

CITY
OF
CUMBERLAND
MARYLAND



Comprehensive Annual Financial Report
For the Fiscal Year End June 30, 2017



**Comprehensive
Annual
Financial Report**

**Fiscal Year 2017
July 1, 2016 - June 30, 2017**

City of Cumberland Administration



Brian K. Grim
Mayor



Jeffrey D. Rhodes
City Administrator



Eugene T. Frazier
Councilman



Seth D. Bernard
Councilman



David J. Caporale
Councilman



Richard J. Cioni, Jr.
Councilman

***City of Cumberland
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Introductory Section



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December 21, 2017

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Cumberland, Maryland

State law requires that all general purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) for the City of Cumberland, Maryland, for the year ended June 30, 2017.

This report consists of management's representations concerning the finances of the City of Cumberland. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Cumberland 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 City of Cumberland's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Cumberland's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Turnbull, Hoover & Kahl, PA., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cumberland, Maryland for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was 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 not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Cumberland’s separately issued Single Audit Report.

The Management Discussion and Analysis portion of the financial statements provides greater detail regarding management’s discussion of the financial condition of the City and what has transpired during fiscal year 2017. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Cumberland is empowered to levying a property tax on both real and personal properties located within its boundaries. The City is also empowered by the state to extend its corporate limits by annexation, which occurs periodically when deemed necessary by the Mayor and Council. The Mayor and Council are responsible for the passing of ordinances, adopting the budget, appointing committees, and hiring the City Administrator, City Solicitor, and the City Clerk. The City Administrator is responsible for carrying out the policies and ordinances of the Mayor and Council, for overseeing day-to-day operations of the city government, and for appointing the heads of the various departments.

The City of Cumberland provides a full range of services, including water, sewer, refuse, streets and drainage, recreation and parks, police, fire, planning and zoning, and community development. The cities schools and library are operated by Allegany County, Maryland.

The City of Cumberland was incorporated in 1815. Its legal authority is derived from Article XI-E of the State Constitution and Article 23-A of the Annotated Code of Maryland. Cumberland has an estimated population of 19,978 and a land area of approximately 11 square miles. The City has operated under the Council-Manager form of government since 1981.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within the City of Cumberland operates.

Local Economy: Cumberland is located in Allegany County of Western Maryland, equidistant from Washington, DC, Baltimore, MD, and Pittsburgh, PA. Economically, Cumberland closely resembles the Monongahela Valley (Mon. Valley) Industrial region

of Western Pennsylvania and Northern West Virginia more than it does the rest of the state of Maryland. Like the Monongahela Valley, Allegany County experienced a rapid decline in high-paying manufacturing jobs during the 1980's. These losses were aggravated by the closure of Kelly Springfield Tire Company (Tires), Celanese (Chemicals), and Pittsburgh Plate Glass. However, three major employers: Orbital ATK (Rocket Center, MD), CSX Transportation (Cumberland, MD), and Verso Paper (Luke, MD), continue to function within the region. The economy and unemployment rate of Cumberland has improved with the rest of the State, and currently has an unemployment rate of 5.7%, as compared to 4.1% for Maryland and the national average of 4.4% and compared to 6.2%, 4.3% and 4.9% respectively a year ago.

This stabilization of employment has created a greater diversified job segment and has allowed for jobs in the service, retail trade, tourism, and government sectors to expand and fortify the regions economy outside of the manufacturing industry. However, the region has not completely abandoned its manufacturing past, as it has been able to attract and retain a number of light manufacturers including Hunter Douglas, American Woodmark, and Berry Plastics. Additionally, a strong presence exists in public and service sectors including: The Western Maryland Health System, Western Correctional Institute, the Federal Correctional Institution, North Branch Correctional Institute, Frostburg State University, Rocky Gap Resort & Casino, Allegany County, the Allegany County Board of Education and the City of Cumberland.

Even with the increased job opportunities in the region, stabilized economy and the fact that the City's per capita income increased 4.1% in 2017, we are still significantly below the Maryland and national levels. The reason for this is, although the region has seen an influx of job opportunities, these jobs are lower paying compared to the previous higher-paying manufacturing jobs of the 1980's. The City population declined by 0.76% in 2017 which is consistent with an annual decline averaging 0.72% over the last 6 years.

Long Term Planning: In an effort to address the lagging economy the City of Cumberland adopted a new Economic Development Strategic Plan in 2014 that defined a program focusing the City's resources on actions that can most effectively promote a more prosperous economy. The City has made positive steps in advancing this plan with the creation of the Cumberland Economic Development Corporation (CEDC). The CEDC is a 501c3 non-profit corporation established to enhance economic development efforts in the community. The plan is available at the City's web site www.cumberlandmd.gov.

The City formed a committee to update its asset management plan and create the procedures to provide continual updates, the committee made progress in fiscal year 2017 including steps to combine detail from existing separate plans, geo-referencing water and sewer lines (including size, dates of installations/improvements, etc.), mapping and continual updating of street maintenance projects, and documenting details of other major infrastructure assets

Major Initiatives: In June 2016, the City issued a \$3,500,000 bond anticipation note associated with a joint effort project with the CEDC to acquire and raze residential and commercial buildings in a corridor largely consisting of substandard housing and blight

to capitalize on the increased level of interest in commercial development in our market. The goal of this project is to improve assessable base and employment opportunities in the direct and surrounding areas of the project. Much progress was made on this project during fiscal year 2017 and the CEDC is under agreement to transfer the associated to a developer during the second half of fiscal year 2018. The CEDC working with the City is also developing a downtown mall revitalization plan and is actively marketing two parcels of land that the City acquired and razed to entice commercial and/or residential development. These projects are being completed with a mix of City funds and County and State grants.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cumberland for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the tenth year that the City 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 generally accepted accounting principles (GAAP) 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.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Office and the Tax and Utility Office. I wish to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and City Council for their support in maintaining the highest standards of professionalism in the management of the City of Cumberland's finances.

Respectfully submitted,



Ken Tressler, CPA
City Comptroller



Government Finance Officers Association

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

Presented to

**City of Cumberland
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

City of Cumberland, Maryland

List of Elected Officials and Administrators Contact Information

Central Contact Information:

City of Cumberland
57 North Liberty Street
Cumberland, Maryland
21502
(301) 722-2000

Mayor and Council:

Brian K. Grim, Mayor
briangrim@verizon.net

David Caporale, Councilman
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Richard (Rock) Cioni, Jr. Councilman
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Eugene T. Frazier, Councilman
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Seth D. Bernard, Councilman
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Administration:

Jeffrey D. Rhodes
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Margie Woodring, City Clerk Assistant City Administrator (ACA)
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Human Resources
April Howser
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City of Cumberland, Maryland

List of Elected Officials and Administrators Contact information

(continued)

Public Safety:

Fire Department

Chief Donald Dunn

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Police Department

Chief Charles Hinnant

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Public Works:

Engineering

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Administrative Services:

Finance and Collections

Kenneth Tressler

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Community Development

Margie Woodring ACA

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Management Information Systems

Johnna L. Byers

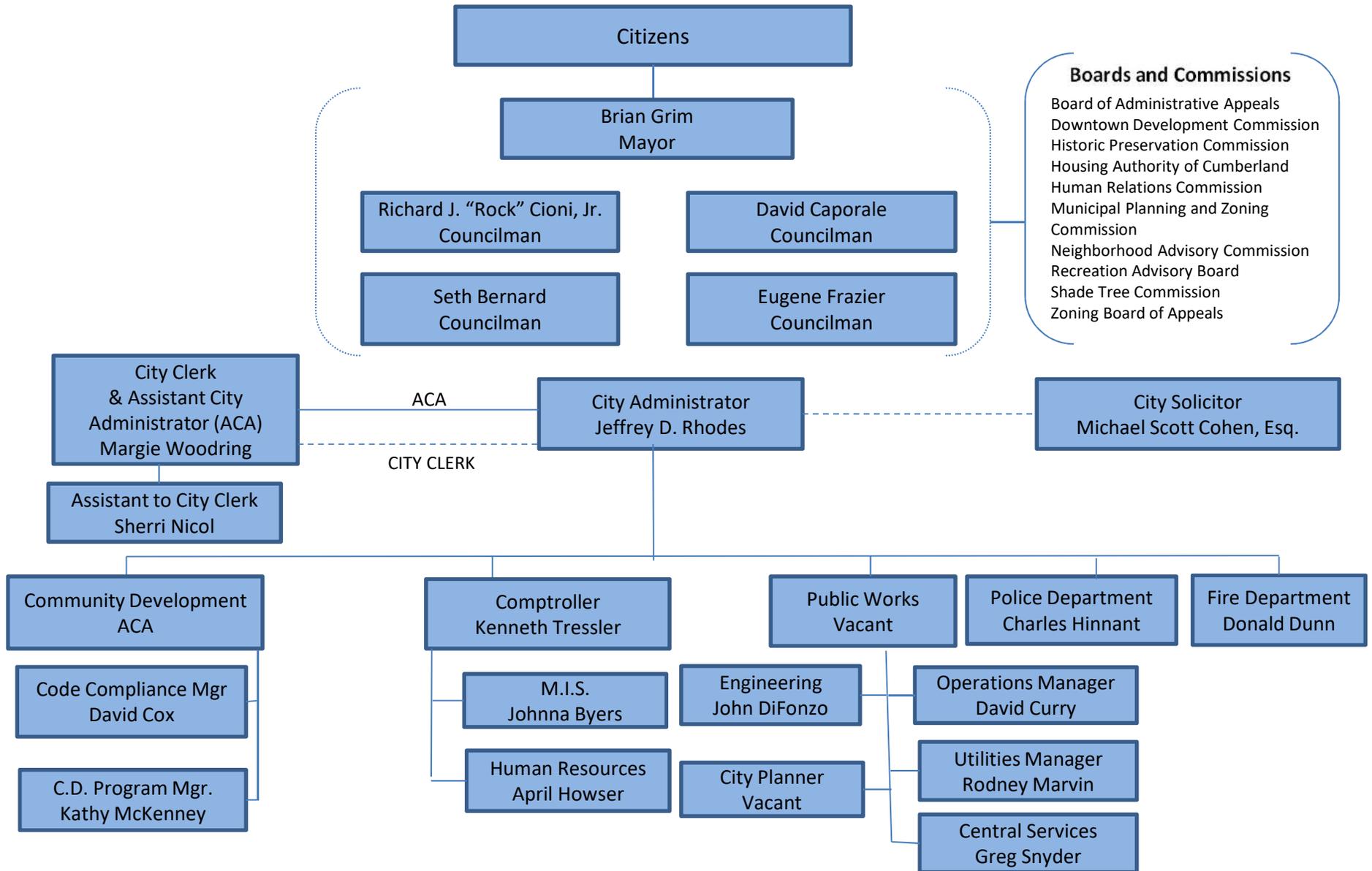
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Parks and Recreation

Diane Johnson

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City of Cumberland Organizational Chart



Financial Section

David W. Turnbull, CPA
Richard J. Hoover, CPA
Bernard B. Kahl, CPA



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Honorable Mayor and Members
of the City Council
City of Cumberland
Cumberland, Maryland

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cumberland, Maryland (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cumberland, Maryland, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 25, the budgetary comparison schedule on pages 82, the other post-employment benefits schedule of funding progress on page 83, the schedule of the City's proportionate share of the net pension liability on page 84, the schedule of the City's pension contributions on page 85 and the notes to required supplementary information on page 86, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cumberland, Maryland's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017, on our consideration of the City of Cumberland, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cumberland, Maryland's internal control over financial reporting and compliance.

Turnbull, Hoover & Kahl, P.A.

Cumberland, MD
December 21, 2017

CITY OF CUMBERLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cumberland, we offer readers of the City of Cumberland's financial statements this narrative overview and analysis of the financial activities of the City of Cumberland for the fiscal year ended June 30, 2017. The MD&A is best understood if read in conjunction with the Transmittal Letter and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

- The City of Cumberland's assets exceeded its liabilities (net position) by \$61.3 million at June 30, 2017. Of this amount, the business-type activities net position of \$70.7 million was offset by the governmental activities net position deficit of \$9.4 million. The net position is comprised of net investments in capital assets in the amount of \$77.7 million, \$3.7 million restricted for specific purposes (*restricted net position*) including capital projects, community development and public safety and an *unrestricted net position* deficit of \$20.1 million.
- At June 30, 2017, the City's business-type activities had an unrestricted net position of \$6.3 million, while the governmental activities had an unrestricted deficit of \$26.4 million. The unrestricted net position deficit of the governmental activities increased \$2.3 compared to the balance at June 30, 2016. The increase is mainly due to a \$3.4 million increase in pension liability partially offset by the State on Maryland's decision to forgive debt associated with an over-allocation of income taxes (see the final point of this section). The unrestricted net position deficit of the governmental activities includes the government funds' long-term liabilities of \$13.6 million in bonds and notes payable that do not represent an offset to capital assets, \$17.7 million net pension liability, a worker's compensation liability of \$3.4 million and compensated absences of \$2.0 million, which are not due and payable in the current period and as such are excluded from the fund statements.
- The City's total outstanding bonds and notes payable decreased by \$3.1 million to \$57.9 million during fiscal year 2017. The decrease was attributable to debt payments made during fiscal year 2017 which were made in compliance with all debt service agreements partially offset by the issuance of new debt. The City issued two separate bonds through the Maryland Water Quality Financing Administration in the amounts of \$3.0 million and \$0.3 million and drew \$0.2 million during fiscal year 2017 for the purpose of financing two Sewer Fund combined sewer overflow (CSO) Wastewater Treatment Plant and Evitts Creek projects. In addition, the City issued debt of \$57,000 through a lease purchase agreement for the purchase of office equipment. Additional information on the City's long-term debt can be found elsewhere within this MD&A and on Note 7 of the notes to the financial statements.
- The State of Maryland approved Bay Restoration Fee grants in the amounts of \$26.5 million and \$1.2 million to assist in the financing of the Wastewater Treatment Plant

and Evitts Creek CSO projects. During fiscal year 2017 \$0.5 million was received from these grants.

- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$8.6 million, a decrease of \$2.3 million in comparison to the prior year. The unassigned fund balance increased \$0.6 million while the nonspendable and restricted fund balances decreased \$3.0 million. Approximately 57% (\$4.9 million) of the combined fund balance is restricted for specific purposes and is comprised primarily of undrawn or unused debt proceeds. Approximately 30% (\$2.6 million) of the combined fund balance is considered nonspendable and is comprised primarily of prepaid worker's compensation expenses. Approximately 13% (\$1.1 million) of the combined fund balance is considered unassigned and available for spending at the government's discretion. The unassigned fund balance has increased \$1.0 million during the last two fiscal years.
- In fiscal year 2016 the City was notified by the State of Maryland that the State had over allocated income tax revenue to the City of Cumberland covering a period of several years. The State is allowing a 10-year repayment period beginning in 2024. As a result, the City reported a \$0.98 million long-term liability in the Governmental Activity section of the government-wide financial statements. During fiscal year 2017 the State decided to forgive the debt associated with the tax over-allocation.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City of Cumberland's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of the City's assets, liabilities and deferred inflows/outflows of resources, 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 City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event 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 fiscal periods (for example: uncollected taxes and earned but unused and vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Cumberland 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 government activities of the City include general government, public safety, public works, recreation, and community development and housing. The business-type activities of the City include the Water Fund, the Sewer Fund, the Municipal Parking Authority and the Trash Fund.

The government-wide financial statements include not only the City of Cumberland itself (known as the *primary government*), but also a legally separate economic development corporation known as the Cumberland Economic Development Corporation (CEDC). Financial information for this component unit is reported separately from the financial information for the primary government itself. Detailed financial information on the component unit can be found in CEDC's separately issued financial statements.

The government-wide financial statements can be found on pages 27-29 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 City of Cumberland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's two categories of funds, governmental and proprietary, use different accounting approaches.

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 fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar 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 provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City of Cumberland maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the housing assistance fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

Proprietary Funds. The City of Cumberland has one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses enterprise funds to account for its water fund, sewer fund, Municipal Parking Authority, and trash fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer funds, both of which are considered to be major funds of the City of Cumberland. Conversely, the Municipal Parking Authority fund and the trash fund are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for these funds are provided in the form of *combining statements* elsewhere in 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 38-81 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide OPEB and pension benefits to its employees. Required supplementary information can be found on pages 83-86 of the report.

Also reported as required supplementary information are budgetary comparisons for the General Fund. The General Fund budgetary comparison can be found on page 82.

The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented immediately following the required supplementary information on OPEB and pensions. Combining fund statements can be found on pages 87-92 of this report.

Complete financial statements of the component unit can be obtained from the Cumberland Economic Development Corporation administrative office.

Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Cumberland, assets exceeded liabilities by \$61.3 million at June 30, 2017.

By far, the largest portion of the City's net position is its \$77.7 million investment in capital assets (e.g., land, machinery, equipment, vehicles, and infrastructure) less any

related outstanding debt that was used to acquire those assets. The City of Cumberland uses these capital assets in a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position in the amount of \$3.7 million is comprised of resources that are subject to external restrictions on how they may be used.

The City's net position also included an *unrestricted net position* deficit of \$20.1 million at June 30, 2017. The deficit was a combination of an unrestricted net position surplus for the business type activities of \$6.2 million and the governmental activities' \$26.4 million deficit.

Net Position						
(000's)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	FY 17	FY 16	FY 17	FY 16	FY 17	FY 16
Current and Other Assets	\$ 12,181	\$ 15,024	\$ 15,295	\$ 13,607	\$ 27,476	\$ 28,631
Capital Assets	27,445	27,257	91,993	93,722	119,438	120,979
Deferred Outflows	4,105	2,612	1,078	661	5,183	3,273
Total Assets and Deferred Outflows	<u>43,731</u>	<u>44,893</u>	<u>108,366</u>	<u>107,990</u>	<u>152,097</u>	<u>152,883</u>
Long-term Liabilities (net of current portion)	47,045	45,264	33,588	34,422	80,633	79,686
Current Liabilities	5,704	6,213	3,946	3,628	9,650	9,841
Deferred Inflows	<u>422</u>	<u>291</u>	<u>109</u>	<u>74</u>	<u>531</u>	<u>365</u>
Total Liabilities and deferred inflows	53,171	51,768	37,643	38,124	90,814	89,892
Net Position:						
Net Investment in Capital Assets	13,281	13,379	64,451	64,873	77,732	78,252
Restricted	3,682	3,894	-	-	3,682	3,894
Unrestricted (deficit)	<u>(26,403)</u>	<u>(24,148)</u>	<u>6,272</u>	<u>4,993</u>	<u>(20,131)</u>	<u>(19,155)</u>
Total Net Position	<u>\$ (9,440)</u>	<u>\$ (6,875)</u>	<u>\$ 70,723</u>	<u>\$ 69,866</u>	<u>\$ 61,283</u>	<u>\$ 62,991</u>

During fiscal year 2017 the City's net position declined by \$1.7 million to \$61.3 million compared to a decline of \$4.6 million during fiscal year 2016. Revenue increased \$2.3 million to \$42.6 million and expenses decreased \$0.5 million to \$44.3 million.

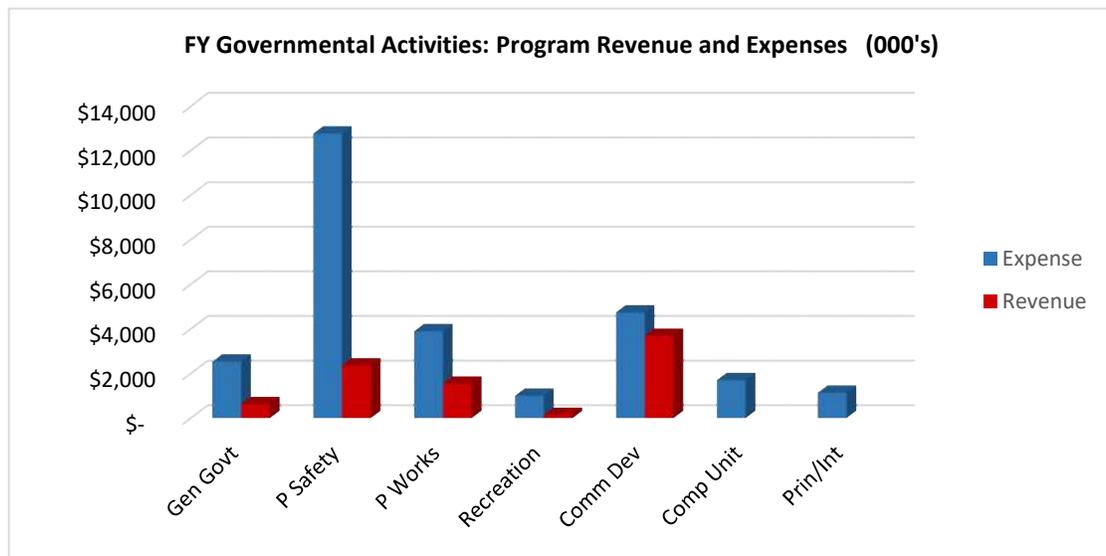
Changes in Net Position

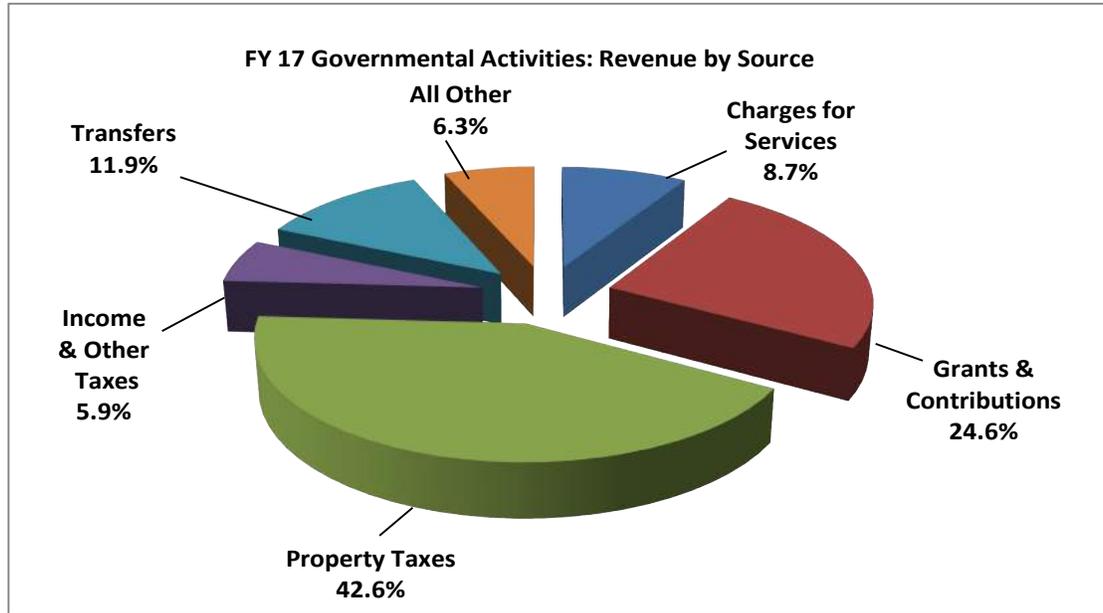
(In Millions)

