



County of Cumberland, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2011

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

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Alfred L. Whitcomb
Controller



COUNTY OF CUMBERLAND, PENNSYLVANIA

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FOR THE YEAR ENDED DECEMBER 31, 2011

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PHOTOGRAPHY CREDITS

The cover photograph is of the entrance into Kings Gap Environmental Education Center located within the South Mountain in southern Cumberland County.
Cover photograph is courtesy of Tina Pool.

Controller of Cumberland County

ONE COURTHOUSE SQUARE, ROOM 207 ♦ CARLISLE, PA 17013-3387



717-240-6185 ♦ 1-888-697-0371, EXT 6185

♦ FAX: 717-240-6572

E-MAIL: AWHITCOMB@CCPA.NET

WEB: WWW.CCPA.NET

ALFRED L. WHITCOMB
CONTROLLER

ROBERT J. DAGROSA, CPA
FIRST DEPUTY CONTROLLER

MICHAEL A. CLAPSADL, CPA
SECOND DEPUTY CONTROLLER

TINA L. POOL
ADMINISTRATIVE ASSISTANT

JAMES D. BOGAR
SOLICITOR

May 31, 2012

TO: THE COMMISSIONERS AND CITIZENS OF CUMBERLAND COUNTY

County Code requires the elected County Controller to prepare an annual financial report and audit of the County's books on or before the first day of July of the following year. The Controller publishes a Comprehensive Annual Financial Report (CAFR) as part of satisfying this requirement. Cumberland County's CAFR is prepared in accordance with U.S. generally accepted accounting principles (GAAP). The CAFR's basic financial statements are audited by an independent firm of certified public accountants in cooperation with the Controller.

This report consists of County management's representations concerning the finances of Cumberland County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report.

To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal control should not outweigh its benefits, the County's internal control has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As the Controller, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

Two "government-wide" financial statements are included in the County's CAFR: the Statement of Net Assets and the Statement of Activities. These financial statements are discussed more fully in Note 1 to the financial statements.

These government-wide financial statements help taxpayers:

- Assess the finances of the County in its entirety, including the year's operating results.
- Determine whether the County's overall financial position improved or deteriorated.

- Evaluate whether the County's current-year revenues were sufficient to pay for current-year services.
- See the County's cost of providing services to its citizenry.
- See how the County finances its programs – through user fees and other program revenues versus County tax revenues.
- Understand the extent to which the County has invested in capital assets, including bridges.
- Make better comparisons between governments.

The County's basic financial statements have been audited by KPMG LLP in cooperation with the Controller. KPMG LLP is a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the year ended December 31, 2011, are free of material misstatement. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of the County is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). A letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE COUNTY

Introduction

Cumberland County is a fourth class county founded January 27, 1750. It is governed by an elected Board of Commissioners consisting of three members elected to four year terms. The Commissioners are the responsible managers and administrators of the County's fiscal affairs. The Controller supervises the County's fiscal affairs by keeping the books, auditing, settling and adjusting the accounts, and reporting the County's financial results.

Cumberland County government provides its residents with a wide variety of services in areas such as emergency telephone, prison, courts, probation, road and bridge maintenance, Claremont Nursing and Rehabilitation Center, and human services which include mental health and intellectual and developmental disabilities, HealthChoices, children and youth, aging and many others.

The County is located in the south central part of the state, between two Appalachian Mountain Ranges. Generally, the County's boundaries follow definite physical features. It is bounded on the North by the Blue Mountain Range, on the East by the west bank of the Susquehanna River, on the South its southeastern boundary follows the Yellow Breeches Creek from the Susquehanna River to Williams Grove with the remainder of its southeastern and southern boundary following Mains Run, Gum Run, Middle Spring Creek and Laughlin Run.

There are eleven boroughs and twenty-two townships in the County. Harrisburg, the Capital of Pennsylvania, is located in the county adjacent to Cumberland County. The County has a land area of 555 square miles and an estimated 2011 population of 237,892. Sixteen percent of the land is vacant, which includes wooded areas in mountainous areas and 43 percent is agricultural land. It is the 16th most populous county in the state and ranks 41st of 67 counties in size.

Cumberland County offers its residents and guests a rich history, quaint downtowns, exciting shopping opportunities, a thriving artistic community, lakes and streams for fishing and boating, beautiful state parks with new amenities and many miles of scenic hiking trails. The popular Carlisle Events car shows held throughout the year and the Army Heritage and Education Center, with its hands-on displays, large and unique collection of military artifacts and special events, attract more visitors to Cumberland County each year.

Cumberland County is the central hub of the region's many cultural, historical and entertainment attractions – Harrisburg, the state's capital; Washington, D.C., the nation's capital; Gettysburg with its Civil War Battlefield; Inner Harbor, Baltimore, Maryland; and nearby Hershey, with its well-known Hersheypark.

Component Units

The County adheres to Government Accounting Standards Board (GASB) Statement No. 14 criteria in determining which activities and entities to include in the County's financial statements based on their financial accountability and nature of relationship to the County.

The Cumberland Area Economic Development Corporation, a legally separate governmental not-for-profit, qualifies as a blended component unit and is reported as a special revenue fund of the County.

The Cumberland County Conservation District and the Industrial Development Authority qualify as discretely presented component units of the County.

The Cumberland County Library System and its member libraries are not reported as component units of the County using the above criteria.

Budget

By law, the County budget is required to be adopted by the County Commissioners not later than December 31st of the previous year. The proposed budget is required to be available for public inspection for at least twenty days prior to its adoption. The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose. Appropriations lapse at the close of the fiscal year to the extent not expended.

The County Commissioners must approve changes to overall appropriations at the fund level. Therefore, the legal level of budgetary responsibility is by fund.

Budgets are legally adopted for all County governmental funds, except for the Cumberland Area Economic Development Corporation, a legally separate governmental not-for-profit, and the Industrial Development Authority, a discretely presented component unit of the County.

Local Economy

The local economy in Cumberland County is driven in great part by the approximately 6,000 businesses that employ nearly 120,000 people. The economy also benefits from the regional presence of federal, state and local government operations. Cumberland County ended 2011 with a December unemployment rate of 5.9% percent, one of the lower rates in Pennsylvania. The statewide unemployment rate was 7.3% percent at the end of 2011. (Source: Pennsylvania of Labor and Industry, Center for Workforce Information & Analysis, December not seasonally adjusted rate.)

Employment levels are boosted by the presence of major employers in the insurance, healthcare, manufacturing, and transportation and warehousing industries. The County's five largest employers include the U.S. Government, Highmark INC, Giant Foods, Holy Spirit Hospital and Commonwealth of Pennsylvania.

Cumberland County incomes are in line with state averages with the county's average income at \$40,654 and Pennsylvania's average at \$40,604. The County does feel the impact of the recession but is drawing upon its conservative fiscal management practices and accrued reserves to limit disruptions in core services. The County is entering its fourth year of a cost management initiative.

Long-term Planning

The Cumberland County Commissioners maintain a planning process to review and refine service priorities in tandem with an outcome-oriented financial management system. The County utilizes ERP-based financial data and performance measure data sets to support this effort. These management tools have helped to improve core services to County residents while maintaining one of the lowest tax rates in South Central Pennsylvania. This planning process includes multi-year budget forecasts based on statistical projections. The process also factors in long-term capital needs and debt analysis.

The County Strategy and Budget for 2011 received the Government Finance Officers Association (GFOA) award for Distinguished Budget Presentation. The award reflects the County's adherence to an extensive array of budget planning and financial management principles that include:

- Ensuring that the County maintains a strong financial base to support essential services even in a changing environment;
- Directing financial resources toward achievement of the County's strategic plan and operation priorities;
- Maintaining sufficient liquidity to meet normal operating and contingent obligations;
- Maintaining and preserving infrastructure and capital assets;
- Implementing operating policies that minimize the cost of government and limit financial risks;
- Maximizing the level of public services while limiting the level of debt and taxes.

These principles are integrated into the every day management and long-range planning of the County. The County uses several Policy Teams to pull departmental leaders into management groups to develop and implement process improvements that enhance services, manage the cost of operation and improve results for County residents. An example of this is the County's Criminal Justice Policy Team which has devised an array of institutional and community corrections strategies to manage a growing criminal docket in the County. Key initiatives from the group include a new DUI Central Court that has redefined and streamlined the workflow for DUI cases.

The County's continuing use of these operating principles is a major factor in Standard & Poor's AAA bond rating for the County, a rare distinction among Pennsylvania counties and an indicator that Cumberland County entered 2011 on stable financial footing. The County used these same principles to mitigate the impact of the continuing economic turmoil.

The County Strategy

Cumberland County uses a Balanced Scorecard Framework for strategic planning. The County Strategy reflects a Vision and Mission for County Government and a management centered on strategic directions. The Strategy also emphasizes four operational perspectives: *Serving the Customer / Running the Business / Managing Resources / Developing Employees*. These perspectives provide a framework for planning and gauging performance.

The County Commissioners have a Vision for Cumberland County as a locale where family-sustaining economic opportunity is promoted, the environment is respected, public safety is ensured, and quality of life is preserved for the future. In order for the County to attain this Vision, the County Mission is to strive to be the most livable community with the most efficient and effective public services in Pennsylvania. The County Commissioners' 2011 Strategic Directions were:

***Smart Growth & the Environment:** Smart Growth promotes livable communities through a balance of economic development and appropriate comprehensive land use planning.*

***Efficient Government:** Cumberland County strives to have the most efficient and effective County government public services in Pennsylvania.*

***Safe & Healthy Communities:** Cumberland County works to ensure that our citizens' quality of life is maintained through the planning and implementation of public safety and criminal justice operations as well as human services.*

The County Strategy is designed to facilitate the achievement of the County's Vision and Mission at the Commissioners' level and to continue the scorecard process throughout the organization at the cross-functional and departmental levels.

Major Initiatives

The Commissioners' strategic planning efforts have identified several major initiatives including:

- A Prison expansion and renovation project (in its final phase) that adds capacity to the facility to meet the inmate housing needs of the County criminal justice system over the next 20 years while providing a specially designed central processing center.
- The Prison expansion and renovation project required the relocation of the Public Safety and 911 Call Center. A new Public Safety facility is now open and operating to meet the 911 call center and emergency services needs of the County for the next 20 years.
- The 911 Infrastructure Project included important improvements to the public safety communications systems to accommodate the most recent developments in "next generation" 911.
- A cost management strategy was in effect throughout 2011 and will continue through the 2012 budget year to achieve a multi-year total of more than \$6 million in operational savings. The Commissioners will continue to emphasize effective cost management and improved efficiencies in operations.
- A new courtroom and jury assembly areas were part of an overall plan to reallocate space within the main County courthouse to accommodate a sixth judge in the Court of Common Pleas. This process was completed in 2011.
- The County is completing a business planning process for the Claremont Nursing and Rehabilitation Center. The process includes a thorough review of operations and facilities along with revenue prospects for the coming years. A major component of this analysis is projecting capital costs to upgrade older parts of the physical plant.

In addition to these major projects, the County is conducting a comprehensive review of current space utilization in buildings owned and leased by the County. The goal is to project space needs for each department in consideration of changing caseloads, resident needs, and the evolution of business processes such as on-line services and community-based service delivery models in key departments.

Financial Policies and Practices

The Cumberland County Commissioners have formally adopted a financial philosophies policy setting forth objectives intended to guide financial decisions. The Commissioners have also formally adopted financial policies in the areas of financial planning, fund balance, budgeting, debt management and electronic banking.

The County Commissioners and the Retirement Board have both formally adopted investment policies governing County and Pension Trust Fund investments, respectively.

The County Commissioners have formally adopted purchasing policies encompassing legal compliance and encouraging competitive and economical procurement of goods and services.

The County has implemented other key fiscal practices such as well documented monthly financial close processes, monthly budget versus actual activity monitoring and a separate evaluation and approval process for both grants and capital spending.

Financial Reporting Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cumberland County for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the twenty-third consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Award for Outstanding Achievement in Popular Annual Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Cumberland County for its popular annual financial report for the year ended December 31, 2010. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a governmental unit must publish a popular annual financial report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Cumberland County has received a Popular Award for the last eight consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded their Distinguished Budget Presentation Award to Cumberland County for its annual budget document, prepared by the County Finance Office, for the fiscal year beginning January 1, 2011. This is the fourth consecutive year the County has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

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

Respectfully submitted,



Alfred L. Whitcomb
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Cumberland
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



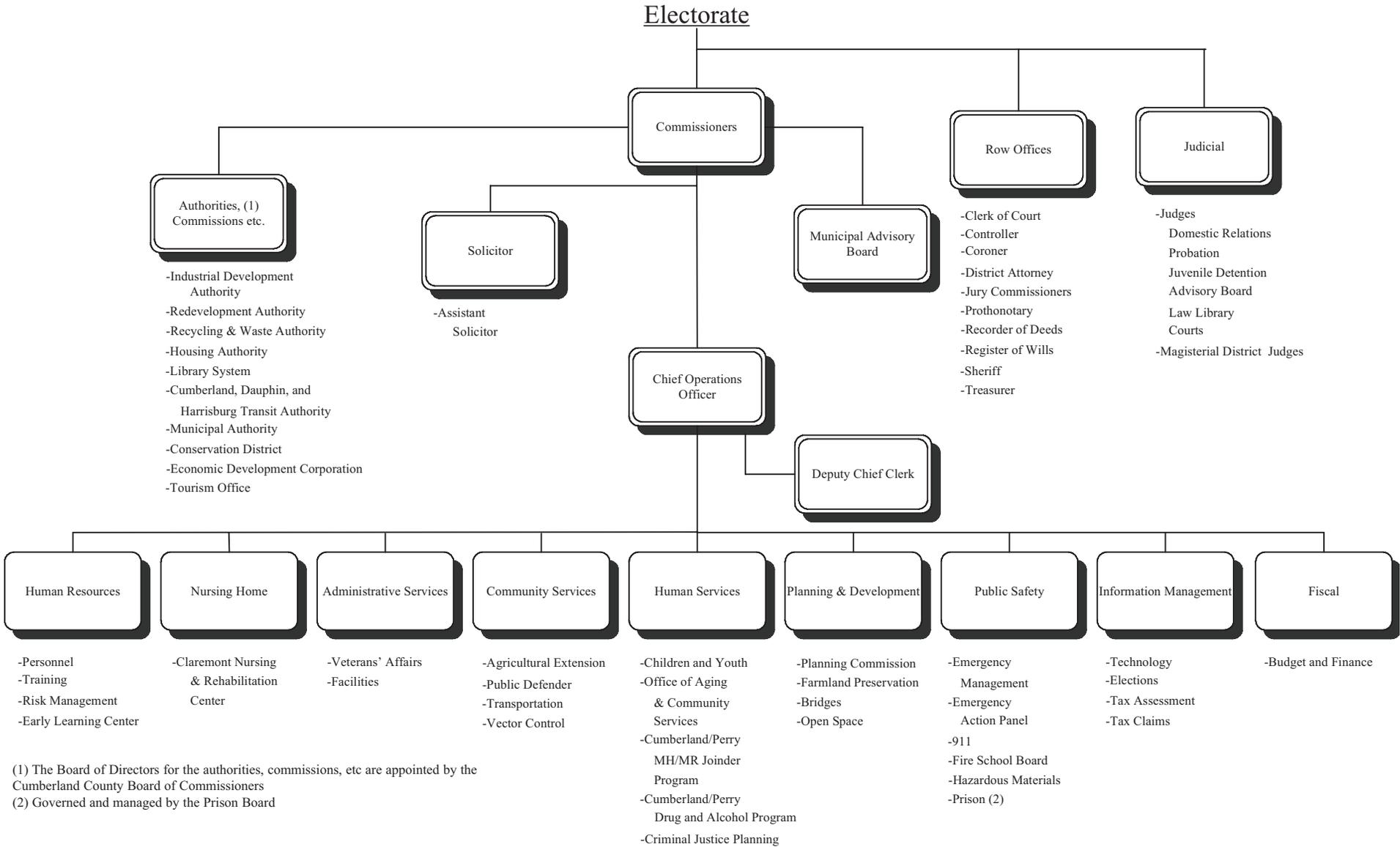
Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

Cumberland County, Pennsylvania Organizational Chart



COUNTY OF CUMBERLAND
LIST OF ELECTED OFFICIALS
AS OF DECEMBER 31, 2011

COMMISSIONERS

Gary Eichelberger, Chairperson
Richard L. Rovegno*
Barbara B. Cross

PROTHONOTARY

David D. Buell

CLERK OF COURT

Dennis E. Lebo

JUDGES OF COURT

Honorable Kevin A. Hess, President Judge
Honorable J. Wesley Oler, Jr.*
Honorable Edward E. Guido
Honorable M.L. "Skip" Ebert
Honorable Albert H. Masland

TREASURER

John C. Gross, II

SHERIFF

Ronny R. Anderson

CONTROLLER

Alfred L. Whitcomb

REGISTER OF WILLS

Glenda Farner-Strasbaugh

CORONER

Todd C. Eckenrode

RECORDER OF DEEDS

Robert P. Ziegler

JURY COMMISSIONERS (1)

Lowell Gates – Resigned 12/30/11
Richard L. Rovegno – Resigned 12/31/11

DISTRICT ATTORNEY

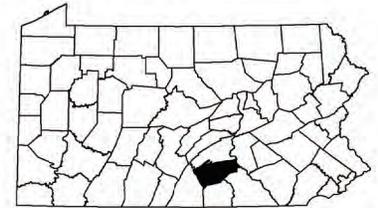
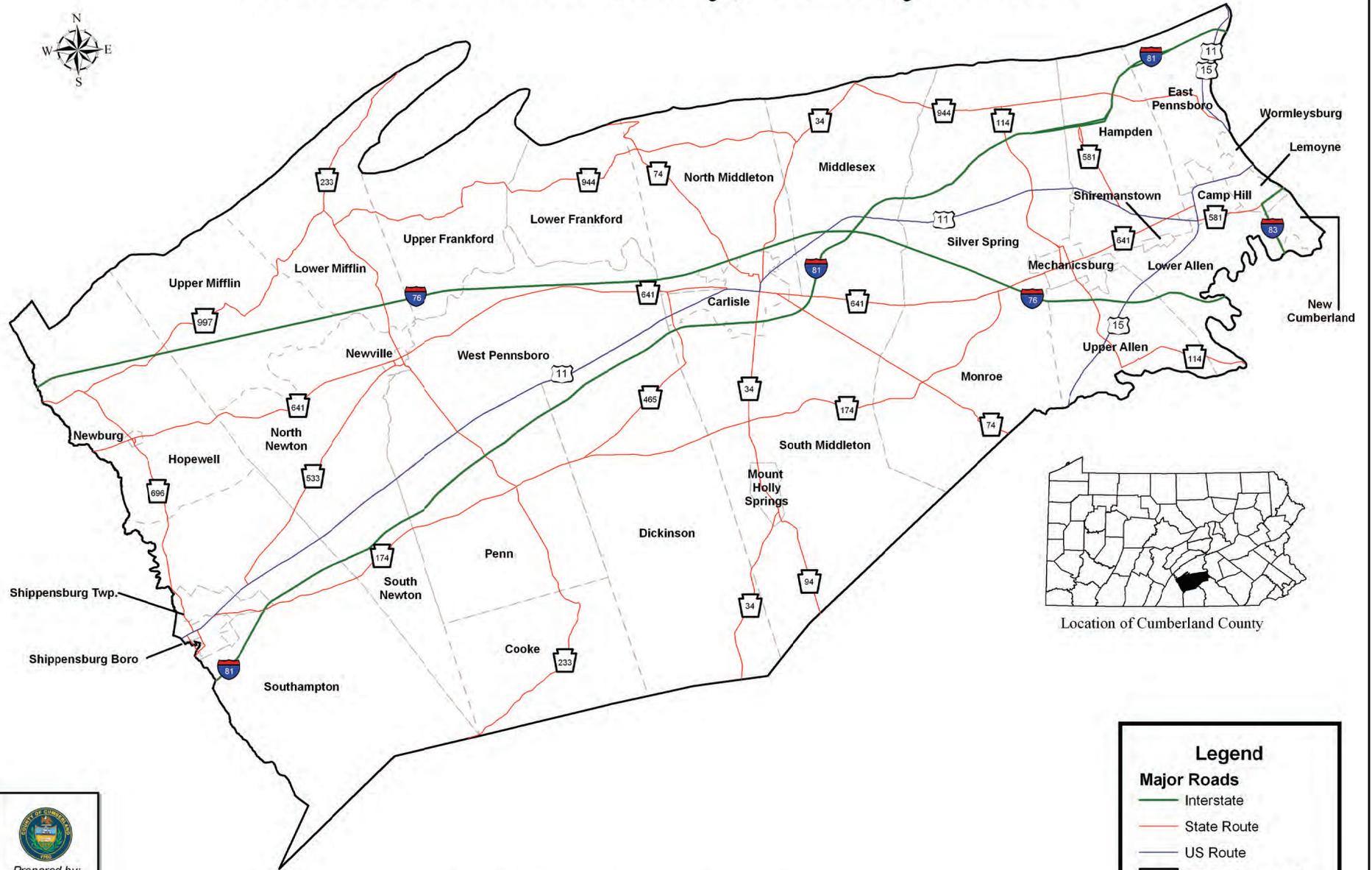
David J. Freed

*New Office Holder Effective 1/1/2012

James Hertzler – Commissioner
Honorable Christie Lee Peck – Judges of Court
Honorable Thomas Placey – Judges of Court

(1) On December 22, 2011, the Board of Commissioners abolished the Jury Commissioner positions, effective at the expiration of the current Jury Commissioner term, to wit January 5, 2014.

