<u>51,661</u>	<u>64,940</u>	<u>13,279</u>
Net change in fund balance	—	(57,356)	8,178	65,534
Fund balance, beginning of year	<u>225,000</u>	<u>225,000</u>	<u>258,215</u>	<u>33,215</u>
Fund balance, end of year	<u>\$ 225,000</u>	<u>167,644</u>	<u>266,393</u>	<u>98,749</u>

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

Human Services Development

For the fiscal year ended June 30, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
REVENUES				
Grants	\$ 129,187	129,187	129,187	—
Interest	45	45	29	(16)
Total revenues	<u>129,232</u>	<u>129,232</u>	<u>129,216</u>	<u>(16)</u>
EXPENDITURES				
Current:				
Human services	<u>124,854</u>	<u>129,764</u>	<u>129,762</u>	<u>2</u>
Total expenditures	<u>124,854</u>	<u>129,764</u>	<u>129,762</u>	<u>2</u>
Excess (deficiency) of revenues over over (under) expenditures	<u>4,378</u>	<u>(532)</u>	<u>(546)</u>	<u>(14)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	77,933	77,933	76,812	(1,121)
Transfers out	<u>(82,311)</u>	<u>(77,401)</u>	<u>(76,266)</u>	<u>1,135</u>
Total other financing sources (uses)	<u>(4,378)</u>	<u>532</u>	<u>546</u>	<u>14</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, 2016

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	\$ 982,693	982,693	769,292	(213,401)
County charges	285,264	285,264	88,968	(196,296)
Contributions and other	5,700	5,700	5,673	(27)
Interest	175	175	163	(12)
Total revenues	<u>1,273,832</u>	<u>1,273,832</u>	<u>864,096</u>	<u>(409,736)</u>
EXPENDITURES				
Current:				
Human services	<u>1,355,355</u>	<u>1,346,543</u>	<u>941,091</u>	<u>405,452</u>
Total expenditures	<u>1,355,355</u>	<u>1,346,543</u>	<u>941,091</u>	<u>405,452</u>
Deficiency of revenues over expenditures	<u>(81,523)</u>	<u>(72,711)</u>	<u>(76,995)</u>	<u>(4,284)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	82,523	82,523	76,266	(6,257)
Transfers out	<u>(1,000)</u>	<u>(9,812)</u>	<u>(8,812)</u>	<u>1,000</u>
Total other financing sources (uses)	<u>81,523</u>	<u>72,711</u>	<u>67,454</u>	<u>(5,257)</u>
Net change in fund balance	—	—	(9,541)	(9,541)
Fund balance, beginning of year	<u>28,000</u>	<u>28,000</u>	<u>88,861</u>	<u>60,861</u>
Fund balance, end of year	<u>\$ 28,000</u>	<u>28,000</u>	<u>79,320</u>	<u>51,320</u>

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

Drug and Alcohol

For the fiscal year ended June 30, 2016

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	\$ 1,979,010	2,087,788	1,780,300	(307,488)
County charges	447,149	447,149	503,798	56,649
Court costs, fines and forfeitures	155,693	155,693	178,997	23,304
Contributions and other	5,837	5,837	15,878	10,041
Total revenues	<u>2,587,689</u>	<u>2,696,467</u>	<u>2,478,973</u>	<u>(217,494)</u>
EXPENDITURES				
Current:				
Human services	2,866,318	2,969,747	2,595,332	374,415
Capital outlay	—	5,349	5,349	—
Total expenditures	<u>2,866,318</u>	<u>2,975,096</u>	<u>2,600,681</u>	<u>374,415</u>
Deficiency of revenues under expenditures	<u>(278,629)</u>	<u>(278,629)</u>	<u>(121,708)</u>	<u>156,921</u>
OTHER FINANCING SOURCES				
Transfers in	<u>278,629</u>	<u>278,629</u>	<u>283,282</u>	<u>4,653</u>
Total other financing sources	<u>278,629</u>	<u>278,629</u>	<u>283,282</u>	<u>4,653</u>
Net change in fund balance	—	—	161,574	161,574
Fund balance, beginning of year	<u>200,000</u>	<u>200,000</u>	<u>479,326</u>	<u>279,326</u>
Fund balance, end of year	<u>\$ 200,000</u>	<u>200,000</u>	<u>640,900</u>	<u>440,900</u>

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

Fiscal Employer Agent

For the fiscal year ended June 30, 2016

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	\$ —	—	1,309	1,309
Total revenues	—	—	1,309	1,309
EXPENDITURES				
Current:				
Human services	—	—	—	—
Payments to other governments	—	—	—	—
Total expenditures	—	—	—	—
Excess of revenues over expenditures	—	—	1,309	1,309
OTHER FINANCING SOURCES				
Transfers out	—	—	(1,309)	(1,309)
Total other financing uses	—	—	(1,309)	(1,309)
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, 2016

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	\$ 253,842	253,842	301,733	47,891
County charges	24,500	24,500	43,558	19,058
Court, costs, fines and forfeitures	—	—	80	80
Contributions and other	—	—	12,000	12,000
Total revenues	<u>278,342</u>	<u>278,342</u>	<u>357,371</u>	<u>79,029</u>
EXPENDITURES				
Current:				
Human services	<u>539,153</u>	<u>539,153</u>	<u>515,377</u>	<u>23,776</u>
Total expenditures	<u>539,153</u>	<u>539,153</u>	<u>515,377</u>	<u>23,776</u>
Deficiency of revenues under expenditures	<u>(260,811)</u>	<u>(260,811)</u>	<u>(158,006)</u>	<u>102,805</u>
OTHER FINANCING SOURCES				
Transfers in	<u>238,583</u>	<u>238,583</u>	<u>197,842</u>	<u>(40,741)</u>
Total other financing sources	<u>238,583</u>	<u>238,583</u>	<u>197,842</u>	<u>(40,741)</u>
Net change in fund balance	(22,228)	(22,228)	39,836	62,064
Fund balance, beginning of year	<u>29,496</u>	<u>29,496</u>	<u>44,446</u>	<u>14,950</u>
Fund balance, end of year	<u>\$ 7,268</u>	<u>7,268</u>	<u>84,282</u>	<u>77,014</u>

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

ARD/DUI Program

For the year ended December 31, 2016

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	268,637	(43,363)
Total revenues	312,000	312,000	268,637	(43,363)
EXPENDITURES				
Current:				
General government – judicial	154,367	150,837	107,477	43,360
Total expenditures	154,367	150,837	107,477	43,360
Excess of revenues over expenditures	157,633	161,163	161,160	(3)
OTHER FINANCING SOURCES				
Transfers out	(157,633)	(161,163)	(161,160)	3
Total other financing uses	(157,633)	(161,163)	(161,160)	3
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, 2016

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	\$ 144,000	144,000	171,185	27,185
Interest	100	100	73	(27)
Total revenues	<u>144,100</u>	<u>144,100</u>	<u>171,258</u>	<u>27,158</u>
EXPENDITURES				
Current:				
General government – administrative	175,025	253,621	171,126	82,495
Capital outlay	<u>74,500</u>	<u>50,904</u>	<u>8,986</u>	<u>41,918</u>
Total expenditures	<u>249,525</u>	<u>304,525</u>	<u>180,112</u>	<u>124,413</u>
Deficiency of revenues under expenditures	(105,425)	(160,425)	(8,854)	(97,255)
Fund balance, beginning of year	<u>371,747</u>	<u>371,747</u>	<u>346,585</u>	<u>(25,162)</u>
Fund balance, end of year	<u>\$ 266,322</u>	<u>211,322</u>	<u>337,731</u>	<u>(122,417)</u>

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

Recycling and Waste

For the year ended December 31, 2016

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	\$ 90,000	90,000	85,249	(4,751)
County charges	167,500	167,500	120,571	(46,929)
Interest	1,200	1,200	552	(648)
Contributions and other	20,000	20,000	21,000	1,000
Total revenues	<u>278,700</u>	<u>278,700</u>	<u>227,372</u>	<u>(51,328)</u>
EXPENDITURES				
Current:				
Public works and enterprises	<u>298,964</u>	<u>297,563</u>	<u>172,650</u>	<u>124,913</u>
Total expenditures	<u>298,964</u>	<u>297,563</u>	<u>172,650</u>	<u>124,913</u>
Excess (deficiency) of revenues over (under) expenditures	(20,264)	(18,863)	54,722	73,585
Fund balance, beginning of year	<u>583,769</u>	<u>583,769</u>	<u>778,240</u>	<u>194,471</u>
Fund balance, end of year	<u>\$ 563,505</u>	<u>564,906</u>	<u>832,962</u>	<u>268,056</u>

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

Affordable Housing

For the year ended December 31, 2016

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	\$ 195,000	195,000	201,676	6,676
Interest	150	150	86	(64)
Total revenues	<u>195,150</u>	<u>195,150</u>	<u>201,762</u>	<u>6,612</u>
EXPENDITURES				
Current:				
General government - administrative	40,536	40,536	37,852	2,684
Payments to other governments	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>—</u>
Total expenditures	<u>195,536</u>	<u>195,536</u>	<u>192,852</u>	<u>2,684</u>
Excess (deficiency) of revenues over (under) expenditures	(386)	(386)	8,910	3,928
Fund balance, beginning of year	<u>105,234</u>	<u>105,234</u>	<u>10,125</u>	<u>(95,109)</u>
Fund balance, end of year	<u><u>\$ 104,848</u></u>	<u><u>104,848</u></u>	<u><u>19,035</u></u>	<u><u>(91,181)</u></u>

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

Hotel Tax

For the year ended December 31, 2016

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	\$ 1,700,000	2,200,000	2,081,392	(118,608)
Interest	650	650	1,042	392
Total revenues	<u>1,700,650</u>	<u>2,200,650</u>	<u>2,082,434</u>	<u>(118,216)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>1,700,000</u>	<u>2,200,000</u>	<u>2,081,092</u>	<u>118,908</u>
Total expenditures	<u>1,700,000</u>	<u>2,200,000</u>	<u>2,081,092</u>	<u>118,908</u>
Excess of revenues over expenditures	<u>650</u>	<u>650</u>	<u>1,342</u>	<u>692</u>
OTHER FINANCING SOURCES				
Transfers out	<u>(650)</u>	<u>(650)</u>	<u>(1,342)</u>	<u>(692)</u>
Total other financing uses	<u>(650)</u>	<u>(650)</u>	<u>(1,342)</u>	<u>(692)</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, 2016

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	\$ —	—	279,140	279,140
Interest	—	—	736	736
Total revenues	—	—	279,876	279,876
EXPENDITURES				
Current:				
Transportation	400,000	470,000	298,883	171,117
Total expenditures	400,000	470,000	298,883	171,117
Deficiency of revenues under expenditures	(400,000)	(470,000)	(19,007)	450,993
OTHER FINANCING SOURCES				
Proceeds from insurance recovery	—	—	791	791
Total other financing sources	—	—	791	791
SPECIAL ITEM				
Discontinued operations	—	(380,000)	(378,887)	1,113
Total special item	—	(380,000)	(378,887)	1,113
Net change in fund balance	(400,000)	(850,000)	(397,103)	452,897
Fund balance, beginning of year, as restated	400,000	400,000	397,103	(2,897)
Fund balance, end of year	\$ —	(450,000)	—	450,000