	Governmental		Business-Type		Total Primary	
	<u>Activities</u>		<u>Activities</u>		<u>Government</u>	
	FY 17	FY 16	FY 17	FY 16	FY 17	FY 16
Revenues						
Program Revenues						
Charges for services	\$ 2.2	\$ 2.5	\$ 19.8	\$ 19.7	\$ 22.0	\$ 22.2
Operating Grants	5.2	5.5	-	-	5.2	5.5
Capital Grants and Contributions	1.0	-	0.5	-	1.5	-
General Revenues						
Property Taxes	10.8	10.6	-	-	10.8	10.6
Other taxes	0.6	0.6	-	-	0.6	0.6
Shared Revenues	1.2	1.3	-	-	1.2	1.3
Miscellaneous	1.3	0.1	-	-	1.3	0.1
TOTAL REVENUES	<u>22.3</u>	<u>20.6</u>	<u>20.3</u>	<u>19.7</u>	<u>42.6</u>	<u>40.3</u>
Program Expenses						
General Government	2.5	2.1	-	-	2.5	2.1
Public Safety	12.8	12.6	-	-	12.8	12.6
Public Works	3.9	3.9	-	-	3.9	3.9
Recreation	1.0	1.0	-	-	1.0	1.0
Community Development	4.8	4.7	-	-	4.8	4.7
Payment to component unit	1.7	2.5	-	-	1.7	2.5
Interest on LT Debt	1.1	1.1	-	-	1.1	1.1
Water	-	-	6.6	7.0	6.6	7.0
Sewer	-	-	7.9	8.0	7.9	8.0
Municipal Parking Authority	-	-	0.6	0.6	0.6	0.6
Trash	-	-	1.4	1.3	1.4	1.3
TOTAL EXPENSES	<u>27.8</u>	<u>27.9</u>	<u>16.5</u>	<u>16.9</u>	<u>44.3</u>	<u>44.8</u>
Excess Before Transfers and Special Items	(5.5)	(7.3)	3.8	2.8	(1.7)	(4.5)
Special Items	-	(0.1)	-	-	-	(0.1)
Transfers	3.0	3.6	(3.0)	(3.6)	-	-
Change in Net Position	(2.5)	(3.8)	0.8	(0.8)	(1.7)	(4.6)
Net Position- Beginning	(6.9)	(2.1)	69.9	70.7	63.0	68.6
Restatement	-	(1.0)	-	-	-	(1.0)
Net Position-Beginning (as restated)	<u>(6.9)</u>	<u>(3.1)</u>	<u>69.9</u>	<u>70.7</u>	<u>63.0</u>	<u>67.6</u>
Net Position-Ending	<u>\$ (9.4)</u>	<u>\$ (6.9)</u>	<u>\$ 70.7</u>	<u>\$ 69.9</u>	<u>\$ 61.3</u>	<u>\$ 63.0</u>

Government activities. The City’s governmental activities’ net position declined by \$2.5 million to a deficit of \$9.4 million. This compares to a decline in the net position of \$3.8 million during fiscal year 2016. Revenues increased \$1.7 million while expenses decreased \$0.1 million from fiscal year 2016 to 2017. Key differences are listed below:

- Capital grants of \$1.0 million were received in fiscal year 2017 and no capital grants were received in fiscal 2016. The 2017 grants included Public Works capital grants of \$.64 million were received associated with various street and bikeway projects and Community Development capital grants of \$.31 associated with various park improvements.
- Miscellaneous revenue increased \$1.2 million due primarily to the State of Maryland’s \$1.0 million debt forgiveness associated with the over-allocation of income taxes during the period of 2010 to 2015.
- Overall expenses decreased \$0.1 million or 0.4%. The most significant changes between years was a \$1.1 million decrease in economic development expenses (principally through payments to a Component Unit and primarily associated with a neighborhood revitalization project) was offset by a \$1.1 million increase in pension related expenses. Otherwise a decrease of \$0.8 million in payments to a Component Unit was mostly offset by slight increases in General Government, Public Safety and Community Development expenses resulting in the overall \$0.1 million decrease.

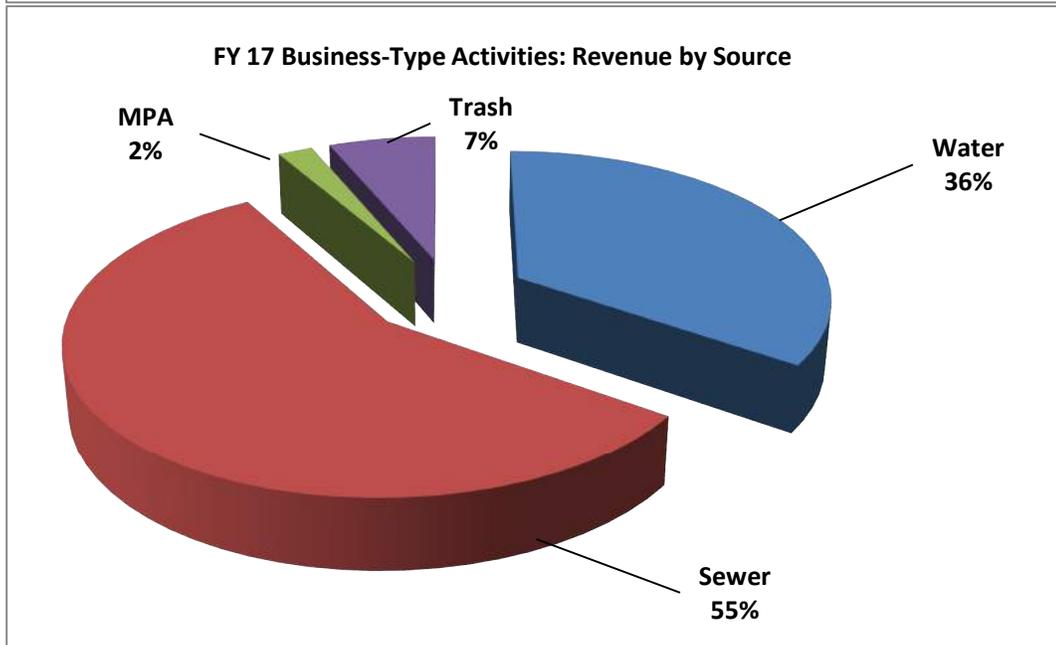
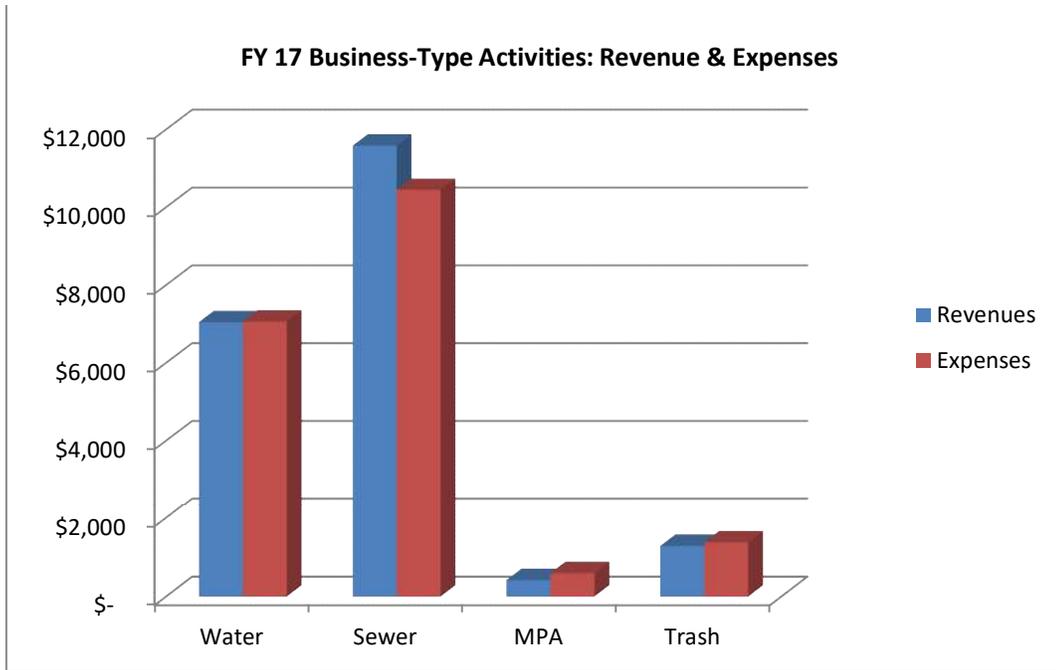




Business-type activities. The City’s net position for the business-type activities increased \$0.8 million in fiscal year 2017 compared to a decline of \$0.8 million in fiscal year 2016. The overall \$1.6 million improvement is due primarily to the following items:

- Revenue increased \$0.6 million primarily due to a \$0.5 million grant the City received from the State of Maryland for cost reimbursement associated with a major Sewer Fund construction project.
- Expenses decreased \$0.4 million chiefly due to a decrease in water fund operating costs.
- Discretionary utility transfers to the General Fund decreased by \$0.6 million in fiscal year 2017 when compared to fiscal year 2016.

The charts below include non-operating revenue and expenses and contributions, special items and/or transfers in the revenue and expenses figures.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$8.6 million, a decrease of \$2.3 million as compared to the prior year. Approximately 13% of this amount (\$1.1 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The *unassigned fund balance* increased \$0.6 million during fiscal 2017. The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is: 1) not in spendable form (\$2.6 million), or 2) restricted for particular purposes (\$4.9 million).

The general fund is the chief operating fund of the City of Cumberland. At the end of the current fiscal year the unassigned fund balance of the general fund was \$1.2 million, out of a total fund balance of \$7.0 million. This represents an increase of \$0.33 million to the unassigned fund balance and a \$2.2 million decrease to the total fund balance compared to balances from the prior year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. Unassigned fund balance represents 5.9% of the general fund expenditures, while total fund balance represents 35.1% of that same amount.

The reasons for the changes in the nonspendable and restricted fund balances are described below:

- The nonspendable fund balance increase of \$0.4 million was primarily due to the prepayment of July 2017 health insurance premiums in June 2017.
- The restricted fund balance decrease of \$2.9 million is associated primarily with the utilization of debt proceeds received in a prior period for fiscal 2017 expenditures.

Proprietary Funds. The City of Cumberland's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Net position at year end and the change in net position during the current year are highlighted in the following table:

**City of Cumberland
Business-Type Enterprise Funds Net Position Detail
June 30, 2017**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
Net Position				
Net investment in Capital Assets	\$ 16,368,296	\$ 46,549,502	\$ 1,532,746	\$ 64,450,544
Unrestricted	3,661,512	2,079,670	530,531	6,271,713
Total Net Position	<u>\$ 20,029,808</u>	<u>\$ 48,629,172</u>	<u>\$ 2,063,277</u>	<u>\$ 70,722,257</u>
Change in net position during the year, increase (decrease)	<u>\$ (15,037)</u>	<u>\$ 1,135,074</u>	<u>\$ (264,040)</u>	<u>\$ 855,997</u>

Other factors concerning the finances of these three funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

Over the course of the year, the Mayor and City Council revises the City’s General Fund budget. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations. The second category includes changes that are made to adjust for unforeseen savings and expenses in order to reflect a more accurate budget. Lastly, the Mayor and Council amend appropriations to prevent budget overruns.

With these amendments, the charges to appropriations (expenditures) were \$39,000 below the final budgeted amounts for fiscal year 2017. The key amendments were as follows:

- The City made supplemental appropriations of \$145,000 during the year mainly to provide for an equipment purchase that was expected to be purchased in fiscal year 2016 when the fiscal year 2017 budget was prepared.
- The City initially budget for the expenditures associated with a neighborhood revitalization project known as the “Maryland Avenue Redevelopment Project” (MARP) in the Capital Improvement Fund, but subsequently determined that it should be accounted for in the General Fund. After adjusting for some smaller favorable variances, the net increase required to prevent a general fund budget expenditure overrun was \$640,000. This was more than offset by a reduction in the budgeted transfer-out of \$1.2 million, which was also primarily associated with the decision to move the MARP project to the General Fund.

Capital Asset and Debt Administration

Capital Assets. The City of Cumberland’s investment in capital assets as of June 30, 2017 was \$119.5 million, which included governmental activities of \$27.5 million and business-type activities of \$92.0 million.

Major capital events during the fiscal year included the following:

Governmental activities:

- \$1.5 million was spent on paving jobs throughout the city.
- \$0.5 million was spent on parks and bikeways.
- \$0.3 million was spent on miscellaneous machinery & equipment.
- \$0.2 million in land was acquired (including donations of \$.15 million).

Business-type activities:

- The water fund spent \$0.4 million on water line system improvements.
- The sewer fund spent \$0.8 million on infrastructure improvements primarily at the wastewater treatment plant.
- The sewer and water funds spent \$0.02 on vehicles, machinery and equipment.

During fiscal year 2017 the water and sewer funds disposed assets of various depreciable assets primarily consisting of vehicles with a combined original cost of \$0.2 million and net book values of \$0.003 million.

Additional detail regarding the City of Cumberland’s capital assets can be found in Note 5 of the notes to the financial statements.

Long-term Debt. At the end of the current fiscal year, the City of Cumberland had total debt outstanding of \$57.9 million which was comprised of governmental activity debt of \$27.7 million and business-type activity debt of \$30.2 million.

City of Cumberland Outstanding Debt						
General Obligation Bonds and Notes Payable						
(000's)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	FY 17	FY 16	FY 17	FY 16	FY 17	FY 16
General Obligation Bonds	\$ 26,909	\$ 28,351	\$ 30,162	\$ 31,785	\$ 57,071	\$ 60,136
Notes Payable	833	845	16	-	849	845
Total	<u>\$ 27,742</u>	<u>\$ 29,196</u>	<u>\$ 30,178</u>	<u>\$ 31,785</u>	<u>\$ 57,920</u>	<u>\$ 60,981</u>

As discussed in the financial highlights section, the City had three separate issuances of debt for a combined amount of \$3.4 million and combined advances of .3 million.

At June 30, 2017, the City had an unspent balance of \$2.3 million from a fiscal year 2015 CDA bond issue of \$7.5 million and an unspent balance of \$0.9 million from a fiscal year 2014 CDA bond issue of \$3.2 million.

In June 2017, Fitch and Standards and Poor's affirmed the City rating of "A."

- Additional information on the City of Cumberland's long-term debt can be found in Note 7 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the budget, tax rates and fees that will be charged for the business-type activities for fiscal year 2017. One of those factors is the economy. Unemployment in the Cumberland/Allegany County area on June 30, 2017 was 5.7%. While this represents an improvement of 0.5% when compared to a year ago, it is still well above the State of Maryland unemployment rate of 4.2% as of June 30, 2017.

Based on the Maryland State constant yield notice the City expects an increase in assessable real property tax base of \$14.6 million (1.7%) beginning July 1, 2017. The City continues to experience significant health care costs increases as the fiscal year 2018 budget reflects a rate increase of 10% and an overall cost increase \$0.3 million. In an effort to deal with rising costs, the City raised the real property tax rate by 9.75% to \$1.0595 per \$100 of assessable base.

During the fiscal year 2018 budget process, City staff directed all departments to submit their budgets with a focus on maintaining operating expenses with increases for only extraordinary items. Except for promotion situations, the fiscal year 2018 personnel wage increases are being limited to 2% or less. In addition, seven open positions at June 30, 2017 are not going to be filled during fiscal year 2018

The fiscal year 2018 budget included the issuance of debt to refinance existing debt and to fund the purchase of various capital assets. For additional information regarding the issuance of this new debt see Note 20 of the notes to the financial statements.

The City continues to take a proactive approach to economic development by investing in economic development initiatives and staffing to support such initiatives. One of the significant activities was the formation of the "The Cumberland Economic Development Corporation (the "CEDC") is a non-profit, qualified 501(c)(3) corporation established under Maryland law in July, 2016. The CEDC is an instrumentality of the Mayor & City Council of Cumberland, Maryland (the "City") and charged with engaging in charitable and educational efforts to support economic, property and community development in Allegany County, Maryland, with an initial focus and emphasis on the City of Cumberland.

Activities include a 6.5-acre area revitalization project known as the Maryland Avenue Project that includes the acquisition of approximately 67 parcels of real estate and the subsequent demolition and site preparation for commercial development. The CEDC has

entered a written development agreement whereby the developer will receive the 48 parcels of land currently owned by the city and or CEDC, negotiate in good faith with the balance of the remaining owners for acquisition of their land and commence commercial development of the site. The developer presently owns 3 parcels in the project area. The CEDC is also working on a Downtown Revitalization project to potentially open a pedestrian mall to vehicular traffic and upgrade communication service lines as well as to repurpose a vacant five story commercial building into a 48-room boutique hotel. Finally, the CEDC is actively marketing two sites known as the Eastside School property and the Memorial Hospital property previously acquired and prepared for commercial or residential uses.

A copy of the City's budget is available on our web site at www.ci.cumberland.md.us.

Requests for Information

This financial report is designed to provide a general overview of the City of Cumberland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Comptroller's Office at 57 N. Liberty Street, Cumberland, Maryland, 21502.

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Basic Financial Statements

CITY OF CUMBERLAND, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2017

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
ASSETS:				
Current assets:				
Cash	\$ 731,867	\$ 4,705,812	\$ 5,437,679	\$ 139,230
Investments	1,290,938	4,538,585	5,829,523	-
Taxes receivable	1,469,528	-	1,469,528	-
Accounts receivable	344,475	2,033,964	2,378,439	-
Accrued interest receivable	16,874	-	16,874	-
Due from other governments	3,083,027	1,814,502	4,897,529	-
Internal balances	(1,000,000)	1,000,000	-	-
Prepaid expenses	2,744,127	556,335	3,300,462	700
Due from primary government	-	-	-	28,725
Inventory	8,562	620,376	628,938	-
Total Current Assets	8,689,398	15,269,574	23,958,972	168,655
Noncurrent assets:				
Housing loans receivable	273,485	-	273,485	-
Loans receivable	441,099	-	441,099	-
Notes receivable	795,000	-	795,000	-
Restricted cash	624,471	-	624,471	-
Restricted investments	1,176,625	-	1,176,625	-
Capital assets:				
Non-depreciable	1,639,683	2,976,194	4,615,877	-
Depreciable, net	25,805,376	89,017,293	114,822,669	-
Other assets	-	25,000	25,000	-
Net OPEB asset	181,185	-	181,185	-
Total Non-Current Assets	30,936,924	92,018,487	122,955,411	-
Total Assets	39,626,322	107,288,061	146,914,383	168,655
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pension	4,105,109	1,077,904	5,183,013	-
Total Assets and Deferred Outflows of Resources	\$ 43,731,431	\$ 108,365,965	\$ 152,097,396	\$ 168,655

CITY OF CUMBERLAND, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2017
(continued)

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 627,763	\$ 991,331	\$ 1,619,094	\$ 16,039
Accrued wages	488,363	-	488,363	-
Accrued interest	227,442	125,956	353,398	-
Unearned revenue	169,949	18,980	188,929	-
Deposits payable	75,969	-	75,969	-
Due to component unit	28,725	-	28,725	-
Accrued health claims	216,920	88,358	305,278	-
Current portion of compensated absences	867,322	365,876	1,233,198	-
Current portion of workers' comp payable	1,534,564	394,734	1,929,298	-
Current portion of bonds and notes payable	1,466,918	1,961,260	3,428,178	-
Total Current Liabilities	<u>5,703,935</u>	<u>3,946,495</u>	<u>9,650,430</u>	<u>16,039</u>
Noncurrent liabilities:				
Compensated absences (net of current portion)	1,130,178	612,580	1,742,758	-
Workers' comp claims payable (net of current portion)	1,836,425	472,382	2,308,807	-
Bonds and notes payable (net of current portion)	26,275,794	28,217,529	54,493,323	-
Retainage payables	85,084	-	85,084	-
Net pension liability	17,717,557	4,285,641	22,003,198	-
Total Non-Current Liabilities	<u>47,045,038</u>	<u>33,588,132</u>	<u>80,633,170</u>	<u>-</u>
Total Liabilities	<u>52,748,973</u>	<u>37,534,627</u>	<u>90,283,600</u>	<u>16,039</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	421,884	109,081	530,965	-
NET POSITION:				
Net investment in capital assets	13,280,688	64,450,544	77,731,232	-
Restricted for:				
Capital Projects	1,630,699	-	1,630,699	-
Community Development	1,837,871	-	1,837,871	85,645
Public Safety	213,920	-	213,920	-
Unrestricted (Deficit)	(26,402,604)	6,271,713	(20,130,891)	66,971
Total Net Position	<u>(9,439,426)</u>	<u>70,722,257</u>	<u>61,282,831</u>	<u>152,616</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 43,731,431</u>	<u>\$ 108,365,965</u>	<u>\$ 152,097,396</u>	<u>\$ 168,655</u>

CITY OF CUMBERLAND, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>			<u>Primary Government</u>			<u>Component Unit</u>
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>			
						<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Governmental Activities:									
General government	\$ 3,838,317	\$ (1,299,132)	\$ 627,468	\$ 9,533	\$ -	\$ (1,902,184)	\$ -	\$ (1,902,184)	\$ -
Payment to component unit	15,000	-	-	-	-	(15,000)	-	(15,000)	-
Public safety	12,764,059	-	1,223,864	1,149,631	-	(10,390,564)	-	(10,390,564)	-
Public works	4,076,595	(175,047)	-	909,624	640,897	(2,351,027)	-	(2,351,027)	-
Recreation	1,014,331	-	130,979	5,250	12,225	(865,877)	-	(865,877)	-
Community development and housing	4,729,687	15,457	225,836	3,160,454	313,491	(1,045,363)	-	(1,045,363)	(1,645,449)
Payment to component unit	1,695,948	-	-	-	-	(1,695,948)	-	(1,695,948)	-
Interest on long-term debt	1,144,151	-	-	-	-	(1,144,151)	-	(1,144,151)	-
Total Governmental Activities	29,278,088	(1,458,722)	2,208,147	5,234,492	966,613	(19,410,114)	-	(19,410,114)	(1,645,449)
Business-type Activities:									
Water	6,000,068	574,102	7,036,828	-	-	-	462,658	462,658	-
Sewer	7,259,812	689,179	11,089,998	-	487,872	-	3,628,879	3,628,879	-
Municipal Parking Authority	559,627	40,867	424,698	-	-	-	(175,796)	(175,796)	-
Trash	1,223,992	154,574	1,290,273	-	-	-	(88,293)	(88,293)	-
Total Business-type Activities	15,043,499	1,458,722	19,841,797	-	487,872	-	3,827,448	3,827,448	-
Total Government	\$ 44,321,587	\$ -	\$ 22,049,944	\$ 5,234,492	\$ 1,454,485	\$ (19,410,114)	\$ 3,827,448	\$ (15,582,666)	\$ (1,645,449)
General Revenues:									
Taxes:									
Property taxes						\$ 10,769,758	\$ -	\$ 10,769,758	\$ -
Franchise Fees						297,679	-	297,679	-
Other Taxes						288,035	-	288,035	-
Appropriation from City of Cumberland, Maryland						-	-	-	1,710,948
Shared revenues - income tax						1,184,629	-	1,184,629	-
Investment earnings						62,102	29,521	91,623	54
Miscellaneous						1,243,171	-	1,243,171	38,339
Transfers						3,000,972	(3,000,972)	-	-
Total General Revenues and Transfers						16,846,346	(2,971,451)	13,874,895	1,749,341
Change in Net Position						(2,563,768)	855,997	(1,707,771)	103,892
Net Position - Beginning						(6,875,658)	69,866,260	62,990,602	48,724
Net Position - Ending						\$ (9,439,426)	\$ 70,722,257	\$ 61,282,831	\$ 152,616

The accompanying Notes to Financial Statements are an integral part of this statement

CITY OF CUMBERLAND, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Housing Assistance Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 731,756	\$ 9,909	\$ 106,855	\$ 848,520
Investments	1,290,938	-	86,096	1,377,034
Taxes receivable	1,446,994	-	22,534	1,469,528
Accounts receivable	344,222	-	253	344,475
Due from other governments	2,201,210	-	881,817	3,083,027
Interfund receivables	241,868	-	-	241,868
Prepaid expenditures	2,574,178	169,949	-	2,744,127
Inventory	8,562	-	-	8,562
Restricted cash	507,818	-	-	507,818
Restricted investment	1,090,529	-	-	1,090,529
Housing loans receivable	-	-	273,485	273,485
Loans receivable	-	-	441,099	441,099
Notes receivable	-	-	795,000	795,000
Total Assets	\$ 10,438,075	\$ 179,858	\$ 2,607,139	\$ 13,225,072
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 456,411	\$ 9,909	\$ 161,443	\$ 627,763
Accrued wages	488,363	-	-	488,363
Interfund payables	1,000,000	-	241,868	1,241,868
Due to component unit	28,725	-	-	28,725
Unearned revenues	-	169,949	-	169,949
Deposits payable	75,969	-	-	75,969
Total Liabilities	2,049,468	179,858	403,311	2,632,637
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	1,419,890	-	529,902	1,949,792
FUND BALANCES:				
Fund balances (deficit):				
Nonspendable	2,582,740	-	-	2,582,740
Restricted	3,221,990	-	1,704,000	4,925,990
Unassigned	1,163,987	-	(30,074)	1,133,913
Total Fund Balances (Deficit)	6,968,717	-	1,673,926	8,642,643
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,438,075	\$ 179,858	\$ 2,607,139	\$ 13,225,072

CITY OF CUMBERLAND, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

Fund Balances - Total Governmental Funds \$ 8,642,643

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental Capital Assets	64,459,919	
Less: Accumulated Depreciation	<u>(37,014,860)</u>	27,445,059

Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Accrued interest receivable		16,874
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Net OPEB asset is not included in the governmental funds		181,185
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Pension related deferred outflows of resources and deferred inflows of resources that are not due and payable in the current year and, therefore are not reported in the governmental funds, as follows:

Deferred Outflows of Resources	4,105,109	
Deferred Inflows of Resources	<u>(421,884)</u>	3,683,225

Long-term liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds.