Cumberland County, Pennsylvania

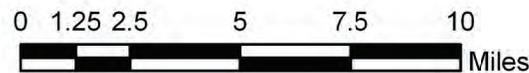


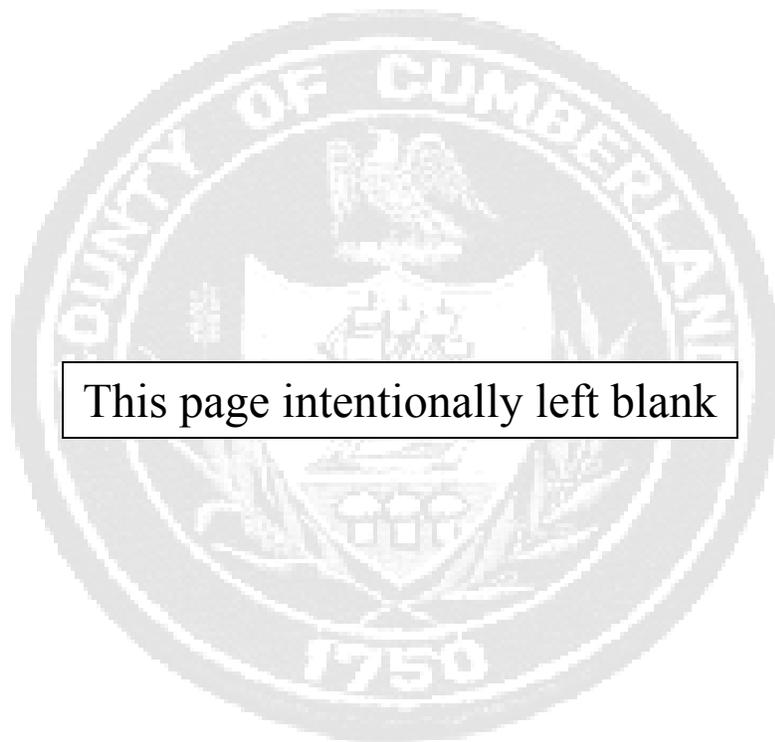
Location of Cumberland County

Legend

- Major Roads
 - Interstate
 - State Route
 - US Route
- County Boundaries
- Municipal Boundaries

Prepared by:
Cumberland
County GIS
September 2006





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KPMG LLP
Suite 1000
30 North Third Street
PO Box 1190
Harrisburg, PA 17108-1190

Independent Auditor's Report

County Commissioners
County of Cumberland, Pennsylvania
Carlisle, Pennsylvania:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Pennsylvania (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units and the Cumberland Area Economic Development Corporation, a blended component unit, which represents 4% or less of the revenues/additions, net assets and total assets of the governmental activities and the aggregate remaining fund information. The financial statements of these component units were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the required supplementary information, such as management's discussion, analysis and budgetary comparison information, Employees' Retirement Plan and Other Postretirement Benefits Schedules of Funding Progress and the Employees' Retirement Plan Schedule of Employer's Contributions on pages 15 through 26 and 88 through 97 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Supplementary Information, such as the combining and individual nonmajor fund financial statements and schedules as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Supplementary 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory and Statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

KPMG LLP

June 25, 2012

As management of Cumberland County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of Cumberland County exceeded its liabilities at the close of the most recent fiscal year by \$71,881,317 (*net assets*). Of this amount, \$31,947,733 (*unrestricted net assets*) may be used to meet the County's general ongoing obligations to citizens and creditors, whereas an additional \$11,341,250 of *restricted net assets* are available for funding specific activities benefiting the citizens.
- The government's total net assets increased by \$1,783,557 which represents approximately one percent of total expense.
- As of the close of the current calendar year, Cumberland County's governmental funds reported combined ending fund balances of \$53,486,094, an increase of \$12,755,495, due primarily to an increase in unspent bond proceeds, in comparison to the prior year. Approximately 52 percent of the total amount (\$27,589,079) is *available for spending* at the government's discretion (*unrestricted fund balance*).
- The County's general fund total fund balance was \$29,371,339 at the end of 2011, down 7% from the prior year. At the end of 2011, general fund unassigned fund balance was \$11,144,830 and assigned fund balance was \$15,641,532 for future budgetary requirements, capital projects, farmland preservation, prison canteen and health care, and criminal justice programs.
- Cumberland County's total general obligation debt increased by \$14,748,072. The County's debt increased due to the issuance of \$18,000,000 in general obligation bonds for the final phase of the prison renovations/expansion which was offset by the scheduled principal payments.
- The County called the advance refunded 2006 general obligation bond.
- The County's bond rating was confirmed AAA.
- A plan to begin setting aside reserves to replace 10 aging bridges over approximately 10 years was developed. Although traditionally, the County would fund just five percent of such costs with the state and federal government funding 95%, due to declining state and federal fuel tax revenues, the County has begun setting aside reserves in case it is required to fund a larger share of the estimated \$34 million total cost.
- The County continued the renovations and moves associated with the addition of a sixth judge in 2012.
- The County continued its progress in performance management to ensure strong fiscal management and promote long-term planning.
- The County preserved 503 acres of premium farmland in 2011. The total preserved farmland is 14,836 acres.
- The County continued the \$2.1 million energy projects funded with American Recovery and Reinvestment Act funds.
- The final phase of prison renovations began.
- The Public Safety building project was completed in 2011. The Public Safety and Communications center were moved in the fall of 2011.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 28 through 30 of this report.

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

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

Because the focus of spendable resources of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are reconciled to *governmental activities* on pages 34 and 36 of this report.

The County maintains twenty-one 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, mental health/intellectual and developmental disabilities fund, children and youth fund, Cumberland County HealthChoices fund and capital projects fund which are considered to be major funds.

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

The basic governmental fund financial statements can be found on pages 32, 33 and 37 of this report.

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

Enterprise funds report the same functions presented as *business-type activities* in the government-wide financial statements only in more detail. The County uses enterprise funds to account for its nursing home and emergency telephone operations, which are considered to be major funds. Data from the other enterprise funds are combined into a single, aggregated presentation entitled "other non-major funds". Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

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

The basic proprietary fund financial statements can be found on pages 38 through 41 of this report.

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

The basic fiduciary fund financial statements can be found on pages 43 and 44 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46 through 86 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including budgetary comparison schedules for the general

fund and major special revenue funds and information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. The County adopts annual appropriated budgets for its funds. Budgetary comparison schedules have been provided for the general fund and each major special revenue fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 88 through 97 of this report.

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

Government-wide Financial Analysis

Over time, net assets may serve as a useful indicator of government's financial position. In the case of Cumberland County, assets exceeded liabilities by \$71,881,317 at the close of the most recent calendar year.

Cumberland County's Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Other assets	\$ 72,295,470	54,033,923	13,131,506	16,009,328	85,426,976	70,043,251
Capital assets	61,746,072	56,568,220	19,515,129	17,335,719	81,261,201	73,903,939
Total assets	134,041,542	110,602,143	32,646,635	33,345,047	166,688,177	143,947,190
Liabilities:						
Long-term liabilities	53,761,793	39,255,879	15,978,572	20,506,603	69,740,365	59,762,482
Other liabilities	17,953,663	10,247,397	7,112,832	3,839,551	25,066,495	14,086,948
Total liabilities	71,715,456	49,503,276	23,091,404	24,346,154	94,806,860	73,849,430
Net Assets:						
Invested in capital assets, net of related debt	25,321,465	23,210,201	3,270,869	664,320	28,592,334	23,874,521
Restricted	11,341,250	13,578,839	-	-	11,341,250	13,578,839
Unrestricted	25,663,371	24,309,827	6,284,362	8,334,573	31,947,733	32,644,400
Total net assets	\$ 62,326,086	61,098,867	9,555,231	8,998,893	71,881,317	70,097,760

Forty percent of Cumberland County's net assets reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Cumberland County uses these assets to provide services to citizens; consequently, these services are *not* available for future spending. Although Cumberland County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Forty-one percent of the county's net assets are legally restricted (\$11,341,250). The remaining balance of *unrestricted net assets* (\$31,947,733) may be used to meet the government's ongoing obligations to citizens and creditors.

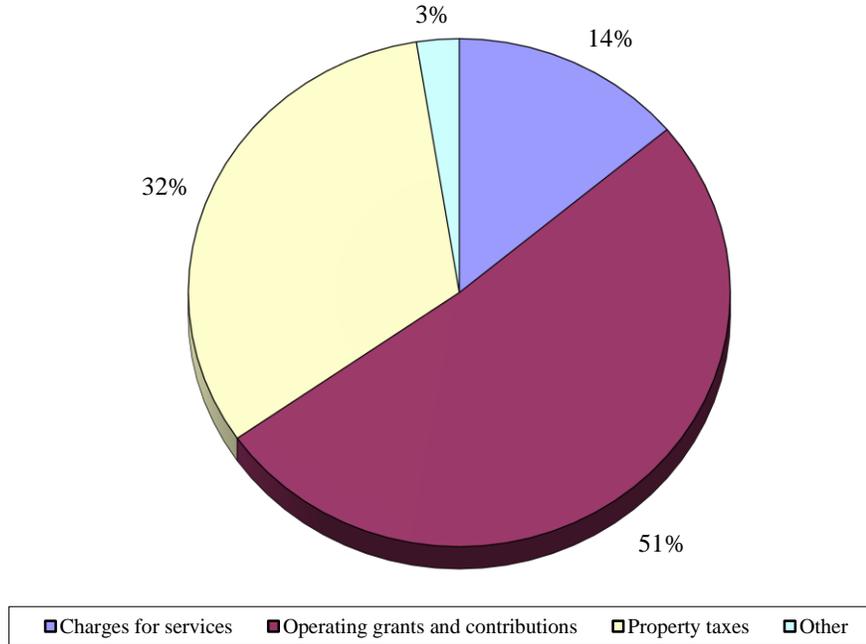
At the end of the current fiscal year, Cumberland County is able to report positive fund balances in all three categories of net assets, both for the government as a whole and for its separate governmental and business-type activities.

Cumberland County's Change in Net Assets

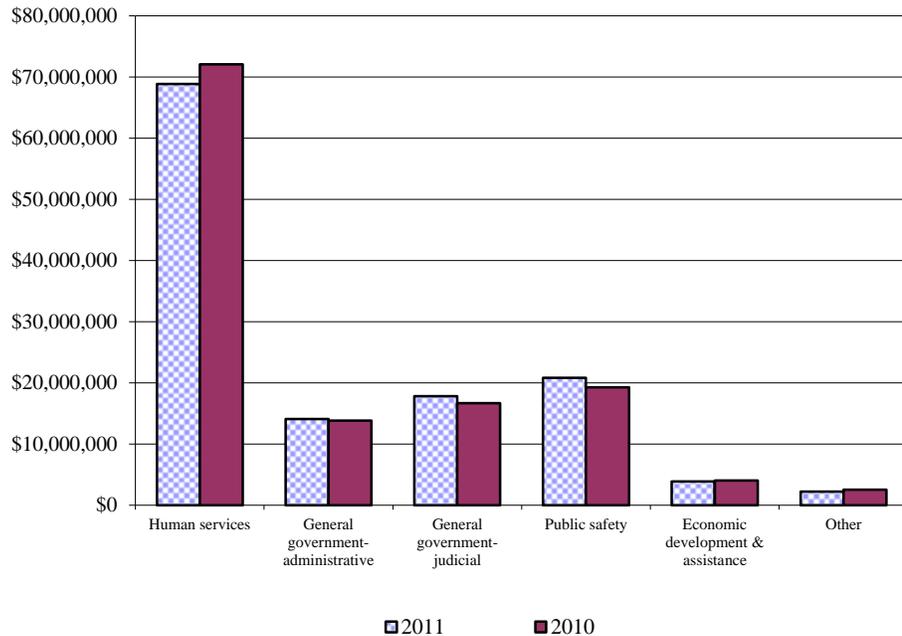
	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 18,205,991	16,941,935	28,518,638	28,530,490	46,724,629	45,472,425
Operating grants and contributions	67,266,886	71,718,085	5,274,969	7,594,739	72,541,855	79,312,824
Capital grants and contributions	721,754	607,608	811,271	15,258	1,533,025	622,866
General revenues:						
Property taxes	42,140,921	41,788,709	-	-	42,140,921	41,788,709
Other taxes	2,179,801	2,147,262	-	-	2,179,801	2,147,262
Unrestricted investment earnings	422,986	652,760	65,361	62,638	488,347	715,398
Total revenues	130,938,339	133,856,359	34,670,239	36,203,125	165,608,578	170,059,484
Expenses:						
General government-administrative	14,046,596	13,814,789	-	-	14,046,596	13,814,789
General government-judicial	17,814,045	16,658,597	-	-	17,814,045	16,658,597
Public safety	20,794,098	19,253,729	-	-	20,794,098	19,253,729
Roads and bridge maintenance	387,359	672,542	-	-	387,359	672,542
Recycling and waste management	458,016	380,137	-	-	458,016	380,137
Human services	68,833,440	72,060,235	-	-	68,833,440	72,060,235
Culture and recreation	67,799	108,217	-	-	67,799	108,217
Conservation	386,490	423,928	-	-	386,490	423,928
Community redevelopment and housing	220,815	212,555	-	-	220,815	212,555
Economic development and assistance	3,877,944	3,992,708	-	-	3,877,944	3,992,708
Interest on long-term debt	1,323,974	1,320,663	-	-	1,323,974	1,320,663
Indirect expenses	(635,931)	(613,073)	635,931	613,073	-	-
Claremont Nursing and Rehabilitation Center	-	-	25,737,338	24,806,003	25,737,338	24,806,003
Early Learning Center	-	-	532,003	479,681	532,003	479,681
Emergency telephone	-	-	6,505,960	9,481,575	6,505,960	9,481,575
Hazardous materials protection	-	-	228,067	194,317	228,067	194,317
Transportation services	-	-	2,611,077	2,331,954	2,611,077	2,331,954
Total expenses	127,574,645	128,285,027	36,250,376	37,906,603	163,825,021	166,191,630
Increase (decrease) in net assets before transfers	3,363,694	5,571,332	(1,580,137)	(1,703,478)	1,783,557	3,867,854
Transfers	(2,136,475)	(2,084,155)	2,136,475	2,084,155	-	-
Increase in net assets	1,227,219	3,487,177	556,338	380,677	1,783,557	3,867,854
Net assets, beginning	61,098,867	57,611,690	8,998,893	8,618,216	70,097,760	66,229,906
Net assets, ending	\$ 62,326,086	61,098,867	9,555,231	8,998,893	71,881,317	70,097,760

Governmental activities. The following charts graphically depict the sources of revenue and functional expenses of governmental activities for the fiscal year ended December 31, 2011:

Revenues by Source - Governmental Activities



Expense Comparison by Activity - Governmental Activities

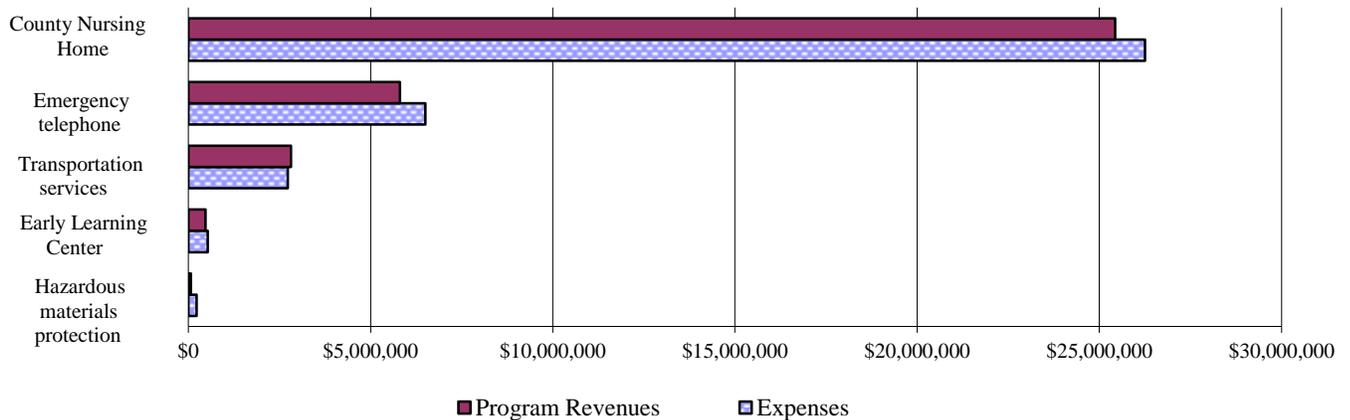


Governmental activities increased Cumberland County's net assets by \$1,227,219. The primary changes in revenues and expenses are:

- Charges for services increased \$1,264,056. Charges for services increased mainly due to MA revenue classification changes in MH/IDD. Beginning January 2011, this was changed from grant revenue to department fees.
- Operating Grants and Contributions decreased \$4,451,199 mainly due to MH/IDD decrease in grant revenue of about \$3,000,000. The MH allocation was decreased in the current fiscal year and expense cuts were made based on the expected pending final allocation. The grant revenue also decreased because of the classification change described in the charges for services above. Health Choices revenue decreased by about \$1,000,000 due to a decrease of capitation rates in the second half of the 2011 fiscal year. Aging grants decreased about \$500,000 due to the ADRC program being administered by the state instead of the County.
- Human Services expenses decreased \$3,226,795 mainly due to the changes in the MH/IDD operating grant, Aging grant, and the changes in the capitation rates for Health Choices, as explained above.
- Public Safety increased \$1,540,369. The increases were mainly in the Prison and Public Safety Building. Depreciation expenses increased by approximately \$400,000 for Phase I of the prison expansion and the Public Safety Building. Prisoner medical costs increased by about \$250,000 based on required medical treatments. Five positions were added mid 2010 at the prison due to the renovations and the salaries increased in 2011 based on the full year expense of those positions.

Business-type activities. The following chart graphically depicts the sources of revenue and functional expenses of business-type activities for the fiscal year ended December 31, 2011:

Expenses and Program Revenues - Business-type Activities



Business-type Activities. Business-type activities increased Cumberland County's net assets by \$556,338. The primary changes in revenues and expenses are:

- Operating grants and contributions decreased \$2,319,770 mainly due to a grant from Sprint for the 800 Mhz rebanding project (\$3,700,000). The majority of the project revenues were earned in 2010 which are offset by increases in the wireless grant (\$1,200,000) and a direct result of the Public Safety Infrastructure project.
- Capital grants and contributions increased \$796,013 because Transportation purchased five buses in 2011 and did not purchase any buses in 2010.
- Emergency Telephone expenses decreased \$2,975,615 mainly due to the majority of the expenses for the Sprint 800 Mhz rebanding project occurred in 2010.