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

Emergency Telephone

For the fiscal year ended December 31, 2016

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	\$ 50	50	531	481
County charges	5,512,079	5,512,079	5,935,193	423,114
Interest	—	—	1,715	1,715
Contributions and other	100	100	120	20
Total revenues	<u>5,512,229</u>	<u>5,512,229</u>	<u>5,937,559</u>	<u>425,330</u>
EXPENDITURES				
Current:				
Emergency telephone	4,895,335	4,953,920	4,545,142	408,778
Capital outlay	938,083	879,498	31,222	848,276
Total expenditures	<u>5,833,418</u>	<u>5,833,418</u>	<u>4,576,364</u>	<u>1,257,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(321,189)</u>	<u>(321,189)</u>	<u>1,361,195</u>	<u>1,682,384</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,090,201	1,090,201	303,526	(786,675)
Transfers out	(769,012)	(769,012)	(769,008)	4
Total other financing sources (uses)	<u>321,189</u>	<u>321,189</u>	<u>(465,482)</u>	<u>(786,671)</u>
Net change in fund balance	—	—	895,713	895,713
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>2,782,686</u>	<u>2,782,686</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>3,678,399</u>	<u>3,678,399</u>

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

Debt Service

For the year ended December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Interest	\$ —	—	—	—
Total revenues	—	—	—	—
EXPENDITURES				
Debt service:				
Principal retirement	4,813,221	4,813,221	4,723,520	89,701
Debt interest	1,474,218	1,654,218	1,393,222	260,996
Fiscal charges	—	134,866	133,654	1,212
Total expenditures	6,287,439	6,602,305	6,250,396	351,909
Deficiency of revenues under expenditures	(6,287,439)	(6,602,305)	(6,250,396)	351,909
OTHER FINANCING SOURCES				
Transfer in	6,287,439	6,467,439	6,115,530	(351,909)
Refunding bond issued	—	11,470,000	11,470,000	—
Premium on refunding bond issued	—	1,370,948	1,370,948	—
Payment to refunding bond escrow agent	—	(12,706,082)	(12,706,082)	—
Total other financing sources	6,287,439	6,602,305	6,250,396	(351,909)
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, 2016

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	\$ 350,000	350,000	323,369	(26,631)
Interest	1,700	1,700	3,639	1,939
Total revenues	<u>351,700</u>	<u>351,700</u>	<u>327,008</u>	<u>(24,692)</u>
EXPENDITURES				
Capital outlay	<u>853,000</u>	<u>853,000</u>	<u>730,096</u>	<u>122,904</u>
Total expenditures	<u>853,000</u>	<u>853,000</u>	<u>730,096</u>	<u>122,904</u>
Deficiency of revenues under expenditures	(501,300)	(501,300)	(403,088)	98,212
Fund balance, beginning of year	<u>600,000</u>	<u>600,000</u>	<u>904,088</u>	<u>304,088</u>
Fund balance, end of year	<u>\$ 98,700</u>	<u>98,700</u>	<u>501,000</u>	<u>402,300</u>

Other General Fund Budgetary Schedules

OTHER GENERAL FUND BUDGETARY SCHEDULES
DESCRIPTION OF FUNDS

Other General Fund Programs

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

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

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

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

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

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

Insurance Fraud Prevention Authority

For the fiscal year ended June 30, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 224,196	224,196	184,575	(39,621)
County charges	—	—	73	73
Interest	150	150	132	(18)
Total revenues	224,346	224,346	184,780	(39,566)
EXPENDITURES				
Current:				
Public safety	224,346	219,854	182,355	37,499
Capital outlay	—	4,492	2,425	2,067
Total expenditures	224,346	224,346	184,780	39,566
Deficiency of revenues under expenditures	—	—	—	—
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, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
REVENUES				
Grants	\$ 294,509	333,396	333,396	—
County charges	3,000	3,600	3,922	322
Total revenues	297,509	336,996	337,318	322
EXPENDITURES				
Current:				
Human services	582,376	632,463	627,005	5,458
Total expenditures	582,376	632,463	627,005	5,458
Deficiency of revenues under expenditures	(284,867)	(295,467)	(289,687)	5,780
OTHER FINANCING SOURCES				
Transfers in	283,417	294,017	288,068	(5,949)
Total other financing sources	283,417	294,017	288,068	(5,949)
Net change in fund balance	(1,450)	(1,450)	(1,619)	(169)
Fund balance, beginning of year	7,794	7,794	5,920	(1,874)
Fund balance, end of year	\$ 6,344	6,344	4,301	(2,043)

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

Offender Supervision

For the fiscal year ended June 30, 2016

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	\$ 600	600	—	(600)
Court costs, fines, and forfeitures	672,000	672,000	763,777	91,777
Total revenues	672,600	672,600	763,777	91,177
EXPENDITURES				
Current:				
Public safety	668,744	668,744	624,576	44,168
Total expenditures	668,744	668,744	624,576	44,168
Excess of revenues over expenditures	3,856	3,856	139,201	135,345
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	(71,144)	(71,144)	64,201	135,345
Fund balance, beginning of year	923,314	923,314	932,867	9,553
Fund balance, end of year	\$ 852,170	852,170	997,068	144,898

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

STOP Grant

For the year ended December 31, 2016

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	123,466	(1,534)
County charges	—	—	2,000	2,000
Interest	—	—	7	7
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>125,473</u>	<u>473</u>
EXPENDITURES				
Current:				
Public safety	<u>272,893</u>	<u>272,893</u>	<u>262,993</u>	<u>9,900</u>
Total expenditures	<u>272,893</u>	<u>272,893</u>	<u>262,993</u>	<u>9,900</u>
Deficiency of revenues under expenditures	<u>(147,893)</u>	<u>(147,893)</u>	<u>(137,520)</u>	<u>10,373</u>
OTHER FINANCING SOURCES				
Transfers in	<u>147,893</u>	<u>147,893</u>	<u>137,520</u>	<u>(10,373)</u>
Total other financing sources	<u>147,893</u>	<u>147,893</u>	<u>137,520</u>	<u>(10,373)</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, 2016

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	\$ 57,637	—	57,637
Investments	1,452,626	—	1,452,626
Due from other funds	—	740,256	740,256
Customer accounts receivable	1,000	—	1,000
Prepaid	84,837	—	84,837
Total current assets	<u>1,596,100</u>	<u>740,256</u>	<u>2,336,356</u>
Total assets	<u>1,596,100</u>	<u>740,256</u>	<u>2,336,356</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,300	30,000	32,300
Due to other funds	380	—	380
Self-insurance claims payable	180,709	—	180,709
Total current liabilities	<u>183,389</u>	<u>30,000</u>	<u>213,389</u>
Noncurrent liabilities:			
Due in more than one year:			
Self-insurance claims payable	796,095	—	796,095
Total noncurrent liabilities	<u>796,095</u>	<u>—</u>	<u>796,095</u>
Total liabilities	<u>979,484</u>	<u>30,000</u>	<u>1,009,484</u>
NET POSITION			
Unrestricted	616,616	710,256	1,326,872
Total net position	<u>\$ 616,616</u>	<u>710,256</u>	<u>1,326,872</u>

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

Internal Service Funds

For the year ended December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Workers' Compensation	Health Reimbursement Arrangement	Totals
Operating revenues:			
Charges for sales and services:			
County charges	\$ 507,745	161,479	669,224
Total operating revenues	507,745	161,479	669,224
Operating expenses:			
Patient/client services	231,905	426,993	658,898
Total operating expenses	231,905	426,993	658,898
Operating income (loss)	275,840	(265,514)	10,326
Nonoperating revenues:			
Interest income	13,199	—	13,199
Total nonoperating revenues	13,199	—	13,199
Change in net position	289,039	(265,514)	23,525
Total net position, beginning of year	327,577	975,770	1,303,347
Total net position, end of year	\$ 616,616	710,256	1,326,872

STATEMENT OF CASH FLOWS**Internal Service Funds***For the year ended December 31, 2016***COUNTY OF CUMBERLAND, PENNSYLVANIA****(unaudited)**

	Workers' Compensation	Health Reimbursement Arrangement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received on county charges	\$ 507,745	436,993	944,738
Payments to vendors	—	(436,993)	(436,993)
Payments to employees	(484,334)	—	(484,334)
Net cash provided by operating activities	<u>23,411</u>	<u>—</u>	<u>23,411</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(63,856)	—	(63,856)
Gain on investments	10,504	—	10,504
Net cash used by investing activities	<u>(53,352)</u>	<u>—</u>	<u>(53,352)</u>
Net decrease in cash and cash equivalents	(29,941)	—	(29,941)
Cash and cash equivalents, January 1	87,578	—	87,578
Cash and cash equivalents, December 31	<u>\$ 57,637</u>	<u>—</u>	<u>57,637</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 275,840	(265,514)	10,326
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities in:			
Prepays	(4,294)	—	(4,294)
Due from other funds	380	275,514	275,894
Accounts payable	100	(10,000)	(9,900)
Self-insurance debt-claims payable	(248,615)	—	(248,615)
Total adjustments	<u>(252,429)</u>	<u>265,514</u>	<u>13,085</u>
Net cash provided by operating activities	<u>\$ 23,411</u>	<u>—</u>	<u>23,411</u>

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

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

Agency Fund Combining Statements

AGENCY FUNDS
DESCRIPTION OF FUNDS

Agency Funds

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

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

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

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

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

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

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

COMBINING STATEMENT OF ASSETS AND LIABILITIES**All Agency Funds**

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Prison Work Release	Prison Inmate Accounts	Perry County Health- Choices	Clerk of Court	Prothonotary
ASSETS					
Cash and cash equivalents	\$ 8,539	59,309	24,716	684,225	1,174,641
Total assets	\$ 8,539	59,309	24,716	684,225	1,174,641
LIABILITIES					
Due to other governments	\$ —	—	—	100,967	9,469
Escrow and other liabilities	8,539	59,309	24,716	583,258	1,165,172
Total liabilities	\$ 8,539	59,309	24,716	684,225	1,174,641

December 31, 2016

(unaudited)

Recorder of Deeds	Treasurer	Register of Wills	Sheriff	District Attorney	Flexible Spending Account	Human Services Guardianship Accounts	Total
1,711,485	6,508	11,765	760,632	300,927	4,228	82,140	4,829,115
<u>1,711,485</u>	<u>6,508</u>	<u>11,765</u>	<u>760,632</u>	<u>300,927</u>	<u>4,228</u>	<u>82,140</u>	<u>4,829,115</u>
1,711,485	6,508	11,765	17,516	10,584	—	—	1,868,294
—	—	—	743,116	290,343	4,228	82,140	2,960,821
<u>1,711,485</u>	<u>6,508</u>	<u>11,765</u>	<u>760,632</u>	<u>300,927</u>	<u>4,228</u>	<u>82,140</u>	<u>4,829,115</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2016*

COUNTY OF CUMBERLAND, PENNSYLVANIA (unaudited)

	Balance, January 1, 2016	Additions	Deletions	Balance, December 31, 2016
Prison Work Release				
ASSETS				
Cash and cash equivalents	\$ (9,131)	427,774	410,104	8,539
LIABILITIES				
Escrow	\$ (9,131)	427,774	410,104	8,539
Total liabilities	\$ (9,131)	427,774	410,104	8,539
Prison Inmate Accounts				
ASSETS				
Cash and cash equivalents	\$ 41,595	730,233	712,519	59,309
LIABILITIES				
Escrow	\$ 41,595	730,233	712,519	59,309
Total liabilities	\$ 41,595	730,233	712,519	59,309
Perry County HealthChoices				
ASSETS				
Cash and cash equivalents	\$ 22,000	386,507	383,791	24,716
LIABILITIES				
Escrow and other liabilities	\$ 22,000	386,507	383,791	24,716
Total liabilities	\$ 22,000	386,507	383,791	24,716