Governmental Bonds and Notes Payable	(27,742,712)	
Compensated Absences	(1,997,500)	
Retainage	(85,084)	
Workers Compensation	(3,370,989)	
Accrued Health Claims	(216,920)	
Net Pension Liability	(17,717,557)	
Accrued Interest	<u>(227,442)</u>	(51,358,204)

Unavailable revenue reported on modified accrual basis of accounting in governmental funds is susceptible to full accrual on the entity-wide statements.

Unavailable Revenue		<u>1,949,792</u>
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Net Position of Governmental Activities		<u>\$ (9,439,426)</u>
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CITY OF CUMBERLAND, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Housing Assistance Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 11,324,590	\$ -	\$ 206,089	\$ 11,530,679
Licenses and permits	203,847	-	-	203,847
Intergovernmental	3,036,192	2,132,101	1,963,459	7,131,752
Charges for services	1,630,969	-	-	1,630,969
Fines and forfeitures	1,265	-	-	1,265
Interest	22,156	-	43,747	65,903
Miscellaneous	592,158	-	21,356	613,514
Total Revenues	<u>16,811,177</u>	<u>2,132,101</u>	<u>2,234,651</u>	<u>21,177,929</u>
Expenditures:				
Current:				
General government	1,744,595	-	365,590	2,110,185
Public safety	10,444,130	-	339,809	10,783,939
Public works	2,525,919	-	8,819	2,534,738
Recreation	813,098	-	-	813,098
Community development and housing	2,574,917	2,132,101	958,117	5,665,135
Capital Outlay	-	-	1,980,388	1,980,388
Debt service:				
Principal	976,047	-	517,000	1,493,047
Interest	786,199	-	391,174	1,177,373
Total Expenditures	<u>19,864,905</u>	<u>2,132,101</u>	<u>4,560,897</u>	<u>26,557,903</u>
Revenues in Excess of (Less Than) Expenditures	<u>(3,053,728)</u>	<u>-</u>	<u>(2,326,246)</u>	<u>(5,379,974)</u>
Other Financing Sources (Uses):				
Transfers-in	3,000,972	-	2,213,570	5,214,542
Transfers-out	(2,213,570)	-	-	(2,213,570)
Issuance of debt	39,530	-	-	39,530
Total Other Financing Sources	<u>826,932</u>	<u>-</u>	<u>2,213,570</u>	<u>3,040,502</u>
Net Change in Fund Balance	(2,226,796)	-	(112,676)	(2,339,472)
Fund balance (deficit), beginning	<u>9,195,513</u>	<u>-</u>	<u>1,786,602</u>	<u>10,982,115</u>
Fund balance (deficit), ending	<u>\$ 6,968,717</u>	<u>\$ -</u>	<u>\$ 1,673,926</u>	<u>\$ 8,642,643</u>

CITY OF CUMBERLAND, MARYLAND
RECONCILIATION OF THE STATEMENT OF THE GOVERNMENTAL REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (2,339,472)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital outlays exceed depreciation in the current year.

Expenditures for capital assets	2,363,501	
Donated capital assets	153,500	
Loss on Sale/Disposal of Capital Assets	(88,538)	
Less: current year depreciation	<u>(2,240,436)</u>	188,027

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments in the current year.

Bond and loan proceeds	(39,530)	
Principal payments	<u>1,493,047</u>	1,453,517

Some revenues reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues in governmental funds.

Interest accrued on note receivable		(2,612)
Unavailable revenues		(42,578)
Gain on write-off of state tax obligation		984,506

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	(451,757)	
Other post-employment benefit obligation	88,691	
Workers compensation	(441,549)	
Accrued interest adjustment	33,222	
Accrued health claims	52,449	
Pension expense	<u>(2,086,212)</u>	<u>(2,805,156)</u>

Change in Net Position of Governmental Activities \$ (2,563,768)

CITY OF CUMBERLAND, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	Water Fund	Sewer Fund	Non-Major Proprietary Funds	Total
ASSETS				
<u>Current Assets:</u>				
Cash and cash equivalents	\$ 1,088,995	\$ 2,864,314	\$ 752,503	\$ 4,705,812
Investments	3,025,310	1,513,275	-	4,538,585
Accounts receivable	776,049	1,160,015	97,900	2,033,964
Due from other governments	243,975	1,570,527	-	1,814,502
Prepaid expenses	302,694	252,873	768	556,335
Inventory	620,196	180	-	620,376
Interfund receivables, current	1,000,000	-	-	1,000,000
Total Current Assets	<u>7,057,219</u>	<u>7,361,184</u>	<u>851,171</u>	<u>15,269,574</u>
<u>Noncurrent Assets:</u>				
Capital assets:				
Non-depreciable	187,634	2,607,823	180,737	2,976,194
Depreciable, net	29,615,802	55,853,746	3,547,745	89,017,293
Evitts Creek Water Company, capital stock	25,000	-	-	25,000
Total Non-Current Assets	<u>29,828,436</u>	<u>58,461,569</u>	<u>3,728,482</u>	<u>92,018,487</u>
Total Assets	<u>36,885,655</u>	<u>65,822,753</u>	<u>4,579,653</u>	<u>107,288,061</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	513,183	508,724	55,997	1,077,904
Total Assets and Deferred Outflows of Resources	<u>\$ 37,398,838</u>	<u>\$ 66,331,477</u>	<u>\$ 4,635,650</u>	<u>\$ 108,365,965</u>
LIABILITIES				
<u>Current Liabilities:</u>				
Accounts payable	\$ 109,910	\$ 740,699	\$ 140,722	\$ 991,331
Accrued interest	74,420	36,143	15,393	125,956
Unearned revenues	3,600	-	15,380	18,980
Accrued health claims	39,106	46,217	3,035	88,358
Current portion of compensated absences	169,268	188,173	8,435	365,876
Current portion of workers' comp. claims payable	211,258	183,476	-	394,734
Current portion of bonds and notes payable	1,007,769	787,380	166,111	1,961,260
Total Current Liabilities	<u>1,615,331</u>	<u>1,982,088</u>	<u>349,076</u>	<u>3,946,495</u>
<u>Noncurrent Liabilities:</u>				
Compensated absences (net of current portion)	294,345	295,920	22,315	612,580
Workers' comp. claims payable (net of current portion)	252,814	219,568	-	472,382
Bonds and notes payable (net of current portion)	13,143,267	13,017,576	2,056,686	28,217,529
Net pension liability	2,011,833	2,134,849	138,959	4,285,641
Total Non-Current Liabilities	<u>15,702,259</u>	<u>15,667,913</u>	<u>2,217,960</u>	<u>33,588,132</u>
Total Liabilities	<u>17,317,590</u>	<u>17,650,001</u>	<u>2,567,036</u>	<u>37,534,627</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	51,440	52,304	5,337	109,081
NET POSITION				
Net investment in capital assets	16,368,296	46,549,502	1,532,746	64,450,544
Unrestricted	3,661,512	2,079,670	530,531	6,271,713
Total Net Position	<u>20,029,808</u>	<u>48,629,172</u>	<u>2,063,277</u>	<u>70,722,257</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 37,398,838</u>	<u>\$ 66,331,477</u>	<u>\$ 4,635,650</u>	<u>\$ 108,365,965</u>

CITY OF CUMBERLAND, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	Water Fund	Sewer Fund	Non-Major Proprietary Funds	Total
Operating Revenues:				
Charges for Services:				
Domestic	\$ 2,369,528	\$ 5,726,232	\$ 1,256,711	\$ 9,352,471
Industrial	2,187,250	864,341	3,086	3,054,677
Sanitary commissions	-	3,974,761	-	3,974,761
Water companies	2,214,425	-	-	2,214,425
Rents/Concessions	-	-	402,713	402,713
Connection Charges	203,366	3,735	-	207,101
Other	62,259	520,929	52,461	635,649
Total Operating Revenues	7,036,828	11,089,998	1,714,971	19,841,797
Operating Expenses:				
Personal services	2,643,404	3,117,674	259,009	6,020,087
Utilities	212,623	456,402	15,215	684,240
Supplies	224,393	515,601	-	739,994
Repairs and maintenance	601,290	350,432	15,921	967,643
Landfill and recycling	-	5,479	441,203	446,682
Depreciation	1,216,054	1,672,595	137,917	3,026,566
Contractual services	82,044	898,816	779,801	1,760,661
Other operating expenses	1,158,886	733,105	231,885	2,123,876
Total Operating Expenses	6,138,694	7,750,104	1,880,951	15,769,749
Operating Income (Loss)	898,134	3,339,894	(165,980)	4,072,048
Non-Operating Revenues (Expenses):				
Interest income	17,591	11,881	49	29,521
Interest expense	(403,625)	(175,804)	(98,109)	(677,538)
Bond issue costs	-	(23,083)	-	(23,083)
Gain (Loss) on disposal of capital assets	(31,851)	-	-	(31,851)
Total Non-Operating Income (Loss)	(417,885)	(187,006)	(98,060)	(702,951)
Net Income Before Contributions, Special Items, and Transfers	480,249	3,152,888	(264,040)	3,369,097
Capital contributions	-	487,872	-	487,872
Transfers-out	(495,286)	(2,505,686)	-	(3,000,972)
Net Income (Loss)	(15,037)	1,135,074	(264,040)	855,997
Net position-beginning of year	20,044,845	47,494,098	2,327,317	69,866,260
Net position-end of year	\$ 20,029,808	\$ 48,629,172	\$ 2,063,277	\$ 70,722,257

CITY OF CUMBERLAND, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	Water Fund	Sewer Fund	Non-Major Proprietary Funds	Total
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 6,996,708	\$ 10,698,738	\$ 1,701,105	\$ 19,396,551
Cash payments to suppliers	(2,138,556)	(2,734,383)	(1,486,772)	(6,359,711)
Cash payments for personal services	(2,474,075)	(2,872,621)	(227,887)	(5,574,583)
Other operating receipts	62,259	520,929	52,461	635,649
Net Cash Provided (Used) Operating Activities	<u>2,446,336</u>	<u>5,612,663</u>	<u>38,907</u>	<u>8,097,906</u>
Cash Flows from Noncapital Financing Activities:				
Transfers to other funds	(495,286)	(2,505,686)	-	(3,000,972)
Principal paid on noncapital debt	(1,014)	(1,133)	(58)	(2,205)
Loans to other funds	(1,000,000)	-	-	(1,000,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,496,300)</u>	<u>(2,506,819)</u>	<u>(58)</u>	<u>(4,003,177)</u>
Cash Flows from Capital and Related Financing Activities:				
Release of debt proceeds held by State	318,780	51,678	-	370,458
Change in capital intergovernmental receivables	7,997	(184,692)	-	(176,695)
Capital contributions	-	487,872	-	487,872
Acquisition and construction of capital assets	(490,563)	(716,380)	-	(1,206,943)
Proceeds from capital debt	11,293	228,978	-	240,271
Principal paid on capital debt	(937,942)	(764,332)	(142,152)	(1,844,426)
Interest paid on capital debt	(408,080)	(180,024)	(98,960)	(687,064)
Bond issue costs	-	(23,083)	-	(23,083)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,498,515)</u>	<u>(1,099,983)</u>	<u>(241,112)</u>	<u>(2,839,610)</u>
Cash Flows from Investing Activities:				
Interest on investments	17,591	11,881	49	29,521
Net Cash Provided (Used) by Investing Activities:	<u>17,591</u>	<u>11,881</u>	<u>49</u>	<u>29,521</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(530,888)	2,017,742	(202,214)	1,284,640
Cash and Cash Equivalents at Beginning of Year	4,645,193	2,359,847	954,717	7,959,757
Cash and Cash Equivalents at End of Year	<u>\$ 4,114,305</u>	<u>\$ 4,377,589</u>	<u>\$ 752,503</u>	<u>\$ 9,244,397</u>

CITY OF CUMBERLAND, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(continued)

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				
	Water Fund	Sewer Fund	Non-Major Proprietary Funds	Total
Reconciliation of Cash to Statement of Net Position				
Cash balance-Statement of Net Position	\$ 1,088,995	\$ 2,864,314	\$ 752,503	\$ 4,705,812
Investment balance-Statement of Net Position	3,025,310	1,513,275	-	4,538,585
Cash and Cash Equivalents-Statement of Cash Flows	\$ 4,114,305	\$ 4,377,589	\$ 752,503	\$ 9,244,397
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 898,134	\$ 3,339,894	\$ (165,980)	\$ 4,072,048
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,216,054	1,672,595	137,917	3,026,566
Pension expense	160,311	168,533	31,095	359,939
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	20,939	129,669	23,215	173,823
(Increase) decrease in prepaid expenses	94,035	106,210	(768)	199,477
(Increase) decrease in inventory	29,808	(100)	-	29,708
Increase (decrease) in accounts payable	16,837	119,342	(1,979)	134,200
Increase (decrease) in unavailable revenues	1,200	-	15,380	16,580
Increase (decrease) in accrued health claims	(9,153)	(5,362)	(982)	(15,497)
Increase (decrease) in workers' comp. claims payable	(79,005)	(88,499)	-	(167,504)
Increase (decrease) in accrued wages and compensated absences	97,176	170,381	1,009	268,566
Net cash provided (used) by operating activities	\$ 2,446,336	\$ 5,612,663	\$ 38,907	\$ 8,097,906
Noncash operating, financing, and investing activities:				
Loss on disposition of capital assets	\$ 31,851	\$ -	\$ -	\$ 31,851
Debt proceeds not received from government	243,975	1,312,478	-	1,556,453

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

A. Introduction

The City of Cumberland, Maryland (the City) was incorporated January 23, 1815. The City operates under a City-Administrator form of government per Charter Amendment #79 dated November 10, 1980 and provides the following services as authorized by its charter: public safety (police and fire), public works (maintenance, sewer, streets, water), recreation, community development and housing, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Financial reporting entity

The reporting entity includes all of the City's departments and agencies.

GASB Statement 14 defines component units as legally separate entities that are to be included in a government's reporting entity because of the significance of their operating or financial relationships with the government. The City has determined the following organization to be a component unit that is to be discretely presented in the City's basic financial statements:

The Cumberland Economic Development Corporation (the CEDC) is a corporation formed and operated under the provisions of the Corporate Law of the State of Maryland to support economic development and property and community development in the City. The CEDC has its own separate governing board which is not appointed by the City. Although it is legally separate from the City, the CEDC is reported as a component unit because the CEDC is fiscally dependent on the City, as the City is currently the primary funding source for the CEDC's operations. The CEDC has a June 30 year end. The CEDC issues separate financial statements.

Complete financial statements of the component unit can be obtained by contacting the following office:

Cumberland Economic Development Corporation
60 Pershing Street
Cumberland, Maryland 21502

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies – (Continued)

C. Basic Financial Statements

The City's basic financial statements include both (1) government-wide (reporting the City as a whole) and (2) fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks, recreation, public works, community development and housing, and general administrative services are classified as governmental activities. The City's water, sewer and trash services, and municipal parking authority operations are classified as business-type activities.

Government-wide financial statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position are reported in three parts - Net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the City's functions and business-type activities (public safety, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, community development and housing, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Amounts reported as program revenues include (1) charges to customers for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The net costs (by function or business-type activity) are normally covered by general revenue (property, or income taxes, intergovernmental revenues, interest income, etc.).

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies – (Continued)

The City allocates indirect costs from the General Fund to the Water, Sewer, Trash, MPA, and certain special revenue funds. To accomplish this allocation, the General Fund charges an administrative service charge to those funds to recover the costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.). The government-wide financial statements present this allocation in a separate column entitled “Indirect Expense Allocation”. In the fund financial statements described below, these charges are reported as expenses in the Water, Sewer, Trash and special revenue funds rather than in the General Fund.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City’s net position resulting from the current year’s activities.

Fund financial statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds’ measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies – (Continued)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The only proprietary funds used by the City are enterprise funds which are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Major Funds – Fund Financial Statements

GASBS No. 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Housing Assistance Fund accounts for the administration and payment of rent to provide improved housing for low income residents of the City of Cumberland. Funding is provided by the U.S. Department of Housing and Urban Development to the State of Maryland and then passed through to the City as a sub recipient. All funding received by the City is then passed through as a sub recipient to the Allegany County Human Resources Development Commission, Inc. who administers the Section 8 Housing Choice Voucher Program. Approximately 350 individuals are assisted annually.

The City reports the following major proprietary funds:

The Water Fund accounts for the acquisition and maintenance of the water service provided to users within the boundaries of the City of Cumberland and certain outlying areas.

The Sewer Fund accounts for the acquisition and maintenance of the sewer service provided to users within the boundaries of the City of Cumberland and certain outlying areas.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies – (Continued)

D. Basis of Accounting and Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting and utilize the economic resource focus. Revenues are recognized when earned and expenses are recognized when a liability is incurred.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when eligibility requirements have been met.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting and utilize the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Revenue sources subject to accrual include property taxes and other revenues such as income taxes, federal grants, and state grants. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

E. Financial Statement Amounts

Cash

Cash and cash equivalents in the statement of cash flows includes currency on hand, demand deposits and investments with maturities of three months or less.

Investments

Investments consist of funds with the MD Local Government Investment Pool which are reported at current value.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies – (Continued)

Inventory

Inventories are recorded at average cost which approximates market. The inventory is recorded as an asset when purchased and charged to expenditure when used.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items under the consumption method.

Receivables

The accounts receivable in the Water Fund, Sewer Fund and Trash Fund represent gross receivables of the respective funds with no valuation allowance made for doubtful accounts since the City has preferred status in that water, sewer and trash services are not resumed for the property until the receivables are collected. Similarly no valuation allowance is made for real estate property taxes receivable since title to real property does not pass until real estate taxes are paid in full.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund receivables” and “interfund payables” in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives.

Buildings	40-50 years
Water and sewer system	40-50 years
Machinery and equipment	3-20 years
Improvements	10-30 years
Other infrastructure	10-75 years

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies – (Continued)

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, notes payable, accrued compensated absences, workers' compensation payable, retainage payable and net pension liability.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financial sources while the payment of principal and interest is reported as an expenditure. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Interfund Activity

Interfund activity is reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide financial statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses and are not eliminated in the process of consolidation in the government-wide financial statements. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. *Summary of Significant Accounting Policies – (Continued)*

Deferred Outflows/Inflows of Resources

As defined by GASB Concept Statement No. 4, “*Elements of Financial Statements*,” deferred outflows/inflows of resources are the consumption/acquisition of net assets/position by the government that are applicable to a future reporting period.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pension in its statement of net position in connection with the City’s participation in the Maryland State Retirement and Pension System. The deferred pension outflows are either (1) recognized in a subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (2) amortized in a systematic and rational method as pension expense in future periods in accordance with generally accepted accounting principles.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports unavailable revenue only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available, (2) The City also reports deferred inflows related to pension in its statement of net position in connection with the City’s participation in the Maryland State Retirement and Pension System. The deferred pension inflows are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with generally accepted accounting principles.

Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 1,271,290	\$ 18,747	\$ 1,290,037
Governmental Grants	148,600	511,155	659,755
Total	\$ 1,419,890	\$ 529,902	\$ 1,949,792

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. *Summary of Significant Accounting Policies – (Continued)*

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The following funds were affected:

	Total Interest Costs Incurred	Interest Charged To Expense	Interest Cost Capitalized	Interest Revenue Used to Offset Interest Costs	Net Capitalized Interest
Water Fund	\$ 403,625	\$ 403,625	\$ -	\$ -	\$ -
Sewer Fund	176,748	175,804	944	-	944
Non-Major Proprietary Funds	98,109	98,109	-	-	-

Interest costs are expensed when incurred by governmental fund types where proceeds are used to finance the construction of capital assets.

Classification of Net Position – Government-wide Financial Statements

In the government-wide financial statements, net position is classified in the following categories:

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The City’s policy is generally to use restricted resources first, as appropriate opportunities arise.

Unrestricted Net Position – this category represents the net position of the City, which is not restricted for any project or other purpose.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. *Summary of Significant Accounting Policies – (Continued)*

Classification of Fund Balance – Fund Financial Statements

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable – amounts that are not in a spendable form or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers through constitutional provisions, or by enabling legislation.

Committed – amounts constrained to specific purposes by the City itself through a resolution, using the highest level of decision making authority, namely, Mayor & City Council; to be reported as committed, amounts cannot be used for any other purpose unless the Mayor & City Council takes the same action to remove or change the constraint.