Financial Analysis of the County's Funds

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

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

As of the end of the year, Cumberland County's governmental funds reported combined ending fund balances of \$53,486,094 and an increase of \$12,755,495 (31%) in comparison to the prior year. Approximately 52 percent of the total amount (\$27,589,079) constitutes *unrestricted fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is *nonspendable* (\$462,911) or *restricted* (\$25,434,104) to indicate that it is not available for future spending at the discretion of the County because it is either nonspendable or is legally restricted to Register of Wills-Act 34, Coroner-Act 122, Hoffer scholarship, roads and bridge maintenance, judicial services, human services, public safety, row office automation, conservation, economic development and housing and capital projects.

The general fund is the chief operating fund of Cumberland County. At the end of the year, unassigned fund balance of the general fund was \$11,144,830 while total fund balance was \$29,371,339. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to fund expenditures. General fund unrestricted fund balance (\$26,786,362) and total fund balance represents 54 percent and 59 percent, respectively, of total general fund expenditures.

The fund balance of Cumberland County's general fund decreased by \$2,292,982 during the current year. The key contributing factor is an anticipated decreased growth in revenues. Revenue only increased \$187,501 (0.3%).

The fund balance of capital projects funds increased by \$14,302,741 due to an increase in bond proceeds to finance the final phase of the prison renovations.

Proprietary Funds. Cumberland County's proprietary funds provide the same type of information found in the business-type activities of the government-wide financials statements, but in greater detail.

General Fund Budgetary Highlights

Under Pennsylvania law, the Board of Commissioners has the authority and responsibility for managing the County budget. In this role, the Commissioners must assess the changing needs of the community in light of available and prudent funding and make periodic changes in the budget to meet these needs.

For accounting purposes, the level of budgetary control is maintained at the fund level. The County Finance Office, under the authority of the Commissioners, exercises day-to-day responsibility for assuring that departments operate within the confines of approved budgets according to County fiscal policies.

The Commissioners formally approve all budget revisions that change the bottom line of a fund during bi-weekly Commissioners' hearings. The County Finance Office approves all other budget revisions except transfers from one operating line item to another within a department (these are approved by the Department Head). The most common budget adjustments are budget transfers from one operating line item to another within a department. Other budget adjustments include transferring amounts from contingency or between budget categories (operating, capital, and salary and benefits).

The funds and classifications in the CAFR are presented differently from the funds and classifications in the budget document. The explanations below are based on the CAFR presentation. For example, stop grant is a separate fund in the budget document; however, stop grant in the CAFR is part of the general fund.

Actual general fund revenues (including other financing sources) received were \$823,228 under budget. Real estate taxes were under budget because residential and commercial construction were less than anticipated and County Commissioners were conservative when setting the millage rate at less than allowable by law in the year of reassessment. Grants were under budget due to the Redevelopment Authority pass-through grants incurring lower than anticipated expenditures. County charges were under budget due to lower prison housing revenue as a result of fewer inmates from other jurisdictions being housed at the County's prison and lower than anticipated Recorder of Deeds filing fee revenue.

Actual general fund expenditures (including other financing uses) were under budget by \$4,560,670. The major items under budget were:

Economic Development	\$ 642,222
Pooled reserves	\$ 500,199
Information Management Technology Office	\$ 491,308
County Buildings	\$ 474,249
Subsidies (included in transfers-out)	\$ 307,641
Contingency	\$ 373,463

There are several reasons for the under-budget situation. Redevelopment Authority grants were under budget because these grants are used for numerous community housing needs as they are required. The pooled reserves and contingency budget was not fully utilized because the funds were not needed for contingent events. IMTO was under budget due to several projects that were not started in 2011 and will be completed in 2012. County buildings were under budget due to lower utility bills, building maintenance expense, and construction to accommodate the County's 6th judge. Subsidies were under budget because emergency telephone 911 wireless revenues were higher than expected. Cost savings were also realized within individual budgets. Examples of this are office and service supplies decreased in the General Fund approximately \$200,000 year to year. Small incremental savings occurred throughout the General Fund which supported actual expenditures less than budgeted.

Capital Asset and Debt Administration

Capital Assets. Cumberland County's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounted to \$81,261,201 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements other than buildings, machinery and equipment, bridges, construction in progress and intangibles. The total increase in Cumberland County's investment in capital assets for the current year was ten percent (a nine percent increase for governmental activities and a twelve percent increase for business-type activities).

Cumberland County's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,503,264	2,503,264	-	-	2,503,264	2,503,264
Buildings and systems	36,441,275	15,524,356	12,122,692	12,477,757	48,563,967	28,002,113
Improvements other than buildings	1,141,162	19,384	248,058	289,503	1,389,220	308,887
Machinery and equipment	5,870,104	5,815,541	7,144,379	2,704,161	13,014,483	8,519,702
Bridges	3,646,175	3,770,754	-	-	3,646,175	3,770,754
Construction in progress	4,017,396	21,245,748	-	1,864,298	4,017,396	23,110,046
Agricultural easements	8,126,696	7,689,173	-	-	8,126,696	7,689,173
Total	\$ 61,746,072	56,568,220	19,515,129	17,335,719	81,261,201	73,903,939

Major capital asset events during the current fiscal year included a construction in progress decrease of \$19,092,650 between 2011 and 2010 due to the following:

- Building and system increased \$20,561,854 as a result of multi-year construction projects being completed at the Prison (Phase I) and the new Public Safety Building.
- Machinery and equipment increased \$4,440,218 with the completion of the Emergency Telephone Communication infrastructure in 2011.
- The completion of these two projects decreased construction in progress mean while Phase II of the County Prison and renovation of new Transportation building continued.

Construction commitments of \$15,290,453 remain for the future completion of Phase II at the County Prison.

Additional information on Cumberland County’s capital assets can be found in Note 5 on pages 71 through 73 of this report.

Debt Administration

At the end of the current fiscal year, Cumberland County had net outstanding bonded debt of \$50,187,687. The County’s net general obligation notes total \$18,214,912. This debt is backed by the full faith and credit of the government. Cumberland County does not have any special assessment debt or revenue bonds.

The County’s net outstanding general obligation bonds and notes at December 31, 2011 and 2010 were:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$48,398,403	31,210,191	1,789,283	2,649,947	50,187,686	33,860,138
General Obligation Notes	3,714,777	4,081,149	14,500,117	15,713,221	18,214,894	19,794,370
Total	\$52,113,180	35,291,340	16,289,400	18,363,168	68,402,580	53,654,508

Cumberland County’s general obligation debt increased by \$14,748,072.

In 2011, the County issued general obligation bonds – series 2011 totaling \$18,000,000 to fund the construction, renovation, improvement, alteration, equipping, and/or furnishing of the existing Prison, constituting the second and final phase of the work.

Principal payments paid in 2011 were \$3,878,360.

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

The current debt limitation for Cumberland County is \$403,241,407 which is significantly in excess of Cumberland County's outstanding general obligation debt.

Additional information on Cumberland County's long-term debt can be found in note 7 on pages 76 through 78 of this report.

Economic Factors and Next Year's Budget

Economic Conditions in 2011

Cumberland County felt the economic impacts of the national economic downturn. However, economic indicators improved over the course of 2011 and the County's local economy has fared better than national and state averages because of its diversity. Cumberland County's December unemployment rate was 5.8% while the statewide and national rates were 7.3% and 8.3%, respectively. Neighboring counties also have unemployment rates significantly below the statewide and national average. County residents also benefit from an array of employment opportunities based in the private sector as well as local, state, and federal governments.

Cumberland County continues to enjoy a diverse tax base with little concentration in any one taxpayer. The top ten taxpayers represent 2.95% of assessed values as of December 31, 2011.

The County was not immune to the problems facing the nation, state, and local area throughout the course of 2011. Because of the County's strong long-term planning initiatives and strong financial position the County was able to weather the storms of the economy without severely cutting services or priority missions in 2011.

During the 2011 budget process, the Commissioners directed the Finance Office and Senior Management Team to work with every County department and elected office to continue with the cost savings initiative and identify additional options to reduce costs across the full spectrum of County operations. The County entered 2011 with a strong fund balance as a direct result of the cost savings initiative.

Although the County is feeling financial pressure as a direct result of the recession, the Commissioners did not increase taxes in 2012. Some of the 2012 pressure points are higher retirement contributions, increased medical insurance premiums, and declines in revenue from various sources. The General Fund budget shows a potential transfer of \$10,920,515 from reserves. This amount will be reduced directly by the cost management initiative and unused contingencies. The end result will be an estimated ending fund balance of \$16 million and a projected transfer from reserves of \$6,584,284.

Highlights of the County's initiatives in the 2012 budget include:

- Final phase of the prison expansion/renovations.
- Liquid Fuels Bridge Replacements.
- Farmland preservation.
- Increased County retirement contributions based on market conditions.
- Ritner highway building renovations.
- Continued performance management process.

The economy continues to affect several key areas of the budget and the Commissioners are continuing their cost management initiative into 2012 and are requesting that departments shave \$1.2 million from this year's budget.

The County is committed to an ongoing search for innovative ways to lower overall costs to the taxpayer and will continue to look for ways to lower the County's expenses. An array of projects have been placed on hold or cancelled altogether due to the economic downturn and a multitude of other items are being reviewed for cost savings initiatives. The County is not deferring any capital or maintenance that is required to keep the County facilities up to par.

The 2012/2013 Governor's proposed state budget has a four percent cut to Medicaid and a 20% cut to many Human Service Programs. If this budget is approved there will be major impacts and cuts to services that can be provided. The County will continue to encourage legislators to restore the state revenue so that critical services are not impacted.

The General Fund ended 2011 with an unassigned fund balance of \$11.1 million. At the end of 2012, the County is estimating an unassigned fund balance of \$16 million if the County achieves its cost savings objectives discussed above.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Cumberland County Controller, One Courthouse Square, Room 207, Carlisle, PA 17013.

Basic Financial Statements

STATEMENT OF NET ASSETS

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Conservation District	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 40,641,611	8,987,337	49,628,948	240,627	140,862
Investments	791,973	—	791,973	—	—
Receivables (net of allowance):					
Taxes	2,122,813	—	2,122,813	—	—
Due from other governments	6,624,090	273,520	6,897,610	158,639	—
Accounts receivable	483,885	4,414,935	4,898,820	—	—
Court costs and fines receivable	1,463,595	—	1,463,595	—	—
Notes receivable	—	—	—	—	470,882
Due from component units	137,483	—	137,483	—	—
Internal balances	1,798,430	(1,798,430)	—	—	—
Prepaid items	463,691	224,332	688,023	319	759
Deferred charges	510,368	198,672	709,040	—	—
Restricted assets:					
Cash and cash equivalents	17,211,778	831,140	18,042,918	—	—
Capital assets not being depreciated:					
Land	2,503,264	—	2,503,264	—	2,000,000
Construction in progress	4,017,396	—	4,017,396	—	—
Agricultural easements	8,126,696	—	8,126,696	—	—
Capital assets net of accumulated depreciation:					
Buildings and systems	36,441,275	12,122,692	48,563,967	—	—
Improvements other than buildings	1,141,162	248,058	1,389,220	—	—
Machinery and equipment	5,870,104	7,144,379	13,014,483	28,048	—
Bridges	3,646,175	—	3,646,175	—	—
Other assets	45,752	—	45,752	—	—
Total assets	<u>134,041,541</u>	<u>32,646,635</u>	<u>166,688,176</u>	<u>427,633</u>	<u>2,612,503</u>

(Continued)

STATEMENT OF NET ASSETS

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

LIABILITIES

Accounts payable and other current liabilities	5,108,939	2,675,920	7,784,859	310	142,086
Accrued payroll	1,809,062	744,769	2,553,831	16,302	—
Due to primary government	—	—	—	137,483	—
Due to other governments	782,975	—	782,975	—	—
Accrued interest payable	274,773	109,125	383,898	—	—
Unearned revenues	6,871,578	701,028	7,572,606	33,701	—
Funds held as fiduciary	302,914	456,363	759,277	—	—
Noncurrent liabilities:					
Due in less than one year:					
Licensing agreement	79,302	—	79,302	—	—
General obligation bonds payable	2,190,587	894,413	3,085,000	—	—
General obligation notes payable	245,214	1,283,101	1,528,315	—	2,000,000
Sick and vacation accrual	288,318	69,508	357,826	2,310	—
Workers' compensation claims payable	—	178,605	178,605	—	—
Due in more than one year:					
Licensing agreement	178,897	—	178,897	—	—
General obligation bonds payable	46,207,816	894,870	47,102,686	—	—
General obligation notes payable	3,469,563	13,217,016	16,686,579	—	—
Sick and vacation accrual	3,428,508	820,139	4,248,647	38,836	—
Net OPEB obligation	477,009	232,901	709,910	5,355	—
Workers' compensation claims payable	—	813,646	813,646	—	—
Total liabilities	<u>71,715,455</u>	<u>23,091,404</u>	<u>94,806,859</u>	<u>234,297</u>	<u>2,142,086</u>

NET ASSETS

Invested in capital assets, net of related debt	25,321,465	3,270,869	28,592,334	28,048	—
Restricted net assets for:					
Conservation	2,708,786	—	2,708,786	156,877	—
Economic development and housing	2,583,435	—	2,583,435	—	—
Human services	1,870,031	—	1,870,031	—	—
Judicial services	491,653	—	491,653	—	—
Public safety	1,618,251	—	1,618,251	—	—
Records improvement	1,113,564	—	1,113,564	—	—
Roads and bridges	955,530	—	955,530	—	—
Unrestricted	25,663,371	6,284,362	31,947,733	8,411	470,417
Total net assets	<u>\$ 62,326,086</u>	<u>9,555,231</u>	<u>71,881,317</u>	<u>193,336</u>	<u>470,417</u>

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

STATEMENT OF ACTIVITIES

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Indirect Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
						Governmental Activities	Business-type Activities	Total	Conservation District	Industrial Development Authority
Primary government:										
Governmental activities:										
General government - administrative	\$ 14,046,596	(1,649,999)	3,972,749	567,219	638,503	(7,218,126)	—	(7,218,126)	—	—
General government - judicial	17,814,045	85,151	3,878,412	2,943,449	—	(11,077,335)	—	(11,077,335)	—	—
Public safety	20,794,098	—	3,359,727	1,637,737	21,602	(15,775,032)	—	(15,775,032)	—	—
Roads and bridge maintenance	387,359	23,953	49,773	557,169	61,649	257,279	—	257,279	—	—
Recycling and waste management	458,016	43,060	145,302	67,821	—	(287,953)	—	(287,953)	—	—
Human services:										
Mental health/intellectual and										
developmental disabilities	16,928,959	244,166	2,341,736	14,306,924	—	(524,465)	—	(524,465)	—	—
HealthChoices-Cumberland County	27,491,594	—	—	27,489,782	—	(1,812)	—	(1,812)	—	—
Children and youth	13,417,768	242,337	374,892	10,726,676	—	(2,558,537)	—	(2,558,537)	—	—
Food and shelter	936,619	45,900	252,302	703,688	—	(26,529)	—	(26,529)	—	—
Office of aging	3,915,211	185,673	149,438	3,445,930	—	(505,516)	—	(505,516)	—	—
Other	6,143,289	143,828	3,301,870	2,777,210	—	(208,037)	—	(208,037)	—	—
Culture and recreation	67,799	—	11,193	—	—	(56,606)	—	(56,606)	—	—
Conservation	386,490	—	26,799	49,269	—	(310,422)	—	(310,422)	—	—
Community redevelopment and housing	220,815	—	197,915	—	—	(22,900)	—	(22,900)	—	—
Economic development and assistance	3,877,944	—	143,883	1,994,012	—	(1,740,049)	—	(1,740,049)	—	—
Interest on long-term debt	1,323,974	—	—	—	—	(1,323,974)	—	(1,323,974)	—	—
Total governmental activities	128,210,576	(635,931)	18,205,991	67,266,886	721,754	(41,380,014)	—	(41,380,014)	—	—
Business-type activities:										
County nursing home	25,737,338	515,513	25,276,933	159,868	—	—	(816,050)	(816,050)	—	—
Early Learning Center	532,003	—	429,812	43,492	—	—	(58,699)	(58,699)	—	—
Emergency telephone	6,505,960	—	1,714,758	3,891,927	200,000	—	(699,275)	(699,275)	—	—
Hazardous materials protection	228,067	—	47,450	23,548	—	—	(157,069)	(157,069)	—	—
Transportation services	2,611,077	120,418	1,049,685	1,156,134	611,271	—	85,595	85,595	—	—
Total business-type activities	35,614,445	635,931	28,518,638	5,274,969	811,271	—	(1,645,498)	(1,645,498)	—	—
Total primary government	\$ 163,825,021	—	46,724,629	72,541,855	1,533,025	(41,380,014)	(1,645,498)	(43,025,512)	—	—
Component units:										
Conservation District	\$ 755,180	—	195,389	572,784	—	—	—	—	12,993	—
Industrial Development Authority	30,680	—	22,378	—	—	—	—	—	—	(8,302)
Total component units	\$ 785,860	—	217,767	572,784	—	—	—	—	12,993	(8,302)
General revenues:										
Real estate taxes	—	—	—	—	—	42,140,921	—	42,140,921	—	—
Per capita taxes	—	—	—	—	—	677,729	—	677,729	—	—
Hotel taxes	—	—	—	—	—	1,502,072	—	1,502,072	—	—
Unrestricted investment earnings	—	—	—	—	—	422,986	65,361	488,347	644	1,082
Transfers	—	—	—	—	—	(2,136,475)	2,136,475	—	—	—
Total general revenues and transfers	—	—	—	—	—	42,607,233	2,201,836	44,809,069	644	1,082
Change in net assets	—	—	—	—	—	1,227,219	556,338	1,783,557	13,637	(7,220)
Net assets, beginning of year	—	—	—	—	—	61,098,867	8,998,893	70,097,760	179,699	477,637
Net assets, end of year	\$ 62,326,086	—	217,767	572,784	—	\$ 62,326,086	9,555,231	71,881,317	193,336	470,417

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

MAJOR GOVERNMENTAL FUNDS

DESCRIPTION OF FUNDS

Governmental funds, including the general fund, special revenue funds and the capital projects fund, are used to account for the majority of the County's activities.

General Fund – The *general fund* is the County's chief operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. The majority of administrative, judicial, prison and other public safety, debt service and subsidies to human service programs are financed through the revenues of the general fund.

Major Special Revenue Funds:

Mental Health and Intellectual and Developmental Disabilities Fund – The *mental health and intellectual and developmental disabilities fund* accounts for the administration of a full range of services to persons with serious and persistent mental illness or persons with intellectual/developmental disabilities who live in Cumberland or Perry County.

Children and Youth Fund – The children and youth fund accounts for monies received from various federal, state and local sources to:

- protect the safety and welfare of children,
- preserve, support and strengthen the family, and
- identify alternative care, a safe environment and a permanent home for those children unable to remain in their home.

HealthChoices-Cumberland County – The Cumberland County HealthChoices fund accounts for the County's participation in Pennsylvania's innovative mandatory managed care program for Medical Assistance consumers. The program is designed to improve access to and quality of care for Medical Assistance consumers throughout Pennsylvania and stabilize the Commonwealth's Medical Assistance spending.

Capital Projects Fund – The capital projects fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for significant capital projects that are not charged to proprietary funds.

Other Nonmajor Funds – Other nonmajor funds is the aggregate of those governmental funds not individually meeting the "financial significance" criteria established by the U.S. generally accepted accounting principles for reporting as a major fund. Other nonmajor governmental funds are separately identified, described and reported in the Supplementary Information section.