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2016*

COUNTY OF CUMBERLAND, PENNSYLVANIA (unaudited)

	Balance, January 1, 2016	Additions	Deletions	Balance, December 31, 2016
(Continued)				
Clerk of Court				
ASSETS				
Cash and cash equivalents	\$ 456,237	2,689,693	2,461,705	684,225
LIABILITIES				
Due to other governments	\$ 130,088	1,466,765	1,495,886	100,967
Escrow	326,149	1,222,928	965,819	583,258
Total liabilities	\$ 456,237	2,689,693	2,461,705	684,225
Prothonotary				
ASSETS				
Cash and cash equivalents	\$ 3,555,621	351,460	2,732,440	1,174,641
LIABILITIES				
Due to other governments	\$ 9,832	115,146	115,509	9,469
Escrow	3,545,789	236,314	2,616,931	1,165,172
Total liabilities	\$ 3,555,621	351,460	2,732,440	1,174,641
Recorder of Deeds				
ASSETS				
Cash and cash equivalents	\$ 2,647,568	29,740,439	30,676,522	1,711,485
LIABILITIES				
Due to other governments	\$ 2,647,568	29,740,439	30,676,522	1,711,485
Total liabilities	\$ 2,647,568	29,740,439	30,676,522	1,711,485

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2016*

COUNTY OF CUMBERLAND, PENNSYLVANIA (unaudited)

	<u>Balance, January 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, December 31, 2016</u>
(Continued)				
Treasurer				
ASSETS				
Cash and cash equivalents	\$ 6,248	167,308	167,048	6,508
LIABILITIES				
Due to other governments	\$ 6,248	167,308	167,048	6,508
Total liabilities	\$ 6,248	167,308	167,048	6,508
Register of Wills				
ASSETS				
Cash and cash equivalents	\$ 37,208	18,661,531	18,686,974	11,765
LIABILITIES				
Due to other governments	\$ 37,208	18,661,531	18,686,974	11,765
Total liabilities	\$ 37,208	18,661,531	18,686,974	11,765
Sheriff				
ASSETS				
Cash and cash equivalents	\$ 688,460	4,734,183	4,662,011	760,632
LIABILITIES				
Due to other governments	\$ 24,605	151,421	158,510	17,516
Escrow	663,855	4,582,762	4,503,501	743,116
Total liabilities	\$ 688,460	4,734,183	4,662,011	760,632

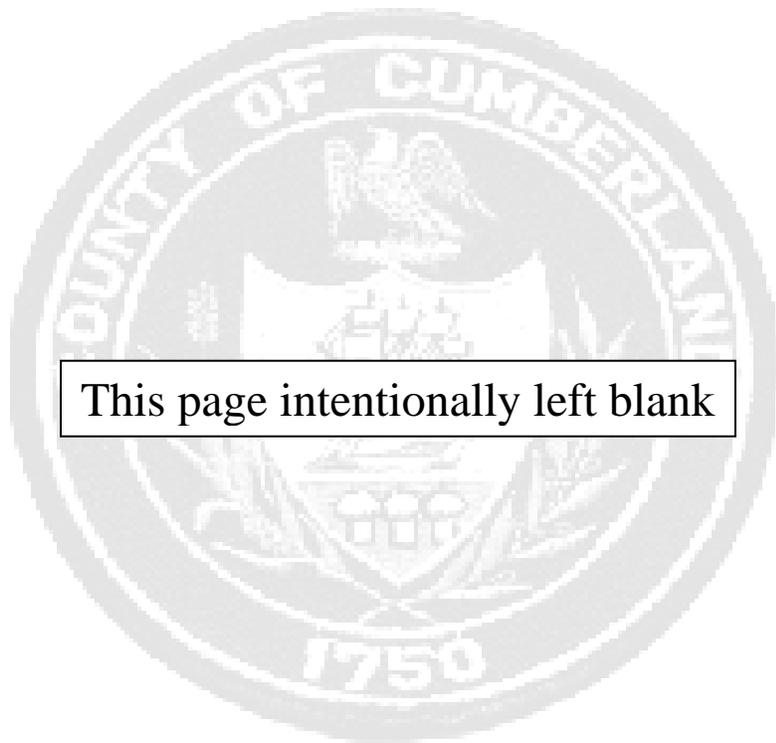
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2016*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2016	Additions	Deletions	Balance, December 31, 2016
(Continued)				
District Attorney				
ASSETS				
Cash and cash equivalents	\$ 187,028	222,585	108,686	300,927
LIABILITIES				
Due to other governments	\$ 13,015	16	2,447	10,584
Escrow	174,013	222,569	106,239	290,343
Total liabilities	\$ 187,028	222,585	108,686	300,927
Flexible Spending Account				
ASSETS				
Cash and cash equivalents	\$ 6,482	57,528	59,782	4,228
LIABILITIES				
Escrow	\$ 6,482	57,528	59,782	4,228
Total liabilities	\$ 6,482	57,528	59,782	4,228
Human Services Guardianship Accounts				
ASSETS				
Cash and cash equivalents	\$ 117,640	133,502	169,002	82,140
LIABILITIES				
Escrow	\$ 117,640	133,502	169,002	82,140
Total liabilities	\$ 117,640	133,502	169,002	82,140
Total All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 7,756,956	58,302,743	61,230,584	4,829,115
LIABILITIES				
Due to other governments	\$ 2,868,564	50,302,626	51,302,896	1,868,294
Escrow and other liabilities	4,888,392	8,000,117	9,927,688	2,960,821
Total liabilities	\$ 7,756,956	58,302,743	61,230,584	4,829,115



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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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net invested in capital assets	\$ 18,992,768	21,107,189	23,171,314	23,210,201
Restricted	12,011,798	26,125,693	16,434,597	13,578,839
Unrestricted	<u>13,983,874</u>	<u>4,149,705</u>	<u>18,005,779</u>	<u>24,309,827</u>
Total governmental activities net position	<u>\$ 44,988,440</u>	<u>51,382,587</u>	<u>57,611,690</u>	<u>61,098,867</u>
Business-type activities				
Net invested in capital assets	\$ (1,495,109)	(1,301,131)	(403,424)	664,320
Restricted	-	-	-	-
Unrestricted	<u>9,723,191</u>	<u>9,914,008</u>	<u>9,021,640</u>	<u>8,334,573</u>
Total business-type activities net position	<u>\$ 8,228,082</u>	<u>8,612,877</u>	<u>8,618,216</u>	<u>8,998,893</u>
Primary government				
Net invested in capital assets	\$ 17,497,659	19,806,058	22,767,890	23,874,521
Restricted	12,011,798	26,125,693	16,434,597	13,578,839
Unrestricted	<u>23,707,065</u>	<u>14,063,713</u>	<u>27,027,419</u>	<u>32,644,400</u>
Total primary government net position	<u>\$ 53,216,522</u>	<u>59,995,464</u>	<u>66,229,906</u>	<u>70,097,760</u>

Last Ten Years as of December 31, 2016

(unaudited)

2011	2012	2013	2014	2015	2016
25,321,465	26,848,932	27,357,708	30,386,044	34,018,215	36,791,935
11,341,250	10,653,143	8,345,285	8,832,346	10,851,199	12,085,563
<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>37,147,508</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>	<u>86,025,006</u>
3,270,869	4,383,167	4,675,435	1,768,189	2,269,224	2,975,768
-	-	-	-	-	-
<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>5,695,517</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>	<u>8,671,285</u>
28,592,334	31,232,099	32,033,143	32,154,233	36,287,439	39,767,703
11,341,250	10,653,143	8,345,285	8,832,346	10,851,199	12,085,563
<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>42,843,025</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>	<u>94,696,291</u>

FINANCIAL TRENDS

Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA (accrual basis of accounting)

	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government - administrative	\$ 12,084,842	12,914,833	12,627,406	13,814,789
General government - judicial (1)	14,884,695	15,300,757	16,100,981	16,658,597
Corrections (2)	-	-	-	-
Emergency telephone (3)	-	-	-	-
Public safety	16,554,754	16,524,566	17,366,885	19,253,729
Transportation services (3)	-	-	-	-
Roads and bridge maintenance	952,524	479,261	855,299	672,542
Recycling and waste management	535,267	449,387	514,416	380,137
Human services:				
Mental health/intellectual and developmental disabilities	33,099,088	35,708,717	27,708,562	18,141,649
HealthChoices - Cumberland County	21,728,030	22,892,241	27,042,052	28,601,028
Children and youth	12,559,788	13,327,513	12,839,074	12,342,876
Food and shelter	4,298,143	4,554,398	4,726,775	3,137,335
Office of aging	4,176,758	4,585,368	4,889,623	4,785,973
Other	4,196,473	4,248,998	3,973,504	5,051,374
Culture and recreation	81,430	106,326	227,443	108,217
Conservation	882,688	1,047,706	531,424	423,928
Community redevelopment and housing	245,888	217,028	218,714	212,555
Economic development and assistance	3,026,549	3,870,456	4,093,769	3,992,708
Interest on long-term debt	846,026	1,130,803	1,280,716	1,320,663
Indirect expenses	(432,428)	(494,329)	(531,008)	(613,073)
Total governmental activities expenses	<u>129,720,515</u>	<u>136,864,029</u>	<u>134,465,635</u>	<u>128,285,027</u>
Business-type activities:				
County nursing home	21,715,212	22,463,389	23,833,449	24,806,003
Early Learning Center	487,679	516,737	483,456	479,681
Emergency telephone (3)	5,163,736	5,277,951	5,329,529	9,481,575
Hazardous materials protection (3)	278,299	258,893	247,389	194,317
Transportation services (3)	2,122,585	2,305,882	2,360,459	2,331,954
Indirect expenses	432,428	494,329	531,008	613,073
Total business-type activities expenses	<u>30,199,939</u>	<u>31,317,181</u>	<u>32,785,290</u>	<u>37,906,603</u>
Total primary government expenses	<u>\$ 159,920,454</u>	<u>168,181,210</u>	<u>167,250,925</u>	<u>166,191,630</u>
Program revenues				
Governmental activities:				
Charges for services				
General government - administrative	\$ 4,034,692	3,861,945	4,325,427	3,952,398
General government - judicial (1)	3,760,691	4,182,989	3,895,465	4,021,584
Corrections (2)	-	-	-	-
Emergency telephone (3)	-	-	-	-
Public safety	2,697,819	3,155,752	2,951,887	3,055,916
Transportation services (3)	-	-	-	-
Roads and bridge maintenance	53,110	29,729	-	7,272
Recycling and waste management	266,099	128,166	114,998	116,498
Human services	1,417,763	1,811,103	6,215,264	5,377,369
Culture and recreation	10,537	10,942	11,052	11,300
Conservation	139,365	59,533	35,915	54,341

Last Ten Years as of December 31, 2016

(unaudited)