Assigned – amounts the City intends to use for a specific purpose; intent can be expressed by the Mayor & City Council or by an official or body to which the Mayor & City Council delegates the authority. Effective June 30, 2015, the Mayor & City Council delegated the City Comptroller the authorization to assign fund balances for specific purposes.

Unassigned – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Mayor & City Council has provided otherwise in its commitment or assignment functions.

The Mayor & City Council adopted a fund balance policy for the General Fund. The policy states that it is the City's goal to achieve and maintain an unassigned fund balance at fiscal year end to be at least equal to 25% of the subsequent years budgeted expenditures. The policy also states that should the unassigned fund balance at fiscal year end fall below 5% of the subsequent years budgeted expenditures, the fund balance is to be rebuilt within a reasonable time frame.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. *Summary of Significant Accounting Policies – (Continued)*

Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include salaries and wages, administrative fees, operating and maintenance, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pension

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maryland State Retirement and Pension System ("the System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

F. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

An annual operating budget is legally adopted for the General Fund. The budget amounts in the required supplemental information were adopted on a basis consistent with generally accepted accounting principles and are as originally adopted or as amended by the City Council. During fiscal year 2017 and 2018, the Mayor & City Council approved an decrease in appropriations in the amount of \$390,200 for fiscal year 2017.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies – (Continued)

Annual budgets for other major governmental funds are not adopted and therefore are not presented.

The City utilizes encumbrance accounting, the recording of purchase orders, in order to internally monitor annual appropriations, in the General Fund. Encumbrances outstanding at year-end are not classified as committed in the General Fund as the encumbrances do not represent enforceable commitments approved by the Mayor and City Council. Encumbrances in the General Fund total \$204,356 as of June 30, 2017.

The City follows these procedures in establishing the budgetary data reflected in the financial statements. Expenditures may not legally exceed appropriations at the function level.

1. Approximately in February, revenues are projected for the fiscal year commencing the following July 1. This information is forwarded to the individual department heads to prepare their budgets according to the projected revenues.
2. The department budgets are accumulated by the City Administrator, who prepares a formal budget and submits it to the Mayor and City Council.
3. Public hearings are conducted at the City Hall to obtain taxpayer comments.
4. Prior to July 1, the budget is legally enacted through passage of an ordinance.
5. The Mayor and City Council can approve supplemental appropriations during the year.
6. The Mayor and City Council can approve budget amendments between departments during the year.

Net Position/Fund Balance Deficit

The following funds had deficit net positions/fund balances at June 30, 2017:

Police Grants Fund	(26,625)
Capital Projects Fund	(3,449)

The two aforementioned funds will have their deficit fund balances restored principally with the recognition of unavailable revenues at June 30, 2017 as revenue in fiscal year 2018 or with revenues earned in future years.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. *Summary of Significant Accounting Policies – (Continued)*

Compliance with Finance Related Legal and Contractual Provisions

The City incurred no material violations of finance related legal and contractual provisions.

G. **Implementation of New Accounting Principles**

The City implemented GASB Statement No. 77, entitled *Tax Abatement Disclosures* in the current fiscal year and made the required tax abatement disclosures in Note 12. The implementation of this statement did not have a material effect on the City's financial statements.

The GASB has also issued GASB Statement No. 75, entitled, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, which will require adoption in fiscal year 2018, and management believes the implementation of this statement will have a material effect on the City's financial statements.

Note 2. *Cash and Investments*

Cash

As of June 30, 2017, the carrying amount of the City's deposits was \$6,062,150 and the bank balance was \$6,754,687.

Cash Risks and Policies

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires 102% of uninsured deposits with financial institutions to be fully secured by collateral. The City's cash balances at financial institutions at June 30, 2017 are fully collateralized with securities held by the City's agent in the City's name.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. *Cash and Investments – (Continued)*

Investments

As of June 30, 2017, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Total</u>	<u>Investment Maturity</u>		<u>Credit Rating</u>
		<u>Less than 90 Days</u>	<u>90 days to one year</u>	
Maryland Local Government Investment Pool	\$ 7,006,148	\$ 7,006,148	\$ -	AAAm
	\$ 7,006,148	\$ 7,006,148	\$ -	

The City invests in the Maryland Local Government Investment Pool (MLGIP) which is administered by PNC Bank. The external investment pool is treated as a 2a-7 pool. The MLGIP has a Standard and Poor’s rating of AAAm and is administered by the State Treasurer. The MLGIP fund maintains a \$1.00 per share net asset value and is stated at cost, which is the same as fair value. The Board for the Maryland State Treasurer’s Office oversees its operations, and a financial report for the MLGIP is available at www.mlgip.com.

Investment Risks and Policies

Credit Risk: Article 95, Section 22 of the Annotated Code of Maryland authorizes the City to invest surplus funds in bonds or in other obligations of which the full faith and credit of the United States of America are pledged, obligations of federal government agencies issued in accordance with an Act of Congress, repurchase agreements that are secured by any bond or other obligation for the payment of which the full faith and credit of the United States are pledged, any bank or banks in the State of Maryland, any savings and loan association, any building and loan association, in interest-bearing time deposit; and/or savings accounts, or in the Maryland Local Government Investment Pool. The City’s investment policy limits its investments to those authorized by State statute. The City is in compliance with State statutes and its investment policy.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City’s investment policy indicates that the majority of the investments of the City will be on a short term basis (less than one year). However, a portion of the portfolio can contain investments with longer maturities (up to two years from date of purchase). These investments are limited to direct federal government obligations and to securities issued by U.S. Government agencies.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Cash and Investments – (Continued)

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City’s investment policy for cash and investments specifies the following diversification by instrument:

<u>Diversification by Instrument</u>	<u>Maximum Percent of Portfolio</u>
U.S. Treasury Obligations	100%
Maryland Local Government Investment Pool	90%
Repurchase Agreements (Master Repurchase Agreement required)	70%
Collateralized Certificates of Deposit (Only Maryland Commercial Banks)	70%
U.S. Government Agency and U.S. Government-sponsored instrumentalities	50%

Additionally, no more than 70% of the City’s total cash and investment balances may be placed at any one financial institution.

The City’s investments meet the aforementioned policy.

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City policy provides that investment collateral is to be held by a third party custodian with whom the City has a current custodial agreement in the City’s name. All of the City’s investments are either collateralized with securities held by the City’s agent in the City’s name or held at the MLGIP. The City’s investment policy and state law requires collateralization of 102% of fair value of investments. The City does not have any investments exposed to custodial credit risk.

Restricted cash is reported in the General Fund and on the Government-Wide financial statements in the amount of \$507,818. This cash was obtained from advancement of grant funding and through police seizures of cash that are restricted for public safety activities.

Restricted investments are reported in the General Fund in the amount of \$1,090,529. These investments are restricted for the acquisition of assets and improvements under various financing arrangements.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Cash and Investments – (Continued)

Additionally, on the Government-Wide financial statements, cash and investments of certain special revenue funds in the amount of \$202,749 are reported as restricted non-current assets due to the fact that these funds are designated for the construction and acquisition of non-current assets, community legacy projects, and downtown development.

Note 3. Due from Other Governments

Amounts due from other governments primarily represent tax, grant and shared revenues due from the Federal, State and local governments, as well as unspent bond proceeds held by the State of Maryland.

Note 4. Interfund Receivables, Payables and Transfers – Fund Financial Statements

Interfund receivables and payables and transfers as of June 30, 2017 are as follows:

Interfund Receivables/Payables - Current:	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 241,868	\$ 1,000,000
Non-Major Governmental Funds	-	241,868
Sub-total	241,868	1,241,868
Proprietary Funds:		
Water Fund	1,000,000	-
Sewer Fund	-	-
Sub-total	1,000,000	-
Total Interfund Receivables/Payables - Current	\$ 1,241,868	\$ 1,241,868

All current interfund receivables are expected to be repaid within the next fiscal year. The interfund balances as of June 30, 2017 are the result of a centralized cash receipt and disbursement function. This results in funds having a deficiency or excess of cash depending on the timing of the receipt of revenues or other sources and/or the payment of expenditures (or expenses) or other uses of cash.

Transfers:	Interfund Transfers-In	Interfund Transfer-Out
Governmental Funds:		
General Fund	\$ 3,000,972	\$ 2,213,570
Non-Major Governmental Funds	2,213,570	-
Sub-total	5,214,542	2,213,570
Proprietary Funds:		
Water Fund	-	495,286
Sewer Fund	-	2,505,686
Sub-total	-	3,000,972
Total Transfers (Fund Financial Statements)	\$ 5,214,542	\$ 5,214,542

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

*Note 4. Interfund Receivables, Payables and Transfers – Fund Financial Statements –
(Continued)*

Transfers to support the operations of other funds are classified as “Other Financing Sources (Uses)” in the fund statements. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-Wide financial statements. The significant transfers made in fiscal year 2017 are described in the following paragraph.

The City transferred \$364,069 and \$1,470,591 from the Water and Sewer Funds, respectively, to the General Fund for payment in lieu of taxes. The City transferred \$131,217 and \$135,095 from the Water and Sewer Funds, respectively, to the General Fund as prepaid workers compensation expenses were reallocated based on actual experience. In addition, and as budgeted, the City made a discretionary transfer of \$900,000 from the Sewer Fund to the General Fund. The City transferred \$234,227 from the General Fund to the Capital Projects Fund to fund various capital projects, as well as an \$80,566 operational transfer from the General Fund to the Special Taxing District for discretionary financial assistance, as budgeted. Finally, the \$1,881,960 transfer-in reported in the Street Improvement Fund consists of a transfer of \$781,213 in property tax revenues and other General Fund monies used to make the debt service payment in the Street Improvement Fund, as well as \$1,100,747 used for street improvement projects that were funded through General Fund debt.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 5. Capital Assets

City of Cumberland capital assets activity for the year ended is as follows:

	Beginning Balance	Additions	Reclassifications /Retirements	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Non-depreciable assets:				
Land	\$ 1,072,631	\$ 198,524	\$ (5,556)	\$ 1,265,599
Construction in progress	686,571	1,991,848	(2,304,335)	374,084
Total non-depreciable assets	<u>1,759,202</u>	<u>2,190,372</u>	<u>(2,309,891)</u>	<u>1,639,683</u>
Depreciable assets:				
Buildings and improvements	15,111,913	752,658	(56,460)	15,808,111
Machinery and equipment	8,523,700	247,856	(408,018)	8,363,538
Infrastructure	37,061,470	1,630,450	(43,333)	38,648,587
Total depreciable assets	<u>60,697,083</u>	<u>2,630,964</u>	<u>(507,811)</u>	<u>62,820,236</u>
Accumulated depreciation:				
Buildings and improvements	10,107,106	418,934	(56,460)	10,469,580
Machinery and equipment	6,557,774	482,188	(325,036)	6,714,926
Infrastructure	18,534,373	1,339,314	(43,333)	19,830,354
Total accumulated depreciation	<u>35,199,253</u>	<u>2,240,436</u>	<u>(424,829)</u>	<u>37,014,860</u>
Depreciable assets, net	<u>25,497,830</u>	<u>390,528</u>	<u>(82,982)</u>	<u>25,805,376</u>
Governmental activities capital assets, net	<u>\$ 27,257,032</u>	<u>\$ 2,580,900</u>	<u>\$ (2,392,873)</u>	<u>\$ 27,445,059</u>
BUSINESS-TYPE ACTIVITIES:				
Non-depreciable assets:				
Land	\$ 368,371	\$ -	\$ -	\$ 368,371
Land improvements	446,208	-	-	446,208
Construction in progress	1,623,074	772,591	(234,050)	2,161,615
Total non-depreciable assets	<u>2,437,653</u>	<u>772,591</u>	<u>(234,050)</u>	<u>2,976,194</u>
Depreciable assets:				
Buildings and improvements	137,981,766	609,299	(21,091)	138,569,974
Machinery and equipment	5,077,132	181,940	(171,258)	5,087,814
Total depreciable assets	<u>143,058,898</u>	<u>791,239</u>	<u>(192,349)</u>	<u>143,657,788</u>
Accumulated depreciation:				
Buildings and improvements	47,519,380	2,826,908	(17,962)	50,328,326
Machinery and equipment	4,255,048	199,658	(142,537)	4,312,169
Total accumulated depreciation	<u>51,774,428</u>	<u>3,026,566</u>	<u>(160,499)</u>	<u>54,640,495</u>
Depreciable assets, net	<u>91,284,470</u>	<u>(2,235,327)</u>	<u>(31,850)</u>	<u>89,017,293</u>
Business-type capital assets, net	<u>\$ 93,722,123</u>	<u>\$ (1,462,736)</u>	<u>\$ (265,900)</u>	<u>\$ 91,993,487</u>

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 5. Capital Assets – (Continued)

Depreciation expense is charged to functions as follows:

Governmental Activities		Business-Type Activities	
General Government	\$ 311,837	Water	\$ 1,216,054
Public Safety	292,286	Sewer	1,672,595
Public Works	1,423,248	Municipal Parking	137,917
Recreation	154,889		\$ 3,026,566
Urban Development & Housing	58,176		
	\$ 2,240,436		

For the fiscal year ended June 30, 2017, there were no transfers of assets between the governmental and proprietary funds.

Note 6. Real Estate Developed For Sale

The Cumberland Economic Development Corporation holds 5 acres of land known as the Rolling Mill Project for sale and /or development. This property is reported at an estimated net realizable value of zero.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. *Long Term Liabilities*

Long-term Liability Activity

Long term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General Obligation Bonds	\$ 28,351,229	\$ -	\$ (1,441,853)	\$ 26,909,376	\$ 1,404,582
Notes payable	845,000	39,530	(51,194)	833,336	62,336
Total bonds and notes payable	29,196,229	39,530	(1,493,047)	27,742,712	1,466,918
Compensated absences	1,545,743	1,596,722	(1,144,965)	1,997,500	867,322
Retainage payable	85,084	-	-	85,084	-
Workers comp payable	2,929,440	815,480	(373,931)	3,370,989	1,534,564
Pension liability	14,269,129	3,448,428	-	17,717,557	-
Governmental activities long-term Liabilities	\$ 48,025,625	\$ 5,900,160	\$ (3,011,943)	\$ 50,913,842	\$ 3,868,804
<u>Business-type Activities:</u>					
Bonds and notes payable:					
General Obligation Bonds	\$ 31,785,149	\$ 223,333	\$ (1,846,122)	\$ 30,162,360	\$ 1,958,116
Notes payable	-	16,941	(512)	16,429	3,144
Total bonds and notes payable	31,785,149	240,274	(1,846,634)	30,178,789	1,961,260
Compensated absences	709,890	751,492	(482,926)	978,456	365,876
Workers comp payable	1,034,620	209,766	(377,270)	867,116	394,734
Pension liability	3,543,927	741,714	-	4,285,641	-
Business-type activities long-term Liabilities	\$ 37,073,586	\$ 1,943,246	\$ (2,706,830)	\$ 36,310,002	\$ 2,721,870

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. Long Term Liabilities – (Continued)

Long-Term debt payable at June 30, 2017 is comprised of the following General Obligation Bonds:

<i>\$400,000 1999 Water Fund bond due in annual installments of \$20,173 through February, 2029; interest at 2.39%</i>	<i>\$198,582</i>
<i>\$5,000,000, 1999 Sewer Fund bond authorized due in annual installments of \$332,120 through February, 2021; interest at 2.39%</i>	<i>1,197,267</i>
<i>\$6,000,000, 2001 Water Fund bond due in semi-annual installments of \$5,124 and \$99,934 through February, 2032; interest at 1.50%, \$1,200,000 was forgiven March, 2011</i>	<i>2,666,887</i>
<i>\$220,007, 2005 Water Quality State Revolving Fund Loan due in annual installments of \$12,887 through February, 2024; interest at 0.4%</i>	<i>84,979</i>
<i>\$2,485,000, 2005 Drinking Water State Revolving Fund Loan due in annual installments of \$72,776 through February, 2034; interest at 0.4%, \$497,000 was forgiven November, 2014.</i>	<i>1,193,761</i>
<i>\$480,000, 2005 Tax Incremental Financing bond due in semi-annual installments of \$16,400 to \$28,600 through May, 2020; interest at 5.0%</i>	<i>96,000</i>
<i>\$341,035, 2008 Water Quality State Revolving Fund Loan due in semi-annual installments of \$19,930 to \$21,248 through February, 2028 at 1.10%</i>	<i>205,421</i>
<i>\$4,665,000, 2009 GOB Pension Contribution Bonds due in annual installments of \$310,542 to \$570,444 through June, 2036; interest at 5.400% to 6.625%</i>	<i>4,655,000</i>
<i>\$9,070,000, 2008 GOB (Street Imp Fund) due in annual installments of \$375,000 to \$750,000 through September, 2028; interest at 4.375% to 5.0%</i>	<i>7,045,000</i>
<i>\$2,068,475, 2009 Maryland Water Quality Financing Administration bond due in annual installments of \$78,949 to \$110,474 through February, 2029; interest at 0.00%</i>	<i>1,294,157</i>
<i>\$6,000,000, 2009 ARRA Maryland Water Quality Financing Administration Bond; \$6,000,000 to be forgiven October, 2019.</i>	<i>6,000,000</i>
<i>\$3,657,700, 2009 Water Quality Bond due in annual installments of \$192,458 through February, 2030 at 0.00%</i>	<i>2,197,448</i>
<i>\$11,415,000, 2011 Maryland Community Development Administration Bond due in annual installments of \$464,438 to \$1,227,787 through June, 2032 at 2.0% to 5.0%</i>	<i>10,359,998</i>

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. Long Term Liabilities – (Continued)

<i>\$152,000, 2012 Maryland Water Quality Financing Administration Bond due in annual installments of \$9,099 to \$10,168 through February, 2033 at 0.90%</i>	<i>97,451</i>
<i>\$1,515,491, 2012 Maryland Community Development Administration Bond due in annual installments of \$80,340 to \$101,747 through May 2032; Interest at 0.61% to 3.42%.</i>	<i>1,190,899</i>
<i>\$2,680,000 2013 Tax-Exempt Refunding Bonds due in annual installments of \$280,000 to \$320,000 through November 2021; interest at 2.00% to 2.40%.</i>	<i>1,540,000</i>
<i>\$5,040,000 2013 Taxable Redevelopment and Refunding Bonds due in annual installments of \$235,000 to \$975,000 through November 2032; interest at 0.75% to 5.31%.</i>	<i>4,050,000</i>
<i>\$7,520,000 2014 Maryland Community Development Administration Bond due in annual installments of \$305,500 to \$471,500 through May 2034; interest at 0.2% to 3.6%.</i>	<i>6,387,000</i>
<i>\$3,161,491 2015 Maryland Community Development Administration Bond due in annual installments of \$180,606 to \$255,834 through April 2035; interest at 2.34% to 3.34%</i>	<i>2,888,554</i>
<i>\$3,500,000 2016 Taxable Bond Anticipation Note due in full June 2019; interest rate at 2.75%.</i>	<i>3,500,000</i>
<i>\$2,992,819 2017 Maryland Water Quality Financing Administration Bond due in annual installments of \$115,792 to \$117,902 through February 2049; interest at 0.80%.</i>	<i>110,118</i>
<i>\$300,000 2017 Maryland Water Quality Financing Administration Bond due in annual installments of \$10,750 to \$11,850 through February 2047; interest at 0.80%.</i>	<i><u>113,214</u></i>
<i>Total</i>	<i><u>\$57,071,736</u></i>

In May 2017, the City issued Maryland Water Quality Bonds financed through the Maryland Water Quality Financing Administration in the amount of \$2,992,819 with an interest rate of 0.80%. The proceeds of the bond issuance are for the purpose of financing the Combined Sewer Overflow (CSO) Storage Facility Project. The amount advanced under these bonds was \$110,118 at June 30, 2017.

In May 2017, the City issued Maryland Water Quality Bonds financed through the Maryland Water Quality Financing Administration in the amount of \$300,000 with an interest rate of 0.80%. The proceeds of the bond issuance are for the purpose of financing the site evaluation costs of the Evitts Creek Combined Sewer Overflow (CSO) Phase 3 Project. The amount advanced under these bonds was \$113,214 at June 30, 2017.

In August 2015, the City issued Local Government Infrastructure Bonds through the Community Development Administration in the amount of \$3,161,491 with interest rates ranging from 2.34% to 3.34%. These bonds have 10 and 20 year terms and mature in April 2035, with annual payments ranging from \$180,606

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. Long Term Liabilities – (Continued)

to \$255,834, due annually each April 1st, beginning April 1, 2016. The proceeds of the bond issuance are for the purpose of (a) water and sewer system improvements, (b) facility and property improvements, (c) information system improvements and equipment, (d) street improvements, (e) acquisition of new and/or replacement vehicles and equipment, (f) funding a portion of a capital reserve fund, and (g) bond issuance costs. The unspent portion at June 30, 2017 was \$2,350,367 which was being held in an escrow account by the State of Maryland.

In August 2014, the City issued Local Government Infrastructure Bonds through the Community Development Administration in the amount of \$7,520,000 with interest rates ranging from .2% to 3.6%. These bonds have 10, 15 and 20 year terms and mature in May 2034, with principal payments ranging from \$305,500 to \$471,500, due annually each May 1st, beginning May 1, 2015. The proceeds of the bond issuance are for the purpose of (a) water and sewer system improvements, (b) facility and property improvements, (c) information system improvements and equipment, (d) street improvements, (e) acquisition of new and/or replacement vehicles and equipment, (f) funding a portion of a capital reserve fund, and (g) bond issuance costs. The unspent portion at June 30, 2017 was \$896,085 which was being held in an escrow account by the State of Maryland.

Notes and capital leases payable

<i>\$1,400,000 (Face amount and cost of expense), Section 108 loan due in semi-annual installments of \$40,446 to \$116,538 through August 2028; interest at 2.62%-5.42%</i>	<i>\$795,000</i>
<i>\$56,471 (Face amount and cost of expense), 2017 Copier Lease due in Monthly installments of \$1,040 through March 2022; interest at 4.00%</i>	<i><u>54,765</u></i>
<i>Total</i>	<i><u>\$849,765</u></i>

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7. *Long Term Liabilities – (Continued)*

Debt Maturity

Debt service requirements at June 30, 2017 were as follows:

Governmental Funds						
Year	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,404,582	\$ 1,112,711	\$ 62,336	\$ 40,868	\$ 1,466,918	\$ 1,153,579
2019	4,909,156	1,068,370	62,635	38,044	4,971,791	1,106,414
2020	1,459,444	917,571	62,946	35,124	1,522,390	952,695
2021	1,487,515	867,362	68,270	31,973	1,555,785	899,335
2022	1,591,785	813,048	72,149	28,509	1,663,934	841,557
2023-2027	7,967,286	3,100,016	345,000	90,113	8,312,286	3,190,129
2028-2032	5,739,115	1,409,915	160,000	8,384	5,899,115	1,418,299
2033-2037	2,350,493	298,515	-	-	2,350,493	298,515
	<u>\$26,909,376</u>	<u>\$ 9,587,508</u>	<u>\$ 833,336</u>	<u>\$ 273,015</u>	<u>\$27,742,712</u>	<u>\$ 9,860,523</u>

Proprietary Funds						
Year	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,958,116	\$ 653,236	\$ 3,144	\$ 600	\$ 1,961,260	\$ 653,836
2019	1,845,800	613,847	3,272	472	1,849,072	614,319
2020	7,878,845	579,568	3,405	339	7,882,250	579,907
2021	1,930,290	535,961	3,544	200	1,933,834	536,161
2022	1,794,945	489,366	3,064	56	1,798,009	489,422
2023-2027	8,281,199	1,829,624	-	-	8,281,199	1,829,624
2028-2032	5,212,336	763,606	-	-	5,212,336	763,606
2033-2037	1,172,823	116,081	-	-	1,172,823	116,081
2038-2042	39,116	2,900	-	-	39,116	2,900
2043-2047	40,705	1,310	-	-	40,705	1,310
2048-2049	8,185	98	-	-	8,185	98
	<u>\$30,162,360</u>	<u>\$ 5,585,597</u>	<u>\$ 16,429</u>	<u>\$ 1,667</u>	<u>\$30,178,789</u>	<u>\$ 5,587,264</u>

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 8. Compensated Absences

Governmental standards require employers to accrue a liability for certain future vacation, sick, and other leave benefits provided the following conditions are met:

- a. The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- b. The obligation relates to rights that vest.
- c. Payment of the compensation is probable and not contingent on a specific event outside the control of the City or the employee.
- d. The amount can be reasonably estimated.