BALANCE SHEET
Governmental Funds

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Capital projects Fund	Other Non-major Funds	Total
Assets							
Cash and cash equivalents	\$ 24,294,120	7,963,005	300	104,218	500,387	7,779,581	40,641,611
Investments	560,824	—	—	—	—	231,148	791,972
Receivables (net of allowance):							
Taxes	2,044,910	—	—	—	—	77,903	2,122,813
Due from other governments	504,335	316,159	3,991,055	—	—	1,812,543	6,624,092
Accounts receivable	133,315	—	—	—	—	350,570	483,885
Court costs and fines receivable	89,130	—	—	—	—	—	89,130
Due from other funds	8,794,394	—	—	—	190,574	1,604,753	10,589,721
Due from component units	141,018	—	—	—	—	—	141,018
Prepaid items	227,426	780	—	—	—	235,485	463,691
Restricted cash	—	—	—	—	17,211,778	—	17,211,778
Other assets	45,878	—	—	—	—	—	45,878
Total assets	\$ 36,835,350	8,279,944	3,991,355	104,218	17,902,739	12,091,983	79,205,589
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 977,326	1,218,625	711,595	2,782	1,523,388	843,862	5,277,578
Accrued liabilities and withholdings	1,375,094	94,341	120,713	—	4,155	214,759	1,809,062
Due to other funds	2,316,027	834,401	3,142,895	43,094	123,842	2,846,335	9,306,594
Due to other governments	782,975	—	—	—	—	—	782,975
Deferred taxes	1,368,794	—	—	—	—	—	1,368,794
Deferred revenue	351,164	6,095,913	16,152	23,620	—	384,729	6,871,578
Funds held as fiduciary	292,631	—	—	—	—	10,283	302,914
Total liabilities	7,464,011	8,243,280	3,991,355	69,496	1,651,385	4,299,968	25,719,495

BALANCE SHEET
Governmental Funds

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

Fund balances:

Nonspendable:							
Prepaid items	227,426	—	—	—	—	235,485	462,911
Restricted:							
Landfill closure	418,540	—	—	—	—	—	418,540
Farmland preservation	825,164	—	—	—	—	—	825,164
Offender supervision	564,847	—	—	—	—	—	564,847
Criminal investigation	203,802	—	—	—	—	—	203,802
Register of Wills-Act 34	69,450	—	—	—	—	—	69,450
Coroner - Act 122	68,905	—	—	—	—	—	68,905
Hoffer scholarship	16,256	—	—	—	—	—	16,256
Roads and bridge maintenance	—	—	—	—	—	955,530	955,530
Judicial services	—	—	—	—	—	287,665	287,665
Human services	—	36,664	—	34,722	—	1,402,769	1,474,155
Public safety	—	—	—	—	—	33,156	33,156
Row office automation	190,587	—	—	—	—	923,002	1,113,589
Conservation	—	—	—	—	—	1,461,610	1,461,610
Economic development and housing	—	—	—	—	—	2,190,163	2,190,163
Capital projects	—	—	—	—	15,751,272	—	15,751,272
Unrestricted:							
Assigned:							
Human services	—	—	—	—	—	304,031	304,031
Future budgetary requirements	10,920,515	—	—	—	—	—	10,920,515
Capital projects	3,725,000	—	—	—	500,082	—	4,225,082
Risk liability	250,000	—	—	—	—	—	250,000
Farmland preservation	560,825	—	—	—	—	—	560,825
Prison canteen	177,895	—	—	—	—	—	177,895
Criminal justice planning	7,297	—	—	—	—	—	7,297
Unassigned	11,144,830	—	—	—	—	(1,396)	11,143,434
Total fund balances	29,371,339	36,664	—	34,722	16,251,354	7,792,015	53,486,094
Total liabilities and fund balances	\$ 36,835,350	8,279,944	3,991,355	104,218	17,902,739	12,091,983	79,205,589

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET ASSETS**

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

Total fund balances-governmental funds	\$	53,486,094
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		61,746,072
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,929,921
Bonds issued by the County have associated amounts that are paid from current available financial resources in the funds. However, these amounts are deferred on the statement of net assets.		333,277
Internal service fund used by management to charge the costs of the self-insurance to individual funds:		
Workers' compensation		(53,399)
Health reimbursement arrangement		547,018
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable		(48,222,774)
Notes payable		(3,713,316)
Sick and vacation payable		(3,716,826)
Other post employment benefit obligations		(477,009)
Software Licensing Agreements		(258,199)
Interest accrued on long-term liabilities is not due and payable in the current period and, therefore is not reported in the funds.		(274,773)
Net assets of governmental activities	\$	<u>62,326,086</u>

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

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

Governmental Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Capital Project Fund	Other Non-major Funds	Total
Revenues:							
Taxes	\$ 42,747,201	—	—	—	—	1,502,072	44,249,273
Licenses and permits	104,492	—	—	—	—	—	104,492
Grants	4,280,770	14,382,840	10,726,359	27,489,782	1,189,142	9,713,605	67,782,498
County charges	8,173,026	2,246,601	374,892	—	—	4,712,827	15,507,346
Court costs, fines and forfeitures	1,993,372	—	—	—	—	189,521	2,182,893
Investment earnings	331,180	20,070	—	1,813	41,816	28,107	422,986
Payment in lieu of taxes	128,359	—	—	—	—	—	128,359
Contributions and other	229,415	104,108	318	—	—	63,949	397,790
Total revenues	<u>57,987,815</u>	<u>16,753,619</u>	<u>11,101,569</u>	<u>27,491,595</u>	<u>1,230,958</u>	<u>16,210,081</u>	<u>130,775,637</u>
Expenditures:							
Current:							
General government – administrative	10,436,466	—	—	—	174,149	169,219	10,779,834
General government – judicial	14,573,489	—	—	—	—	3,264,416	17,837,905
Public safety	19,313,626	—	—	—	—	—	19,313,626
Public works and enterprises	—	—	—	—	—	686,114	686,114
Human services	744,325	17,226,078	13,605,024	27,491,595	—	11,008,238	70,075,260
Culture and recreation	62,865	—	—	—	—	30,006	92,871
Conservation and development	353,016	—	—	—	—	26,506	379,522
Economic development and assistance	2,302,813	—	—	—	—	1,646,911	3,949,724
Debt service:							
Principal retirement	—	—	—	—	—	1,780,187	1,780,187
Debt interest	—	—	—	—	—	1,220,283	1,220,283
Bond issuance cost	—	—	—	—	—	197,724	197,724
Capital outlay	1,750,619	6,132	19,021	—	5,718,653	272,295	7,766,720
Payments to other governments	106,637	—	—	—	75,179	189,178	370,994
Total expenditures	<u>49,643,856</u>	<u>17,232,210</u>	<u>13,624,045</u>	<u>27,491,595</u>	<u>5,967,981</u>	<u>20,491,077</u>	<u>134,450,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,343,959</u>	<u>(478,591)</u>	<u>(2,522,476)</u>	<u>—</u>	<u>(4,737,023)</u>	<u>(4,280,996)</u>	<u>(3,675,127)</u>
Other financing sources (uses):							
Transfers in	151,286	521,255	2,658,309	—	1,481,224	7,187,509	11,999,583
Transfers out	(10,788,227)	(6,000)	(135,833)	—	(441,460)	(2,759,279)	(14,130,799)
Proceeds from long term debt	—	—	—	—	18,000,000	—	18,000,000
Bond premium	—	—	—	—	—	561,838	561,838
Total other financing sources (uses)	<u>(10,636,941)</u>	<u>515,255</u>	<u>2,522,476</u>	<u>—</u>	<u>19,039,764</u>	<u>4,990,068</u>	<u>16,430,622</u>
Net change in fund balances	(2,292,982)	36,664	—	—	14,302,741	709,072	12,755,495
Fund balances, beginning of year	<u>31,664,321</u>	<u>—</u>	<u>—</u>	<u>34,722</u>	<u>1,948,613</u>	<u>7,082,943</u>	<u>40,730,599</u>
Fund balances, end of year	<u>\$ 29,371,339</u>	<u>36,664</u>	<u>—</u>	<u>34,722</u>	<u>16,251,354</u>	<u>7,792,015</u>	<u>53,486,094</u>

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

Net change in fund balances-total governmental funds	\$	12,755,495
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. In the current period these amounts are:</p>		
Expenditures for capital assets		8,051,354
Depreciation expense		(2,852,023)
Retirement and sale of equipment		(21,479)
Deferred revenues that do not provide current financial resources (real estate tax, per capita taxes and hotel tax) and revenues which are not recognized as available (court costs and fines) in the governmental funds but are earned in the statement of activities.		247,670
<p>The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets:</p>		
Long term debt issued		(18,284,633)
Long term debt paid		1,806,620
Governmental funds report the effect of issuance costs, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(442,483)
Other post employment benefits and arbitrage payable are reflected on the statement of activities but are not considered a current expenditure for the fund statements.		(122,230)
Compensated absence expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		(107,788)
Governmental funds do not recognize interest on long term debt until legally due, while the statement of net assets accrues for interest payable.		(103,689)
Expenditures based on the hotel sales taxes receivable are due to the Army Heritage Foundation when received. However, the funds are not available in the current period and therefore, are not reported as expenditures in the economic development fund.		186,666
<p>Internal service funds are used by management to charge the cost of self-insurance claims to individual funds:</p>		
Worker's compensation		(137,943)
Health reimbursement arrangement		251,682
Change in net assets of governmental activities	\$	<u><u>1,227,219</u></u>

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

MAJOR PROPRIETARY FUNDS
DESCRIPTION OF FUNDS

Proprietary funds are used to account for those County activities for which user fees are charged with the expectation that the fees will cover the costs of the activity.

County Nursing Home Fund – The *county nursing home fund* accounts for the operation of the County owned Claremont Nursing and Rehabilitation Center. Claremont is a 290-bed community state of the art nursing and rehabilitation center with an open admission policy. Claremont is located in a rural setting adjacent to the Army Heritage and Education Center outside of Carlisle.

Emergency Telephone Fund – The *emergency telephone fund* accounts for the operation of the County’s emergency 9-1-1 call center. The 9-1-1 call center operates 24/7, 365 days a year responding promptly to emergency calls in the community, alerting public safety providers and coordinating and facilitating emergency responses.

Other Nonmajor Funds – Other nonmajor funds is the aggregate of those proprietary funds not individually meeting the “financial significance” criteria established by U.S. generally accepted accounting principles for reporting as a major fund. Other nonmajor proprietary funds are separately identified, described and reported in the Supplementary Information section.

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

**STATEMENT OF NET ASSETS
Proprietary Funds**

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities				
	Enterprise Funds				Internal Service Fund
	County Nursing Home	Emergency Telephone	Other Non- major Funds	Totals	
Assets					
Current assets:					
Cash and cash equivalents	\$ 4,454,162	3,218,652	200	7,673,014	1,314,323
Restricted cash:					
Patient funds	456,363	—	—	456,363	—
Bond proceeds	—	374,777	—	374,777	—
Due from other funds	3,355	—	236,576	239,931	941,964
Accounts receivable (net of allowance):					
Patient accounts receivable	3,977,741	—	—	3,977,741	—
Customer accounts receivable	—	415,258	18,837	434,095	3,100
Due from other governments	—	50,382	223,138	273,520	—
Prepaid items	28,421	109,392	407	138,220	86,113
Total current assets	<u>8,920,042</u>	<u>4,168,461</u>	<u>479,158</u>	<u>13,567,661</u>	<u>2,345,500</u>
Noncurrent assets:					
Deferred charges	118,474	80,198	—	198,672	—
Capital assets, net of depreciation	10,506,612	7,756,245	1,252,272	19,515,129	—
Total noncurrent assets	<u>10,625,086</u>	<u>7,836,443</u>	<u>1,252,272</u>	<u>19,713,801</u>	<u>—</u>
Total assets	<u>19,545,128</u>	<u>12,004,904</u>	<u>1,731,430</u>	<u>33,281,462</u>	<u>2,345,500</u>
Liabilities					
Current liabilities:					
Accounts payable	965,576	1,693,665	13,863	2,673,104	20,843
Accrued liabilities and withholdings					
Accrued payroll	569,083	116,707	58,980	744,770	—
Accrued interest	60,877	48,248	—	109,125	—
Due to other funds	1,757,488	574,808	132,726	2,465,022	—
Unearned revenue	—	627,794	73,234	701,028	—
Funds held as fiduciary	456,363	—	—	456,363	—
General obligation bonds payable	402,343	492,069	—	894,412	—
General obligation notes payable	762,803	520,298	—	1,283,101	—
Sick and vacation accrual	50,721	12,246	6,541	69,508	—
Self-insurance claims payable	—	—	—	—	178,605
Total current liabilities	<u>5,025,254</u>	<u>4,085,835</u>	<u>285,344</u>	<u>9,396,433</u>	<u>199,448</u>
Noncurrent liabilities:					
Due in more than one year:					
General obligation bonds payable	391,796	503,074	—	894,870	—
General obligation notes payable	7,634,913	5,582,103	—	13,217,016	—
Self-insurance claims payable	—	—	—	—	813,646
Net OPEB obligation	189,692	26,745	16,464	232,901	—
Sick and vacation accrual	504,494	252,417	63,228	820,139	—
Total noncurrent liabilities	<u>8,720,895</u>	<u>6,364,339</u>	<u>79,692</u>	<u>15,164,926</u>	<u>813,646</u>
Total liabilities	<u>13,746,149</u>	<u>10,450,174</u>	<u>365,036</u>	<u>24,561,359</u>	<u>1,013,094</u>
Net assets					
Invested in capital assets, net of related debt	1,314,757	703,841	1,252,272	3,270,870	—
Unrestricted	4,484,222	850,889	114,122	5,449,233	1,332,406
Total net assets	<u>\$ 5,798,979</u>	<u>1,554,730</u>	<u>1,366,394</u>	<u>8,720,103</u>	<u>1,332,406</u>

Amounts reported for business-type activities in the statement of net assets are different because:

Internal service fund used by management to charge the cost of workers' compensation claims to individual funds. The net assets of the internal service fund are included in business-type activities in the statement of net assets.	1,332,406
Adjustment to reflect the consolidation of worker's compensation activity related to governmental and component unit activities.	53,224
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities	(550,502)
Net assets of business-type activities	<u>\$ 9,555,231</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS**

Proprietary Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>				
	<u>Enterprise Funds</u>				<u>Internal Service Funds</u>
	<u>County Nursing Home</u>	<u>Emergency Telephone</u>	<u>Other Non- major Funds</u>	<u>Totals</u>	
Operating revenues:					
Charges for sales and services:					
County charges	\$ 24,629,568	1,708,361	1,528,313	27,866,242	1,518,236
Rentals and other revenues	46,389	—	—	46,389	—
Total operating revenues	<u>24,675,957</u>	<u>1,708,361</u>	<u>1,528,313</u>	<u>27,912,631</u>	<u>1,518,236</u>
Operating expenses:					
Patient/client services	20,075,607	4,971,633	3,127,996	28,175,236	1,356,066
Depreciation	1,033,319	830,224	349,649	2,213,192	—
Administrative	4,175,768	56,974	—	4,232,742	—
Total operating expenses	<u>25,284,694</u>	<u>5,858,831</u>	<u>3,477,645</u>	<u>34,621,170</u>	<u>1,356,066</u>
Operating income (loss)	<u>(608,737)</u>	<u>(4,150,470)</u>	<u>(1,949,332)</u>	<u>(6,708,539)</u>	<u>162,170</u>
Nonoperating revenues (expenses):					
Grants	150,500	4,091,871	1,833,079	6,075,450	—
Interest income	20,021	18,129	—	38,150	27,211
Interest expense	(391,597)	(311,676)	—	(703,273)	—
Payment to municipalities	(2,714)	—	—	(2,714)	—
Loss on sale of capital assets	—	(351,907)	(7,179)	(359,086)	—
Total net nonoperating revenues (expenses)	<u>(223,790)</u>	<u>3,446,417</u>	<u>1,825,900</u>	<u>5,048,527</u>	<u>27,211</u>
Income (loss) before transfers and capital contributions	<u>(832,527)</u>	<u>(704,053)</u>	<u>(123,432)</u>	<u>(1,660,012)</u>	<u>189,381</u>
Capital contributions	5,027	6,453	—	11,480	—
Transfers in	—	2,253,814	375,352	2,629,166	—
Transfers out	—	(497,950)	—	(497,950)	—
Change in net assets	<u>(827,500)</u>	<u>1,058,264</u>	<u>251,920</u>	<u>482,684</u>	<u>189,381</u>
Net assets, beginning of year	6,626,479	496,466	1,114,474		1,143,025
Net assets, end of year	<u>\$ 5,798,979</u>	<u>1,554,730</u>	<u>1,366,394</u>		<u>1,332,406</u>

Amounts reported for business-type activities in the statement of activities are different because:

The internal service fund is used by management to charge the cost of workers' compensation claims to individual funds. The net revenues of certain activities of the internal service fund are reported within business-type activities.	(229,714)
Adjustment to reflect the consolidation of workers' compensation activity related to governmental and component unit activities.	138,206
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities	<u>165,162</u>
Change in net assets of business-type activities	<u>\$ 556,338</u>

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

STATEMENT OF CASH FLOWS
Proprietary Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities				
	Enterprise Funds				Internal Service Fund
	County Nursing Home	Emergency Telephone	Other Non- major Funds	Totals	
Cash flows from operating activities:					
Cash received on surcharges	\$ —	1,737,975	—	1,737,975	—
Cash received on county charges	24,506,626	—	1,549,032	26,055,658	1,166,691
Payments to vendors	(6,593,960)	(1,681,310)	(1,544,384)	(9,819,654)	(962,014)
Payments to employees	(17,484,315)	(3,466,853)	(1,558,354)	(22,509,522)	(554,556)
Net cash provided by (used in) operating activities	<u>428,351</u>	<u>(3,410,188)</u>	<u>(1,553,706)</u>	<u>(4,535,543)</u>	<u>(349,879)</u>
Cash flows from noncapital financing activities:					
Subsidy from federal/state grants	150,500	2,637,959	1,065,254	3,853,713	—
Payments to other municipalities	(2,735)	—	—	(2,735)	—
Transfers from other funds	—	1,995,386	449,787	2,445,173	—
Net cash provided by noncapital financing activities	<u>147,765</u>	<u>4,633,345</u>	<u>1,515,041</u>	<u>6,296,151</u>	<u>—</u>
Cash flows from capital and related financing activities:					
Subsidy from federal/state grants	—	343,340	626,467	969,807	—
Transfers from other funds	—	384,672	—	384,672	—
Purchase of capital assets	(343,239)	(2,268,930)	(587,802)	(3,199,971)	—
Principal paid on capital debt	(1,123,727)	(975,168)	—	(2,098,895)	—
Interest paid on capital debt	(383,789)	(306,054)	—	(689,843)	—
Net cash provided by (used in) capital financing activities	<u>(1,850,755)</u>	<u>(2,822,140)</u>	<u>38,665</u>	<u>(4,634,230)</u>	<u>—</u>
Cash flows from investing activities:					
Investment income received	20,021	18,129	—	38,150	24,186
Net cash provided by investing activities	<u>20,021</u>	<u>18,129</u>	<u>—</u>	<u>38,150</u>	<u>24,186</u>
Net decrease in cash and cash equivalents	(1,254,618)	(1,580,854)	—	(2,835,472)	(325,693)
Cash and cash equivalents, January 1	6,165,143	5,174,283	200	11,339,626	1,640,016
Cash and cash equivalents, December 31	<u>\$ 4,910,525</u>	<u>3,593,429</u>	<u>200</u>	<u>8,504,154</u>	<u>1,314,323</u>

(Continued)

STATEMENT OF CASH FLOWS
Proprietary Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>				
	<u>Enterprise Funds</u>				<u>Internal Service Fund</u>
	<u>County Nursing Home</u>	<u>Emergency Telephone</u>	<u>Other Non- major Funds</u>	<u>Totals</u>	
(Continued)					
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (608,737)	(4,150,470)	(1,949,332)	(6,708,539)	162,170
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	1,033,319	830,224	349,649	2,213,192	—
Changes in assets and liabilities in:					
Patient accounts receivable	(776,719)	46,011	—	(730,708)	—
Due from other governments	—	(16,797)	(7,988)	(24,785)	—
Customer accounts receivable	—	—	3,699	3,699	—
Due from other funds	—	—	—	—	(351,544)
Prepaid items	65,190	74,657	(408)	139,439	—
Deferred charges	20,999	14,379	—	35,378	—
Accounts payable	155,607	12,171	1,646	169,424	(65,104)
Accrued liabilities and withholdings	9,184	39,841	16,692	65,717	—
Unearned revenues	—	—	34,184	34,184	—
Due to other funds	563,019	(266,832)	(6,114)	290,073	—
Funds held as fiduciary	(82,030)	—	—	(82,030)	—
Net OPEB obligation	48,519	6,628	4,266	59,413	—
Long term debt-claims payable	—	—	—	—	(95,401)
Total adjustments	<u>1,037,088</u>	<u>740,282</u>	<u>395,626</u>	<u>2,172,996</u>	<u>(512,049)</u>
Net cash provided by (used in) operating activities	<u>\$ 428,351</u>	<u>(3,410,188)</u>	<u>(1,553,706)</u>	<u>(4,535,543)</u>	<u>(349,879)</u>

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

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

FIDUCIARY FUNDS
DESCRIPTION OF FUNDS

Fiduciary funds are used by the County to account for funds collected on behalf of others.