2011	2012	2013	2014	2015	2016
14,046,596	14,280,937	14,144,701	13,728,858	13,631,117	14,810,069
17,814,045	18,528,473	18,545,493	18,396,045	18,751,395	20,888,619
-	-	18,165,075	18,955,396	18,568,390	19,330,948
-	-	-	5,444,274	5,272,839	5,469,089
20,794,098	21,611,054	3,826,455	4,125,147	4,029,829	4,635,939
-	-	-	2,506,885	1,465,829	131,285
387,359	281,498	511,078	327,879	920,955	818,420
458,016	586,934	330,697	266,872	271,432	254,298
16,928,959	17,257,878	16,409,341	17,837,104	16,842,101	17,230,628
27,491,594	28,363,948	28,879,387	28,653,048	29,681,949	36,322,582
13,417,768	13,813,083	14,186,821	14,873,696	16,660,594	18,000,735
936,619	810,200	851,772	1,204,422	1,054,332	758,684
3,915,211	3,425,700	3,055,181	3,297,677	3,798,961	4,144,889
6,143,289	8,338,934	3,651,819	3,907,128	3,514,705	3,753,249
67,799	138,045	191,890	38,657	435,407	26,192
386,490	432,798	486,778	571,509	462,380	546,916
220,815	222,796	237,269	198,051	180,019	192,851
3,877,944	3,539,001	3,602,456	4,058,868	3,715,216	3,537,217
1,323,974	1,687,988	1,618,892	1,702,282	1,579,219	1,389,520
(635,931)	(641,105)	(716,180)	(676,395)	(560,442)	(635,987)
<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>	<u>151,606,143</u>
25,737,338	24,610,308	24,005,271	24,480,806	24,481,218	26,709,058
532,003	339,864	-	-	-	-
6,505,960	5,969,320	5,704,448	-	-	-
228,067	192,719	157,291	-	-	-
2,611,077	2,502,154	2,503,355	-	-	-
635,931	641,105	716,180	676,395	560,442	635,987
<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>27,345,045</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>	<u>178,951,188</u>
3,972,749	4,464,773	4,838,303	3,954,301	4,408,795	4,264,648
3,878,412	4,610,779	4,527,455	2,690,559	4,006,868	4,202,217
-	-	1,743,574	2,126,004	2,157,892	2,207,594
-	-	-	1,638,261	5,719,438	5,935,193
3,359,727	3,125,837	1,429,935	1,582,213	1,871,093	1,689,680
-	-	-	1,280,478	604,374	-
49,773	10,791	2,952	80	971,680	1,201,297
145,302	109,662	111,890	121,023	111,899	120,571
6,420,238	6,999,960	3,740,695	4,515,227	3,439,248	3,640,729
11,193	11,397	8,648	-	-	-
26,799	30,282	18,716	53,613	37,207	53,412

FINANCIAL TRENDS
Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	2007	2008	2009	2010
Program revenues (continued)				
Community redevelopment and housing	265,108	227,398	235,154	214,505
Economic development and assistance	198,360	146,409	98,884	130,752
Operating grants and contributions				
General government - administrative	76,132	245,575	110,861	217,232
General government - judicial	2,531,381	2,497,334	2,650,047	2,883,864
Corrections (2)	\$ -	-	-	-
Emergency telephone (3)	-	-	-	-
Public safety	1,327,598	1,243,092	1,235,751	1,856,181
Transportation services (3)	-	-	-	-
Roads and bridge maintenance	2,392,227	951,691	529,854	589,234
Recycling and waste management	57,033	470,419	160,115	75,312
Human services:				
Mental health/intellectual and developmental disabilities	32,062,709	34,853,233	26,936,260	17,436,659
HealthChoices - Cumberland County	21,707,823	22,881,948	27,040,563	28,634,245
Children and youth	10,225,414	10,642,965	10,658,021	9,927,394
Food and shelter	4,149,274	4,486,184	689,254	920,238
Office of aging	4,033,513	4,336,567	3,934,097	4,001,745
Other	3,414,422	3,104,052	2,953,656	2,796,894
Culture and recreation	-	45,119	163,881	-
Conservation	77,726	165,986	430,053	70,146
Economic development and assistance	1,606,690	2,226,010	2,535,722	2,308,941
Capital grants and contributions				
General government - administrative	-	-	-	571,757
General government - judicial	54,953	6,832	-	-
Public safety	12,465	65,745	22,749	27,099
Roads and bridge maintenance	272,199	96,987	-	8,752
Conservation	64,901	-	-	-
Total governmental activities program revenues	96,910,004	101,933,705	97,934,930	89,267,628
Business-type activities:				
Charges for services				
County nursing home	22,729,768	22,536,429	23,592,054	25,259,305
Early Learning Center	400,963	399,429	406,814	414,613
Emergency telephone (3)	2,062,474	1,944,338	1,835,550	1,761,860
Hazardous materials protection (3)	49,690	50,708	58,096	50,500
Transportation services (3)	1,002,810	1,100,062	1,051,045	1,044,212
Operating grants and contributions				
County nursing home	7,732	10,718	22,612	23,045
Early Learning Center	22,493	34,016	32,355	39,215
Emergency telephone (3)	1,395,121	3,002,387	2,470,344	6,410,484
Hazardous materials protection (3)	28,349	30,112	33,361	71,630
Transportation services (3)	955,443	1,134,124	1,139,457	1,050,365
Capital grants and contributions				
Early Learning Center	14,975	1,283	-	-
Hazardous materials protection (3)	895	3,505	3,427	1,673
Transportation services (3)	249,923	198,638	433,123	13,585
Total business-type activities program revenues	28,920,636	30,445,749	31,078,238	36,140,487

Last Ten Years as of December 31, 2016

(unaudited)

2011	2012	2013	2014	2015	2016
197,915	221,410	223,797	176,318	190,107	201,676
143,883	93,888	-	-	-	-
567,219	574,441	350,086	451,533	527,623	350,237
2,943,449	2,657,904	2,829,612	2,722,094	2,747,005	2,707,945
-	-	699,760	738,753	665,351	618,714
-	-	-	1,484,096	575,422	651
1,637,737	1,405,009	598,286	708,927	776,487	843,102
-	-	-	1,101,968	664,806	131,285
557,169	445,570	532,209	446,947	605,852	520,611
67,821	100,250	68,822	75,303	348,835	106,249
14,306,924	14,750,083	13,928,418	14,403,100	14,423,979	14,536,070
27,489,782	28,354,028	28,879,053	28,652,699	29,681,670	36,322,288
10,726,676	10,745,739	12,395,912	12,083,726	13,534,980	14,359,595
703,688	632,886	574,527	999,975	880,510	612,996
3,445,930	3,218,411	3,075,150	3,169,562	3,709,887	3,871,651
2,777,210	2,715,633	2,581,674	2,656,276	2,159,564	2,434,801
-	-	92,272	-	500,000	-
49,269	289,545	294,722	279,065	295,199	304,912
1,994,012	1,632,160	1,462,951	1,901,964	1,387,870	1,456,078
638,503	44,185	-	109,043	68,602	-
-	-	-	-	-	-
21,602	23,339	21,409	78,338	21,932	25,515
61,649	104,717	135,074	119,073	545,602	588,762
-	-	-	-	-	-
86,194,631	87,372,679	85,165,902	90,320,519	97,639,777	103,308,479
25,276,933	24,669,038	24,474,978	25,693,602	26,084,652	27,091,190
429,812	251,875	-	-	-	-
1,714,758	1,647,432	1,606,054	-	-	-
47,450	45,518	58,377	-	-	-
1,049,685	1,012,670	1,157,031	-	-	-
159,868	9,265	15,434	220,525	6,747	9,961
43,492	8,753	-	-	-	-
3,891,927	2,637,325	2,180,632	-	-	-
23,548	39,015	36,427	-	-	-
1,156,134	979,680	1,060,635	-	-	-
-	-	-	-	-	-
200,000	1,011	-	-	-	-
611,271	449,718	715,541	-	-	-
34,604,878	31,751,300	31,305,109	25,914,127	26,091,399	27,101,151

FINANCIAL TRENDS
Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	2007	2008	2009	2010
Total primary government program revenues	\$ 125,830,640	132,379,454	129,013,168	125,408,115
Net expense:				
Governmental activities	\$ (32,810,511)	(34,930,324)	(36,530,705)	(39,017,399)
Business-type activities	(1,279,303)	(871,432)	(1,707,052)	(1,766,116)
Total primary government net expense	\$ (34,089,814)	(35,801,756)	(38,237,757)	(40,783,515)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:

Real estate taxes	\$ 37,534,225	38,319,951	41,366,554	41,788,709
Per capita taxes	729,222	638,640	639,342	629,068
Hotel taxes	1,057,801	1,345,191	1,192,707	1,518,194
Special item	-	-	-	-
Unrestricted investment earnings	2,642,631	1,897,431	1,106,743	652,760
Transfers	(2,559,625)	(876,742)	(1,545,538)	(2,084,155)
Total governmental activities	39,404,254	41,324,471	42,759,808	42,504,576

Business-type activities:

Unrestricted investment earnings	332,071	379,485	166,853	62,638
Transfers	2,559,625	876,742	1,545,538	2,084,155
Total business-type activities	2,891,696	1,256,227	1,712,391	2,146,793
Total primary government	\$ 42,295,950	42,580,698	44,472,199	44,651,369

Changes in Net Position

Governmental activities	\$ 6,593,743	6,394,147	6,229,103	3,487,177
Business-type activities	1,612,393	384,795	5,339	380,677
Total primary government	\$ 8,206,136	6,778,942	6,234,442	3,867,854

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, 2016

(unaudited)

2011	2012	2013	2014	2015	2016
120,799,509	119,123,979	116,471,011	116,234,646	123,731,176	130,409,630
(41,380,014)	(45,305,483)	(42,813,023)	(49,096,884)	(42,636,450)	(48,297,664)
(1,645,498)	(2,504,170)	(1,781,436)	756,926	1,049,739	(243,894)
(43,025,512)	(47,809,653)	(44,594,459)	(48,339,958)	(41,586,711)	(48,541,558)
42,140,921	42,385,600	47,880,387	49,915,747	50,564,085	51,340,102
677,729	650,909	676,050	26,631	5,897	96
1,502,072	1,602,610	1,604,287	1,676,860	1,896,626	2,081,392
-	-	-	-	(378,887)	(706,760)
422,986	222,193	20,558	198,052	150,214	249,731
(2,136,475)	(2,303,430)	(2,250,276)	-	-	-
42,607,233	42,557,882	47,931,006	51,817,290	52,237,935	52,964,561
65,361	49,264	-	4,744	3,657	3,596
2,136,475	2,303,430	2,250,276	-	-	-
2,201,836	2,352,694	2,250,276	4,744	3,657	3,596
44,809,069	44,910,576	50,181,282	51,822,034	52,241,592	52,968,157
1,227,219	(2,747,601)	5,117,983	2,720,406	9,601,485	4,666,897
556,338	(151,476)	468,840	761,670	1,053,396	(240,298)
1,783,557	(2,899,077)	5,586,823	3,482,076	10,654,881	4,426,599