City employees earn vacation time depending upon their length of service to the City and are eligible to use this vacation time in the year subsequent to the year it is earned.

City employees earned fifteen sick leave days per year with no maximum accumulation ceiling. As of June 30, 2017, Local Union 553 (general trades, labor, technical, clerical staff) and Local Union 1715 (fire department) members are entitled to a maximum payout of 86 days of sick leave and non-union employees are eligible to receive 80 days of sick leave accumulated upon retirement if the employee is eligible to receive service benefits from the State of Maryland. The payout occurs after the employee has applied for their retirement benefits. The sick leave payout liability is calculated based on a vesting schedule.

All vacation payout, to which employees are entitled have been accrued when incurred in the government-wide financial statements. A liability for the sick leave payout is reported in governmental funds only if it has matured (for example, as a result of employee resignations and retirements). The estimate of the accrued sick leave and vacation liabilities reported in the governmental activities section of the government-wide financial statements is \$1,997,500. Accrued sick leave and vacation liabilities for the City's proprietary funds in the amount of \$978,456 have been recorded in both the fund financial statements and the government-wide financial statements.

Liabilities for compensated absences are liquidated using resources from the fund in which the employee terminating service previously charged his or her salary and benefit costs. Governmental funds utilize the General Fund to pay these benefit costs, while proprietary obligations are paid from the Water, Sewer and MPA Funds.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 9. State Income Tax Revenue Repayment Forgiveness

In fiscal year 2016, the City was notified by the State of Maryland (the State) that the State had over allocated state income tax revenue to the City covering a period of several years. The City recorded a \$984,506 long-term liability and related restatement of net positions at June 30, 2015 in the Governmental Activities section of the June 30, 2016 government-wide financial statements. On May 25, 2017, the Governor of Maryland approved Senate Bill 397, forgiving the repayment of the \$984,506 in overpaid income tax revenue. The \$984,506 forgiveness of repayment is reported as miscellaneous revenue in the Governmental Activities section of the government-wide financial statements.

Note 10. Fund Balance - Fund Financial Statements

As of June 30, 2017, fund balances reported in the fund financial statements are composed of the following:

	General Fund	Housing Assistance Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Expenditures	\$ 2,574,178	\$ -	\$ -	\$ 2,574,178
Inventories	8,562	-	-	8,562
Restricted:				
Public Safety	235,911	-	-	235,911
TIF District	-	-	6,994	6,994
CDBG	-	-	805,168	805,168
Housing Assistance	-	-	273,485	273,485
Capital Outlay	2,780,453	-	-	2,780,453
Street Improvements	-	-	42,740	42,740
Special Taxing District	-	-	84,161	84,161
Community Develop.	205,626	-	-	205,626
Community Legacy	-	-	491,452	491,452
Unassigned	1,163,987	-	(30,074)	1,133,913
Total Fund Balances	<u>\$ 6,968,717</u>	<u>\$ -</u>	<u>\$ 1,673,926</u>	<u>\$ 8,642,643</u>

Note 11. Property Taxes

Taxes are levied July 1 of each year. State law mandates owner-occupied residential property owners may elect to pay real property taxes under a semi-annual payment schedule. The first installment is due by September 30, and the second installment is due December 31, of the tax year without interest. A lien for property taxes attaches to the property at the time of billing, but the enforcement of the lien does not occur until the City initiates such action which historically has not been until the property taxes have been unpaid for a period of three years.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 11. Property Taxes – (Continued)

General Fund

As permitted by the City Charter, as amended, the City levied taxes in fiscal year 2017 at a rate of \$0.9654 per \$100 of assessed valuation on real property which is assessed at full market value. The present adjusted assessed valuation of real property is \$871 million.

The City levied taxes at a rate of \$2.648 per \$100 of assessed valuation on personal property which is assessed at depreciated value.

Special Taxing District

The City is permitted by City Charter Amendment Resolution number 81 dated March 10, 1981 to levy taxes on certain real property located within the two zones of the special taxing district to provide funds for the payment of the costs of operation of a pedestrian mall within the central business district including debt service payments on the portion of general obligation bonds payable used to finance the construction of the mall.

The two zones within the special taxing districts are identified as the Primary and Secondary zones.

Primary Zone

The tax rate in the primary zone for the year ended June 30, 2017 was \$0.456 per \$100 of assessed valuation. Real property is assessed at full market value. The present adjusted assessed valuation is \$25 million.

Secondary Zone

The tax rate in the secondary zone for the year ended June 30, 2017 was \$0.268 per \$100 of assessed valuation. Real property is assessed at full market value. The present adjusted assessed valuation is \$29 million.

Tax Incremental Financing District

The City is permitted by Resolution dated September 21, 2004 to levy taxes on certain real property located within a special taxing district known as the “Shades Lane Development District” to provide funds for the payment of debt service on special obligation bonds issued to finance capital improvements within the district. The tax rate for the property within this district was \$0.10 per \$100 of assessed valuation. Real property is assessed at full market value. The present adjusted assessed valuation is \$2 million.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 12. Tax Abatements

The City is subject to Enterprise Zone Credits granted by the State of Maryland by authority of Section 9-103 of the Tax Property Article of the Annotated Code of Maryland. The Enterprise Zone tax credit is available to businesses that locate in designated areas of Cumberland and is designed to spur economic growth in these areas. This real property tax credit is available only for nonresidential properties located within the Enterprise Zones and is based on growth in property assessment. Under the Enterprise Zone law, personal property is not included. The “base year assessment” is the real property assessment for the year before any new construction or refurbishing is done. The credit is based on the increase in the assessment for each of the next 10 years compared to the base-year assessment. The credit itself will be given on the actual taxes that result from the increase in assessment, using the following rate schedule:

Year	Percentage of Assessment Increase Credit
1-5	80%
6	70%
7	60%
8	50%
9	40%
10	30%

The State subsequently reimburses the City for 50% of the annual tax credit. The fiscal year 2017 enterprise zone credits amounted to \$128,424 and the State of Maryland reimbursed \$64,212.

In addition, the City also provides a Historic Preservation tax credit program, a low income housing tax credit program and other tax credits as provided by law as follows:

1. The City of Cumberland has a Historic Preservation tax program whereas property owners are eligible to receive property tax credits of up to 10% of properly documented expenses when the existing structure is renovated or preserved. By authority of Section 9-204 of the Tax Property Article of the Annotated Code of Maryland, state law provides that a tax credit of up to 5% may be provided for the new construction costs of architecturally compatible structures and allows a property owner of program structure to have the assessed value of the property frozen for up to 10 years at the pre-renovation value. A property must be a certified historic structure meaning that it must possess one of the following designations:

- a. listed individually in the National Register of Historic Places

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 12. Tax Abatement – (Continued)

- b. listed in a National Register historic or landmark district
- c. listed in a property or district designated as an historic property or district under local law
- d. included within the boundaries of a certified heritage area

The following table is utilized by the City of Cumberland to determine the length of the property tax assessment freeze for approved properties:

Improvement Cost as Percentage of Base Assessment	Available Tax Exempt Status of Improvement
10%	1 Year
20%	2 Years
30%	2 Years
40%	3 Years
50%	3 Years
60%	4 Years
70%	4 Years
80%	5 Years
90%	6 Years
100%	7 Years
200%	8 Years
300%	9 Years
400%	9 Years
500%	10 Years

2. The City provides tax credits to owners of low income housing structures or projects pursuant to Section 7-505 of the Tax Property Article of the Annotated Code of Maryland for properties that are substantially rehabilitated under a federal, state or local government program that funds construction or insures its financing or provides interest subsidy, rent subsidy or rent supplements and is completed after July 1, 1978. The city abates property taxes under varying structures ranging from a tax credit of 60% to freezing the taxes to the base year.
3. Upon annual request the City may provide tax credits to certain organizations named in Section 9-302 of the Tax Property Article of the Annotated Code of Maryland. Pursuant to this section, the City granted tax credits to the Western Maryland Scenic Railroad Development Corporation, Inc., The Carver Community Center and The Cumberland Outdoor Club for the full amount of real estate taxes billed in 2017.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 12. Tax Abatement – (Continued)

The table below illustrates the tax abatements that the City granted in fiscal year 2017.

Tax Abatement Program	Amount of Taxes Abated during FY 2017
Historic Preservation	\$ 68,793
Low Income Housing	27,733
Section 9-302 Credits	30,485
	\$ 127,011

The City’s policies and procedures do 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.

Note 13. Pending Claims and Litigation

There are several pending lawsuits in which the City is involved. Management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City at June 30, 2017.

Note 14. Contingent Liabilities

The City participates in a number of federal and state assisted grant programs, principal of which are the Community Development Block Grant and Section Eight housing programs. These programs are subject to program compliance audits by the grantors. Accordingly, the City’s compliance with applicable grant requirements may not be established until some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 15. Commitments

The City has active construction projects as of June 30, 2017. The projects include widening and construction of existing streets, demolition projects, and the construction of additional wastewater treatment facilities. At year-end, the City's commitments with contractors are as follows:

Project	Contract Amount	Change Orders	Remaining Commitment	Fund(s)
Amtrak Trail Connection	\$ 301,132	\$ -	\$ 75,232	CDBG & Street Improvement
Baltimore Avenue Construction	2,003,997	261,366	165,724	Capital Projects & Street Improvement
Cavanaugh Ball Field Renovations	58,740	18,500	5,000	CDBG
CSO Storage Facility at WWTP Phase One	28,284,966	-	27,698,586	Sewer
Evitts Creek CSO Upgrade	177,690	-	69,376	Sewer
Mill, Patch Work on Various Streets	2,272,016	-	267,054	Street Improvement & Capital Projects
WWTP Sludge Screening Project-Engineering	177,600	-	25,817	Sewer
Total	\$ 33,276,141	\$ 279,866	\$ 28,306,789	

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 15. Commitments – (Continued)

The State of Maryland had previously filed suit against the City of Cumberland and neighboring jurisdictions which use the Cumberland Wastewater Treatment Plant seeking a court-enforceable timetable for correcting the City's Combined Sewer Overflow problem. On November 6, 2001, the City executed a Consent Decree and Judgment in the litigation brought by the Maryland Department of the Environment. The Consent Decree and Judgment requires the City to correct the Combined Sewer Overflow problems in phases over 20 years after the acceptance of all of the Long-Term Control Plans (LTCP) from LaVale, Allegany County, and the City of Frostburg. Those plans have been now accepted by MDE, and the City was required to revise its LTCP. The revised plan, submitted to MDE on February 3, 2006, added the Evitts Creek Pump Station and Conveyance to the Phase 1A (Mill Race sewer relocation and screens) and Phase 1B (parallel pipelines from Mill Race to a storage facility). To date Phase 1A is complete and part of Phase 1B was completed in FY '06. The LTCP includes an estimate of future project costs. The older estimated cost was \$56,490,000, and the work is required to be completed by 2026. The work is expected to be funded through EPA Grants, MDE Grants, and MDE SRF Loans. Phase 1 work has been delayed because of delays associated with funding of the rewatering of the C&O Canal. In FY'07, it was decided to transfer all remaining EPA and MDE Grant Funds from the Phase 1 project to the Evitts Creek Pump CSO Project which was completed in FY'09. The force main and gravity sewer portions (Phase II) of the Evitts Creek CSO Project was awarded in FY'10 and was completed in FY'11. The Cedar Street CSO line under CSX was also given priority, and all of the City's EPA funding for CSO work was committed to that project rather than lose it with the potential changes to the Federal Budget in 2010. Construction was completed in FY'13. A portion of that line under CSX had to be removed from the work plan because of high cost; however, the City plans to do a rehabilitation project of the existing lines under the tracks in the future. The City closed on a \$300,000 SRF loan in May 2017 for an evaluation of the CSX site. The CSX project is estimated to cost \$1.4 million and to be funded at 87.5% from the Bay Restoration Funds (BRF) and 12.5% through SRF loan funds. The City has updated the LTCP and plans to include CSO Storage and that project went into the design phase in FY'14. A \$26.4 million construction contract to Leonard S. Fiore, Inc. for the CSO Storage Facility project was awarded in December 2016. With engineering, administrative and contingency, the cost to complete is estimated at \$30.2 million. The project is being funded 87.5% from the Bay Restoration Funds (BRF) and 12.5% through SRF loan funds. The City is also collecting base line water quality data to be used to determine the CSO effect on the water quality of the Potomac River. It is anticipated that the study will show a positive effect of the CSO Storage Facility. However, it is believed that flow from the Mill race CSO will still need to be transferred to the storage facility. This project has not been estimated, but it will be significant, potentially in the \$40-\$50 million range.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 16. Risk Management

The City is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. The City retains no risks for claims up to the maximum amount of the policy except for deductible amounts. The City did not have losses in excess of its insurance coverage for prior fiscal years 2015 through 2017. In fiscal year 2014, the City incurred damages and judgments in the amount of \$360,000 in the Water Fund in excess of insurance coverage. This expense was reported as a non-operating expense of the Water Fund in fiscal year 2014.

Worker's Compensation

The City's insurance carrier provides, for a premium, a high-deductible worker's compensation insurance policy to the City under a Prefunded Deductible Program. The City's per claim deductible is \$350,000 with a deductible aggregate ranging from \$1,757,000 to \$2,047,000 depending on the policy year. As of June 30, 2017, the unspent, prefunded amount paid to the insurance carrier has been included in the financial statements as a prepaid expense.

- The City estimated the claims liability reported in the various funds at June 30, 2017. It is based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Liabilities for claims are liquidated using resources from the fund in which the injured employee previously charged his or her salary and benefit costs, using a five year average of claims paid.

Because actual claims liabilities depend on such complex factors as inflation, change in legal doctrines and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The workers' compensation claims liability is presented at its net present value of \$4,238,105 (a non-discounted amount of \$4,586,216) using a 2.92% annual discount rate. The following represents the change in approximate aggregate liabilities for the City from July 1, 2014 to June 30, 2017:

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2015	\$ 2,830,493	\$ 1,426,254	\$ 673,242	\$ 3,583,505
2016	3,583,505	954,152	573,597	3,964,060
2017	3,964,060	1,025,246	751,201	4,238,105

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 16. Risk Management (Continued)

Self-Insured Health Care

Until December 1, 2014, employee health benefits were covered by a commercial insurance purchased by the City, with no risk of loss retained by the City. Effective December 1, 2014, the City is self-insured for hospitalization and medical benefits provided to its employees through its membership in the Maryland Local Government Health Cooperative (Cooperative) which was established by the Maryland Local Government Insurance Trust (LGIT). LGIT is a self-insured public entity risk pool, which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement. The Cooperative was established as a self-insured health plan for the purpose of providing group health benefits to its members' employees and eligible dependents. The plan is administered by Benecon Group, Inc. (Benecon).

Benecon submits invoices monthly to the City for their share of the premiums payable and their pro rata share of the costs and expenses of administering the Cooperative. The City has no responsibility or liability for, and cannot be assessed for, any deficit that may occur in funding the plan benefits or the Cooperative. As part of the Cooperative agreement, the City has stop-loss policies in place for individual participant claims in excess of \$65,000 per year and the aggregate annual participant claims in excess of \$3,654,255.

The third-party actuary estimated the non-discounted claims liability at June 30, 2017. It is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Liabilities for claims are liquidated using resources from the fund in which the covered employee previously charged his or her salary and benefit costs. Because actual claims liabilities depend on such complex factors as inflation, change in legal doctrines and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The following represents the change in the balance of claims payable for the City from July 1, 2014 to June 30, 2017:

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2015	\$ -	\$ 2,194,534	\$ 1,843,371	\$ 351,163
2016	\$ 351,163	\$ 4,383,466	\$ 4,361,405	\$ 373,224
2017	\$ 373,224	\$ 3,389,491	\$ 3,457,437	\$ 305,278

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 17. Pension and Retirement Systems

Defined Benefit Plans

Plan Description

The employees of the City are provided retirement benefits through the Maryland State Retirement and Pension System (the System) which administer the Employees' Retirement System (established October 1, 1941 and closed for new entrants on December 31, 1979), the Employees' Pension System (established January 1, 1980), and the Law Enforcement Officers' Pension System (LEOPS) for eligible law enforcement officers (effective July 1, 2008), and the Employees' Reformed Contributory Pension (established July 1, 2011) under the provisions of State Personnel and Pension Article 73B of the Annotated Code of Maryland.

The City contributes to the Retirement Systems and Pension Systems, which are cost sharing multiple-employer defined benefit plans. These plans are cost-sharing multiple-employer defined benefit plans, providing retirement, disability, annual cost-of-living adjustments, and death benefits to plan members and their beneficiaries. Responsibility for the organization and administration of the Systems is vested in the Board of Trustees of the Maryland State Retirement and Pension Systems. The Systems issue a publicly available financial report which includes financial statements and required supplementary information. The report may be obtained at <http://www.sra.state.md.us> or by writing to the following:

Maryland State Retirement Agency
120 E. Baltimore Street
Baltimore, Maryland 21202-6700

Benefits Provided

All plans provide retirement, disability, and death benefits. For all individuals who are members of the Employees' Retirement System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For all individuals who are members of the Employees' Pension Systems on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' AFC and the actual number of years of accumulated creditable service. For any individual who becomes a member of the Employee's Pension System after July 1, 2011, pension allowances are computed using both the highest five consecutive years' AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retirees' and/or designated beneficiary's attained age and similar actuarial factors. A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 17. Pension and Retirement Systems – (Continued)

accumulating 30 years of creditable service regardless of age. An individual who is a member of the Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least 65 and has accrued at least 10 years of eligibility service. A member of the Law Enforcement Officers' Pension System (LEOPS) is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of eligibility service regardless of age. Employees who are permanently and totally disabled as the result of an accident occurring in the line of duty are eligible for disability regardless of length of service. Five years of service is required for non-service related disability eligibility. Disability benefits are determined as a percentage of AFC. Death benefits are equal to the member's annual salary as of the date of death plus all member contributions and interest.

In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

Contributions

The City elected to join the Alternate Contributory Pension Selection (ACPS) of the Maryland State Retirement System (MSRS) which is governed by law, including Division II of the State Personnel and Pension Article of the Annotated Code of Maryland and Title 22 of the Code of Maryland Regulations. Employees covered under the ACPS were required to contribute 7% of their earnable compensation during fiscal year 2017. The City is required to contribute at an actuarially determined rate. The current rate is 5.0% of covered payroll for the Employees Retirement and Pension System and 4.64% of covered payroll for the Employees Retirement System. The City also is required to pay an ACPS surcharge at a rate of 7.44% of covered payroll. The contribution requirements of plan members and the City of Cumberland are established and may be amended by the System's Board of Trustees. The City's contributions for the years ended June 30, 2017, 2016, and 2015 were \$1,051,785, \$1,075,328, and \$1,110,294, respectively, equal to the required employer contributions for each year.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 17. Pension and Retirement Systems – (Continued)

Employees covered under the LEOPS contribute 7% of their earnable base salary in excess of the social security wage base. The City is required to contribute an actuarially determined rate. The current contribution rate for the City is 31.18% of covered payroll for the pension system. The City of Cumberland’s contribution to LEOPS for the years ended June 30, 2017, 2016, and 2015, were \$733,042, \$741,405, and \$696,348, respectively, equal to the required employer contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a liability of \$22,003,198 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City’s proportion was 0.0933 percent, which was an increase of .008 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$4,230,980. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(\$ 530,965)
Change of assumptions	810,572	-
Net difference between projected and actual earnings on pension plan investments	2,587,615	-
City contributions subsequent to the measurement date	1,784,826	-
Total	\$ 5,183,013	(\$ 530,965)

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 17. Pension and Retirement Systems – (Continued)

The City reported \$1,784,826 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other 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 June 30,	Deferred Outflows (Inflows) of Resources
2018	\$ 661,671
2019	661,671
2020	996,514
2021	590,209
2022	(42,843)
Total	\$ 2,867,222

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.70% general, 3.20% wage
Salary Increases	3.30% to 9.20%, including inflation
Discount Rate	7.55%
Investment Rate of Return	7.55%
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience

The actuarial assumptions used in both the June 30, 2016 and the June 30, 2015 valuations were based on the results of an actuarial experience study for the five year period of 2010-2014. Based on the 2016 experience study, the actuary recommended changes in actuarial assumptions. The changes include 1) a decrease in the general inflation rate from 2.95% to 2.70%, 2) a decrease in the wage inflation rate from 3.45% to 3.20%, and 3) salary increases from 3.45% to 10.70% to 3.30% to 9.20%.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 17. Pension and Retirement Systems – (Continued)

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equity	37%	6.60%
Rate Sensitive	20%	1.30%
Credit Opportunity	9%	4.20%
Real Assets	15%	4.70%
Absolute Return	9%	3.70%
Private Equity	<u>10%</u>	7.40%
Total	100%	

Discount Rate

A single discount rate of 7.55% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contributions rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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 of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.55 percent) or 1-percentage point higher (8.55 percent) than the current rate:

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 17. Pension and Retirement Systems – (Continued)

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
City’s proportionate share of the net pension liability	\$30,223,294	\$22,003,198	\$15,162,837

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued Maryland State Retirement System’s financial report.

Deferred Compensation Plan/Defined Contribution Plan

The City allows employees to defer portions of their compensation, up to the applicable Internal Revenue Code limits, into a trust (The City of Cumberland Deferred Compensation Plan and Trust), which is a separate entity self trusted by the City under Internal Revenue Code Section 457(b). The trust owns all plan assets for the exclusive benefit of the participants and their beneficiaries. For the year ended June 30, 2017, employee contributions totaled \$153,192 to this plan.

The City has also established a defined contribution plan under the Internal Revenue Code Section 401(a) entitled “City of Cumberland 401(a) Match Plan” for employer contributions. Except for contributions made pursuant to certain employment agreements, employer contributions are discretionary. The City contributed \$7,600 in accordance with employment agreements into the deferred compensation plan for the current year. The City also contributed \$47,150 into this deferred compensation plan for employees who elected to opt-out of the City health insurance plan.