Pension Trust-Employees' Retirement Fund –The County's pension trust fund accounts for the County and its employees' retirement contributions, earnings, investments and obligations.

Agency Funds – The County's agency funds account for cash collected by elected row officers (Clerk of Courts, District Attorney, Prothonotary, Recorder of Deeds, Register of Wills, Sheriff and Treasurer) and other County offices, which is subsequently disbursed to individuals, private organizations and other governments for whom it was collected.

STATEMENT OF FIDUCIARY NET ASSETS

Fiduciary Funds

December 31, 2011

COUNTY OF CUMERLAND, PENNSYLVANIA

	Pension Trust – Employees’ Retirement	Agency Funds
	<hr/>	<hr/>
Assets		
Cash and cash equivalents	\$ 5,511,406	3,225,170
Investments, at fair value:		
U.S. Government securities	30,277,699	—
Corporate and other bonds	19,438,718	—
Corporate stocks	48,293,087	—
Mutual funds	26,031,344	—
Total investments	<hr/> 124,040,848	<hr/> —
Accrued interest and dividends receivable	705,002	—
Total assets	<hr/> 130,257,256	<hr/> 3,225,170
Liabilities		
Due to other governments	—	1,134,083
Escrow and other liabilities	38,964	2,091,087
Total liabilities	<hr/> 38,964	<hr/> 3,225,170
Net assets		
Net assets held in trust for pension benefits	\$ <hr/> 130,218,292	<hr/> —

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**Pension Trust Fund***For the year ended December 31, 2011***COUNTY OF CUMBERLAND, PENNSYLVANIA****Additions:**

Contributions:

Employer	\$ 5,431,024
Plan members	3,087,414
Total contributions	<u>8,518,438</u>

Investment income:

Net depreciation in fair value of investments	(4,215,001)
Interest	1,654,908
Dividends	1,190,285
Total investment income	<u>(1,369,808)</u>
Less investment expense	<u>407,467</u>
Net investment earnings	<u>(1,777,275)</u>
Total additions	<u>6,741,163</u>

Deductions:

Benefits	5,410,899
Refunds of contributions	504,149
Administrative expenses	150,883
Total deductions	<u>6,065,931</u>
Change in net assets	675,232

Net assets:

Beginning of year	<u>129,543,060</u>
End of year	<u>\$ 130,218,292</u>

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The County's significant accounting policies are described below.

A. The Reporting Entity

The County of Cumberland is located in south central Pennsylvania, to the immediate west of the City of Harrisburg, the Capital of the Commonwealth. It is a County of the fourth class founded January 27, 1750, and operates under an elected three-member Board of Commissioners. The County provides various governmental services including health and welfare and community enrichment programs to its 237,892 residents.

The basic criteria for determining whether a governmental organization should be included in the primary government's reporting entity is financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Based on the foregoing criteria, the reporting entity has been defined to include all the component units for which the County is financially accountable or for which there is a significant relationship.

(1) Component Units

Three legally separate organizations, discussed below, are treated as component units of the County due to the County's financial accountability for these organizations.

Blended Component Unit

The Cumberland Area Economic Development Corporation (CAEDC) is a governmental not-for-profit that, despite being legally separate, is reported as a blended component unit (a non-major special revenue fund) of the County. The County Commissioners are financially accountable for the CAEDC as the Commissioners approve and may remove CAEDC board members and have the authority to dissolve the organization; thus, enabling the County to impose its will on the organization. The CAEDC is fiscally dependent on the County, as the County directly provides the majority of CAEDC funding and the CAEDC bylaws require the Commissioners to appropriate any funds to the use of the organization. Separate financial statements may be obtained from the Cumberland Area Economic Development Corporation, 401 East Louther Street, Suite 209, Carlisle, PA 17013.

Discretely Presented Component Units

The financial reporting of discretely presented component units entails separate columns on the government-wide financial statements. The separate columns emphasize that these component units are legally separate from the County. The component units presented in this way are:

Cumberland County Conservation District

The District was formed by the County Commissioners in 1952, pursuant to the Conservation District Law of the Commonwealth to manage the conservation of natural resources in the County. The seven-member board is made up of one County Commissioner and six members appointed by the Commissioners from a list of nominees received from organizations approved by the Commonwealth.

The Commonwealth Law gives the County certain powers to supervise and direct the operations of the District. Employees of the District are County employees subject to the County Salary Board. The County receives reimbursement from the Commonwealth for a percentage of the direct salaries of the District employees and is reimbursed for certain other costs. The Law also gives the Commissioners the ability to unilaterally disband the District if they believe a substantial portion of land owners desire such action. The District publishes a separate audit report, which may be obtained at the District's office, 310 Allen Road, Suite 301, Carlisle, PA 17013-9101.

Cumberland County Industrial Development Authority (IDA)

The IDA is included as a discretely presented component unit of the County as the County is financially accountable for its operations in that the Commissioners appoint all the IDA's Board Members, and may remove members at will and, through the exercise of such authority, the County has the ability to impose its will on the IDA. The relationship has the potential to provide specific financial benefits to, or to impose specific financial burdens on the County by way of accessing their resources or, subject to required Commissioner approval, being obligated for the IDA's debt.

In the regard to both the IDA's conduit financing transactions and its note payable outstanding at December 31, 2011, the County is not a guarantor and note holders expressly have no recourse to the County.

The IDA was established under the Industrial and Commercial Development Authority Law (Act 102 of 1967) of the Commonwealth to alleviate unemployment by creating and developing business opportunities through the construction, improvement and financing of industrial, manufacturing and research and development enterprises. The IDA strives to achieve this objective by providing developers within the County with access to federal and state grants as well as financing for which the County has no ongoing liability. The IDA may also directly acquire real estate which it may finance using mortgage, bank or publicly issued debt. The IDA is administered by a seven-member board, all of whom are appointed by the Commissioners.

The activities of the IDA are conducted within the geographic boundaries of the County primarily for the benefit of County residents through the creation of employment opportunities. Revenues are primarily from application and servicing fees received from developers seeking to issue tax-exempt obligations. The IDA publishes a separate audit report, which may be obtained at the Cumberland County Commissioners' Office, One Courthouse Square, Room 200, Carlisle, PA 17013.

(2) Related Organizations

The County Commissioners are also responsible for appointing members to the boards of several organizations. The County's accountability does not extend beyond making board appointments. These organizations are not included in the County's financial statements. These organizations include:

Cumberland County Housing Authority (Housing Authority)

The Housing Authority was established pursuant to the Housing Authorities Law to promote the availability of safe, quality dwellings at affordable rents to families of low income. The Housing Authority is administered by a five-member board, all of whom are appointed by the County Commissioners.

The Housing Authority oversees low-rent, subsidized housing projects within the County. The Authority manages the acquisition of federal and state funds for the construction of, or improvements to, low-income, landlord-owned properties and reviews programs with the landlord to ensure compliance with various rules and regulations.

Cumberland County Redevelopment Authority (Redevelopment Authority)

The Redevelopment Authority was established in 1958 pursuant to the Urban Redevelopment Act of 1945 and is authorized to issue revenue bonds in order to undertake programs for voluntary repair, rehabilitation, and conservation of residential housing. The Authority is administered by a five-member board, all of whom are appointed by the County Commissioners.

The Redevelopment Authority provides consumer services and acts as a development partner with government and not-for-profit agencies. In addition to housing rehabilitation, the Redevelopment Authority carries out public facility improvements and a blighted property elimination program within the County.

Cumberland County Library System

The Cumberland County Library System was formed pursuant to the Library Code. The Cumberland County Library System Board (CCLSB) is an autonomous county-wide organization and governs the seven federated local libraries, one branch facility and a system administrative office. The CCLSB is composed of a representative and an alternate, nominated by each of the seven-member library boards and appointed by the Cumberland County Commissioners to serve a three-year term.

The County collects a special voter-approved library tax; however, it cannot appropriate the County Library Tax or require reauthorization. The CCLSB decides how funds are disbursed to the system member libraries through a fund distribution formula.

Other Organizations

The County Commissioners also appoint members to the boards of several other organizations. These organizations are:

- Affordable Housing Trust Fund Board
- Aging and Community Services Advisory Board
- Agricultural Land Preservation Board
- Army Heritage Education Center Foundation Board
- Assessment Appeals Board
- Auxiliary Assessment Appeals Board
- Blighted Property Reinvestment Board
- Capital Area Behavioral Health Collaborative Board
- Capital Resource Conservation and Development Area Council
- Children Services Citizen Advisory Committee
- Commission for Women

- Cooperative Extension Board
- Drug & Alcohol Commission Community Advisory Board
- Economic Development Corporation Board
- Harrisburg Area Transportation Study Coordinating Committee
- Harrisburg Area Transportation Study Technical Committee
- LeTort Regional Authority
- Library System Foundation Board
- Local Emergency Planning Committee
- Mental Health/Intellectual and Developmental Disabilities Advisory Board
- Municipal Authority
- Planning Commission
- Recycling and Waste Authority
- South Central PA Workforce Investment Board
- Susquehanna Area Regional Airport Authority Board
- Tri-County Attendant Care Advisory Committee
- Tri-County Regional Planning Commission

(3) Joint Ventures

The County is a participant in a joint venture for the Cumberland-Dauphin-Harrisburg Transit Authority (CAT).

CAT was organized April 18, 1973, by the City of Harrisburg and the Counties of Cumberland and Dauphin under the laws of the Commonwealth of Pennsylvania, in compliance with the Pennsylvania Municipality Authorities Act, for the purpose of providing public transportation within the Counties of Cumberland and Dauphin, including the City of Harrisburg. CAT is governed by a seven-member board appointed by the sponsoring municipalities. The Cumberland County Commissioners appoint two members.

The County has no interest in the equity of CAT and as a result CAT is not recorded in the County’s financial statements.

Selected disclosures from CAT’s 2011 audited financial statements are:

	Fiscal year ended June 30, 2011
	<hr/>
Operating revenues	\$ 7,027,064
Operating expenses	21,954,287
Loss from operations	(14,927,223)
Total nonoperating revenues	11,081,676
Capital grant funding	9,859,873
Net assets	30,361,226
Unrestricted deficit	(387,575)

CAT is primarily dependent on federal, state and county governments to fund its operations. CAT’s major expenses are wages, fringe benefits and purchased transportation costs. CAT’s investment in capital assets includes land, buildings, revenue vehicles, service vehicles, shop and garage equipment, furniture and office equipment, and miscellaneous revenue equipment; all of which are funded by federal, state and local

governmental grants. At June 30, 2011, CAT has made commitments to acquire capital assets of approximately \$2,770,000 for eight fixed route buses.

CAT has a \$3,000,000 line of credit with a bank at the bank's prime rate plus 150 basis points as of June 30, 2011, of which \$1,933,581 was outstanding at June 30, 2011. The line of credit is secured by all nonreal estate assets of the Authority. CAT also has a \$1,500,000 line of credit with a bank at 30-day LIBOR interest rate at June 30, 2011, of which none was outstanding. The line of credit is secured by all nonreal estate assets of the Authority. The above mentioned lines of credit are a result of CAT restructuring their debt in July 2010.

As a participant in the joint venture, the County's annual subsidy payment was \$258,912 in 2011. Additionally, the County pays \$11,320 per year to CAT for transportation services for Shippensburg Borough, and \$8,000 for transportation services between Shippensburg and Newville. The County also pays approximately \$10,000 per year for the Shared Ride program. In 2011, the County paid CAT \$289,062. CAT issues publicly available financial statements that may be obtained by contacting the General Manager at Capital Area Transit, 901 North Cameron Street, P.O. Box 1571, Harrisburg, PA 17105.

(4) Prison Board

The Prison Board is composed of the President Judge of the Court of Common Pleas or a judge designated by him, the District Attorney, the Sheriff, the Controller and the Commissioners pursuant to PA Statute Title 61, Penal and Correction Institutions. The Prison Board is responsible for the safe-keeping, discipline and oversight of prisoners, and the governance and management of the County prison.

B. Basis of presentation

The basic financial statements of the County have been prepared in accordance with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) establishes U.S. generally accepted accounting principles for governments.

C. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on the overall County. The statement of net assets reports what the County owns and owes. The statement of activities reports, by program category, the amount of expenses not covered by program revenues. Program expenses not covered by program revenues are instead financed with County taxes and other general revenues. The government-wide statements do not include the fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Indirect expenses* are allocated to all governmental and business-type activities in accordance with the County's indirect cost allocation plan. However, indirect expenses are recorded and reported only in those activities with cost reimbursement grant funding. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the

operational or capital requirements of a particular function or program. County real estate taxes and other revenues that do not relate to a specific program are reported as *general revenue*.

The government-wide statements do not include the fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds (general fund, mental health/intellectual and developmental disabilities, children and youth, HealthChoices-Cumberland County and capital projects) and major individual enterprise funds (County nursing home and emergency telephone) are reported as separate columns in the fund financial statements.

D. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and pension trust fund financial statements. Agency funds are reported using the *accrual basis of accounting* and have no measurement focus.

The government-wide financial statements report revenues when earned and expenses when the liability is incurred regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. County taxes are reported as revenue in the year for which they are levied. Grants and similar revenues are deemed earned when all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. Disbursement of grant funds in payment of program costs is typically an eligibility criterion. Any excess of grant receipts at year-end is recorded as deferred revenue. Any excess of grant expenditures at year-end is recorded as accounts receivable or due from other governments.

The County applies to the government-wide and enterprise fund financial statements those applicable Governmental Accounting Standards Board (GASB) pronouncements and only those Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

Governmental fund financial statements report revenues as soon as they are both measurable and available. Revenues, including grants, are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Real estate and per capita taxes due for the current year are considered available and are, therefore, recognized as revenues if collected during the year or during the first sixty days of the subsequent year. Grants are considered to be susceptible to accrual and so

have been recognized as revenues of the current fiscal period. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Other revenues are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

The County reports the following governmental fund types:

A general fund is the government's chief operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

Special revenue funds account for revenues that are restricted or committed to expenditure for specified purposes.

A debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital projects funds account for significant capital projects and capital expenditures that are not financed by proprietary funds.

The County reports the following proprietary fund types:

Enterprise funds are used to report an activity for which a fee is charged to external users for goods or services.

Internal service funds are used to account for the County's self-insured workers compensation and employee health reimbursement arrangement (HRA).

Internal service funds are an accounting device used to accumulate and allocate the cost of the County's workers compensation self-insurance and health reimbursement arrangement internally among all of the County's various activities based on the causal relationship between the internal services costs and the County's benefiting activities. The net assets of workers' compensation self-insurance are included within *business-type activities* in the government-wide statement of net assets. The net assets of the health insurance arrangement are included within *governmental activities* in the government-wide statement of net assets.

Fiduciary funds, consisting of the County's pension trust and agency funds, are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governments. The pension trust fund accounts for the retirement contributions of the County and its employees. The agency funds account for cash collected by elected row officers (Clerk of Court, District Attorney, Prothonotary, Recorder of Deeds, Register of Wills, Sheriff, and Treasurer) and other County offices and is subsequently disbursed to individuals, private organizations and other governments for whom it was collected.

The County reports its *general fund*, *mental health/intellectual and developmental disabilities fund*, *children and youth fund*, *HealthChoices-Cumberland County fund* and *capital projects fund* as major governmental funds. Descriptions of these individual funds precede their presentation in the Basic Financial Statements.

The County reports its *County nursing home fund* and *emergency telephone fund* as major proprietary funds. Descriptions of these funds precede their presentation in the Basic Financial Statements.

E. Interfund Eliminations

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are balances between the governmental activities and the business-type activities. Elimination of these charges would distort the costs and program revenues reported for the various functions concerned. Direct expenses are those that are clearly identified with a specific functional activity. Expenses reported for functional activities do not include allocated indirect expenses. Indirect expenses are reported in a separate column to differentiate them from direct expenses and revenues.

F. Program Revenues

Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include County taxes.

When both restricted and unrestricted resources are available for use, it is the County's general policy to use restricted resources first, then unrestricted resources as they are needed.

G. Net Patient Service Revenue

Net patient service revenue, including unbilled services, are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments due to audits in subsequent years.

H. Operating and Nonoperating Revenues

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues consist principally of billings for medical care, pharmaceuticals and room and board at the County nursing home; tuition in the Early Learning Center; taxes charged to phone customers in the emergency telephone fund; and fees assessed to material handlers in hazardous materials.

Operating expenses consist of the costs of goods and services, administrative expenses and depreciation on capital assets.

All other revenues and expenses not meeting the above criteria are reported as nonoperating revenues and expenses.

I. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds and other short-term investments with maturities of three months or less from the date of acquisition. Cash also includes deposits in other kinds of short-term investment accounts or cash management pools that

have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

The County has written investment policies governing both its pension fund investments and its investments in other funds. These policies are discussed in Note 2.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

J. Prepaids

To the extent certain payments to vendors, such as for rent or insurance, reflect costs applicable to future accounting periods, they are recorded as prepaid items in both the government-wide and fund financial statements.

K. Restricted Assets and Related Liabilities

Certain cash and investments in governmental activities are maintained in separate bank accounts and are classified as restricted assets on the County's balance sheets and statement of net assets because their use is restricted for a purpose narrower than the purpose of the fund itself by either legislation, bond covenants, or agreements with the funding provider.

Restricted cash and investments in governmental activities consist of general obligation bond and note proceeds designated for specific projects. Specific projects include the prison expansion and renovations of a building to house the County's Transportation Department, Board of Elections and maintenance garage.

Restricted investments in business-type activities consist of resident money held in a fiduciary capacity at the County's nursing home and bond proceeds in the emergency telephone fund.

L. Capital Assets

Capital assets, which include land, improvements other than buildings, buildings and systems, machinery and equipment, bridges (infrastructure), construction in progress and intangibles (such as agricultural easements and computer software), are recorded in the applicable governmental and business-type activities columns in the government-wide statement of net assets. Capital assets are defined by the County as assets with a value greater than the range of \$500 to \$1,000, depending on the type of asset or departmental reporting requirements, and an initial useful life greater than one year. This capitalization policy is applied to individual capital assets rather than to groups/sets of capital assets (e.g. chairs, desks, etc.). Such assets are valued at historical cost or estimated historical cost, if historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

The County has capitalized the cost of its infrastructure assets, regardless of when constructed or improved.

Maintenance, repairs, and equipment less than the capitalization threshold, are charged to operations when incurred. Costs that materially change capacities or extend useful lives are capitalized.

Upon sale or retirement, the cost and related accumulated depreciation, if applicable, are eliminated from the respective government-wide and proprietary accounts and any resulting gain or loss is reflected in those accounts.