FINANCIAL TRENDS
Fund Balances of Governmental Funds

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

	2007	2008	2009	2010
General fund				
Reserved	\$ 1,592,623	2,092,339	1,332,001	-
Unreserved	20,679,184	22,766,147	29,270,507	-
Nonspendable:				
Prepaid items	-	-	-	170,321
Restricted:				
Landfill closure	-	-	-	488,858
Farmland preservation	-	-	-	1,092,655
Offender supervision	-	-	-	564,467
Juvenile probation restitution funds	-	-	-	-
Criminal investigation	-	-	-	229,803
Register of Wills-Act 34	-	-	-	67,200
Coroner - Act 122	-	-	-	49,499
Veteran Affairs	-	-	-	-
Hoffer scholarship	-	-	-	16,723
Hazardous materials emergency planning	-	-	-	-
Row office automation	-	-	-	174,701
Marcellus Shale	-	-	-	-
Unrestricted:				
Assigned:				
Future budgetary requirements	-	-	-	-
Capital projects	-	-	-	3,725,000
Risk liability	-	-	-	250,000
Farmland preservation	-	-	-	446,367
Prison canteen	-	-	-	66,732
Criminal justice planning	-	-	-	5,885
Unassigned	-	-	-	24,316,110
Total general fund	<u>\$ 22,271,807</u>	<u>24,858,486</u>	<u>30,602,508</u>	<u>31,664,321</u>
All other governmental funds				
Reserved	\$ -	-	-	-
Unreserved, reported in:				
Special revenue funds	6,994,029	7,426,419	6,865,274	-
Capital projects fund	4,042,418	17,738,683	8,569,764	-
Debt service fund	-	-	-	-
Nonspendable:				
Prepaid items	-	-	-	23,649
Restricted:				
Roads and bridge maintenance	-	-	-	635,004
Judicial services	-	-	-	55,920
Human services	-	-	-	952,567
Public safety	-	-	-	35,758
Row office automation	-	-	-	1,005,582
Conservation	-	-	-	1,670,258
Marcellus shale	-	-	-	-
Economic development and housing	-	-	-	1,920,788
Debt service	-	-	-	9,870
Capital projects	-	-	-	1,948,613
Unrestricted:				
Assigned:				
Capital projects	-	-	-	-
Transportation	-	-	-	-
Human services	-	-	-	891,930
Unassigned	-	-	-	(83,661)
Total all other governmental funds	<u>\$ 11,036,447</u>	<u>25,165,102</u>	<u>15,435,038</u>	<u>9,066,278</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, 2016

(unaudited)

2011	2012	2013	2014	2015	2016
-	-	-	-	-	-
-	-	-	-	-	-
227,426	296,853	353,803	240,956	387,486	339,389
418,540	347,522	275,863	203,492	130,438	56,443
825,164	714,300	270,217	318,409	437,718	658,973
564,847	681,358	658,158	675,229	989,446	1,058,353
-	-	-	18,920	27,402	33,818
203,802	338,460	821,979	747,271	672,896	540,179
69,450	71,250	72,750	74,025	74,925	75,450
68,905	68,634	48,022	33,861	35,061	38,589
-	-	50,000	-	-	-
16,256	15,812	13,615	10,503	-	-
-	-	-	14,098	25,813	27,504
190,587	218,242	252,211	153,201	128,260	144,142
-	199,719	348,659	324,283	375,815	351,338
10,920,515	6,551,207	3,686,704	4,252,825	3,888,647	2,693,969
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
560,825	595,009	546,947	603,101	613,274	628,860
177,895	226,059	314,835	425,502	473,203	557,861
7,297	7,081	3,944	3,947	5,047	4,123
11,144,830	10,856,757	17,148,138	19,493,060	22,744,035	26,734,235
29,371,339	25,163,263	28,840,845	31,567,683	34,984,466	37,918,226
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
235,485	330,154	11,916	115,233	165,182	157,018
955,530	1,207,397	1,168,695	1,376,674	809,135	1,079,875
287,665	-	-	-	-	-
1,474,155	726,499	553,974	996,026	973,405	1,069,979
33,156	38,502	36,974	39,660	2,688,735	3,606,138
923,002	972,248	744,951	511,936	320,125	337,731
1,461,610	1,093,589	931,598	842,633	777,915	832,962
-	335,543	600,259	134,664	396,917	500
2,190,163	2,597,397	20,864	-	10,125	19,035
-	-	-	-	-	-
15,751,272	3,818,123	1,177,907	697,246	7,171	500
500,082	500,000	500,000	500,000	500,000	500,000
-	-	-	420,524	-	-
297,941	55,409	388,851	34,343	67,822	59,481
4,694	(12,150)	(5,523)	(102,563)	-	-
24,114,755	11,662,711	6,130,466	5,566,376	6,716,532	7,663,219

FINANCIAL TRENDS
Changes in Fund Balances of Governmental Funds

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

	2007	2008	2009	2010
Revenues:				
Taxes	\$ 39,174,148	40,270,517	43,016,438	43,972,939
Licenses and permits	104,440	101,762	115,886	96,872
Grants	83,870,461	88,045,118	79,570,052	72,033,160
County charges	10,569,865	11,086,953	15,477,114	14,386,937
Court, costs, fines and forfeitures	1,724,379	1,851,223	1,970,159	1,968,327
Investment earnings	2,642,631	1,897,431	1,106,741	652,759
Payment in lieu of taxes	143,355	116,614	141,168	128,664
Contributions and other	308,366	331,004	670,539	441,878
Total revenues	<u>138,537,645</u>	<u>143,700,622</u>	<u>142,068,097</u>	<u>133,681,536</u>
Expenditures:				
Current:				
General government - administrative	9,536,444	10,071,676	9,470,786	10,419,194
General government - judicial	15,652,556	16,251,512	16,858,261	16,598,749
Corrections (1)	-	-	-	-
Public safety	15,032,388	15,165,158	15,525,396	18,098,141
Emergency telephone (2)	-	-	-	-
Public works and enterprises	934,188	680,216	1,167,927	863,974
Transportation (2)	-	-	-	-
Human services:				
Mental health/intellectual and developmental disabilities	33,248,461	35,964,303	27,883,589	18,367,330
Children and youth	12,710,692	13,525,507	12,975,471	12,492,268
HealthChoices - Cumberland County	21,728,030	22,892,242	27,042,053	28,601,026
Food and shelter	4,389,777	4,644,898	4,821,488	3,219,164
Office of aging	4,264,224	4,755,060	5,047,609	4,968,161
Drug and alcohol	3,230,289	3,286,072	3,043,704	3,012,234
Fiscal Employer Agent	-	-	-	1,250,455
General fund	721,015	740,773	705,617	643,881
Witness assistance	392,197	403,120	406,683	420,078
Human services development	267,292	291,959	274,963	230,470
Capital projects	-	-	211,299	-
Other	-	21,000	-	-
Culture and recreation	102,070	136,569	243,647	135,125
Conservation and development	1,064,321	726,504	525,300	433,154
Economic development and assistance	2,900,074	3,711,259	3,972,265	3,888,847
Debt service:				
Principal retirement	1,468,327	1,615,330	1,423,447	1,907,615
Debt interest	957,841	967,808	1,250,182	1,363,595
Fiscal charges	-	119,291	145,207	115,388
Capital Outlay	6,122,633	6,574,648	14,029,489	9,574,735
Payments to other governments	588,243	715,601	289,677	424,159
Total expenditures	<u>135,311,062</u>	<u>143,260,506</u>	<u>147,314,060</u>	<u>137,027,743</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,226,583</u>	<u>440,116</u>	<u>(5,245,963)</u>	<u>(3,346,207)</u>
Other financing sources (uses):				
Transfers in	9,290,911	10,006,158	8,849,334	10,011,522
Transfers out	(11,850,346)	(10,876,498)	(10,394,752)	(12,097,520)
Debt issued	-	17,121,750	9,656,482	9,850,000
Payment to refund bonds	-	-	(7,108,829)	(9,877,630)
Bond premium (discount)	-	(34,507)	92,084	152,888

Last Ten Years as of December 31, 2016

(unaudited)

2011	2012	2013	2014	2015	2016
44,249,273	44,610,906	50,104,058	51,491,496	52,645,000	53,488,317
104,492	122,829	148,860	185,585	195,612	216,698
67,782,498	67,258,482	68,165,204	71,866,816	73,829,762	79,475,324
15,507,346	16,183,605	13,031,309	16,605,675	20,424,530	20,364,725
2,182,893	2,435,785	2,686,728	2,288,064	2,629,286	2,469,085
422,986	222,194	20,558	165,456	131,984	236,531
128,359	130,142	126,630	134,637	133,151	131,075
397,790	454,101	480,560	447,672	412,660	447,672
<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>	<u>156,829,427</u>
10,779,834	10,851,620	11,048,718	10,946,238	11,199,523	12,377,168
17,837,905	18,623,142	18,585,289	18,381,527	18,873,288	20,302,969
-	-	17,186,818	17,555,792	17,490,930	17,644,252
19,313,626	19,595,172	2,757,154	2,995,701	2,961,102	3,275,383
-	-	-	4,606,338	4,567,837	4,545,142
686,114	757,449	765,921	521,391	1,037,277	879,227
-	-	-	2,201,417	1,341,181	131,285
17,226,078	17,460,022	16,620,557	18,001,412	17,052,397	17,288,997
13,605,024	14,064,911	14,425,663	15,082,777	16,975,067	18,107,927
27,491,595	28,363,948	28,879,386	28,653,048	29,681,950	36,322,582
962,539	832,219	869,959	1,209,950	1,104,063	771,121
4,098,978	3,629,633	3,261,904	3,385,571	3,874,498	4,228,387
2,844,349	3,340,669	2,799,298	2,943,133	2,694,853	2,701,553
2,453,634	3,079,857	29,692	310	-	-
744,325	710,743	803,362	924,334	781,586	946,037
438,939	470,691	446,175	443,565	497,410	515,377
209,799	146,452	105,501	115,332	133,890	124,278
-	-	-	-	-	-
-	-	-	-	-	-
92,871	170,073	192,933	3,593	483,877	2,278
379,522	384,628	404,532	445,748	382,018	409,951
3,949,724	3,408,129	3,525,295	3,981,712	3,638,216	3,537,217
1,780,187	2,501,101	2,680,175	4,623,934	4,714,186	4,723,520
1,220,283	1,698,453	1,600,423	1,720,603	1,598,116	1,393,222
197,724	-	18,295	39,226	-	133,654
7,766,720	14,259,834	4,375,453	2,457,080	4,346,320	2,449,417
370,994	1,592,960	367,243	367,473	295,169	340,429
<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>	<u>153,151,373</u>
(3,675,127)	(14,523,662)	3,014,161	1,578,196	4,677,231	3,678,054
12,367,178	11,980,877	8,568,427	13,226,813	14,030,811	12,228,090
(14,498,394)	(14,269,435)	(10,594,831)	(13,226,813)	(14,030,811)	(12,228,090)
18,000,000	152,100	2,474,252	2,365,000	238,231	11,470,000
-	-	(2,745,437)	(2,401,932)	-	(12,706,082)
561,838	-	296,152	76,644	-	1,370,948

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(modified accrual basis of accounting)

	2007	2008	2009	2010
(Continued)				
Other financing sources (uses):				
Sale of assets	-	300	-	-
Insurance recovery	-	33,680	165,602	-
Capital leases	84,350	24,335	-	-
Total other financing sources (uses)	<u>(2,475,085)</u>	<u>16,275,218</u>	<u>1,259,921</u>	<u>(1,960,740)</u>
Special Item				
Discontinued operation	-	-	-	-
Total special item	-	-	-	-
Net change in fund balances	<u>\$ 751,498</u>	<u>16,715,334</u>	<u>(3,986,042)</u>	<u>(5,306,947)</u>
Debt service as a percentage of noncapital expenditures	%	1.88	1.89	2.01
			2.57	

- (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, 2016

(unaudited)

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
-	-	-	4,897	-	8,969
-	-	482	5,884	30,364	58,558
-	-	-	-	-	-
<u>16,430,622</u>	<u>(2,136,458)</u>	<u>(2,000,955)</u>	<u>50,493</u>	<u>268,595</u>	<u>202,393</u>
-	-	-	-	<u>(378,887)</u>	-
-	-	-	-	<u>(378,887)</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>	<u>3,880,447</u>
2.37	3.19	3.36	4.56	4.46	4.06

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)
2007	(1)	\$ 11,129,659,300	\$ 4,574,598,980	\$ 700,313,470	\$ 29,406,010	\$ 17,246,926,280	\$ 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
2016	(2)	16,407,526,300	6,410,767,500	1,016,945,600	42,920,620	23,878,160,000	4,003,853,900	2.338	23,926,012,024	99.8