The City Administrator, City Solicitor and City Comptroller are trustees of both plans and administer both plans. Plan provisions and contribution requirements are established by and may be amended by the City. Employees are 100% vested immediately in contributions from all sources and no forfeitures exist for both plans.

Note 18. Post-Employment Health Care Benefits

Plan Description. The City of Cumberland sponsors a single-employer post-retirement medical plan administered by the City of Cumberland. The Plan provides medical and prescription benefits to eligible retirees and their spouses. The authority under which benefit provisions are established or may be amended rests with the Mayor & City Council of Cumberland, Maryland. The Plan does not issue a publicly available report.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 18. Post-Employment Health Care Benefits – (Continued)

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the Mayor & City Council of Cumberland, Maryland. The required contribution is based on projected pay-as-you-go financing requirements. For employees that retired before October 2003 and have not yet reached the age of 65, the City pays either 85% or 97% of the medical plan costs depending on the plan option the retiree chooses. There were seven employees remaining in this group at June 30, 2017. For employees in the Local #553 and #1715 unions that retire after October 2003, the City pays a set amount which is adjusted annually by COLA towards medical plan costs until they reach the age of 65. The set amount the City paid per month during fiscal year 2017 for these employees was \$250.64. The City allows medical plan coverage for retiree dependents until the dependent reaches the age of 65, but does not subsidize the cost. The required contribution is based on projected pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation. The City’s annual other post-retirement benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 2.06 percent of annual covered payroll. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB Obligation.

Components of Net OPEB Obligation

Annual Required Contribution	\$ 112,658
Interest on Net OPEB Obligation (Asset)	(7,212)
Adjustment to Annual Required Contribution	<u>8,177</u>
Annual OPEB Cost (Expense)	\$113,623
Adjustments for 2015 Contributions	(67,782)
Contributions Made	<u>(134,532)</u>
Increase/(Decrease) in Net Obligation	(\$88,691)
Net OPEB Obligation (Asset), 7/1/16	<u>(92,494)</u>
Net OPEB Obligation (Asset), 6/30/17	<u>\$ (181,185)</u>

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 18. Post-Employment Health Care Benefits – (Continued)

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$144,071	125.7%	\$(72,703)
6/30/2016	\$119,212	116.6%	\$(92,494)
6/30/2017	\$113,623	118.4%	\$(181,185)

Funded Status and Funding Progress. As of July 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,688,073 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$1,688,073. The covered payroll (annual payroll of active employees covered by the plan) was \$5,457,296 and the ratio of the UAAL to the covered payroll was 30.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The last complete actuarial valuation was performed as of July 1, 2015 and the results were “rolled forward” to July 1, 2016 using established actuarial techniques and methods. In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.50%

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 18. Post-Employment Health Care Benefits – (Continued)

investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after six years. Both rates included a 5% inflation assumption. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll over an open period of 30 years. No OPEB benefits are based on future salary levels.

Note 19. Related Party Transactions

In accordance with the Memorandum of Understanding (MOU) dated July 21, 2015 and executed by the Mayor of the City and a representative of the board of directors of the CEDC, the City will provide annual operational funding appropriations to the CEDC. Operational funding appropriations amounted to \$340,942 for the period ended June 30, 2017. In addition, the City issued bond anticipation notes totaling \$3,500,000 during the period ended June 30, 2016 to fund the CEDC's Rolling Mill project. Of this funding, \$1,356,606 was distributed to the CEDC during the period ended June 30, 2017. As of June 30, 2017, the City owed \$28,725 to the CEDC, which is reported on the government-wide financial statements as due to component unit.

Note 20. Subsequent Events

The City has evaluated, for possible financial statement disclosure, subsequent events through December 21, 2017, the date which the financial statements were available to be issued, and determined the following to be subsequent events.

On July 11, 2017 the City of Cumberland issued the Taxable Redevelopment and Pension Contribution Refunding Bonds of 2017 in the amount of \$8,900,000. The bonds were issued to pay the cost of issuance and to refund the \$3,500,000 2016 Bond Anticipation Note (BAN) and \$4,445,000 of the 2009 GOB Pension Contribution Bonds. The refunding bonds were issued at interest rates ranging from 1.6% to 4.26% and due in annual installments through June 2037, whereas the 2016 BAN was issued at a rate of 2.75% and matured in June 2019 and the 2009 GOB Bonds were issued at interest rates ranging from 5.4% to 6.625% due in annual installments through June 2036.

On July 11, 2017 the City also issued the Public Improvement Refunding Bond of 2017 in the amount of \$6,155,000. The bonds were issued to pay the cost of issuance and refund \$6,470,000 from the 2008 GOB Street Improvements Bonds.

CITY OF CUMBERLAND, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 20. Subsequent Events – (Continued)

The refunding bonds were issued at interest rates ranging from 2.0% to 4.0% and due in annual installments through June 2029, whereas the 2008 GOB Bonds were issued at interest rates ranging from 4.375% to 5.0% and matured in September 2028.

The refunding bonds were issued at lower interest rates, thereby generating debt service savings over the life of the bonds of \$951,000.

On August 2, 2017 the City of Cumberland issued new debt of \$1,200,000 to pay the cost of issuance and to purchase vehicles and equipment through a larger Maryland Department of Housing and Community Development Administration Bond issue. The Local Government Infrastructure Bonds 2017 Series A-1 and 2017 Series A-2 were issued in the amounts of \$450,000 and \$750,000, respectively and carry an interest rate of 1.86%, due in annual installments through April 2024 and an interest rate of 2.23%, due in annual installments through April 2027.

Required Supplementary Information

CITY OF CUMBERLAND, MARYLAND
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<i>Budgeted Amounts</i>		<i>Actual</i> <i>Amounts</i>	<i>Variance with</i> <i>Final Budget</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Taxes	\$ 11,012,145	\$ 11,012,145	\$ 11,324,590	\$ 312,445
Licenses and permits	180,000	180,000	203,847	23,847
Intergovernmental	3,615,168	3,615,168	3,036,192	(578,976)
Charges for services	1,695,576	1,695,576	1,630,969	(64,607)
Fines and forfeitures	500	500	1,265	765
Interest	7,200	7,200	22,156	14,956
Miscellaneous	465,700	465,700	592,158	126,458
Total Revenues	<u>16,976,289</u>	<u>16,976,289</u>	<u>16,811,177</u>	<u>(165,112)</u>
Expenditures:				
Current:				
General government	1,544,527	1,745,527	1,744,595	932
Public safety	10,762,846	10,462,846	10,444,130	18,716
Public works	2,869,259	2,529,059	2,525,919	3,140
Recreation	973,552	823,552	813,098	10,454
Community development and housing	1,299,313	2,575,313	2,574,917	396
Debt Service:				
Principal	973,504	976,504	976,047	457
Interest	691,801	786,801	786,199	602
Total Expenditures	<u>19,114,802</u>	<u>19,899,602</u>	<u>19,864,905</u>	<u>34,697</u>
Revenues in Excess of (Less Than) Expenditures	<u>(2,138,513)</u>	<u>(2,923,313)</u>	<u>(3,053,728)</u>	<u>(130,415)</u>
Other Financing Sources (Uses):				
Transfers-in	3,035,574	3,035,574	3,000,972	(34,602)
Transfers-out	(3,392,596)	(2,217,596)	(2,213,570)	4,026
Financing proceeds	-	-	39,530	39,530
Total Other Financing Sources	<u>(357,022)</u>	<u>817,978</u>	<u>826,932</u>	<u>8,954</u>
Net Change in Fund Balances	<u>\$ (2,495,535)</u>	<u>\$ (2,105,335)</u>	<u>(2,226,796)</u>	<u>\$ (121,461)</u>
Fund balance, beginning			<u>9,195,513</u>	
Fund balance, ending			<u>\$ 6,968,717</u>	

CITY OF CUMBERLAND, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2014	\$0	\$142,338	0%	\$142,338	\$5,491,376 *	2.6%
July 1, 2015	\$0	\$1,830,356	0%	\$1,830,356	\$5,461,779	33.5%
July 1, 2016	\$0	\$1,688,073	0%	\$1,688,073	\$5,457,296	30.9%

* Restatement of previously reported information to exclude employees who have opted out of coverage under the OPEB Plan..

CITY OF CUMBERLAND, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY

MARYLAND STATE RETIREMENT SYSTEM EMPLOYEE PENSION SYSTEM
LAST TEN FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	5.5%	5.3%	4.8%
City's proportionate share of the net pension liability	13,023,735	10,947,232	8,483,657
City's covered-employee payroll	8,692,424	8,183,050	8,050,908
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	149.83%	133.78%	105.38%
Plan fiduciary net position as a percentage of the total pension liability	62.97%	66.26%	69.53%

LAW ENFORCEMENT OFFICERS' PENSION SYSTEM
LAST TEN FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	3.8%	3.3%	3.2%
City's proportionate share of the net pension liability	8,979,462	6,865,824	5,616,351
City's covered-employee payroll	2,321,244	2,286,856	2,322,088
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	386.84%	300.23%	241.87%
Plan fiduciary net position as a percentage of the total pension liability	58.88%	61.30%	62.60%

*This schedule is designed to present information for a 10 year period beginning with fiscal year 2015.

Until a full 10 year trend is compiled, the City will be presenting information only for those years for which information is available.

CITY OF CUMBERLAND, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS

MARYLAND STATE RETIREMENT SYSTEM EMPLOYEE PENSION SYSTEM
LAST TEN FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,051,785	\$ 1,075,328	\$ 1,110,294
Contributions in relation to the contractually required contribution	<u>(1,051,785)</u>	<u>(1,075,328)</u>	<u>(1,110,294)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	<u>\$ 8,749,237</u>	<u>\$ 8,692,424</u>	<u>\$ 8,183,050</u>
Contributions as a percentage of covered-employee payroll	12.02%	12.37%	13.57%

LAW ENFORCEMENT OFFICERS' PENSION SYSTEM
LAST TEN FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 733,042	\$ 741,405	\$ 696,348
Contributions in relation to the contractually required contribution	<u>(733,042)</u>	<u>(741,405)</u>	<u>(696,348)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	<u>\$ 2,351,000</u>	<u>\$ 2,321,244</u>	<u>\$ 2,286,856</u>
Contributions as a percentage of covered-employee payroll	31.18%	31.94%	30.45%

*This schedule is designed to present information for a 10 year period beginning with fiscal year 2015. Until a full 10 year trend is compiled, the City will be presenting information only for those years for which information is available

CITY OF CUMBERLAND, MARYLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Note 1. Budgetary Information

An annual budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. Encumbrances and appropriations generally lapse at year-end and are treated as expenditures in the year the liability is incurred. Annual budgets are not adopted for any other governmental fund, as the City is not legally required to adopt such budgets.

Note 2. Pension Information

Maryland State Retirement Employees' Retirement and Pension Systems:

Change in Benefit Terms

-There were no benefit changes during the year.

Change in Assumptions

Adjustments to the rollforward liabilities were made to reflect the following assumption changes in the 2016 valuation:

- The inflation assumption changed from 2.95% to 2.70% for general and from 3.45% to 3.20% for wages.
- The salary increases changed from a range of 3.45% to 10.70% to a range of 3.30% to 9.20%.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions for 2016 Valuation

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.70% general, 3.20% wage
Salary Increases	3.30% to 9.20%, including inflation
Discount Rate	7.55%
Investment Rate of Return	7.55%
Mortality	RP 2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience

**Combining and Individual
Nonmajor Fund
Financial Statements**

CITY OF CUMBERLAND, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<i>Tax Increment Financing District</i>	<i>CDBG Fund</i>	<i>Rehabilitation Loan Fund</i>	<i>Special Taxing District</i>	<i>Community Legacy</i>	<i>Police Grants</i>	<i>Capital Projects Fund</i>	<i>Street Improvement Fund</i>	<i>Total Non-Major Governmental Funds</i>
ASSETS									
Cash and cash equivalents	\$ 6,994	\$ 29,719	\$ -	\$ 111	\$ 42,621	\$ -	\$ 3,200	\$ 24,210	\$ 106,855
Investments	-	-	-	86,091	-	-	-	5	86,096
Taxes receivable	-	-	-	22,534	-	-	-	-	22,534
Accounts receivable	-	-	-	253	-	-	-	-	253
Due from other governments	-	36,581	-	27,633	10,000	127,394	89,705	590,504	881,817
Housing loans receivable	-	-	273,485	-	-	-	-	-	273,485
Loans receivable	-	-	-	-	441,099	-	-	-	441,099
Notes receivable	-	795,000	-	-	-	-	-	-	795,000
Total Assets	\$ 6,994	\$ 861,300	\$ 273,485	\$ 136,622	\$ 493,720	\$ 127,394	\$ 92,905	\$ 614,719	\$ 2,607,139
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES:									
Accounts payable	\$ -	\$ 56,132	\$ -	\$ 7,159	\$ 13	\$ 19,015	\$ 4,649	\$ 74,475	\$ 161,443
Interfund payables	-	-	-	26,555	-	123,608	91,705	-	241,868
Total Liabilities	-	56,132	-	33,714	13	142,623	96,354	74,475	403,311
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenues	-	-	-	18,747	2,255	11,396	-	497,504	529,902
FUND BALANCES:									
Fund balances (deficit):									
Restricted	6,994	805,168	273,485	84,161	491,452	-	-	42,740	1,704,000
Unassigned	-	-	-	-	-	(26,625)	(3,449)	-	(30,074)
Total Fund Balances (Deficit)	6,994	805,168	273,485	84,161	491,452	(26,625)	(3,449)	42,740	1,673,926
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,994	\$ 861,300	\$ 273,485	\$ 136,622	\$ 493,720	\$ 127,394	\$ 92,905	\$ 614,719	\$ 2,607,139

The accompanying Notes to Financial Statements are an integral part of this statement

CITY OF CUMBERLAND, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<i>Tax Increment Financing District</i>	<i>CDBG Fund</i>	<i>Rehabilitation Loan Fund</i>	<i>Special Taxing District</i>	<i>Community Legacy</i>	<i>Police Grants</i>	<i>Capital Projects Fund</i>	<i>Street Improvement Fund</i>	<i>Total Non-Major Governmental Funds</i>
Revenues:									
Taxes	\$ 16,690	\$ -	\$ -	\$ 189,399	\$ -	\$ -	\$ -	\$ -	\$ 206,089
Intergovernmental	-	891,079	-	30,025	94,255	431,351	373,356	143,393	1,963,459
Interest	-	41,842	-	445	1,189	-	-	271	43,747
Miscellaneous	-	-	-	21,356	-	-	-	-	21,356
Total Revenues	16,690	932,921	-	241,225	95,444	431,351	373,356	143,664	2,234,651
Expenditures:									
Current:									
General government	-	-	-	364,815	-	-	-	775	365,590
Public safety	-	-	-	-	-	339,809	-	-	339,809
Public works	-	-	-	-	-	-	-	8,819	8,819
Community development and housing	-	840,858	-	-	117,259	-	-	-	958,117
Capital Outlay	-	-	-	-	-	-	447,674	1,532,714	1,980,388
Debt Service:									
Principal	32,000	50,000	-	-	-	-	-	435,000	517,000
Interest	3,894	41,842	-	-	-	-	-	345,438	391,174
Total Expenditures	35,894	932,700	-	364,815	117,259	339,809	447,674	2,322,746	4,560,897
Revenues in Excess of (Less Than) Expenditures	(19,204)	221	-	(123,590)	(21,815)	91,542	(74,318)	(2,179,082)	(2,326,246)
Other Financing Sources (Uses):									
Transfers-in	16,817	-	-	80,566	-	-	234,227	1,881,960	2,213,570
Total Other Financing Sources (Uses)	16,817	-	-	80,566	-	-	234,227	1,881,960	2,213,570
Net Change in Fund Balance	(2,387)	221	-	(43,024)	(21,815)	91,542	159,909	(297,122)	(112,676)
Fund balance (deficit), beginning	9,381	804,947	273,485	127,185	513,267	(118,167)	(163,358)	339,862	1,786,602
Fund balance (deficit), ending	\$ 6,994	\$ 805,168	\$ 273,485	\$ 84,161	\$ 491,452	\$ (26,625)	\$ (3,449)	\$ 42,740	\$ 1,673,926

CITY OF CUMBERLAND, MARYLAND
COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2017

	<i>Municipal Parking Authority</i>	<i>Trash</i>	<i>Total Non-Major Proprietary Funds</i>
ASSETS			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 181,749	\$ 570,754	\$ 752,503
Accounts receivable	1,064	96,836	97,900
Prepaid Expenses	768	-	768
Total Current Assets	183,581	667,590	851,171
<u>Noncurrent Assets:</u>			
<u>Capital assets:</u>			
Non-depreciable	180,737	-	180,737
Depreciable, net	3,547,745	-	3,547,745
Total Non-Current Assets	3,728,482	-	3,728,482
Total Assets	3,912,063	667,590	4,579,653
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	55,997	-	55,997
Total Assets and Deferred Outflows of Resources	\$ 3,968,060	\$ 667,590	\$ 4,635,650
 LIABILITIES			
<u>Current Liabilities:</u>			
Accounts payable	\$ 35,870	\$ 104,852	\$ 140,722
Accrued interest	15,393	-	15,393
Unearned revenues	15,380	-	15,380
Accrued health claims	3,035	-	3,035
Current portion of compensated absences	8,435	-	8,435
Current portion of bonds and notes payable	166,111	-	166,111
Total Current Liabilities	244,224	104,852	349,076
<u>Noncurrent Liabilities:</u>			
Compensated absences (net of current portion)	22,315	-	22,315
Bonds and notes payable (net of current portion)	2,056,686	-	2,056,686
Net pension liability	138,959	-	138,959
Total Non-Current Liabilities	2,217,960	-	2,217,960
Total Liabilities	2,462,184	104,852	2,567,036
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	5,337	-	5,337
 NET POSITION			
Net investment in capital assets	1,532,746	-	1,532,746
Unrestricted	(32,207)	562,738	530,531
Total Net Position	1,500,539	562,738	2,063,277
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,968,060	\$ 667,590	\$ 4,635,650

The accompanying Notes to Financial Statements are an integral part of this statement

CITY OF CUMBERLAND, MARYLAND
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Municipal Parking Authority</u>	<u>Trash</u>	<u>Total Non-Major Proprietary Funds</u>
Operating Revenues:			
Charges for Services:			
Domestic	\$ -	\$ 1,256,711	\$ 1,256,711
Industrial	-	3,086	3,086
Rents/Concessions	402,713	-	402,713
Other	21,985	30,476	52,461
Total Operating Revenues	<u>424,698</u>	<u>1,290,273</u>	<u>1,714,971</u>
Operating Expenses:			
Personal services	259,009	-	259,009
Utilities	15,215	-	15,215
Repairs and maintenance	15,921	-	15,921
Landfill and recycling	-	441,203	441,203
Depreciation	137,917	-	137,917
Contractual Service	17,363	762,438	779,801
Other operating expenses	56,960	174,925	231,885
Total Operating Expenses	<u>502,385</u>	<u>1,378,566</u>	<u>1,880,951</u>
Operating Income (loss)	<u>(77,687)</u>	<u>(88,293)</u>	<u>(165,980)</u>
Non-Operating (Expenses):			
Interest income	49	-	49
Interest expense	(98,109)	-	(98,109)
Total Non-Operating (loss)	<u>(98,060)</u>	<u>-</u>	<u>(98,060)</u>
Net Income (loss)	(175,747)	(88,293)	(264,040)
Net position-beginning of year	<u>1,676,286</u>	<u>651,031</u>	<u>2,327,317</u>
Net position-end of year	<u>\$ 1,500,539</u>	<u>\$ 562,738</u>	<u>\$ 2,063,277</u>

CITY OF CUMBERLAND, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<i>Municipal Parking Authority</i>	<i>Trash</i>	<i>Total Non-Major Proprietary Funds</i>
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 440,027	\$ 1,261,078	\$ 1,701,105
Cash payments to suppliers	(107,094)	(1,379,678)	(1,486,772)
Cash payments for personal services	(227,887)	-	(227,887)
Other operating receipts	21,985	30,476	52,461
Net Cash Provided (Used) by Operating Activities	<u>127,031</u>	<u>(88,124)</u>	<u>38,907</u>
Cash Flows from Noncapital Financing Activities:			
Principal paid on noncapital debt	(58)	-	(58)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(58)</u>	<u>-</u>	<u>(58)</u>
Cash Flows from Capital and Related Financing Activities:			
Principal paid on capital debt	(142,152)	-	(142,152)
Interest paid on capital debt	(98,960)	-	(98,960)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(241,112)</u>	<u>-</u>	<u>(241,112)</u>
Cash Flows from Investing Activities:			
Interest on investments	49	-	49
Net Cash from Investing Activities:	<u>49</u>	<u>-</u>	<u>49</u>
Net Increase in Cash and Cash Equivalents	(114,090)	(88,124)	(202,214)
Cash and Cash Equivalents at Beginning of Year	295,839	658,878	954,717
Cash and Cash Equivalents at End of Year	<u>\$ 181,749</u>	<u>\$ 570,754</u>	<u>\$ 752,503</u>

CITY OF CUMBERLAND, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(continued)

	<i>Municipal Parking Authority Fund</i>	<i>Trash Fund</i>	<i>Total Non-Major Proprietary Funds</i>
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of Cash to Statement of Net Position			
Cash balance-Statement of Net Position	\$ 181,749	\$ 570,754	\$ 752,503
Investment balance-Statement of Net Position	-	-	-
Cash and Cash Equivalents-Statement of Cash Flows	<u>\$ 181,749</u>	<u>\$ 570,754</u>	<u>\$ 752,503</u>

**Reconciliation of Operating Income (Loss) to Net Cash
Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ (77,687)	\$ (88,293)	\$ (165,980)
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Adjustments to reconcile operating income (loss) to
net cash provided (used) by operating activities:

Depreciation	137,917	-	137,917
Pension expense	31,095	-	31,095
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	21,934	1,281	23,215
(Increase) in prepaid expenses	(768)	-	(768)
Increase (decrease) in accounts payable	(867)	(1,112)	(1,979)
Increase (decrease) in unavailable revenues	15,380	-	15,380
Increase (decrease) in accrued health claims	(982)	-	(982)
Increase (decrease) in accrued wages and compensated absences	<u>1,009</u>	<u>-</u>	<u>1,009</u>

Net cash provided (used) by operating activities	<u>\$ 127,031</u>	<u>\$ (88,124)</u>	<u>\$ 38,907</u>
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Statistical Section

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

CONTENTS	PAGES
<i>Financial Trends</i>	93 - 96
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	97 - 101
These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.	
<i>Debt Capacity</i>	102 - 105
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the near future.	
<i>Economic and Demographic Information</i>	106 - 108
These schedules offer economic and demographic data to help the reader understand the Environment within which the City's financial activities take place.	
<i>Operating Information</i>	109 - 111
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