Major outlays for capital assets are capitalized when incurred. Construction in progress costs are capitalized as projects are constructed. Depreciation begins when the project is placed into service.

Buildings and systems, improvements other than buildings, machinery and equipment, and bridges are depreciated using the straight-line method at half year conventions over the following estimated useful lives:

Description	Useful Life	Capital Threshold
Land	Not depreciated	\$ 1,000
Agricultural easements	Not depreciated	1,000
Buildings and systems	5-50	1,000
Improvements other than buildings	10-45	1,000
Machinery and equipment	5-20	1,000
Computer, audio and video equipment	5-7	500
Computer software	5-7	1,000
Bridges	50	1,000

M. Compensated Absences

Accumulated unpaid vacation, sick, paid time off, compensatory time and holiday pay liability is determined according to the following personnel policies of the County:

- Upon termination, all unused vacation time and paid time off up to a maximum of 30 days, will be paid with the final check.
- Upon termination, employees will be paid for one half of their total unused sick time up to a maximum of 45 days. Two types of sick leave exist within the County:
 - Accrued prior to August 1, 1997 and carried forward from year to year,
 - Five days earned each year and which is not permitted to be carried into the next year.
- Employees are limited to carrying 32 hours of compensatory time. Any excess is paid out at their regular rate.
- For those departments required to provide 24-hour coverage on holidays, employees will be paid a supplemental day’s wages for all accumulated holidays worked.

The liability for compensated absences is not reported in the governmental funds due to the measurement focus of those funds. Compensated absences are reported in the proprietary funds and in the government-wide statements.

N. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund statement of net assets. Bond and note discounts and premiums, as well as issuance costs and deferred amounts on refundings, are deferred and amortized on the straight-line basis, which

approximates the effective interest methods over the bond and note terms. Bonds and notes payable are reported net of applicable deferred amounts on refundings, discounts and premiums.

In the governmental fund financial statements, bond discounts or premiums, bond issuance costs and refunding gain/losses are recognized during the current period. The face amount of the debt issued is reported as other financing sources. Discounts/premiums on debt issuances are reported as other financing uses/sources. Issuance costs are reported as debt service expenditures.

In advance refundings that qualify, when new debt is issued and the proceeds placed with an escrow agent and invested to pay the principal and interest on old debt in the future, the old debt is considered defeased. In such advanced refundings, neither the funds placed with the escrow agent, the old debt nor future debt service on the old debt from the escrowed funds is reported in the financial statements. Only the new debt is reported as a liability.

O. Risk Management, Including Self-Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions for which it carries commercial insurance. Insurance settlements have not exceeded insurance coverage for the past ten years.

The County establishes claims liabilities for its workers' compensation self-insurance activities. The liability is based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and estimates of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the claims involved. Estimated amounts of subrogation and reinsurance that are recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit because reliance is placed on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to operations in the periods in which they are made.

The County has established a trust account with a local bank to fund its workers' compensation liabilities and has accounted for this in an internal service fund.

The County self-insures the high-deductible for employees opting to enroll and contribute towards the employee buy-up health plan option. The County accounts for this in an internal service fund.

The County self-insures for its employee dental plan, although it uses a third party administrator. Due to the relatively low financial exposure and cost of self-insuring for this employee benefit, this plan is accounted for in the County's general fund.

P. Fund Balance – Governmental Funds

The County's fund balance policy establishes the objective of maintaining a healthy level of fund balance sufficient to mitigate current and future financial risks (i.e. unanticipated emergency expenditures and revenue shortfalls) and to ensure stable tax rates by maintaining an unassigned fund balance in the general fund representing no less than sixty days of general fund operating expenditures as recommended by the

Government Finance Officer Association. The County accomplishes this objective by maintaining an unassigned fund balance in its general fund of no less than sixty days of average budgeted general fund total expenditures and transfers-out.

The County's fund balance policy comprises a hierarchy based primarily on the extent of constraints imposed upon the use of net resources reported in governmental funds.

The County is limited to spending restricted fund balance on the activities allowed by the terms of a grant contract or by applicable legislation.

With the exception of self-imposed constraints, consisting of (1) formal action taken by the County Commissioners to enact fund balance commitments, in the form of a formal Commissioner-approved resolution to establish, modify or rescind a fund balance commitment, or (2) fund balance assignments by designated County management (Finance Director assignments, as approved by the Chief Clerk), unrestricted fund balance may be spent on a wide variety of governmental activities.

In regard to the order in which net governmental resources are spent, the most restrictive funding source is used first, unless applicable legislation, grant or a formal action by the Commissioners mandates an exception.

Nonspendable Fund Balance

Nonspendable fund balance is the component of fund balance that is not available for expenditure and typically represents prepaid expenditures.

Restricted Fund Balance

Restricted fund balance represents amounts that can be spent only for the specific purposes allowed by the resource providers, i.e. grantors or applicable legislation. The County's restrictions are as follows:

Landfill closure – This restriction was established to cover costs for remedial measures and emergency actions that are necessary to prevent or abate adverse effects upon the environment after closure of a landfill located in the County, but not owned by the County.

Farmland preservation – The County has set aside cash and investments to provide required matching contributions to a state program that allows farmers to sell their rights to develop agriculture land. The program is designed to reduce the development of County farmland.

Offenders' supervision – The County receives administrative fees from probationers within the County. The funds are reserved for probation expenditures.

Criminal investigation – The County receives monies from grants, restitution and contributions which are to be used for criminal investigation expenditures.

Register of Wills – Act 34 - Filing fees collected, per statute, are reserved for adoption counseling by individuals who cannot afford to pay for it.

Coroner – Act 122 - Monies collected, per statute, are reserved to be used for training and equipment for the Coroner's Office.

Hoffer scholarships – The County’s juvenile probation department received money from the Honorable George Hoffer (former President Judge) for the use of providing scholarships to eligible juvenile applicants.

Roads and bridge maintenance – Monies received for the restricted purpose of maintaining and replacing County owned bridges and roads.

Judicial services – Monies received for the provision of County judicial services.

Human services – Monies received for the provision of human services activities for County residents.

Public safety – Monies received to coordinate essential public safety activity among federal, state, regional, county, municipal agencies, and volunteer organizations to provide quick, reasoned responses to the needs of County citizens in times of emergency.

Row Office automation:

- *Clerk of Court automation* - Monies collected, per statute, on behalf of the Clerk of Court automation fund are reserved solely for the purpose of automation and continued automation updates of the Clerk of Court office.
- *Prothonotary automation* - Monies collected, per statute, on behalf of the Prothonotary automation fund are reserved solely for the purpose of automation and continued automation updates of the Prothonotary office.
- *Register of Wills automation* - Monies collected, per statute, on behalf of the Register of Wills and Clerk of Orphans’ Court automation fund are reserved solely for the purpose of automation and continued automation updates of the Register of Wills and Clerk of Orphans’ Court office.

Conservation – Monies restricted to provide the long-term capacity and disposal of County municipal waste in an environmentally sound and cost effective manner. Also, to reduce overall County waste generation while increasing County recycling, and provide county residents with proper disposal options for certain items that are generally inappropriate for municipal solid waste disposal facilities.

Economic development and housing – Monies used to provide economic development services and tourism promotion services to Cumberland County and the Southcentral Pennsylvania region.

Capital projects – Proceeds restricted for the purpose of capital related projects.

Unrestricted Fund Balance

Unrestricted fund balance consists of the committed, assigned and unassigned fund balance categories.

County Commissioners have not taken action to commit fund balance.

Fund Balance Assignments

Assigned fund balance represents the County’s plans for future use of the County’s net financial resources which are not otherwise restricted or committed. Accumulated unrestricted inflows in special revenue funds are reported as fund balance assignments and are dedicated to supporting the fund’s objectives.

Assignments have been established in the general fund as follows:

Community services – This assignment is established to fund future community service expenditures.

Future budgetary requirements – This assignment was established to fund future budgetary requirements for 2012.

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

Risk liability – This assignment was established to mitigate potential budgetary shortfalls in the provision of prisoner healthcare.

Farmland preservation – The County has set aside cash and investments to satisfy future obligations related to the purchase of development rights of a Cumberland County farm.

Prison canteen – Monies representing commissions earned from the operation of the prison canteen are assigned for prisoner welfare expenditures.

Criminal justice planning – The County receives monies from grants, restitution and contributions which are used to provide integral planning assistance in matters of criminal justice administrations and systematic improvements.

Unassigned Fund Balance

Unassigned fund balance is the residual classification in the general fund and is not restricted in regard to spending on County activities.

Q. Net Assets and Fund Balance

Governmental Activities and Business-Type Activities Net Assets: Total net assets are the difference between total assets and total liabilities reported on the statement of net assets. Total net assets are reported in three components: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Invested in capital assets, net of related debt represents total capital assets less accumulated depreciations and the outstanding liability (excluding unspent proceeds) for debt specifically related to the acquisition of the capital assets.

Restricted net assets are reported based on enforceable constraints imposed by either creditors, contributors or laws or regulations of other government.

Unrestricted net assets represents total net assets less the amounts of net assets invested in capital assets, net of related debt and restricted net assets.

R. Retirement and Other Postemployment Benefits

The County funds accrued pension costs on its contributory defined benefit pension plan covering substantially all employees. Prior service costs have been fully amortized.

Additionally, the County provides postemployment benefits to employees by permitting retired employees the ability to participate in the employee health plan at the same premium rate as active employees, albeit 100% paid for by the retirees, the County is providing an implicit rate subsidy to its retirees. These benefits are financed on a pay-as-you-go basis. The County provides no other postemployment benefits to County employees.

S. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which based on our review, may be applicable to the County's reporting requirements.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. This Statement improves guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. GASB 61 is effective for periods beginning after June 15, 2012. The County is currently evaluating what effect, if any, adoption of GASB 61 will have on the County's financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. GASB 62 is effective for periods beginning after December 15, 2011 with the provisions generally required to be applied retroactively. The County is currently evaluating what effect, if any, adoption of GASB 62 will have on the County's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Pension*. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The County is currently evaluating what effect, if any, adoption of GASB 63 will have on the County's financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The County is currently evaluating what effect, if any, adoption of GASB 65 will have on the County's financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements

2. Deposits and Investments

The County reports deposits and investments in accordance U.S. GAAP, which requires enhanced disclosure of the risks of loss that the County's deposits and investments are subject to. Specifically, the following disclosures regarding the County's pension and non-pension deposits and investments are required:

- Policies
- Risks
 - Custodial credit risk
 - Interest rate risk
 - Credit risk
 - Concentration of credit risk
 - Foreign currency risk

A. Policies

(1) Policies – non-pension investments - Deposits and investments for the primary government and its discretely presented components units are governed by Pennsylvania law (County Code, Section 1706).

Except for the County's pension trust fund (discussed below), the Commonwealth restricts the County's investments to the following:

- U.S. Treasury bills,
- Obligations of the U.S. Government or its agencies or instrumentalities,
- Insured or collateralized time deposits with financial institutions,
- Shares of an investment company registered under the Investment Company Act of 1940, provided its investments are of the aforementioned types,
- Insured or collateralized certificates of deposit from financial institutions.
- Commercial paper, defined Section 1706 as investment grade corporate promissory obligations.

Although the County's worker's compensation self-insurance trust investments are subject to the above restrictions, the Commonwealth's Bureau of Workers Compensation (in PA Code Title 34, Chapter 125, Section 9b(2)) restricts workers compensation self-insurance trust investments to the following:

- Cash,
- Bonds or other evidence of indebtedness issued by the U.S. government, or its agencies; investments in regulated investment companies which invest primarily in the U.S. government or its agencies,
- Bonds or other securities issued, and backed, by the Commonwealth of Pennsylvania.

The County's investment policy, which governs its non-pension cash and investments, is consistent with the restrictions cited above and provides the following further restrictions on the County's investments:

- Limits investments in commercial paper to 25 percent of County available funds,
- Prohibits the placement of more than 35 percent of aggregate cash and investments in any one financial institution,

- Restricts repurchase agreements to those invested in U.S. Government obligations and its agencies and instrumentalities that are U.S. Government backed and requires a 102 percent margin for underlying collateral,
- Requires that the purchase of securities be executed on a delivery versus payment basis through an independent third party and that securities be held by the custodian as evidenced by safekeeping receipts.

(2) Policies – pension investments – The County Retirement Board, which according to law consists of the three Commissioners, Controller and Treasurer, manages the investments of the pension trust fund in a fiduciary capacity.

The Retirement Board has adopted an investment policy (“Pension Policy”), that governs the investments of the County’s pension trust fund. The Pension Policy establishes a target return of 7.5% for the pension trust fund and an objective of meeting or exceeding the pension plan’s assumed actuarial rate of return. The Pension Policy also establishes an objective of meeting or exceeding the annualized investment performance of the pension plan’s weighted asset-class benchmark indices.

The Pension Policy provides that initial investments and subsequent market value of investments held in the common stock of any one corporation may not exceed five percent and eight percent, respectively, of the equity portion of any portfolio.

The Pension Policy restricts holdings in the following areas to the below stated percentages of the fixed income portfolio:

- Mortgage backed securities – 30 percent,
- Zero coupon bonds – 20 percent,
- Baa or fourth investment grade bonds – 30 percent,
- Foreign fixed income securities, if rated A or above, including Canadian securities denominated in U.S. dollars – 20 percent,
- Securities whose price movements are exacerbated by interest rate changes or principal prepayments, including but not limited to: range accrual notes, interest-only security (IO), principal-only security (PO) – 20 percent.

The County’s written Pension Policy contains the following components:

- To manage custodial credit risk, the Pension Policy requires that custodians and deposit administrators exercise fund safekeeping and securities settlement procedures by custodian participation in one or more appropriate securities depositories (e.g. Depository Trust Company, New York) and, as necessary, correspondent participation in other major depositories (e.g. the Federal Reserve System).
- In order to limit foreign currency exposure, hedging is permitted to protect against currency fluctuations for equity securities denominated in foreign currencies.
- To limit exposure to emerging markets and the associated risks, investments in emerging market equity securities are limited to 15 percent of the international equity portfolio at market value.
- Credit risk is managed by requiring that any single fixed income security be rated investment grade by two of the three major rating agencies. Commercial paper holdings shall be A1 or P1 or Prime.

- To limit concentration of credit risk, holdings of fixed income securities of any one issuer cannot exceed five percent of the total market value of the fixed income portfolio. Debt securities issued by the U.S. Treasury and Federal agencies are not subject to this restriction.
- Interest rate risk is managed by both limiting duration to within 25 percent of a fixed income portfolio benchmark and limiting holdings of fixed income securities that are subject to significant fluctuations in fair value due to changes in interest rates. Holdings of zero coupon bonds (limited to U.S. Treasury securities) are capped at 20 percent of the fixed income portfolio. Range accrual notes, interest only and principal only securities are limited, as a group, to 20 percent of the fixed income portfolio.
- In regard to investments in mutual funds, the Pension Policy recognizes that, given the nature of mutual funds, the diversification limitations regarding both concentrations in individual securities and other objectives and specific requirements may at times be exceeded.

The Pension Policy prohibits the following transactions and purchases:

- buying or short selling securities on margin and/or the use of any other form of leverage, including the lending of securities unless approved in writing in advance by the Board,
- privately placed or otherwise unregistered securities except fixed income securities, issued under SEC Rule 144(a), which are demonstrably marketable and otherwise within guidelines,
- investments in commodities or in any commodity contract, forward or futures trading activities, and all forms of portfolio hedging, excepting the use of stock options and/or currency hedges,
- fixed income investments may not include deep discount or zero coupon (except U.S. Treasury) securities, tax exempt, derivative or synthetic securities such as collateralized debt obligation, credit default swaps, interest rate swaps and any total return swaps,
- the purchase of speculative or “naked” currency contracts undertaken without a demonstrable exposed investment position to be hedged in a specific currency, and
- fixed income securities rated below investment grade by two of the three large rating agencies.

B. Risks

(1) Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of a bank failure, the County will not be able to recover its deposits or will not be able to recover collateral securities.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty to an investment transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The Federal Deposit Insurance Corporation (FDIC) insures for each official government custodian up to \$250,000 of demand deposits per custodian per depository and, separately, up to \$250,000 of time and savings deposits per custodian per depository. Additionally, the FDIC temporarily (from December 31, 2010

through December 31, 2012) fully insures all noninterest-bearing transaction depository bank accounts regardless of balance.

Funds in bank accounts held in a fiduciary capacity by the County are subject to separate FDIC coverage up to \$250,000 per applicable beneficiary.

Act 72 in the Commonwealth requires banks to hold collateral at least equal to the amount of public deposits held which exceed FDIC coverage limits in order to secure the deposits of public funds.

In 2011, the County exceeded the self-imposed limit, expressed in its investment policy governing its non-pension cash and investment policy, of holding more than thirty-five percent of deposits in a single financial institution. This limit was exceeded in order to take advantage of higher interest paid on deposit balances and lower banking fees offered by a local financial institution and the balances on deposit are collateralized in accordance with Act 72, to the extent they exceed FDIC coverage.

Custodial credit risk – non-pension deposits – As of December 31, 2011, \$66,966,993 of the County’s bank balance of \$68,716,880 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the bank but not in the County’s name	\$ 1,072,352
Uninsured and collateral held by pledging bank’s trust department or agent but not in the County’s name	<u>65,894,641</u>
Total	<u>\$ 66,966,993</u>

As of December 31, 2011, \$605,730 of Cumberland Area Economic Development Corporation’s (CAEDC) total bank balances of \$1,655,935 were uninsured and collateralized in accordance with Act 72.

Custodial credit risk – fiduciary fund deposits – As of December 31, 2011, \$1,911,134 of the County’s bank balance of its fiduciary funds of \$3,572,445 was exposed to custodial credit risk as a result of it being uninsured and its collateral held by the bank’s trust department or agent but not in the County’s name.

Custodial credit risk – Cumberland County Conservation District deposits – The Cumberland County Conservation District is subject to the County’s aforementioned investment policy. As of December 31, 2011, the District’s deposit balances of \$240,574 were insured by the FDIC.

Custodial credit risk – Cumberland County Industrial Development Authority deposits – As of December 31, 2011, all of the Authority’s \$147,124 deposit balances were insured by the FDIC.

Custodial credit risk – non-pension investments – The County is exposed to custodial credit risk at December 31, 2011, through a \$560,824 U.S. Treasury zero coupon STRIPS that matures in 2022 which is held by a third party and not registered in the County’s name. This security is held in the County’s general fund. The County’s investment policy does not require that securities held by third parties be registered in the County’s name.

Custodial credit risk – pension investments – The investments in the County’s pension trust fund are exposed to custodial credit risk. The investments are held by the custodian in the custodian’s name and not the name of the County and are recorded by the custodian only in book entry form in the name of the County.

2) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Debt securities with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

Interest rate risk – non-pension investments – As of December 31, 2011, the County had debt securities with the following duration:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration</u>
<u>Debt securities</u>		
Money market funds	\$ 60,537	
Mututal funds:		
Government fixed income	251,542	1.60
Government fixed income	261,984	4.23
Diversified fixed income	256,863	2.50
Diversified fixed income	179,804	0.70
Diversified fixed income	153,892	5.40
Diversified fixed income	149,702	2.20
U.S. Treasury STRIPS	560,824	11.00
Total debt securities	<u>\$ 1,875,148</u>	

Duration is a measure of the likelihood that the fair value of a debt security would change due to changes in the interest rate environment. Assuming, for example, a duration measure of 5.0 for a given income security, the value of the security will change by 5% of the associated change in interest rates. Therefore, a 1 1/2% change in interest rates is assumed to result in a 7.5% change in the value of the security.

Of the non-pension investments above, \$1,314,324 of short-term, liquid investments are classified as cash and cash equivalents on the County’s statement of net assets of the primary government.

Of the non-pension investments above, \$560,824 are classified as investments on the statement of net assets of the primary government. Savings accounts and time deposits at financial institutions constitute the remaining \$231,148 of the total \$791,972 of investments reported on the statement of net assets of the primary government.