Notes:

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

	County	Library	Total	
2007	2.285	0.18	2.465	
2008	2.285	0.18	2.465	
2009	2.399	0.18	2.579	
2010	2.399	0.18	2.579	
2011	1.902	0.143	2.045	
2012	1.902	0.143	2.045	
2013	2.131	0.143	2.274	* Millage adjustment due to 5% cap for reassessment
2014	2.195	0.143	2.338	
2015	2.195	0.143	2.338	
2016	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>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
County Direct Rates										
General	2.285	2.285	2.399	2.399	1.902	1.902	2.131	2.195	2.195	2.195
Library	0.18	0.18	0.18	0.18	0.143	0.143	0.143	0.143	0.143	0.143
Total Direct Rate	2.465	2.465	2.579	2.579	2.045	2.045	2.274	2.338	2.338	2.338
School Districts										
Big Spring	14.194	14.72	15.455	16.072	12.098	12.364	12.636	12.9771	13.2885	13.7004
Camp Hill	13.39	14.22	14.8	16.21	12.9577	13.1622	13.1622	13.7573	14.4828	15.4876
Carlisle Area	13.1	13.8	14.33	14.83	12.2606	12.3706	12.6056	12.9333	13.2436	13.6409
Cumberland Valley	9.554	9.721	9.964	10.252	8.57	8.715	8.715	8.898	9.067	9.284
East Pennsboro	12.25	12.899	12.899	12.899	10.309	10.5254	10.8295	11.2378	11.5749	11.8411
Mechanicsburg	13.26	13.73	14.29	14.7	12.168	12.289	12.289	12.535	12.535	12.8
Shippensburg Area	12.75	13.08	13.21	13.55	10.01	10.22	10.4	10.6808	10.9475	11.089
South Middleton	11.38	11.38	11.38	11.55	8.9245	8.9245	9.0081	9.1549	9.3288	9.5526
West Shore Area	10.2	10.5	10.6	10.61	9	9.3	9.4	9.68	10.1988	10.9162
Municipalities										
Camp Hill	3.88	3.881	3.881	3.881	3.022	3.022	3.022	3.022	3.022	3.022
Carlisle	2.81	2.81	3.08	3.57	3.058	3.058	3.275	3.275	3.275	3.275
Cooke	1.5	1.5	1.5	2	1.4	1.5	1.5	1.5	1.5	1.5
Dickinson	0.02857	0.02857	0.22*	0.22*	.084*	.084*	.084*	.084*	0.084*	0.084*
East Pennsboro	1.09	1.09	1.19	1.19	0.957	0.957	0.957	1.05	1.3	1.3
Hampden	0.18	0.18	0.18	0.18	0.156	0.156	0.156	0.156	0.156	0.156
Hopewell	-	-	-	-	-	-	-	-	-	-
Lemoyne	1.99	1.99	2.5	2.5	2.1	2.1	2.3	2.3	2.31	2.31
Lower Allen	2.0	2.0	2.5	2.5	1.23	2.05	2.45	2.45	2.45	2.45
Lower Frankford	0.18	0.18	0.18	0.18	0.0807	0.1211	0.1211	0.1211	0.3229	0.3229
Lower Mifflin	-	-	-	-	-	-	-	-	-	-
Mechanicsburg	2.23	3.0	3.0	3.25	2.58	2.58	2.58	3.08	3.33	3.33
Middlesex	0.87	0.87	0.87	1.2	0.998	1.22	1.22	1.38	1.53	1.53
Monroe	0.2	0.2	0.2	0.595	0.169	0.525	0.525	0.556	0.556	0.556
Mt. Holly Springs	1.83	1.8	1.944	1.966	1.374	1.613	2.036	2.312	2.38	2.38
Newburg	0.121	1.0	1.0	1.0	0.7	1.0	1.25	1.75	2	2
New Cumberland	2.6	2.6	2.6	3.6	2.9	3.9	3.9	3.9	3.9	3.9
Newville	1.6657	1.6657	1.6657	2.0657	1.358	2.434	2.398	2.898	2.898	2.898
North Middleton	0.889	0.889	0.889	0.889	0.694	0.694	0.694	0.694	0.89	0.89
North Newton	0.14	0.14	0.14	0.14	0.1	-	-	-	-	-
Penn	0.061	0.061	0.061	0.061	0.0414	0.0414	-	-	-	-
Shippensburg Borough	2.85	2.85	2.85	3.6	2.26	2.6	2.6	2.6	2.72	2.72
Shippensburg Twp.	0.95	0.95	0.95	0.95	0.675	0.675	0.675	0.675	0.975	0.975
Shiremanstown	2.0	2.0	2.2	2.35	1.9	2.1	2.1	2.0	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>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Municipalities (continued)										
Silver Spring	0.584	1.034	1.034	1.034	0.8045	0.8045	0.8045	0.8045	1.3045	1.3045
Southampton	0.10	-	-	-	-	-	-	-	-	-
South Middleton	0.22*	0.22*	0.22*	0.22*	0.17*	0.17*	0.17*	0.17*	0.25*	0.25*
South Newton	0.129	0.129	0.129	0.129	0.0933	0.0933	0.0933	0.0933	0.0933	0.0933
Upper Allen	1.25	1.25	1.25	1.532	1.2918	1.4	1.6	1.8	2.3	2.3
Upper Frankford	0.21128	0.21128	0.21128	0.21128	0.16095	0.16095	0.16095	0.16095	0.16095	0.16095
Upper Mifflin	-	-	-	-	-	-	-	-	-	-
West Pennsboro	0.2135	0.2135	0.2135	0.35	0.2576	0.5076	0.5076	0.5076	0.5076	0.5076
Wormleysburg	2.586	2.678	3.678	3.678	3.065	3.065	3.065	3.065	3.361	3.361

Notes:

* 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 Twp
Silver Springs	Wormleysburg

Source: County Board of Assessment

**REVENUE CAPACITY
Principal Property Taxpayers**

2007 and 2016 Tax Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2007			2016		
	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	\$ 77,583,500	1	0.47 %	\$ 162,760,900	1	0.68 %
Allen Distribution	60,408,310	3	0.37	98,556,100	2	0.41
PR CC Limited Partnership				79,000,000	3	0.33
Carlisle HMA, Inc.	64,148,490	2	0.39	75,648,400	4	0.32
Pennsylvania Blue Shield	56,987,300	4	0.35	72,584,100	5	0.30
LIT Industrial LP				64,167,000	6	0.27
Cedar - Camp Hill LLC	36,600,000	6	0.23	61,766,800	7	0.26
KTR PA Cent LLC				60,300,000	8	0.25
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						
Keystone Lemoyne Partners	43,801,270	5	0.27			
DDRTC Carlisle Commons LLC	36,371,310	7	0.20			
BIT Investment LP	34,082,990	8	0.20			
New York Life Insurance Co.	33,704,650	9	0.20			
Prologis-Macquarie Penna Trust	33,050,340	10	0.22			
Totals	\$ <u>476,738,160</u>		<u>2.90 %</u>	\$ <u>776,540,300</u>		<u>3.25 %</u>

Notes:

(1) Percentage based on total County taxable assessed valuation for 2007: \$16,433,977,760

(2) Percentage based on total County taxable assessed valuation for 2016: \$23,878,160,000

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 of the Levy		Collections in Subsequent Years (3)	Total Collections to Date	
			Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 37,433,426	\$ 129,729	\$ 36,343,186	97.09%	\$ 1,219,852	\$ 37,563,038	100.00%
2008	38,340,545	142,488	37,074,433	96.70	1,408,482	38,482,915	100.00
2009	41,143,956	194,141	39,890,816	96.95	1,445,815	41,336,631	100.00
2010	41,704,856	163,785	40,291,169	96.61	1,575,716	41,866,885	100.00
2011	41,994,227	177,217	40,629,283	96.75	1,540,533	42,169,816	100.00
2012	42,213,193	156,743	40,680,881	96.37	1,683,782	42,364,663	99.99
2013	47,826,059	158,890	46,395,766	97.01	1,577,632	47,973,398	99.98
2014	49,855,721	182,457	48,393,357	97.06	1,614,075	50,007,432	99.94
2015	50,454,280	211,750	49,036,480	97.19	1,177,320	50,213,800	99.11
2016	51,198,311	N/A	50,000,265	97.66	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
2007	\$ 2,948,801	\$ 11,046	\$ 2,864,527	97.14	% \$ 95,311	\$ 2,959,838	100.00%
2008	3,020,262	11,224	2,950,187	96.68	81,290	3,031,477	100.00
2009	3,087,088	14,790	2,993,205	96.96	108,561	3,101,766	100.00
2010	3,129,169	12,298	3,022,092	96.58	118,396	3,141,388	100.00
2011	3,157,081	20,816	3,054,797	96.76	122,966	3,177,763	100.00
2012	3,173,665	14,294	3,058,563	96.37	129,002	3,187,565	99.99
2013	3,208,510	11,703	3,113,381	97.04	106,038	3,219,419	99.98
2014	3,248,014	12,181	3,152,742	97.06	105,384	3,258,126	99.94
2015	3,287,007	13,982	3,194,639	97.19	76,491	3,271,130	99.10
2016	3,335,478	N/A	3,257,427	97.66	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			
2007	\$ 18,192,622	\$ 2,175,725	\$ 40,055	\$ 3,136,929	\$ 18,725,920	\$ -	\$ 42,271,251	0.45	% \$ 185.59
2008	33,824,222	2,050,520	38,587	4,117,776	18,010,295	-	58,041,400	0.62	251.99
2009	32,708,919	4,425,315	16,974	3,483,541	16,879,671	-	57,514,420	0.62	247.39
2010	31,211,939	4,079,401	722	2,646,946	15,716,223	-	53,655,231	0.54	227.93
2011	48,399,864	3,713,316	258,279	1,789,283	14,500,117	-	68,660,859	0.65	288.63
2012	46,229,735	3,468,101	345,000	900,827	13,236,186	-	64,179,849	0.57	268.29
2013	46,839,735	715,000	229,597	13,440,053	-	-	61,224,385	0.54	253.76
2014	47,860,057	715,000	91,489	9,323,974	-	-	57,990,520	0.49	237.97
2015	43,051,024	715,000	223,748	8,113,581	-	-	52,103,353	0.42	211.36
2016	38,247,636	715,000	223,748	6,868,495	-	-	46,054,879	*	185.33

Note:

* Personal income information is not yet available

DEBT CAPACITY
Ratios of General Bonded Debt Outstanding

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>General Obligation Notes</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2007	\$ 21,329,551	\$ 20,901,645	\$ -	\$ 42,231,196	0.23	% \$ 185.42
2008	37,941,998	20,060,815	-	58,002,813	0.29	251.83
2009	36,192,460	21,304,986	-	57,497,446	0.27	247.32
2010	33,858,885	19,795,624	9,870	53,644,639	0.25	227.88
2011	50,189,147	18,213,433	-	68,402,580	0.31	288.75
2012	47,130,562	16,704,287	-	63,834,849	0.28	266.85
2013	60,279,788	715,000	-	60,994,788	0.27	252.81
2014	57,184,031	715,000	-	57,899,031	0.26	237.59
2015	51,164,605	715,000	-	51,879,605	0.22	210.45
2016	45,116,131	715,000	-	45,831,131	0.19	184.43