City of Cumberland, Maryland

Net Position by Category Government Wide, Last Ten Years

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities										
Net investment in capital assets	\$ 11,085,676	\$ 14,988,772	\$ 15,427,981	\$ 16,111,275	\$ 15,315,474	\$ 14,417,904	\$ 14,620,530	\$ 16,053,058	\$ 13,378,759	\$ 13,280,688
Restricted	657,169	886,915	917,895	1,072,036	982,836	1,153,832	1,190,885	2,742,539	3,893,658	3,682,490
Unrestricted	<u>(1,765,789)</u>	<u>(5,436,042)</u>	<u>(4,488,333)</u>	<u>(5,420,125)</u>	<u>(3,084,925)</u>	<u>(3,528,950)</u>	<u>(3,410,070)</u>	<u>(20,864,672)</u>	<u>(24,148,075)</u>	<u>(26,402,604)</u>
Total Governmental Activities Net Position	<u>\$ 9,977,056</u>	<u>\$ 10,439,645</u>	<u>\$ 11,857,543</u>	<u>\$ 11,763,186</u>	<u>\$ 13,213,385</u>	<u>\$ 12,042,786</u>	<u>\$ 12,401,345</u>	<u>\$ (2,069,075)</u>	<u>\$ (6,875,658)</u>	<u>\$ (9,439,426)</u>
Business-Type Activities										
Net investment in capital assets	\$ 37,686,049	\$ 42,359,859	\$ 57,597,712	\$ 69,709,393	\$ 70,443,754	\$ 69,384,635	\$ 68,227,169	\$ 66,477,517	\$ 64,873,365	\$ 64,450,544
Restricted	-	-	-	-	-	-	-	1,079,295	-	-
Unrestricted	<u>1,864,475</u>	<u>(242,674)</u>	<u>941,058</u>	<u>747,042</u>	<u>1,338,550</u>	<u>783,556</u>	<u>1,038,693</u>	<u>3,169,240</u>	<u>4,992,895</u>	<u>6,271,713</u>
Total Business-Type Activities Net Position	<u>\$ 39,550,524</u>	<u>\$ 42,117,185</u>	<u>\$ 58,538,770</u>	<u>\$ 70,456,435</u>	<u>\$ 71,782,304</u>	<u>\$ 70,168,191</u>	<u>\$ 69,265,862</u>	<u>\$ 70,726,052</u>	<u>\$ 69,866,260</u>	<u>\$ 70,722,257</u>
Primary Government										
Net investment in capital assets	\$ 48,771,725	\$ 57,348,631	\$ 73,025,693	\$ 85,820,668	\$ 85,759,228	\$ 83,802,539	\$ 82,847,699	\$ 82,530,575	\$ 78,252,124	\$ 77,731,232
Restricted	657,169	886,915	917,895	1,072,036	982,836	1,153,832	1,190,885	3,821,834	3,893,658	3,682,490
Unrestricted	<u>98,686</u>	<u>(5,678,716)</u>	<u>(3,547,275)</u>	<u>(4,673,083)</u>	<u>(1,746,375)</u>	<u>(2,745,394)</u>	<u>(2,371,377)</u>	<u>(17,695,432)</u>	<u>(19,155,180)</u>	<u>(20,130,891)</u>
Total Primary Government Net Position	<u>\$ 49,527,580</u>	<u>\$ 52,556,830</u>	<u>\$ 70,396,313</u>	<u>\$ 82,219,621</u>	<u>\$ 84,995,689</u>	<u>\$ 82,210,977</u>	<u>\$ 81,667,207</u>	<u>\$ 68,656,977</u>	<u>\$ 62,990,602</u>	<u>\$ 61,282,831</u>

¹ Net assets were restated in certain years due to prior period adjustments

City of Cumberland, Maryland
Changes in Net Position by Category Government Wide, Last Ten Years
Fiscal Year (in Thousands 000's)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses											
Governmental activities:											
General Government	\$ 2,529.2	\$ 2,719.1	\$ 2,264.9	\$ 2,008.3	\$ 1,954.2	\$ 1,771.7	\$ 2,118.6	\$ 1,725.0	\$ 1,849.3	\$ 2,042.7	\$ 2,539.2
Payment to component unit	-	-	-	-	-	-	-	-	-	-	15.0
Public Safety	10,001.1	11,400.7	10,600.7	9,770.8	10,859.6	10,208.1	11,821.8	10,880.6	12,157.6	12,594.7	12,764.1
Public Works	3,043.2	3,614.3	3,131.2	2,948.3	3,179.7	3,286.2	3,068.2	3,544.9	4,021.8	3,892.2	3,901.5
Recreation	984.5	1,231.7	995.4	961.3	1,044.7	911.6	868.6	1,001.7	926.6	1,033.0	1,014.3
Community Development and Housing	3,238.8	3,948.7	4,294.0	4,849.2	3,757.4	3,538.7	3,433.5	3,356.3	4,111.0	4,680.7	4,745.1
Payment to component unit	-	-	-	-	-	-	-	-	-	2,448.6	1,695.9
Interest on long-term debt	329.6	340.3	869.3	1,019.3	990.3	898.0	872.1	825.9	1,096.7	1,115.2	1,144.2
Total governmental activities expenses	\$ 20,126.4	\$ 23,254.8	\$ 22,155.5	\$ 21,557.2	\$ 21,785.9	\$ 20,614.3	\$ 22,182.8	\$ 21,334.4	\$ 24,163.0	\$ 27,807.1	\$ 27,819.3
Business-type activities:											
Water	\$ 5,690.7	\$ 5,974.7	\$ 6,161.8	\$ 6,320.2	\$ 6,428.6	\$ 6,171.3	\$ 5,887.9	\$ 6,080.4	\$ 6,049.2	\$ 7,052.4	\$ 6,574.2
Sewer	4,750.6	5,178.0	5,171.3	5,247.6	6,132.2	7,381.0	6,649.1	7,884.0	7,655.3	8,065.9	7,949.0
Municipal Parking Authority	387.0	408.6	548.4	524.6	542.4	528.3	517.2	541.4	571.6	571.9	600.5
Trash	1,085.4	1,119.4	1,075.3	1,053.8	1,115.0	1,146.0	1,135.8	1,136.5	1,439.9	1,340.9	1,378.6
Property Rental	73.9	112.7	120.1	301.9	850.9	765.5	428.6	740.7	-	-	-
Total business-type activities expenses	11,987.6	12,793.4	13,076.9	13,448.1	15,069.1	15,992.1	14,618.6	16,383.0	15,716.0	17,031.1	16,502.3
Total primary government expenses	\$ 32,114.0	\$ 36,048.2	\$ 35,232.4	\$ 35,005.3	\$ 36,855.0	\$ 36,606.4	\$ 36,801.4	\$ 37,717.4	\$ 39,879.0	\$ 44,838.2	\$ 44,321.6
Program Revenues											
Governmental activities:											
Charges for services:											
General Government	\$ 632.1	\$ 597.5	\$ 678.8	\$ 694.3	\$ 763.4	\$ 702.2	\$ 648.0	\$ 733.8	786.4	\$ 897.2	\$ 627.5
Public Safety	1,825.3	1,106.8	1,348.9	1,160.0	1,214.7	1,308.0	1,094.7	1,142.7	1,612.9	1,425.2	1,223.9
Public Works	4.1	1.5	-	-	-	-	-	-	-	-	-
Recreation	146.5	158.7	116.7	101.9	109.9	159.5	137.2	134.0	151.7	139.2	131.0
Community Development and Housing	111.4	92.7	109.0	79.1	130.5	120.6	51.6	43.1	27.8	-	225.8
Operating grants and contributions	5,794.3	5,835.6	5,915.6	5,992.9	4,497.2	5,255.4	4,412.4	4,717.2	5,328.5	5,542.1	5,234.5
Capital grants and contributions	154.5	953.8	701.1	300.7	1,199.0	292.9	183.9	602.0	354.0	49.9	966.6
Total governmental activities program revenues	\$ 8,668.2	\$ 8,746.6	\$ 8,870.1	\$ 8,328.9	\$ 7,914.7	\$ 7,838.6	\$ 6,527.8	\$ 7,372.8	\$ 8,261.3	\$ 8,053.6	\$ 8,409.3
Business-type activities:											
Water	\$ 7,270.4	\$ 7,624.5	\$ 8,139.8	\$ 7,980.1	\$ 7,635.6	\$ 7,595.1	\$ 7,413.1	\$ 7,387.4	\$ 7,429.6	\$ 7,152.9	\$ 7,036.8
Sewer	4,674.9	4,863.4	5,526.2	5,326.6	5,913.1	6,526.3	7,064.5	8,508.7	9,881.9	10,789.4	11,090.0
Municipal Parking Authority	440.6	648.7	660.8	660.6	648.5	600.1	584.5	543.0	442.1	486.9	424.7
Trash	976.8	1,109.4	1,131.8	1,305.8	1,349.4	1,329.3	1,319.5	1,306.6	1,304.9	1,292.0	1,290.3
Property Rental	146.8	205.2	136.1	88.0	443.2	494.9	247.8	9.5	-	-	-
Capital grants and contributions	451.6	2,788.7	2,116.2	16,441.4	10,721.0	1,580.3	900.1	457.0	22.9	-	487.9
Total business-type activities program revenues	13,961.1	17,239.9	17,678.9	31,802.5	26,710.8	18,126.0	17,529.5	18,212.2	19,081.4	19,721.2	20,329.7
Total primary government revenues	\$ 22,629.3	\$ 25,986.5	\$ 26,549.0	\$ 40,131.4	\$ 34,625.5	\$ 25,964.6	\$ 24,057.3	\$ 25,585.0	\$ 27,342.7	\$ 27,774.8	\$ 28,739.0
Net (Expense)/Revenue											
Governmental activities	\$ (11,458.2)	\$ (14,508.2)	\$ (13,285.4)	\$ (13,228.3)	\$ (13,871.2)	\$ (12,775.7)	\$ (15,655.0)	\$ (13,961.6)	\$ (15,901.7)	\$ (19,753.5)	\$ (19,410.0)
Business-type activities	1,973.5	4,446.5	4,602.0	18,354.4	11,641.7	2,133.9	2,910.9	1,829.2	3,365.4	2,690.1	3,827.4
Total primary government net expense	\$ (9,484.7)	\$ (10,061.7)	\$ (8,683.4)	\$ 5,126.1	\$ (2,229.5)	\$ (10,641.8)	\$ (12,744.1)	\$ (12,132.4)	\$ (12,536.3)	\$ (17,063.4)	\$ (15,582.6)
General Revenues and Other Changes in Net Position											
Governmental activities:											
Property taxes	\$ 8,350.2	\$ 8,678.9	\$ 9,434.3	\$ 10,309.7	\$ 10,731.2	\$ 10,808.4	\$ 10,522.2	\$ 10,792.7	\$ 10,698.6	\$ 10,552.0	\$ 10,769.8
Franchise Fees ¹	246.8	247.6	276.4	281.5	277.3	272.6	269.0	278.1	292.1	292.1	297.7
Other taxes	153.7	178.5	150.4	209.6	244.0	291.3	225.3	259.4	274.9	280.4	288.0
Shared revenues	1,288.8	1,430.3	1,357.7	1,477.3	1,298.6	1,219.7	1,292.2	1,366.6	1,413.6	1,305.4	1,184.6
Unrestricted investment earnings	137.0	115.4	123.2	134.7	110.4	73.4	63.0	58.4	56.1	55.2	62.1
Gain on sale of capital assets	-	-	-	-	-	-	144.0	-	-	-	-
Special Item - Demolition Costs	-	-	-	-	-	-	-	-	(661.3)	(249.2)	-
Miscellaneous	189.3	285.0	352.9	144.6	183.3	748.1	88.5	117.7	178.2	131.1	1,243.2
Transfers	1,786.1	971.9	2,052.9	2,088.8	932.3	812.3	2,270.1	1,456.2	(246.3)	3,564.5	3,001.0
Total governmental activities	12,151.9	11,907.6	13,747.8	14,646.2	13,777.1	14,225.8	14,875.4	14,320.0	11,991.9	15,931.5	16,846.4
Business-type activities:											
Unrestricted investment earnings	225.7	104.4	17.6	3.6	8.2	4.3	3.6	7.8	7.4	14.6	29.5
Miscellaneous	-	-	-	-	-	-	-	270.0	497.0	-	-
Special Item - Demolition Costs	-	-	-	-	-	-	(72.3)	(1,553.0)	-	-	-
Special Item - Loss on Asset Impairment	-	-	-	-	-	-	(1,493.3)	-	-	-	-
Gain on sale of capital asset	-	-	-	152.4	1,200.0	-	-	-	-	-	-
Transfers	(1,786.1)	(971.9)	(2,052.9)	(2,088.8)	(932.3)	(812.3)	(2,270.1)	(1,456.2)	246.3	(3,564.5)	(3,001.0)
Total business-type activities	(1,560.4)	(867.5)	(2,035.3)	(1,932.8)	275.9	(808.0)	(3,832.1)	(2,731.4)	750.7	(3,549.9)	(2,971.5)
Total primary government	\$ 10,591.5	\$ 11,040.1	\$ 11,712.5	\$ 12,713.4	\$ 14,053.0	\$ 13,417.8	\$ 11,043.3	\$ 11,588.6	\$ 12,742.6	\$ 12,381.6	\$ 13,874.9
Changes in Net Assets:											
Governmental activities:	\$ 693.7	\$ (2,600.6)	\$ 462.4	\$ 1,417.9	\$ (94.1)	\$ 1,450.1	\$ (779.6)	\$ 358.4	\$ (3,909.8)	\$ (3,822.0)	\$ (2,563.6)
Business-type activities:	413.1	3,579.0	2,566.7	16,421.6	11,917.6	1,325.9	(921.2)	(902.2)	4,116.1	(859.8)	855.9
Total primary government	\$ 1,106.8	\$ 978.4	\$ 3,029.1	\$ 17,839.5	\$ 11,823.5	\$ 2,776.0	\$ (1,700.8)	\$ (543.8)	\$ 206.3	\$ (4,681.8)	\$ (1,707.7)

City of Cumberland, Maryland
Fund Balances - Governmental Funds
Last Ten Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,596,462	\$ 1,895,760	\$ 2,145,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	1,631,590	2,225,805	1,779,502	1,926,471	1,670,455	2,177,821	2,582,740
Restricted	-	-	-	595,203	527,991	475,607	375,991	5,326,935	6,186,903	3,221,990
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	357,957	-	-
Unassigned	-	-	-	(1,606,117)	(862,478)	438,716	36,256	-	830,789	1,163,987
Unreserved	(865,200)	(1,223,111)	(1,912,378)	-	-	-	-	-	-	-
Total general fund	<u>\$ 731,262</u>	<u>\$ 672,649</u>	<u>\$ 232,682</u>	<u>\$ 620,676</u>	<u>\$ 1,891,318</u>	<u>\$ 2,693,825</u>	<u>\$ 2,338,718</u>	<u>\$ 7,355,347</u>	<u>\$ 9,195,513</u>	<u>\$ 6,968,717</u>
Housing Fund										
Reserved	\$ 30,041	\$ 38,724	\$ 39,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	39,139	39,139	1,584	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(60,820)	(37,555)	-	-	-	-	-
Unreserved	(42,550)	(79,948)	(60,790)	-	-	-	-	-	-	-
Total housing fund	<u>\$ (12,509)</u>	<u>\$ (41,224)</u>	<u>\$ (21,731)</u>	<u>\$ (21,681)</u>	<u>\$ 1,584</u>	<u>\$ 1,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 1,882,533	\$ 499,258	\$ 493,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	322,743	313,169	-	-	-	-	-
Restricted	-	-	-	5,468,497	3,889,521	2,269,558	1,675,300	2,780,049	2,068,127	1,704,000
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(65,124)	(19,351)	(31,807)	(60,447)	(190,441)	(281,525)	(30,074)
Unreserved	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds	(5,014)	196,397	274,530	-	-	-	-	-	-	-
Capital Projects Funds	621,216	9,167,317	7,845,997	-	-	-	-	-	-	-
Total all other governmental funds	<u>2,498,735</u>	<u>9,862,972</u>	<u>8,614,264</u>	<u>5,726,116</u>	<u>4,183,339</u>	<u>2,237,751</u>	<u>1,614,853</u>	<u>2,589,608</u>	<u>1,786,602</u>	<u>1,673,926</u>
All Governmental Funds										
Total Fund Balance All Governmental Funds	<u>\$ 3,217,488</u>	<u>\$ 10,494,397</u>	<u>\$ 8,825,215</u>	<u>\$ 6,325,111</u>	<u>\$ 6,076,241</u>	<u>\$ 4,933,160</u>	<u>\$ 3,953,571</u>	<u>\$ 9,944,955</u>	<u>\$ 10,982,115</u>	<u>\$ 8,642,643</u>

City of Cumberland, Maryland
Changes in Fund Balances - Governmental Funds
Last Ten Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Revenues										
Taxes	\$ 8,779,740	\$ 9,799,768	\$ 10,353,170	\$ 11,646,674	\$ 10,882,483	\$ 10,817,154	\$ 11,175,297	\$ 11,275,178	\$ 11,001,020	
Licenses and permits	274,909	236,101	288,312	233,466	184,514	136,179	151,120	248,312	213,539	
Intergovernmental	8,009,375	8,205,565	7,968,020	7,128,218	6,852,312	5,984,096	6,488,782	7,118,645	7,007,493	
Charges for Services	1,331,927	1,605,836	1,336,093	1,563,396	1,679,527	1,371,488	1,475,442	1,948,052	1,688,563	
Fines and Forfeitures	375	500	1,810	391	1,080	1,785	805	1,155	1,840	
Interest	118,953	124,986	108,498	112,613	75,937	65,277	61,743	59,038	58,271	
Miscellaneous	536,508	797,017	565,979	623,303	755,678	524,720	595,438	527,463	679,849	
Total revenue	19,051,787	20,769,773	20,621,882	21,308,061	20,431,531	18,900,699	19,948,627	21,177,843	20,650,575	
Expenditures										
Current Operations:										
General Government	\$ 2,203,636	\$ 2,206,697	\$ 1,897,553	\$ 1,784,431	\$ 1,601,303	\$ 1,718,106	\$ 1,950,958	\$ 2,027,160	\$ 2,032,291	
Public Safety	10,364,099	10,670,154	10,266,999	10,676,478	10,283,408	10,364,932	10,820,344	11,650,997	11,211,859	
Public Works	3,087,626	2,486,053	2,435,387	2,401,370	2,692,508	2,421,606	2,617,524	2,953,458	2,730,567	
Recreation	1,147,048	1,009,605	872,041	888,296	786,257	804,246	837,579	806,133	842,531	
Community development and housing	4,090,933	5,449,267	5,287,740	4,044,178	3,645,278	3,318,134	3,318,234	4,451,754	7,058,776	
Capital Outlay	2,077,914	930,412	1,502,551	3,650,316	1,332,967	2,047,829	1,178,513	1,628,048	1,277,315	
Principal	902,588	1,164,828	1,181,844	931,548	653,691	902,173	1,506,713	1,309,403	1,488,813	
Interest	332,758	717,536	1,011,608	998,502	920,672	883,645	838,884	1,056,403	1,114,141	
Bond issue costs	-	294,690	-	-	141,397	-	39,246	59,900	101,887	
Total Expenditures	24,206,602	24,929,242	24,455,723	25,375,119	22,057,481	22,460,671	23,107,995	25,943,256	27,858,180	
Excess (deficiency) revenue over expenditures	\$ (5,154,815)	\$ (4,159,469)	\$ (3,833,841)	\$ (4,067,058)	\$ (1,625,950)	\$ (3,559,972)	\$ (3,159,368)	\$ (4,765,413)	\$ (7,207,605)	
Other Financing Sources (Uses)										
Transfers-in	\$ 1,647,212	\$ 2,477,328	\$ 2,637,175	\$ 1,699,381	\$ 2,560,339	\$ 3,407,141	\$ 3,595,131	\$ 6,289,161	\$ 5,179,913	
Transfers-out	(481,787)	(683,366)	(472,516)	(708,450)	(1,250,111)	(1,144,392)	(2,138,952)	(1,670,601)	(1,497,205)	
Issuance of debt	2,280,600	9,154,872	-	576,003	2,587,781	10,103	-	5,352,339	4,811,250	
Sale of capital assets	-	-	-	-	-	144,039	-	-	-	
Refunding Proceeds	-	3,636,221	-	-	-	-	-	-	-	
Special Item - Demolition Costs	-	-	-	-	-	-	-	(661,280)	(249,193)	
Payment to refund bonds	-	(3,148,677)	-	-	(2,520,929)	-	723,600	-	-	
Total Other Financing Sources (Uses)	\$ 3,446,025	\$ 11,436,378	\$ 2,164,659	\$ 1,566,934	\$ 1,377,080	\$ 2,416,891	\$ 2,179,779	\$ 9,309,619	\$ 8,244,765	
Net change in fund balances	\$ (1,708,790)	\$ 7,276,909	\$ (1,669,182)	\$ (2,500,124)	\$ (248,870)	\$ (1,143,081)	\$ (979,589)	\$ 4,544,206	\$ 1,037,160	
Debt Service as percentage of non-capital expenditures	5.84%	8.01%	9.79%	9.35%	8.08%	8.81%	10.70%	10.51%	10.22%	
Note: Expenditures for Capital Assets are reported above as "Capital Outlays, as well as departmental expenditures. The total expenditures for capital assets is utilized for computing the ratio above.										
Total Expenditures for Capital Assets	\$ 3,063,203	\$ 1,426,658	\$ 2,052,867	\$ 4,740,097	\$ 2,563,575	\$ 2,196,361	\$ 1,817,934	\$ 3,428,901	\$ 2,378,840	

City of Cumberland, Maryland

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Collected within the Fiscal Year of Levy		Total Collections to Date		Outstanding Delinquent Taxes	City Percent of Delinquent Taxes to Tax Levy
		Amount	%age of Levy	Amount	%age of Levy		
2017	\$ 10,490,966	\$ 9,692,052	92.38%	\$ 9,692,052	92.38%	798,914	7.62%
2016	\$ 10,141,863	\$ 9,339,789	92.09%	\$ 9,784,399	96.48%	357,464	3.52%
2015	\$ 10,309,841	\$ 9,382,860	91.01%	\$ 10,257,116	99.49%	52,725	0.51%
2014	\$ 10,280,128	\$ 9,367,169	91.12%	\$ 10,249,959	99.71%	30,169	0.29%
2013	\$ 10,137,308	\$ 8,943,020	88.22%	\$ 10,110,188	99.73%	27,120	0.27%
2012	\$ 10,549,106	\$ 9,409,920	89.20%	\$ 10,518,159	99.71%	30,947	0.29%
2011	\$ 10,221,915	\$ 9,672,280	94.62%	\$ 10,174,647	99.54%	47,268	0.46%
2010	\$ 9,765,311	\$ 8,509,422	87.14%	\$ 9,679,762	99.12%	85,549	0.88%
2009	\$ 8,940,621	\$ 8,296,738	92.80%	\$ 8,930,711	99.89%	9,910	0.11%
2008	\$ 6,566,258	\$ 5,933,129	90.36%	\$ 6,560,199	99.91%	6,059	0.09%