The County held \$560,824 of U.S. Treasury zero coupon STRIPS at December 31, 2011. U.S. Treasury STRIPS pays no interest over its term and, as a zero coupon security, pays only at maturity. This security matures on November 15, 2022 at \$715,000.

The investment policies of the diversified fixed income mutual fund holdings of the County’s self-insured workers compensation trust, in which funds are invested for the satisfaction of short and long-term workers compensation claim, permit holding of certain security types which are not specifically provided for in County Code Section 1706 and the Commonwealth’s Bureau of Workers Compensation governing investments, although the diversified fixed income mutual funds are primarily invested in U.S. government and its agencies debt securities. The County is revisiting its arrangement with the custodian of its workers’ compensation fund investments in order to more closely align its mutual fund holdings with Section 1706 and the Commonwealth’s Bureau of Workers Compensation.

Interest rate risk – pension investments – As of December 31, 2011, the County’s pension trust fund had the following investments:

		Pension Trust Fund Investments			
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
<u>Debt securities</u>					
U.S. Treasury inflation protected securities	\$ 4,813,304	1,437,758	3,375,546	—	—
U.S. government securities	16,171,685	—	1,431,215	8,442,354	6,298,116
U.S. agency securities	8,413,748	1,495,768	690,578	2,362,514	3,864,888
Money market funds	5,511,406	5,511,406	—	—	—
Corporate bonds and notes	19,438,718	—	7,674,161	10,136,161	1,628,396
Other	878,963	—	—	878,963	—
Total debt securities	<u>55,227,824</u>	<u>8,444,932</u>	<u>13,171,500</u>	<u>21,819,992</u>	<u>11,791,400</u>
		15%	24%	40%	21%
<u>Other investments</u>					
Equity mutual fund-international	7,262,767				
Equity mutual fund-global	9,726,374				
Equity mutual fund-U.S.	9,042,202				
Equity securities-U.S.	48,293,087				
Total investments	<u>\$ 129,552,254</u>				

The total pension trust fund investments of \$129,552,254, above, includes \$5,511,406 of short-term, liquid investments that are classified as cash and cash equivalents on the pension trust fund Employees’ Retirement Statement of Fiduciary Net Assets.

The County held \$4,813,304 of U.S. Treasury inflation-adjusted bonds (TIPS) at December 31, 2011. These bonds pay a fixed rate of interest over their term. The bond principal, however, is adjusted for changes in the consumer price index. At maturity, the bond pays the higher of the inflation-adjusted principal or the original principal amount; thereby protecting the holder from adverse changes in the inflation rate.

Certain debt security interest terms may cause a debt security's fair value to be highly sensitive to interest rate changes. Such terms include zero coupons, coupon multipliers, interest rates tied to benchmark indexes, interest reset dates, and prepayment options. The type, fair value and terms of these debt securities at December 31, 2011 follow:

Pension Fund Debt Securities Highly Sensitive to Interest Rate Changes

<u>Debt Security</u>	<u>Amount</u>	<u>Interest Terms</u>
U.S. government	\$ 728,031	Step-up coupon; 1% to 7/12; 2% to 7/13; 3% to 7/14; 6% thereafter.
U.S. government	307,129	Step-up coupon; 2% to 7/14; 6.5% thereafter.
U.S. government	383,613	Step-up coupon; 2% to 8/13; 4% to 8/15; 6% thereafter.
U.S. government	425,174	Step-up coupon; 2% to 6/12; 3% to 6/13; 4% to 6/14; 5% to 6/15; 6% to 6/16; 6.5% thereafter.
U.S. government	309,278	Step-up coupon; 1.5% to 8/12; 2.5% to 8/13; 3.5% to 8/14; 4.5% to 8/15; 5.5% to 8/16; 6.5% thereafter.
U.S. government	1,062,188	Step-up coupon; 3% to 8/16; 6% thereafter.
U.S. government	539,829	Step-up coupon; 3% to 8/14; 4% to 8/17; 5% to 8/20; 6% thereafter.
U.S. government	200,602	Step-up coupon; 2.5% to 4/14; 6.5% thereafter.
U.S. government	1,118,430	Step-up coupon; 2% to 7/13; 6% thereafter.
U.S. government	291,054	Step-up coupon; 1.5% to 10/12; 3% to 10/14; 4% to 10/17; 5% to 10/22; 6% thereafter.
U.S. government	318,531	Step-up coupon; 2% to 11/12, 4% to 11/17; 5% to 11/20; 6% thereafter.
U.S. government	315,381	Step-up coupon; 2.125% to 10/12, 2.5% to 10/14; 3% to 10/16; 4% to 10/18; 5% to 10/19; 6% thereafter.
U.S. government	493,781	Step-up coupon; 2% to 9/12, 4% to 9/20, 5.25% thereafter.
U.S. agency	999,000	Variable coupon based on 3 month LIBOR+1.5% if 3 month LIBOR is between 0% and 7%.
U.S. agency	315,507	Step-up coupon; 2% to 11/13; 4% to 11/16, 6% to 11/19, 8% to 11/22; 10% to 11/25.
U.S. agency	245,791	Step-up coupon; 1.25% to 4/12; 2% to 4/13, 3% to 4/14, 4% to 4/15; 5.05% thereafter.
U.S. agency	995,722	Step-up coupon; 1.75% to 6/14; 6% thereafter.
U.S. agency	444,786	Variable coupon based on 3 month LIBOR +.10%.
Corporate	98,500	Variable coupon based on 3 month LIBOR +1% to 2/12; thereafter 3 month LIBOR +1% if LIBOR is between 0% and 7%.
Other	<u>217,065</u>	Step-up coupon; 2.75% to 7/13, 3.5% to 7/17, 4% to 7/19, 5% to 7/20.
	<u>\$ 9,809,392</u>	

Inclusive of the highly interest rate sensitive debt securities identified above, the pension trust fund holds the following amount of debt securities at December 31, 2011 that are highly sensitive to interest rate changes due to their risk of being called by the issuer and/or pre-paid by underlying mortgage holders: \$7,356,264 of U.S. government securities, \$8,413,748 of U.S. agency debt securities, \$2,493,720 of corporate debt securities and \$217,065 of other debt securities.

(3) Credit Risk

Credit risk is the risk that an issuer of debt securities or other counterparty to an investment will not fulfill its obligations.

Credit risk – non-pension investments – The County’s credit risk on its non-pension investments at December 31, 2011 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>
<u>Debt securities</u>		
Money market funds	\$ 60,537	Aaa
<u>Mutual funds:</u>		
Government fixed income	251,542	Not rated
Government fixed income	261,984	Not rated
Diversified fixed income	256,863	Aaa
Diversified fixed income	179,804	Aaa
Diversified fixed income	153,892	Not rated
Diversified fixed income	149,702	Not rated
U.S. Treasury STRIPS	560,824	Aaa
Total debt securities	<u>\$ 1,875,148</u>	

Although the above government fixed income mutual funds are not rated, these funds are invested in U.S. government, and its agencies, debt securities.

Credit risk – pension investments – Exposure to credit risk in the County pension trust fund at December 31, 2011 is as follows:

<u>Debt Securities</u>	<u>Fair Value</u>	<u>Credit Quality Ratings*</u>			
		<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
U.S. Treasury inflation protected securities	\$ 4,813,304	4,813,304	—	—	—
U.S. government securities	16,171,685	16,171,685	—	—	—
U.S. agency securities	8,413,748	8,413,748	—	—	—
Money market funds	5,511,406	5,511,406	—	—	—
Corporate bonds and notes	19,438,718	484,715	6,623,956	9,823,630	2,506,417
Other	878,963	878,963	—	—	—
Total	<u>\$ 55,227,824</u>	<u>36,273,821</u>	<u>6,623,956</u>	<u>9,823,630</u>	<u>2,506,417</u>
		66%	12%	18%	4%

* Expressed as Moody's credit quality ratings equivalents.

U.S. government securities consist of U.S. Treasury, GNMA, Fannie Mae and Freddie Mac debt securities.

On September 7, 2008, the Federal Housing Finance Agency (FHFA) placed Fannie Mae (the Federal National Mortgage Association) and Freddie Mac (the Federal Home Loan Mortgage Corporation) in conservatorship. The U.S. Treasury has put in place a set of financing agreements to ensure that these government-sponsored enterprises continue to meet their obligations to holders of bonds that they have issued or guaranteed. As a result, the County's investments in Fannie Mae and Freddie Mac debt are reported herein as equivalent to U.S. government securities.

U.S. agency securities are considered implicitly, though not explicitly, guaranteed by the U.S. government and so are reported distinctly from U.S. government securities.

(4) Concentration of Credit Risk

Concentration of credit risk is the risk of loss that is attributed to the magnitude of the County's investment in the debt securities of a single issuer.

The County does not hold more than five percent of its investments as of December 31, 2011 in any one issuer, other than investments issued or explicitly guaranteed by the U.S. government.

(5) Foreign Currency Risk

Foreign currency risk – pension investments – Foreign currency risk is the risk that the fair value of such securities will be adversely affected by changes in exchange rates. The pension trust fund is exposed to foreign currency risk through a \$7,262,767 investment at fair value in an international equity mutual fund as of December 31, 2011. The equity fund's objective is to invest at least 80 percent of its net assets in equity securities of companies located in at least three countries other than the U.S.

3. Real Estate Taxes

Real estate taxes attach as an enforceable lien on property as of January 1 and are levied on March 1 and fund operations in the year of levy. The County bills these taxes which are collected by elected tax collectors. Taxes paid through April 30 are given a two percent discount. Amounts paid after June 30 are assessed a 10 percent penalty. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on bonded debt. For 2011, County real estate taxes were levied at the rate of 1.902 mills for general County purposes.

An additional levy was approved by the electorate for the County library system at 0.143 mills. This tax is accounted for as an agency transaction and the associated library taxes receivable, deferred taxes and tax revenues are not recognized by the County.

4. Receivables

Amounts due from other governments are primarily grants receivable from the Commonwealth of Pennsylvania as of December 31, 2011, which are expected to be collected within one year.

The County nursing home has \$3,977,741 in net patient accounts receivable as of December 31, 2011, which is primarily a Medical Assistance reimbursement receivable from the Commonwealth of Pennsylvania. The cost reimbursements receivable is subject to audit and final determination by the Department of Public Welfare. The County nursing home recorded an allowance for doubtful accounts of \$705,279 against the gross patient accounts receivable. Of the County nursing home's patient accounts receivable, \$68,663 is expected to be collected beyond one year.

Taxes receivable is reduced by an allowance for uncollectible accounts of \$632,233 for 2011 which is determined by a review of account status. Of the County's delinquent taxes receivable, \$362,000 is expected to be collected beyond one year.

Court costs and fines receivable are collectible balances on the day they are imposed through the County's court system. The County collects these balances through the Clerk of Court and the probation offices. Court costs and fines receivable as of December 31, 2011 is \$8,467,088. Of that balance, the County has recognized an allowance for doubtful accounts of \$7,003,493. Of the County's court costs and fines receivable, \$658,394 is expected to be collected beyond one year.

5. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Sales and Other Dispositions *	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,503,264	—	—	2,503,264
Construction in progress	21,245,748	3,875,348	(21,103,700)	4,017,396
Agricultural easements	7,689,173	437,523	—	8,126,696
Total capital assets, not being depreciated	<u>31,438,185</u>	<u>4,312,871</u>	<u>(21,103,700)</u>	<u>14,647,356</u>
Capital assets, being depreciated:				
Buildings and systems	40,915,654	22,195,422	(1,716)	63,109,360
Improvements other than buildings	80,106	1,152,806	—	1,232,912
Machinery and equipment	14,309,399	1,493,955	(444,680)	15,358,674
Bridges	9,714,049	—	—	9,714,049
Total capital assets being depreciated	<u>65,019,208</u>	<u>24,842,183</u>	<u>(446,396)</u>	<u>89,414,995</u>
Less accumulated depreciation for:				
Buildings and systems	(25,391,298)	(1,277,053)	266	(26,668,085)
Improvements other than buildings	(60,722)	(31,028)	—	(91,750)
Machinery and equipment	(8,493,858)	(1,419,363)	424,651	(9,488,570)
Bridges	(5,943,295)	(124,579)	—	(6,067,874)
Total accumulated depreciation	<u>(39,889,173)</u>	<u>(2,852,023)</u>	<u>424,917</u>	<u>(42,316,279)</u>
Total capital assets, being depreciated, net	<u>25,130,035</u>	<u>21,990,160</u>	<u>(21,479)</u>	<u>47,098,716</u>
Governmental activities capital assets, net	<u>\$ 56,568,220</u>	<u>26,303,031</u>	<u>(21,125,179)</u>	<u>61,746,072</u>

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

5. Capital Assets

	Beginning Balance	Additions	Sales and Other Dispositions*	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,864,298	—	(1,864,298)	—
Total capital assets, not being depreciated	1,864,298	—	(1,864,298)	—
Capital assets, being depreciated:				
Buildings and systems	27,465,378	698,697	(131,224)	28,032,851
Improvements other than buildings	671,463	—	—	671,463
Machinery and equipment	13,998,187	5,906,008	(4,500,752)	15,403,443
Total capital assets being depreciated	42,135,028	6,604,705	(4,631,976)	44,107,757
Less accumulated depreciation for:				
Buildings and systems	(14,987,621)	(1,018,878)	96,340	(15,910,159)
Improvements other than buildings	(381,960)	(41,445)	—	(423,405)
Machinery and equipment	(11,294,026)	(1,152,869)	4,187,831	(8,259,064)
Total accumulated depreciation	(26,663,607)	(2,213,192)	4,284,171	(24,592,628)
Total capital assets, being depreciated, net	15,471,421	4,391,513	(347,805)	19,515,129
Business-type activities capital assets, net	\$ 17,335,719	4,391,513	(2,212,103)	19,515,129

* The balance of sales and other dispositions includes disposals, transfers and asset classification changes.

	Beginning Balance	Additions	Sales and Other Dispositions	Ending Balance
Component units:				
Capital assets, not being depreciated:				
Land	\$ —	2,000,000	—	2,000,000
Total capital assets, not being depreciated	—	2,000,000	—	2,000,000
Capital assets, being depreciated:				
Machinery and equipment	198,338	—	(18,752)	179,586
Total capital assets being depreciated	198,338	—	(18,752)	179,586
Less accumulated depreciation for:				
Machinery and equipment	(159,520)	(10,770)	18,752	(151,538)
Total accumulated depreciation	(159,520)	(10,770)	18,752	(151,538)
Total capital assets, being depreciated, net	38,818	(10,770)	—	28,048
Component unit capital assets, net	\$ 38,818	1,989,230	—	2,028,048

5. Capital Assets

Depreciation expense was charged to the functions/programs of the County in 2011 as follows:

Governmental activities:

General government - administrative	\$	1,508,359
General government - judicial		193,012
Public safety		811,742
Roads and bridge maintenance		124,579
Recycling and waste management		71,242
Human services:		
Mental health/intellectual and developmental disabilities		22,728
Children and youth		43,195
Food and shelter		20,867
Office of aging		14,143
Other		26,254
Conservation		3,892
Economic development and assistance		12,010
Total depreciation expense - governmental activities	\$	<u><u>2,852,023</u></u>

Business-type activities:

Emergency telephone	\$	830,224
Hazardous materials protection		73,874
Transportation services		261,157
County nursing home		1,033,319
Early learning center		14,618
Total depreciation expense - business-type activities	\$	<u><u>2,213,192</u></u>

6. Interfund and Transfer Accounts

The composition of interfund balances at December 31, 2011 follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Children and Youth	\$ 3,142,895
	HealthChoices-Cumberland County	43,094
	MH/IDD	716,897
	Capital Projects	123,842
	County Nursing Home	1,757,488
	Emergency Telephone	384,234
	Non-major governmental funds	2,496,573
	Non-major proprietary funds	129,371
Capital Projects	Emergency Telephone	190,574
Non-major governmental funds	General	1,282,712
	Non-major governmental funds	322,041
Nursing Home	Non-major proprietary fund	3,355
Non-major proprietary funds	General	91,351
	MH/IDD	117,504
	Non-major governmental funds	27,721
Internal Service Fund	General	941,964
Total		<u>\$ 11,771,616</u>

Interfund payable balances for the governmental and proprietary funds are the result of normal business processes at the County where the general fund pays outstanding bills, invoices and payroll on their behalf. The general fund is reimbursed biweekly, or as funds become available.

Transfers from the general fund are used, in part, to help finance various grant programs in other funds. Additionally, transfers are used to subsidize operations such as the Early Learning Center, emergency telephone and hazardous materials programs. Transfers are also used to move unrestricted funds from the general fund to pay debt service.

The composition of interfund transfers for the year ended December 31, 2011 follow:

Transfer out:	Transfer In:							Total
	General Fund	MH/IDD	Children and Youth	Capital Projects	Governmental Non-major	Emergency Telephone	Business-type Non-major	
General Fund	\$ -	407,899	2,658,309	621,886	4,470,967	2,253,814	375,352	10,788,227
MH/IDD	6,000	-	-	-	-	-	-	6,000
Children and Youth	-	113,355	-	-	22,478	-	-	135,833
Capital Projects	-	-	-	-	441,460	-	-	441,460
Non-major governmental funds	145,286	-	-	361,388	2,252,605	-	-	2,759,279
Emergency Telephone	-	-	-	497,950	-	-	-	497,950
Total transfer out:	\$ <u>151,286</u>	<u>521,254</u>	<u>2,658,309</u>	<u>1,481,224</u>	<u>7,187,510</u>	<u>2,253,814</u>	<u>375,352</u>	<u>14,628,749</u>

7. Long-term Liabilities

The following is a summary of the changes in the County’s long-term liabilities for the year ended December 31, 2011:

<u>Liability</u>	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
Bonds	\$ 31,636,153	18,000,000	1,413,379	48,222,774	2,190,587
Notes	4,079,401	-	366,085	3,713,316	245,214
Deferred amount on refundings	(623,111)	-	(74,924)	(548,187)	-
Premium (discount) on bonds and notes	198,897	561,838	35,458	725,277	-
Total bonds and notes payable	<u>35,291,340</u>	<u>18,561,838</u>	<u>1,739,998</u>	<u>52,113,180</u>	<u>2,435,801</u>
Sick and vacation	3,609,038	3,701,446	3,593,658	3,716,826	288,318
Other Postemployment Benefit Obligations	354,779	196,758	74,528	477,009	-
Capital leases	722	-	722	-	-
Licensing agreements	-	284,633	26,434	258,199	79,302
Governmental activities long- term liabilities	<u>\$ 39,255,879</u>	<u>22,744,675</u>	<u>5,435,340</u>	<u>56,565,214</u>	<u>2,803,421</u>
Business-type activities:					
Bonds and notes payable:					
Bonds	\$ 2,663,847	-	866,621	1,797,226	894,413
Notes	15,904,064	-	1,232,275	14,671,789	1,283,101
Deferred amount on refundings	(248,275)	-	(41,780)	(206,495)	-
Premium (discount) on notes	43,532	-	16,652	26,880	-
Total bonds and notes payable	<u>18,363,168</u>	<u>-</u>	<u>2,073,768</u>	<u>16,289,400</u>	<u>2,177,514</u>
Sick and vacation	882,459	1,236,634	1,229,446	889,647	69,508
Other Postemployment Benefit Obligations	173,324	95,904	36,327	232,901	-
Workers' compensation	1,087,652	315,848	411,249	992,251	178,605
Business-type activities long-term liabilities	<u>\$ 20,506,603</u>	<u>1,648,386</u>	<u>3,750,790</u>	<u>18,404,199</u>	<u>2,425,627</u>
Component unit:					
Sick and vacation	\$ 49,727	31,894	40,475	41,146	2,310
Other Postemployment Benefit Obligations	4,073	2,063	781	5,355	-
Component unit Long-term liabilities	<u>\$ 53,800</u>	<u>33,957</u>	<u>41,256</u>	<u>46,501</u>	<u>2,310</u>

For the governmental activities, bonds and notes are exclusively liquidated by the general fund transferring amounts to the debt service fund for principal and interest payments. Sick and vacation liabilities and capital lease obligations are liquidated by the individual funds to which the related expenditures are charged. Sick and vacation liabilities and capital lease obligations reported in the County’s governmental activities are primarily funded by the County’s general fund.