DEBT CAPACITY
Direct and Overlapping Governmental Activities Debt

December 31, 2016

COUNTY OF CUMBERLAND, PENNSYLVANIA

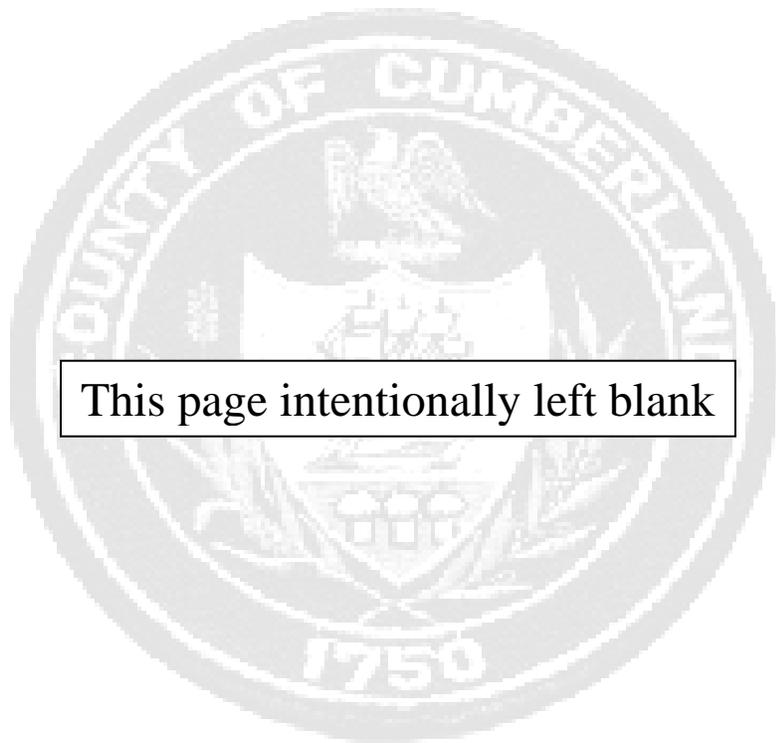
(unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
School Districts:			
Big Spring	\$ 31,448,524	100%	\$ 31,448,524
Camp Hill	19,220,996	100	19,220,996
Carlisle Area	61,800,000	100	61,800,000
Cumberland Valley	115,689,230	100	115,689,230
East Pennsboro	10,071,358	100	10,071,358
Mechanicsburg	38,096,000	100	38,096,000
*Shippensburg Area	25,049,000	61	* 15,279,890
South Middleton	56,879,222	100	56,879,222
*West Shore Area	40,650,000	55	* 22,357,500
Total school districts			370,842,720
Municipalities:			
Camp Hill Borough	18,770,001	100	18,770,001
Carlisle Borough	29,948,732	100	29,948,732
East Pennsboro Township	26,327,000	100	26,327,000
Hampden Township	51,276,215	100	51,276,215
Lower Allen Township	11,245,000	100	11,245,000
Mechanicsburg Borough	1,225,000	100	1,225,000
Middlesex Township	4,197,083	100	4,197,083
Monroe Township	950,575	100	950,575
Mt. Holly Springs Borough	2,419,311	100	2,419,311
Shippensburg Borough	576,970	100	576,970
Shippensburg Township	894,296	100	894,296
Silver Spring Township	12,325,000	100	12,325,000
South Middleton Township	2,270,000	100	2,270,000
Upper Allen Township	21,155,000	100	21,155,000
Wormleysburg Borough	2,525,334	100	2,525,334
Total municipalities			186,105,517
Subtotal overlapping debt			556,948,237
Total direct debt - County			39,186,384
Total direct and overlapping debt			\$ 596,134,621

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 453,522,334	481,210,536	489,555,684	483,492,830
Total net-debt applicable to limit	<u>42,645,000</u>	<u>58,410,000</u>	<u>57,850,000</u>	<u>54,283,464</u>
Net nonelectoral debt limit	<u>\$ 410,877,334</u>	<u>422,800,536</u>	<u>431,705,684</u>	<u>429,209,366</u>
Total net debt applicable to the limit as a percentage of debt limit	9.40 %	12.14	11.82	11.23

Last Ten Years

(unaudited)

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
471,646,512	462,737,838	468,846,437	481,164,681	498,487,522	519,866,331
<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>43,120,000</u>
<u>403,241,407</u>	<u>398,946,049</u>	<u>410,131,438</u>	<u>425,304,682</u>	<u>448,322,522</u>	<u>476,746,331</u>
14.50	13.79	12.52	11.61	10.06	8.29

Legal Debt Margin Calculation for year ending 2015

Borrowing base revenue:

2014	\$ 165,793,398
2015	172,919,231
2016	<u>181,153,701</u>
Total revenue (1)	<u>\$ 519,866,330</u>

Debt Limit for General Obligation Debt

Average borrowing base revenues	\$ 173,288,777
Debt limit percentage	<u>300%</u>
Debt limit	<u>519,866,331</u>
Total amount of debt applicable to debt limit	<u>43,120,000</u>
Legal debt margin	<u>\$ 476,746,331</u>

Debt Limit for General Obligation Debt and Lease Rental Debt

Average borrowing base revenues	\$ 173,288,777
Debt limit percentage	<u>400%</u>
Debt limit	<u>693,155,108</u>
Total amount of debt applicable to debt limit	<u>43,120,000</u>
Legal debt margin	<u>\$ 650,035,108</u>

Note:

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

Source: Annual Reports of Cumberland County Controller

DEMOGRAPHIC AND ECONOMIC INFORMATION

Demographic and Economic Information

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Year	Population	Total Personal Income (thousands of dollars)	Per Capita Personal Income	Median Household Income	School Enrollment (2)	Annual Average Unemployment Rate (1)
2007	\$ 227,762	\$ 9,494,820 (B)	\$ 41,513 (B)	\$ 56,426 (A)	34,720	3.3%
2008	230,329 (A)	9,846,174 (B)	42,558 (B)	58,268 (A)	34,726	4.2
2009	232,483 (A)	9,720,094 (B)	41,555 (B)	60,285 (A)	35,352	6.6
2010	235,406 (A)	10,001,694 (B)	42,384 (B)	60,400 (A)	32,771	6.8
2011	236,891 (C)	10,583,001 (B)	44,671 (B)	60,219 (A)	32,610	6.4
2012	239,217 (A)	11,199,885 (B)	46,825 (B)	60,832 (A)	32,443	6.2
2013	241,265 (A)	11,393,544 (B)	47,244 (B)	60,883 (A)	32,726	5.7
2014	243,689 (A)	11,944,041 (B)	49,045 (B)	60,826 (A)	33,029	4.5
2015	246,513 (A)	12,503,447 (B)	50,757 (B)	61,820 (A)	33,153	3.9
2016	248,506 (A)	* (B)	* (B)	* (A)	33,167	4.1

Notes: * information not yet available

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

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

2007 and 2016 Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Employer	2007			2016		
	Employees	Rank	Percentage of Total County Employment (3)	Employees	Rank	Percentage of Total County Employment (3)
U.S. Department of Defense:						
Naval Support Activity	-			4,600		
Carlisle Barracks	-			1,675		
Total	6,838 (1)	1	6%	6,275 (1)	1	5 %
Giant Foods	3,130	3	3	3,149 *	2	4
Geisinger Holy Spirit Hospital	2,175	4	3	2,807	3	2
Highmark Blue Shield	3,472	2	2	2,619	4	2
Commonwealth of Pennsylvania	1,953 (2)	5	2	1,685 (2)	5	1
Cumberland Valley School District	1,142	8	1	1,503	6	1
Cumberland County Government	1,221	7	1	1,285	7	1
JFC Temps Inc.	-	-	-	1,018	8	1
Fry Communications	1,100	9	1	1,035 *	9	1
Excel Logistics	-	-	-	1,000 *	10	1
Wal-Mart	1,313	6	1	-	-	-
Electronic Data Systems Corp.	1,100	10	1	-	-	-
Total	23,444		21%	22,376		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	2007	2008	2009	2010
Primary Government:				
Governmental Activities:				
General Government-Administrative:				
Commissioners	7	8	8	8
Solicitors	3	3	3	4
Elections	7	6	7	6
Controller	16	16	16	16
Finance	10	10	10	10
Tax Claims	2	2	2	2
Treasurer	5	4	4	3
Tax collector administration	17	17	17	17
Human resources	4	5	7	6
Tax assessment	20	22	23	22
Recorder of deeds	8	8	7	7
Administrative services	4	3	2	3
Information management and technology	15	17	17	17
Enterprise resource management	3	3	3	3
Geographic information systems	2	3	2	2
Human service fiscal operations	2	2	2	2
Grant administration	3	3	3	2
County buildings	16	16	15	22
Planning	2	5	4	6
Domestic Relations	38	39	39	39
General Government-Judicial				
Building security	9	8	7	7
Courts	34	40	39	41
District judges	38	37	39	39
Clerk of court	12	11	12	12
Coroner	6	5	4	4
Public defender	15	13	13	13
District attorney	25	23	25	25
Prothonotary	9	8	8	9
Register of wills	7	6	6	7
Sheriff	33	35	34	35
Public safety				
District attorney-criminal investigation	4	4	4	4
District attorney-forensic lab	2	2	2	2
Victim witness services	9	9	9	9
Prison	100	101	106	115
Adult probation	34	32	36	36
Juvenile probation	25	27	27	27
Emergency management & communications	9	7	7	6
Emergency Telephone (1)	-	-	-	-
Hazardous Materials Protection (1)	-	-	-	-
Vector control	3	3	3	2
Transportation (1) (2)	-	-	-	-
Recycling and waste management	3	3	3	3
Human services:				
Mental health/intellectual and developmental disabilities	47	49	50	48
Children and youth	57	59	58	62
Office of aging	29	30	32	31
Community services	9	11	11	11
Drug and alcohol	18	19	18	16
Veteran's affairs	2	2	2	2
Culture and recreation	15	15	15	14
Conservation and development	9	7	7	6
Business-type Activities:				
County nursing home	292	303	295	304
Emergency telephone (1)	45	45	44	44
Hazardous materials protection (1)	1	1	1	1
Transportation services (1)	28	26	25	28
Total Primary Government	1113	1133	1133	1160
Component Unit:				
Conservation district	8	9	8	8

(1) In 2014, Emergency Telephone, Hazmat Materials Protection, and Transportation Services were reclassified from business-type to governmental activities.

(2) In 2015, Transportation became a discontinued County operation as services were contracted with Rabbitransit.