Source: City of Cumberland, Finance Department

City of Cumberland, Maryland

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	Real Property						Personal Property -						Total Personal Property Tax		Personal
	Real Property		Real Property	Real Property - Less than Full		Real Property	Unincorporated		Privately Owned Railroads and Public		Corporation		Base		Property
	Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Direct Tax Rate
2017	\$ 850,099,543	\$ 850,099,543	\$0.9654	\$ 2,195,896	\$ 2,195,896	\$0.4827	\$ 2,074,168	\$ 2,074,168	\$ 41,722,490	\$ 41,722,490	\$ 42,060,780	\$ 42,060,780	\$ 85,857,438	\$ 85,857,438	\$2.648
2016	\$ 830,803,398	\$ 830,803,398	\$0.9654	\$ 3,713,487	\$ 3,713,487	\$0.4827	\$ 2,230,023	\$ 2,230,023	\$ 40,794,830	\$ 40,794,830	\$ 36,407,247	\$ 36,407,247	\$ 79,432,100	\$ 79,432,100	\$2.648
2015	\$ 847,037,497	\$ 847,037,497	\$0.9654	\$ 960,845	\$ 960,845	\$0.4827	\$ 1,620,657	\$ 1,620,657	\$ 38,684,890	\$ 38,684,890	\$ 40,053,327	\$ 40,053,327	\$ 80,358,874	\$ 80,358,874	\$2.648
2014	\$ 844,353,117	\$ 844,353,117	\$0.9654	\$ 459,291	\$ 459,291	\$0.4827	\$ 1,777,681	\$ 1,777,681	\$ 36,838,390	\$ 36,838,390	\$ 41,690,801	\$ 41,690,801	\$ 80,306,872	\$ 80,306,872	\$2.648
2013	\$ 837,573,545	\$ 837,573,545	\$0.9654	\$ 901,388	\$ 901,388	\$0.4827	\$ 1,979,532	\$ 1,979,532	\$ 35,630,660	\$ 35,630,660	\$ 39,694,264	\$ 39,694,264	\$ 77,304,456	\$ 77,304,456	\$2.648
2012	\$ 885,953,180	\$ 885,953,180	\$0.9654	\$ 1,634,141	\$ 1,634,141	\$0.4827	\$ 1,503,927	\$ 1,503,927	\$ 43,186,620	\$ 43,186,620	\$ 30,393,516	\$ 30,393,516	\$ 75,084,063	\$ 75,084,063	\$2.648
2011	\$ 839,310,545	\$ 839,310,545	\$0.9654	\$ 647,400	\$ 647,400	\$0.4827	\$ 1,684,932	\$ 1,684,932	\$ 33,803,640	\$ 33,803,640	\$ 44,424,041	\$ 44,424,041	\$ 79,912,613	\$ 79,912,613	\$2.648
2010	\$ 786,812,202	\$ 786,812,202	\$0.9654	\$ 16,944,050	\$ 16,944,050	\$0.4827	\$ 1,583,459	\$ 1,583,459	\$ 34,788,640	\$ 34,788,640	\$ 42,466,156	\$ 42,466,156	\$ 78,838,255	\$ 78,838,255	\$2.648
2009	\$ 721,894,655	\$ 721,894,655	\$0.9654	\$ 2,083,900	\$ 2,083,900	\$0.4827	\$ 1,798,753	\$ 1,798,753	\$ 38,538,100	\$ 38,538,100	\$ 33,733,841	\$ 33,733,841	\$ 74,070,694	\$ 74,070,694	\$2.648
2008	\$ 675,560,720	\$ 675,560,720	\$0.9479	\$ 151,265	\$ 151,265	\$0.4740	\$ 2,164,894	\$ 2,164,894	\$ 37,694,880	\$ 37,694,880	\$ 38,482,240	\$ 38,482,240	\$ 78,342,014	\$ 78,342,014	\$2.568

Source: City of Cumberland, Finance Department

City of Cumberland, Maryland

Property Tax Rates and Tax Levies (Real Property) – Direct Overlapping Governments

Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>Tax Rate per \$100 of Assessed Value</u>				<u>Tax Levies</u>			
	<u>City</u>	<u>County (1)</u>	<u>State</u>	<u>Total</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>Total</u>
<u>June 30</u>								
2017	\$ 0.9654	\$ 0.8452	\$ 0.112	\$ 1.92	\$ 8,206,861	\$ 7,185,041	\$ 952,111	\$ 16,344,014
2016	\$ 0.9654	\$ 0.8486	\$ 0.112	\$ 1.93	\$ 8,020,576	\$ 7,050,198	\$ 930,500	\$ 16,001,273
2015	\$ 0.9654	\$ 0.8530	\$ 0.112	\$ 1.93	\$ 8,177,300	\$ 7,225,230	\$ 948,682	\$ 16,351,212
2014	\$ 0.9654	\$ 0.8424	\$ 0.112	\$ 1.92	\$ 8,151,385	\$ 7,112,831	\$ 945,675	\$ 16,209,891
2013	\$ 0.9654	\$ 0.8371	\$ 0.112	\$ 1.91	\$ 8,085,935	\$ 7,011,328	\$ 938,082	\$ 16,035,346
2012	\$ 0.9654	\$ 0.8519	\$ 0.112	\$ 1.93	\$ 8,552,992	\$ 7,547,435	\$ 992,268	\$ 17,092,695
2011	\$ 0.9654	\$ 0.8999	\$ 0.112	\$ 1.98	\$ 8,102,704	\$ 7,552,956	\$ 940,028	\$ 16,595,687
2010	\$ 0.9654	\$ 0.9016	\$ 0.112	\$ 1.98	\$ 7,595,885	\$ 7,093,899	\$ 881,230	\$ 15,571,013
2009	\$ 0.9654	\$ 0.9074	\$ 0.112	\$ 2.06	\$ 6,969,171	\$ 6,550,472	\$ 808,522	\$ 14,328,165
2008	\$ 0.9479	\$ 0.9090	\$ 0.112	\$ 2.04	\$ 6,403,640	\$ 6,140,847	\$ 756,628	\$ 13,301,115

Source: (1) Allegany County, Finance Department

City of Cumberland, Maryland

**Principal Property Tax Payers
Real Property Taxes**

Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value of Real Property in the City	Taxable Assessed Value	Rank	Percentage of Total Assessed Value of Real Property in the City
Western MD Health System Inc.	\$ 19,706,700	1	2.32%	\$ 6,584,500	2	0.97%
CSX Transportation	\$ 11,111,500	2	1.31%	\$ 7,339,240	1	1.09%
ARC Cumberland LLC	\$ 9,203,400	3	1.08%			
Christie Realty LLC	\$ 5,396,600	4	0.63%	\$ 5,000,000	8	
EII Cumberland Associates LLC	\$ 4,561,533	5	0.54%	\$ 5,550,000	3	
Furnace Realty LLC	\$ 4,265,867	6	0.50%	\$ 5,186,100	6	0.77%
BOIII Cumberland LLC	\$ 4,156,333	7	0.49%			0.00%
Black Sapphire C Cumberland	\$ 4,120,233	8	0.48%			
Cumberland Manor Associates	\$ 3,472,300	9	0.41%			0.00%
Hampstead Cumberland Arms	\$ 3,420,570	10	0.40%			
Allcity Hospitality Cumberland				\$ 5,500,000	4	0.81%
Housing Authority of Cumberland				\$ 5,200,000	5	0.77%
Cumberland Housing Preservation				\$ 5,000,000	7	0.74%
Housing Authority of Cumberland				\$ 4,226,200	9	0.63%
Cumberland Plaza Associates				\$ 3,750,000	10	0.56%
Percentage of total for the year			8.17%	\$ 53,336,040		5.36%
Total:	\$ 850,099,543					

Source: City of Cumberland, Finance Department

City of Cumberland, Maryland
Principal Property Tax Payers
Corporation Personal Property Taxes
Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value of Real Property in the City	Taxable Assessed Value	Rank	Percentage of Total Assessed Value of Real Property in the City
Potomac Edison Company	\$ 14,411,520	1	16.79%	\$ 1,000,102	2	1.28%
Columbia Gas of Maryland	\$ 9,688,140	2	11.28%	\$ 7,354,680	3	9.39%
CSX Transportation Inc	\$ 9,219,950	3	10.74%	\$ 3,602,000	4	4.60%
Verizon - Maryland	\$ 6,318,580	4	7.36%	\$ 16,195,800	1	20.67%
Atlantic Broadband	\$ 3,989,320	5	4.65%	\$ 2,367,860	5	3.02%
A.D.R. LLC	\$ 1,988,630	6	2.32%			
Love's Travel Stops	\$ 1,691,420	7	1.97%			
De Lage Landen Financial Services	\$ 1,321,080	8	1.54%			
Giant Food Stores	\$ 1,246,210	9	1.45%	\$ 1,140,510	8	1.46%
Level 3 Communications	\$ 111,630	10	0.13%	\$ 1,298,350	6	1.66%
Infospherix Inc				\$ 1,289,700	7	1.65%
General Electric Credit Corp				\$ 1,080,000	9	1.38%
Haystack Imaging Services				\$ 891,630	10	1.14%
Total	\$ 49,986,480		58.22%	\$ 36,220,632		45.10%

Source: City of Cumberland, Finance Department

City of Cumberland, Maryland

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30	Personal Income	Population	Government Activities		Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income	Debt Per Capita
			General Obligation Bonds	Notes and Leases	Proprietary Funds	Notes and Leases for Proprietary Funds			
2017	\$455,698,180	19,978	\$ 26,909,376	\$ 833,336	\$ 30,162,360	\$ 16,429	\$ 57,921,501	12.71%	\$ 2,899
2016	\$441,169,080	20,130	\$ 28,351,229	\$ 845,000	\$ 31,785,149	\$ -	\$ 60,981,378	13.82%	\$ 3,029
2015	\$413,206,326	20,297	\$ 24,720,173	\$ 1,037,958	\$ 31,527,406	\$ 3,177	\$ 57,288,714	13.86%	\$ 2,823
2014	\$421,618,922	20,458	\$ 15,677,315	\$ 1,262,880	\$ 35,861,554	\$ 6,825	\$ 52,808,574	12.53%	\$ 2,581
2013	\$402,956,400	20,580	\$ 15,572,124	\$ 2,151,184	\$ 30,176,967	\$ 3,222,865	\$ 51,123,140	12.69%	\$ 2,484
2012	\$449,454,674	20,738	\$ 16,088,462	\$ 2,526,912	\$ 29,567,795	\$ 3,517,656	\$ 51,700,825	11.50%	\$ 2,493
2011	\$438,414,462	20,859	\$ 16,170,911	\$ 3,031,306	\$ 29,702,693	\$ 3,842,922	\$ 52,747,832	12.03%	\$ 2,529
2010	\$422,292,299	20,449	\$ 16,705,844	\$ 2,851,918	\$ 27,897,779	\$ 2,644,322	\$ 50,099,863	11.86%	\$ 2,450
2009	\$459,942,930	20,535	\$ 17,257,140	\$ 3,424,630	\$ 24,029,223	\$ 2,984,847	\$ 47,695,840	10.37%	\$ 2,323
2008	\$516,859,434	20,643	\$ 5,432,996	\$ 3,817,476	\$ 24,946,950	\$ 3,322,252	\$ 37,519,674	7.26%	\$ 1,818

See Economic and Demographic Statistics Chart for Personal Income and Population sources

Details regarding the City's outstanding debt can be found in the notes to the financial statements

City of Cumberland, Maryland

Ratio of General Obligation Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30	Population	Assessed Value (000's)	General Obligation Bonds	Percentage of Total Taxable Value of Property	Per Capita
2017	19,978	\$ 850,099,543	\$ 57,071,736	6.71%	\$ 2,857
2016	20,130	\$ 830,803,398	\$ 60,136,378	7.24%	\$ 2,987
2015	20,297	\$ 847,037,497	\$ 56,247,579	6.64%	\$ 2,771
2014	20,458	\$ 844,353,117	\$ 51,538,869	6.10%	\$ 2,519
2013	20,580	\$ 837,573,545	\$ 45,749,091	5.46%	\$ 2,223
2012	20,738	\$ 885,953,180	\$ 45,656,257	5.15%	\$ 2,202
2011	20,859	\$ 839,310,545	\$ 45,873,604	5.47%	\$ 2,199
2010	20,449	\$ 786,812,202	\$ 44,603,623	5.67%	\$ 2,181
2009	20,535	\$ 721,894,655	\$ 41,286,363	5.72%	\$ 2,011
2008	20,643	\$ 675,560,720	\$ 30,379,946	4.50%	\$ 1,472

Fiscal Year Ended June 30	Population	Assessed Value (000's)	General Obligation Governmental Bonds	Percentage of Total Taxable Value of Property	Per Capita
2017	19,978	\$ 850,099,543	\$ 26,909,376	3.17%	\$ 1,347
2016	20,130	\$ 830,803,398	\$ 28,351,229	3.41%	\$ 1,408
2015	20,297	\$ 847,037,497	\$ 24,720,173	2.92%	\$ 1,218
2014	20,458	\$ 844,353,117	\$ 15,677,315	1.86%	\$ 766
2013	20,580	\$ 837,573,545	\$ 15,572,124	1.86%	\$ 757
2012	20,738	\$ 885,953,180	\$ 16,088,462	1.82%	\$ 776
2011	20,859	\$ 839,310,545	\$ 16,170,911	1.93%	\$ 775
2010	20,449	\$ 786,812,202	\$ 16,705,844	2.12%	\$ 817
2009	20,535	\$ 721,894,655	\$ 17,257,140	2.39%	\$ 840
2008	20,643	\$ 675,560,720	\$ 5,432,996	0.80%	\$ 263

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

Source: City of Cumberland, Finance Department

City of Cumberland, Maryland
Ratios of Annual Debt Service Expenditures
For General Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt</u> <u>Service</u>	<u>Total General</u> <u>Governmental</u> <u>Expenditures</u>	<u>Ratio of Debt</u> <u>Service to Total</u> <u>General</u> <u>Governmental</u> <u>Expenditures</u>
2017	976,047	786,199	1,762,246	19,864,905	8.87%
2016	938,826	701,841	1,640,667	21,633,684	7.58%
2015	778,964	623,022	1,401,986	19,944,887	7.03%
2014	996,427	384,856	1,381,283	17,915,930	7.71%
2013	409,378	409,392	818,770	16,180,521	5.06%
2012	537,321	434,667	971,988	16,633,582	5.84%
2011	814,737	505,787	1,320,524	16,973,912	7.78%
2010	1,054,179	510,093	1,564,272	18,192,637	8.60%
2009	1,094,334	514,034	1,608,368	17,986,019	8.94%
2008	839,453	306,500	1,145,953	17,912,962	6.40%

Source: City of Cumberland, Finance Department

City of Cumberland, Maryland

Computation of Direct and Overlapping Debt

June 30, 2017

<u>Municipality</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City Rounded</u>	<u>Amount Applicable to the City</u>
City of Cumberland 1	\$27,742,712	100.0%	\$27,742,712
Allegany County, Maryland 2	\$26,733,783	22.0%	\$5,886,711
Total debt and overlapping debt	\$54,476,495		\$33,629,423

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county' taxabe assessed value that is within the government's boundaries and dividing it by the county's total assessed value

Source: City of Cumberland

1) City of Cumberland, Finance Department

2) Allegany County, Finance Department

City of Cumberland, Maryland
Economic and Demographic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income</u>	<u>Unemployment Rate (3)</u>
2017	19,978	\$ 22,810	\$ 455,698,180	5.7%
2016	20,130	\$ 21,916	\$ 441,169,080	6.2%
2015	20,297	\$ 20,358	\$ 413,206,326	7.5%
2014	20,458	\$ 20,609	\$ 421,618,922	8.0%
2013	20,580	\$ 19,580	\$ 402,956,400	8.6%
2012	20,738	\$ 21,673	\$ 449,454,674	9.3%
2011	20,859	\$ 21,018	\$ 438,414,462	9.4%
2010	20,449	\$ 20,651	\$ 422,292,299	9.3%
2009	20,535	\$ 22,398	\$ 459,942,930	8.5%
2008	20,643	\$ 25,038	\$ 516,859,434	5.2%

Sources:

(1) United States Census Bureau - <https://www.census.gov/quickfacts/fact/table/cumberlandcitymaryland,alleganycountymaryland/PST045216#viewtop>

(2) <http://www.deptofnumbers.com/income/maryland/cumberland/>

(3) <https://fred.stlouisfed.org/series/CUMB024URN>

**City of Cumberland, Maryland
Principal Employers in Allegany County, Maryland
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Western Maryland Regional Medical	2,200	1	6.14%	2,396	1	7.14%
ATK Tactical Systems	1,050	2	3.76%	1,279	3	3.81%
Frostburg State University	960	3	2.93%	891	6	2.66%
Allegany College	800	4	2.73%			
Verso	700	5	2.51%	950	4	2.83%
CSX Transportation	635	6	2.40%	925	5	2.76%
Western Correctional Institution	588	7	2.23%	503	10	1.50%
North Branch Correctional Institute	574	8	1.95%			
ACS, Inc.	570	9	1.64%	615	7	1.83%
American Woodmark Corporation	526	10	1.60%			
Allegany County Board of Education				1,421	2	4.24%
Allegany County Government				597	8	1.78%
Hunter Douglas				575	9	1.71%
 Total employees for ten largest employers	 <u>8,603</u>		 <u>27.89%</u>	 <u>10,152</u>		 <u>30.26%</u>

Source: Allegany County Finance Department
Information not available for City of Cumberland

City of Cumberland, Maryland
Building Permits Issued and Property Values
Last Ten Fiscal Years

Fiscal Year Ended June 30	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	Number of Units	Value	Number of Units	Value
2017 *	41	\$ 43,201,237	13	\$ 602,700
2016 **	28	\$ 61,123,104	14	\$ 1,415,030
2015	17	\$ 7,915,500	27	\$ 3,621,518
2014	16	\$ 5,222,000	24	\$ 2,413,000
2013	23	\$ 2,440,450	21	\$ 945,250
2012	26	\$ 6,274,930	49	\$ 6,691,581
2011	29	\$ 14,209,451	32	\$ 1,960,500
2010	45	\$ 13,517,100	43	\$ 16,902,316
2009	30	\$ 20,210,138	34	\$ 1,156,302
2008	27	\$ 28,073,590	54	\$ 5,093,844

** Includes permit for non-taxable Wastewater Treatment Plant Improvements - \$26,403,440

** Includes permit for non-taxable Board of Education High School construction - \$50,783,000

Source: City of Cumberland, Department of Community Development

City of Cumberland, Maryland
Employees by Function
Last Ten Fiscal Years

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>General Government</u>										
Administration:										
Mayor & Council	5	5	5	5	5	5	5	5	5	5
City Administrator	1	1	1	1	2	2	2	3	2	3
City Clerk	2	2	2	2	1	1	1	1	1	1
Personnel	2	2	2	2	2	2	2	2	2	2
Economic Development	3	2	2	2	2	2	2	2	2	2
Finance	11	11	11	11	11	11	12	10	10	10
MIS	4	4	4	4	4	4	4	4	4	4
Central Services	6	6	6	5	1	1	1	2	2	2
Community Development	10	12	11	9	10	11	13	16	18	18
Downtown Development	4	4	3	1	1	1	1	1	1	1
Parks	4	4	4	4	4	4	4	6	6	6
Recreation	1	1	1	1	1	1	1	1	1	2
Public Works:										
Administration	3	3	3	4	4	4	4	5	5	5
Engineering	8	8	9	8	8	9	8	8	8	9
Vehicle Maintenance	4	4	4	4	4	4	4	4	4	4
Street Department	16	16	15	15	16	17	17	18	18	18
Police Department	56	56	51	50	48	51	53	51	57	58
Police Full-time Grant	2	2	5	3	3	3	-	-	-	-
Fire Department	54	61	56	58	59	58	58	62	64	65
Fire Full-time Grant	-	-	6	8	8	9	-	-	-	-
<u>Enterprise Operations</u>										
Water Distribution	21	21	22	20	21	22	22	24	24	24
Water Filtration	10	10	10	8	8	9	9	10	10	10
Wastewater Treatment	13	13	13	14	14	15	16	15	16	15
Flood/Sewer	13	11	13	12	12	12	13	13	12	14
Utility Services	-	-	-	-	3	3	3	2	2	3
Municipal Parking Authority	2	2	2	1	1	1	1	1	2	2
Elected Officials	5									
Full-Time employees	250	256	256	247	248	257	251	261	271	278

Source: City of Cumberland Human Resources Department

City of Cumberland, Maryland
Capital Assets Statistics by Function
Last Ten Fiscal Years

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	31	30	33	33	32	32	34	38	42	39
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Vehicles	15	15	15	15	14	14	14	16	16	16
Public Works:										
Streets (miles)	150.7	150.7	150.7	150.7	150.7	150.1	150.7	148.3	150.7	150.7
Traffic Signals	22	22	22	22	22	22	22	22	22	24
Enterprise Operations										
Water Operations:										
Miles of Water Main	120.0	120.0	120.0	120.0	120.0	135.0	142.2	142.2	142.2	142.2
Number of Fire Hydrants	900	900	900	900	900	900	932	932	932	932
Waste Water Operations:										
Miles of Storm/Sanitary Sewers	135.0	135.0	135.0	135.0	135.0	135.0	135.0	135.0	122.7	122.7
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1

Source: City of Cumberland, Finance Department

City of Cumberland, Maryland

Operating Indicators by Function

Function	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
General Government										
Building Permits Issued:										
Commercial Permits Issued	41	28	17	16	23	26	29	45	30	27
Residential Permits Issued	13	14	27	24	21	49	32	43	34	54
Total Value of Permits Issued	\$ 43,803,937	\$ 62,538,134	\$ 11,537,018	\$ 7,635,000	\$ 3,385,700	\$ 12,966,511	\$ 16,169,951	\$ 30,419,416	\$ 21,366,440	\$ 33,167,434
Public Safety:										
Traffic Citations	690	796	722	1,025	1,275	1,909	952	2,339	1,137	943
Arrests	2,144	1,926	1,956	1,859	2,298	2,354	2,220	2,070	2,420	2,066
Fire:										
Number of Emergency Calls	5,594	5,770	5,658	4,934	4,923	4,642	4,566	4,743	4,694	4,515
Number of Fire Calls	1,370	1,322	1,341	1,257	1,222	1,249	1,164	1,304	1,127	1,200
Public Works:										
Miles of Streets Maintained	134	134	134	134	134	134	134	133	134	134
Street Overlay Costs	\$ 62,366	\$ 130,757	\$ 53,833	\$ 24,472	\$ 12,828	\$ 192,864	\$ 58,015	\$ 192,976	\$ 73,310	\$ 146,648
Enterprise Operations										
Water Operations:										
Number or Service Connections	9,820	9,876	9,895	9,890	8,982	9,901	9,868	9,843	9,827	9,852
Average Daily Consumption (Gallons)	4.736 Million	5.067 Million	5.583 Million	5.523 Million	5.323 Million	5.703 Million	5.418 Million	5.646 Million	6.205 Million	5.352 Million
Maximum Daily Capacity of Plant (Gallon:	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million
Waste Water Operations:										
Number of Service Connections	8,951	8,957	8,980	8,979	9,892	8,879	8,914	8,894	8,879	8,888
Average Daily Treatment (Gallons)	10.827 Million	10.122 Million	10.335 Million	10.764 Million	9.815 Million	10.428 Million	10.428 Million	12.383 Million	12.383 Million	12.676 Million
Maximum Daily Capacity of Plant (gallons)	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million	15 Million

Source: City of Cumberland, Finance Department