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>(unaudited)</u> <u>2016</u>
9	8	9	9	9	9
4	3	4	4	4	4
6	6	6	6	6	6
16	15	16	16	16	16
10	10	10	8	10	10
2	2	2	2	2	2
4	5	5	5	5	6
17	17	17	17	16	16
6	7	7	8	8	7
19	20	20	19	18	18
7	8	7	6	7	7
3	3	3	3	2	1
15	16	16	14	15	14
3	3	2	3	3	3
2	1	2	2	2	2
2	2	2	2	2	2
2	2	2	3	5	6
21	21	21	20	20	23
6	6	5	5	5	5
38	39	39	39	39	38
6	7	7	7	6	7
43	40	42	44	46	45
38	38	38	36	39	38
11	13	13	11	12	13
6	7	7	7	6	7
12	15	15	16	15	15
27	27	27	26	28	26
8	9	9	8	9	9
7	8	6	8	7	7
34	35	36	36	38	38
4	5	6	5	6	6
3	3	3	3	3	4
9	8	9	9	9	9
115	115	117	118	119	119
37	37	38	37	38	39
26	26	25	26	26	25
7	7	6	4	8	8
-	-	-	47	46	45
-	-	-	-	-	-
3	3	4	3	3	3
-	-	-	28	-	-
3	3	2	1	1	1
47	47	46	47	46	47
62	63	62	67	65	66
29	26	26	29	30	29
9	8	6	6	6	6
20	20	19	19	18	20
2	2	2	2	2	2
15	15	14	13	14	14
6	6	6	6	6	6
282	283	284	270	276	268
43	45	46	-	-	-
1	1	1	-	-	-
24	27	28	-	-	-
1131	1143	1145	1130	1122	1117
8	8	7	8	9	9

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental - type:										
General Government-administrative										
<i>Fiscal affairs</i>										
Deed transfers	6,625	5,865	5,592	5,280	5,075	5,801	6,176	5,956	6,430	6,785
Mortgage recorded	16,352	13,827	14,784	13,124	12,042	13,354	13,206	9,298	10,032	10,701
Subdivision plans filed	272	207	192	152	141	115	133	147	155	143
Miscellaneous documents and instruments	21,390	20,623	22,245	19,922	21,184	21,184	20,852	14,617	16,200	16,864
<i>Administration</i>										
General election information										
Registered voters	139,288	252,349	147,650	150,533	152,249	158,190	148,322	151,050	153,481	166,965
Votes cast	39,620	114,499	34,432	81,873	35,313	111,381	33,618	75,845	40,913	124,421
Percent of votes cast	28%	45%	23%	54%	23%	70%	23%	50%	27%	75%
General Government-judicial										
<i>Court services:</i>										
Criminal cases filed	3,377	3,370	3,478	3,720	3,651	3,629	3,603	3,786	3,540	4,159
Summary appeals	281	256	272	267	231	234	258	259	320	362
Juvenile delinquency	N/A	153	179	284	245	241	334	388	437	481
Juvenile dependency	N/A	120	168	112	144	210	221	231	285	233
Marriage license applications	1,173	1,139	1,203	1,143	1,169	1,203	1,148	1,317	1,255	1,267
Estates and wills probated	1,096	1,202	1,112	1,198	1,277	1,257	1,266	1,143	1,213	1,266
Orphans' court cases filed	78	87	105	84	108	87	90	82	106	99
Adoption cases	126	134	119	114	106	91	97	89	113	112
<i>Court administration:</i>										
Criminal jury trials	41	56	57	43	40	47	55	44	48	45
Criminal appointment of counsel	406	368	408	479	433	479	486	636	499	564
Hearings by domestic relations conference officers	3,202	3,315	3,556	3,403	2,843	2,729	3,670	3,748	3,492	3,928
<i>Sheriff:</i>										
Prisoner transports	3,994	3,647	3,671	3,790	3,949	3,817	4,235	4,284	4,079	4,611

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
<i>County prison:</i>										
Average daily population	351	370	377	394	399	381	389	422	401	415
Commitments to prison	2,784	2,991	3,077	3,174	3,387	3,098	3,054	3,319	3,383	3,228
Releases from prison	2,799	2,768	3,044	3,218	3,346	3,141	2,974	3,350	3,352	3,195
<i>Adult probation:</i>										
Average caseload	1,836	2,004	2,452	2,685	2,476	2,475	2,408	2,471	2,383	2,401
DUI-Intermediate Punishment Program										
Bed Days Saved at County Prison	4,861	13,896	12,856	11,422	8,813	7,263	8,554	11,312	13,912	11,136
Accelerated Rehabilitative Disposition/DUI Program	690	701	707	679	774	868	686	672	523	615
<i>Day Reporting Center:</i>										
Bed Days Saved at County Prison	9,243	10,315	7,704	6,967	6,957	6,469	5,712	6,443	6,073	5,765
Human services										
<i>Children and youth</i>										
Number of referrals	849	1,159	992	1,236	1,232	1,182	1,330	1,455	1,993	1,930
Clients receiving in-home services	262	391	434	343	370	392	439	625	833	864
Clients requiring placement	270	196	193	219	211	229	286	271	281	329
<i>Mental health services:</i>										
Number of out-patient hours	7,731	9,272	9,217	9,976	13,646	12,493	11,472	12,418	12,993	9,721
Number of out-patient consumers	557	531	502	538	596	567	585	542	414	207
In-patient days	493	611	520	585	687	274	189	470	507	468
Number of in-patient consumers	67	113	79	39	26	15	19	24	21	15
Residential days	16,992	19,435	23,665	51,619	55,626	54,193	57,265	58,276	56,113	59,162
Number of residential consumers	216	202	188	216	205	210	194	216	224	204
<i>HealthChoices:</i>										
In-patient psychiatric treatment										
Number of in-patient consumers	257	288	290	345	377	404	463	444	537	529
Number of in-patient days	4,925	5,976	5,215	5,609	6,293	6,920	7,809	8,519	10,800	9,208
Out-patient psychiatric treatment										
Number of out-patient consumers	2,613	2,910	2,823	3,219	3,432	3,627	3,806	4,082	4,537	5,794
Number of out-patient units	63,144	60,673	35,412	41,749	40,523	41,239	41,850	44,598	49,727	60,777

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Children's residential and behavioral health rehabilitation										
Number of consumers	756	956	812	1,013	1,029	1,140	1,142	1,040	1,060	1,041
Number of units	385,586	604,857	811,357	780,442	791,221	849,765	807,612	665,898	602,368	554,345
Targeted case management										
Number of consumers	434	483	492	487	482	481	487	486	458	443
Number of units	90,029	92,050	89,652	92,796	89,158	81,779	67,978	50,997	57,743	57,844
Crisis Intervention										
Number of consumers	527	562	614	634	692	653	752	819	740	870
Number of units	8,788	9,274	9,265	8,909	8,247	7,636	10,182	11,236	5,841	7,234
<i>Intellectual and Developmental Disabilities</i>										
Number of consumers served	1,379	1,759	1,517	1,139	1,140	1,093	1,089	1,076	1,058	981
Number of transportation units	115,597	72,433	275,993	15,612	9,130	4,986	4,094	6,027	6,182	3,035
Number of residential units	79,021	*4,224	3,534	2,380	2,264	1,922	1,827	2,277	2,648	2,529
Number of workshop/vocational units	250,844	*566,260	624,149	71,641	48,572	44,039	53,779	52,614	58,072	54,203
<i>Office of aging:</i>										
Senior transportation trips	48,253	50,152	48,628	46,442	46,950	47,740	45,496	44,732	44,066	42,850
Information and assistance contracts	12,206	12,849	13,938	16,879	16,800	13,014	14,003	6,616	6,227	4,068
Congregate meals served	32,969	33,611	33,102	33,082	30,873	31,260	31,830	33,446	31,417	35,183
Adult day care days provided	4,544	5,029	4,765	4,945	4,508	2,907	1,072	1,707	3,124	4,175
Home delivered meals served	7,255	7,153	6,855	5,780	4,480	3,960	4,140	5,718	8,661	11,795
Maintenance/modification of homes	244	268	227	171	207	152	151	412	317	913
<i>Drug and alcohol:</i>										
Community-based outpatient treatment (in hours unless otherwise noted)										
Assessment/evaluations	969	1,133	965	708	707	700	754	692	547	303
Individual counseling	2,781	4,257	4,653	4,681	3,978	4,003	3,773	3,885	3,831	1,180
Intensive outpatient group	4,705	4,365	5,585	9,039	6,700	5,824	6,414	7,016	4,858	1,976
Group	1,266	2,223	2,532	2,520	2,640	2,350	2,726	3,137	2,972	1,375
Prison-based treatment and intervention service hours	2,050	1,812	1,237	3,474	2,481	1,508	2,260	1,971	2,470	3,083
Case management services										
Capital Region Maternal Assistance Program:										
Intensive case management service clients	105	88	44	70	71	74	68	70	67	69

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA (Continued)	(unaudited)									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business - type:										
Transportation **										
One way trips	149,448	151,872	150,270	144,827	145,398	143,590	136,485	127,440	N/A	N/A
Mileage	716,705	746,368	728,131	723,666	748,410	757,171	726,916	758,722	N/A	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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	N/A	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	36,000	36,000	36,000	36,000	36,000
Bureau of Elections										
Electronic voting machines	623	693	693	693	693	693	693	693	693	693
Court system and corrections										
District Attorney										
Square footage of Reed building (CID office)	2,584	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Domestic Relations										
Square footage of Domestic Relations building	23,315	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	6,022	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	5,168	5,168	5,168	5,168	5,168	5,168	5,168
Public safety										
County prison										
Maximum capacity of inmates	398	398	398	398	478	478	720	720	720	720
Square footage of the prison	93,107	93,107	109,617	109,617	145,064	145,064	178,410	178,410	178,410	178,410
Conservation										
Number of agricultural easements acquired	102	110	113	117	122	126	128	135	140	150
Acres in the agricultural easement program	12,553	13,480	13,867	14,333	14,825	15,311	15,437	16,144	16,750	17,236
Acres in agricultural secured areas	70,946	71,730	71,947	72,709	72,783	73,544	74,450	75,685	72,711	72,876
Square footage of agricultural extension building	8,024	N/A	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)

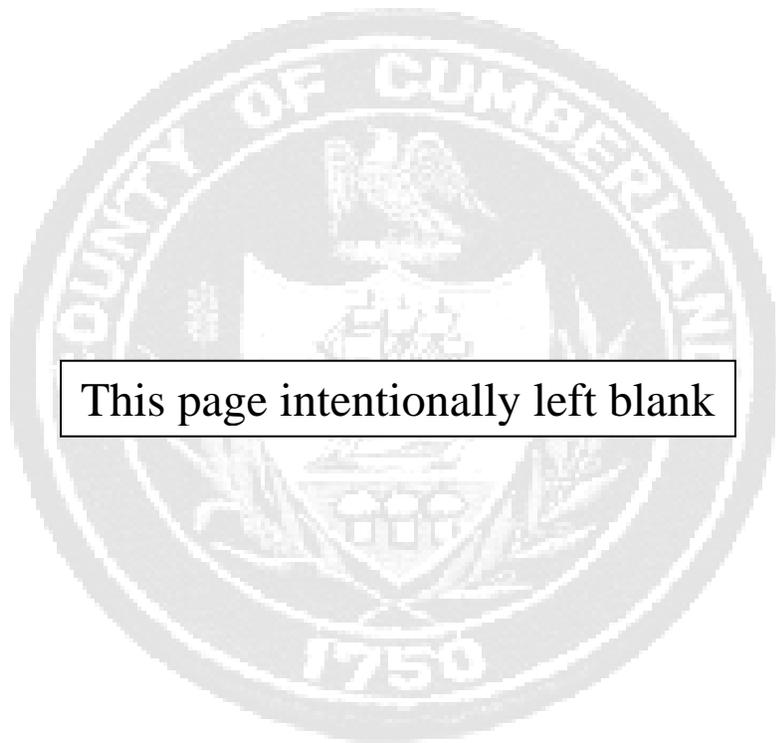
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Human Services										
Square footage of human services building (including parking garage)	42,400	42,400	47,844	47,844	47,844	47,844	47,844	47,844	47,844	47,844
Square footage of Aging/Community Services	N/A	N/A	N/A	8,024	8,024	8,024	8,024	8,024	8,024	8,024
Business-type activities:										
Nursing home										
Square footage of the nursing home	164,951	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	282
Emergency telephone center										
Square footage of the 911 center	10,024	10,024	10,024	10,024	24,233	24,233	24,233	24,233	24,233	24,233
Transportation services										
Buses and other vehicles	35	33	33	33	33	29	35	31	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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