In 2011, the County entered into a five year licensing agreement for software rights payable in equal installments through 2015 to be funded by the County’s general fund.

The County issues general obligation bonds and notes to provide funds primarily for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities.

The County is subject to federal arbitrage laws governing the use of proceeds of tax exempt debt. There was no arbitrage payable due as of December 31, 2011.

All bonds and notes outstanding at December 31, 2011 are general obligation debt supported by the full faith and credit of the County and are summarized as follows:

	Interest Rate	Final Maturity	Original Issue	Governmental Activities	Business- type Activities
G.O. note – 2003 issue	5.857%	2022	\$ 715,000	715,000	—
G.O. notes – 2005 issue	2.6% - 5%	2021	15,650,000	943,211	9,456,789
G.O. notes – 2007 issue	3.6% - 4.1%	2020	6,610,000	—	5,215,000
G.O. bonds – 2008 issue	2% - 4.4%	2028	18,500,000	15,891,080	583,920
G.O. bonds – 2009 issue	1.5% - 3%	2019	9,995,000	4,481,694	1,213,306
G.O. note – 2009 issue	3.5% *	2029	2,500,000	2,055,105	—
G.O. bonds – 2010 issue	1.75% - 2.25%	2019	9,850,000	9,850,000	—
G.O. bonds – 2011 issue	2% - 5%	2031	18,000,000	18,000,000	—
Long-term debt at December 31, 2011				51,936,090	16,469,015
Deferred amount on refundings				(548,187)	(206,495)
Net premium on debt				725,277	26,880
Net long-term debt at December 31, 2011				<u>\$ 52,113,180</u>	<u>16,289,400</u>

* The interest rate is fixed at the rate of 3.50% per year until December 31, 2019. After that, the interest rate shall be 80% of the Wall Street Journal Prime Rate, not to exceed 12%.

In 2003, the County entered into a \$715,000 long-term installment purchase of an agricultural easement. Repayment will be budgeted for in the general fund.

Of the outstanding balance of the 2005 note issue at December 31, 2011, \$4,243,341 of the principal has been accounted for in the County nursing home fund, \$5,213,448 has been accounted for in the emergency telephone fund, and \$943,211 benefits, and therefore repayment will be budgeted from, the general fund.

Of the outstanding balance at December 31, 2011 of the 2007 note issue, \$4,256,483 has been accounted for in the County nursing home fund and \$958,517 has been accounted for in the emergency telephone fund.

Of the outstanding balance at December 31, 2011 of the 2008 bond issue, \$583,920 has been accounted for in the emergency telephone fund and \$15,891,080 benefits, and therefore repayment will be budgeted from, the general fund.

Of the outstanding balance at December 31, 2011 of the 2009 bond issue, \$415,947 has been accounted for in the emergency telephone fund, \$797,359 has been accounted for in the County nursing home, and \$4,481,694 benefits, and therefore repayment will be budgeted from, the general fund.

Of the outstanding balance at December 31, 2011 of the 2009 note issue, \$2,055,105 benefits, and therefore repayment will be budgeted from, the general fund.

Of the outstanding balance at December 31, 2011 of the 2010 bond issue, \$9,850,000 benefits, and therefore repayment will be budgeted from, the general fund.

In 2011, the County issued general obligation bonds, series 2011 in the amount of \$18,000,000 to fund the construction, renovation, improvement, alteration, equipping, and/or furnishing of the existing Prison, constituting the second and final phase of the work. Of the outstanding balance at December 31, 2011, of the 2011 bond issue, \$18,000,000 benefits, and therefore repayment will be budgeted from, the general fund.

In 2011, the County’s 2006 series of general obligation bonds, which in 2010 had been advance refunded and defeased, were called and fully paid.

The County’s December 31, 2011 net nonelectoral debt limit and combined net nonelectoral debt and net lease rental debt limit are \$403,241,407 and \$560,043,753 respectively.

The annual debt service requirements for the next five years and thereafter, in five-year increments, on long-term debt outstanding as of December 31, 2011, including interest payments, are as follows:

		Governmental Activities		Business-type Activities	
		Principal	Interest	Principal	Interest
2012	\$	2,435,802	1,698,454	2,177,514	611,390
2013		2,655,506	1,628,621	2,241,741	528,296
2014		3,765,535	1,540,222	1,395,581	462,745
2015		3,868,716	1,441,670	1,451,407	407,899
2016		3,961,054	1,342,746	1,508,060	348,710
2017-2021		14,992,636	5,063,596	7,694,712	775,449
2022-2026		11,887,536	2,851,575	—	—
2027-2031		8,369,305	702,542	—	—
Total	\$	51,936,090	16,269,426	16,469,015	3,134,489

8. Leases

A. Operating

The County leases office equipment for various County offices and building space for certain County and magisterial district judge offices. The County’s office equipment lease terms range from three to five years.

The County’s building leases contain scheduled rents payable. Building leases have expiration dates extending through 2021. Total expenses for such leases were \$709,697 for the year ended December 31, 2011.

The following is a schedule of future minimum lease payments for operating leases with initial or remaining terms in excess of one year as of December 31, 2011:

<u>Year Ending December 31</u>	<u>Lease Payments</u>
2012	\$ 615,137
2013	575,076
2014	540,326
2015	434,581
2016	317,153
2017-2021	690,308
Total	<u>\$ 3,172,581</u>

B. Capital Lease Obligation

In 2011, the County satisfied all capital lease obligations and has no net book value of assets under active capital leases as of December 31, 2011.

9. Other Postemployment Benefits (OPEB)

The County reports the recognition in government-wide and proprietary fund financial statements of earned other postemployment benefits as part of the compensation package of active employees for services rendered. The cost and obligation for other postemployment benefits are required to be measured by an actuarial valuation.

Plan Description

Cumberland County sponsors and administers a postemployment benefits plan entitled Cumberland County Retiree Medical Plan (OPEB Plan). It is a single-employer plan that covers health insurance benefits where County retirees and their beneficiaries may continue to participate in the County’s health coverage. The County’s health coverage is provided through an insurance company.

To be eligible to receive the benefits of the health insurance plan, a retiree must be receiving annuity payments from the Cumberland County Retirement Plan. The County Commissioners established the OPEB Plan and may amend the OPEB Plan at any time. The County is under no statutory or contractual obligation to provide this postemployment benefit.

Retirees opting to participate are asked to pay a premium amount that is less than the County’s actual cost to provide health care coverage to retirees. The premium amount retirees pay is a blended rate for covering both active and retired OPEB Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as an “implicit rate subsidy” by the County, which gives rise to the benefit.

Membership of the OPEB Plan consisted of the following at January 1, 2011:

	<u>Membership</u>
Retirees and beneficiaries receiving benefits	38
Active employees	<u>1,170</u>
Total membership	<u><u>1,208</u></u>

Because the OPEB Plan relates solely to the County’s decision to provide other postemployment benefits through the payment of the implied subsidy by extending medical benefits to retirees at the above mentioned blended rate, no stand-alone financial report for the plan is available. The OPEB Plan is not included in the financial report of another entity.

Funding Policy

The County funds OPEB Plan liabilities on a “pay-as-you-go” basis, and has not established an OPEB trust fund to accumulate assets to fund Plan obligations. The County has no statutory or contractual obligation to fund the OPEB Plan and only does so at the County’s discretion. The County funds the implicit rate subsidy through the payment of health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

The County’s annual OPEB cost (expense) is calculated based on the actuarially determined annual required contribution (ARC) of the County. The ARC represents a funding level that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over 30 years.

The following table shows the components of the County reporting entity’s annual OPEB cost for the year, the amount actually contributed to the OPEB Plan, and changes in the County’s net OPEB obligation:

	<u>2011</u>
Employer normal cost	\$ 168,544
Amortization of unfunded actuarial accrued liability	<u>135,673</u>
Annual required contribution	304,217
Interest on the net OPEB obligation	21,287
Adjustment to the ARC	<u>(30,779)</u>
Annual OPEB cost	294,725
Contributions made	<u>(111,636)</u>
Increase in net OPEB obligation	183,089
Net OPEB obligation, beginning of year	<u>532,176</u>
Net OPEB obligation, end of year	<u><u>\$ 715,265</u></u>

The percentage of OPEB cost contributed for 2009 through 2011 is as follows.

Year ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
12/31/2009	\$269,852	30.72%	\$365,007
12/31/2010	\$266,788	37.34%	\$532,176
12/31/2011	\$294,725	37.88%	\$715,265

Funding Status and Funding Progress

The County’s actuarial accrued liability (AAL) for other postemployment benefits as of January 1, 2011, is \$2,345,778. There are no OPEB Plan assets as of that date, thus, the entire amount is unfunded. There is no plan to fund the outstanding AAL.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2011	-	\$2,345,778	\$2,345,778	-	\$51,216,467	4.58%

Actuarial Methods and Assumptions

Among the actuarial methods and assumptions used in the actuarial valuation are: (a) the projected unit credit cost method, (b) amortization of the unfunded actuarial accrued liability over 30 years, (c) a four percent discount rate based on an assumed three percent general inflation rate (this is assumed to be the long-term expected rate of return on non-Plan assets), (d) a health care inflation rate that begins at nine percent in 2011 trending to five percent by 2016, (e) the amortization method for the most recent actuarial valuation is the level dollar method with an open period.

Actuarial evaluations on an ongoing basis involve estimates of the reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point in time.

Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities.

The required schedule of funding progress in the required supplementary information (RSI) immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability

for benefits. However, because the County maintains no OPEB Plan assets, information relative to Plan asset disclosures is not applicable.

10. Cumberland County Retirement Plan

A. Plan Description

Cumberland County’s Employees’ Retirement Trust Fund (the Plan) is a single-employer defined benefit pension plan covered by the County Pension Law Act 96 of 1971 of the General Assembly of the Commonwealth of Pennsylvania, as amended. The Plan is reported as a pension trust fund in the accompanying basic financial statements and does not issue a stand-alone report.

As of December 31, 2011, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries receiving benefits	493
Terminated plan members entitled to but not yet receiving benefits	102
Active plan members	<u>1,159</u>
Total	<u>1,754</u>

All full-time employees are required to participate in the Plan. The pension plan provides pension benefits for normal retirement at age 60 (or 55 with 20 years of service) based on a formula including final average salary and years of credited service, in addition to the member’s accumulated contribution to the Plan. The County share of the annual benefit is from one percent to 1.429 percent (depending on the date the employee entered into the plan) of the average of the employee’s three highest annual salaries times the years of service. Early retirement is available upon 20 years of service or after eight years if involuntary termination. Members become vested after five years of service. County employees who terminate and choose to remain vested after five years of credited service will receive a deferred annuity commencing at retirement age. The Plan also provides for death and disability benefits. Cost-of-living adjustments for pensioners are provided at the discretion of the Retirement Board and must be reviewed once every three years.

B. Summary of Significant Accounting Policies

Financial information of the Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period the contributions are due. County contributions to the Plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments of the Plan are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price.

C. Funding Policy and Contributions

As a condition of participation, employees are required to contribute five percent of their salary as stipulated in the County Pension Law. Employees may elect to contribute up to 15 percent of their salary. Interest is credited to the employee’s account each year at the annual rate of four percent as voted upon by the County Retirement Board.

For 2011, the County’s annual pension cost of \$5,431,024 was equal to the County’s required and actual contribution. The required contribution was determined as part of the January 1, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5 percent

investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of three percent and (c) projected salary increases due to seniority/merit increases of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The County’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011, was 23 years.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the Plan and funded from investments earnings.

Three year trend information for the Cumberland County Retirement Plan is as follows:

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 4,327,851	100%	–
12/31/10	4,962,317	100%	–
12/31/11	5,431,024	100%	–

The schedule of funding progress for the Plan as of the most recent actuarial valuation date is as follows:

<u>(1)</u> <u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>(2)</u> <u>Actuarial</u> <u>Value</u> <u>of Assets</u>	<u>(3)</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability-</u> <u>Entry Age</u>	<u>(4)</u> <u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>(5)</u> <u>Funded</u> <u>Ratio</u> <u>(2/3)</u>	<u>(6)</u> <u>Covered</u> <u>Payroll</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>(4/6)</u>
1/1/12	\$130,552,816	\$ 165,287,333	\$34,737,517	79.0%	\$ 52,556,332	66.1%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial liabilities for benefits.

D. Historical Trend Information

Historical trend information for the Plan is presented as required supplementary information on page 94 of this report.

11. Litigation

The County is involved in several lawsuits arising in the normal course of business. It is the County solicitor’s opinion that the aggregate amount of potential claims not covered by insurance resulting from actions against the County would not materially affect the financial position of the County at December 31, 2011.

12. Commitments and Contingencies

Commitments

The County has significant contractual commitments related to various construction projects. At December 31, 2011, the County’s commitments are as follows:

<u>Project</u>	<u>Expended Through December 31, 2011</u>	<u>Remaining Commitment</u>
Prison Expansion - Phase II	\$ 4,459,122	15,290,453
Craigshead Bridge Replacement	132,018	450,624
Ritner Highway Property Renovations	274,449	220,513

The County’s prison expansion and Ritner Highway Property renovation have been financed with long-term debt through December 31, 2011. The Craigshead Bridge Replacement is funded through Liquid Fuels tax proceeds.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

13. Self-Insurance

Workers’ Compensation

The County has established a workers’ compensation fund (an internal service fund) to account for and finance its uninsured risks of loss due to employee claims. Under this program, the workers’ compensation fund provides coverage for up to a maximum of \$400,000 for each individual worker’s compensation occurrence. The County purchases commercial insurance for claims in excess of coverage provided by the fund. Settled claims have not exceeded this commercial coverage in the last three years.

All County employees are covered by the workers’ compensation fund. Elected officials, excluding the Coroner, are not covered by workers’ compensation. The County funds the program by making payments to the workers’ compensation fund from various County departments/funds based upon estimates of the amounts needed to pay prior and current year claims. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Liabilities for claims do not include non-incremental claims adjustment expenses. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors.

Changes in the fund’s claims liability (net of excess insurance) for the years ended December 31, 2011 and December 31, 2010, were:

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2011	\$ 1,087,652	469,218	(153,370)	138,628	272,621	992,251
2010	\$ 1,195,365	545,109	(288,257)	164,090	200,475	1,087,652

Health Reimbursement Arrangement

Beginning January 1, 2009, the County instituted a health reimbursement arrangement in conjunction with the adoption of a high deductible health insurance plan. Under the health reimbursement arrangement, the County pays eligible health insurance claims covering up to the \$3,000 deductible for individual employees opting to enroll and contribute towards the employee buy-up health plan option. The County estimates claim liabilities at year-end based on its history of incurred but not reported claims submitted after year-end. Claims may be submitted no more than 90 days after year-end. Claim adjustment expenses are not incurred.

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2011	\$ 85,577	874,386	-	925,842	16,095	18,026
2010	\$ 89,078	1,026,247	1,190	923,327	107,611	85,577

Dental Plan

Beginning January 1, 2010, the County began self-insuring for employee dental coverage with administration through a third-party. Under the dental plan, the County pays a share of eligible dental insurance claims up to \$1,000 annually. The County estimates claim liabilities at year-end based on its history of incurred but not reported claims submitted after year-end. Claims may be submitted no more than one year after year-end. Claim adjustment expenses are not incurred. Effective January 1, 2012 the County contracted with a dental insurance provider for this employee benefit.

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2011	\$ 15,544	591,520	-	476,912	35,000	95,152
2010	\$ -	477,371	-	461,827	-	15,544

14. Subsequent Event

Reclassification of County to Third Class

With a population of 235,406 according to the 2010 census, Cumberland County was certified to move from a fourth class to a third class county by the Governor on June 10, 2011. This reclassification becomes effective January 1, 2012.

This change of class will affect county residents in two significant ways: 1) The County will phase out the *per capita* tax within four years, and 2) The County commissioners will hand over supervisory power over assessment to a board of appeals, appointed by the commissioners.

Required Supplementary Information

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

General Fund

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Taxes:				
Real estate taxes	\$ 42,625,525	42,625,525	42,094,128	(531,397)
Per capita taxes	665,419	665,419	653,073	(12,346)
Library taxes	3,198,253	3,198,253	3,161,071	(37,182)
Licenses and permits	100,200	100,200	104,492	4,292
Grants	3,877,660	3,877,660	3,652,387	(225,273)
County charges	11,917,744	11,917,744	11,666,338	(251,406)
Court costs, fines, and forfeitures	895,600	895,600	1,020,812	125,212
Interest	288,899	288,899	330,732	41,833
Contributions and other	179,800	179,800	227,415	47,615
Payment in lieu of taxes	126,209	126,209	128,359	2,150
Total revenues	63,875,309	63,875,309	63,038,807	(836,502)
Expenditures:				
Current:				
General government – administrative:				
Commissioners	781,307	786,575	761,243	25,332
Solicitors	366,661	366,554	357,569	8,985
Elections	938,371	937,717	875,243	62,474
Controller	1,112,731	1,106,824	1,083,736	23,088
Finance office	823,499	838,768	818,061	20,707
Tax claims	250,298	255,615	244,913	10,702
Treasurer	288,498	289,222	286,242	2,980
Tax collectors administration	480,500	459,959	371,396	88,563
Personnel	538,220	524,232	480,115	44,117
Tax assessment	1,390,962	1,354,367	1,271,843	82,524
Recorder of Deeds	560,906	505,448	457,402	48,046
Administrative services	180,684	122,372	70,041	52,331
Information management and technology office	1,964,173	2,072,500	1,581,192	491,308
Enterprise resource management office	533,518	589,611	474,922	114,689
Insurance	332,875	332,875	330,051	2,824
Human services fiscal operations	164,033	162,509	162,052	457
County buildings	2,850,616	2,980,838	2,506,589	474,249
Planning	732,541	755,857	677,452	78,405
Pooled reserves-program innovation, improvements and contingencies	950,000	370,661	—	370,661
Pooled reserves-contingencies	1,000,000	129,538	—	129,538
Debt retirement	7,725	7,735	3,485	4,250
Homestead	26,251	55,251	47,755	7,496
Uniform Parcel Identifier	98,369	85,355	80,878	4,477
Program subsidy	124,300	124,300	115,162	9,138
Total general government – administrative	16,497,038	15,214,683	13,057,342	2,157,341
General government – judicial:				
Building security	385,574	388,079	368,338	19,741
Courts	2,960,668	3,424,172	3,212,868	211,304
Court appointed advocate	155,526	152,331	149,639	2,692
District judges	3,072,859	3,152,507	3,064,618	87,889
Law library	231,171	268,050	267,867	183
Clerk of Court	745,953	746,922	728,315	18,607
Coroner	744,088	771,338	722,246	49,092

(Continued)

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

General Fund

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Expenditures (continued):				
Current (continued):				
General government - judicial (continued):				
Public defender	\$ 1,130,427	1,078,972	1,049,194	29,778
District Attorney	2,059,557	1,999,641	1,953,931	45,710
Prothonotary	587,037	575,101	534,945	40,156
Register of Wills	500,593	490,821	453,440	37,381
Sheriff	2,623,799	2,660,261	2,569,608	90,653
Total general government – judicial	<u>15,197,252</u>	<u>15,708,195</u>	<u>15,075,009</u>	<u>633,186</u>
Public safety:				
DA crime investigation	557,471	513,995	490,237	23,758
DA justice services	288,604	302,986	300,270	2,716
DA Paul Coverdell grant	—	285,254	285,254	—
Prison	12,089,310	12,181,905	11,843,525	338,380
Probation and parole	5,108,065	5,092,269	4,941,148	151,121
Emergency management & communications	394,557	414,274	383,862	30,412
Vector control	238,466	221,267	196,498	24,769
Fire training	30,352	30,412	19,528	10,884
Public safety	388,796	301,692	271,185	30,507
Total public safety	<u>19,095,621</u>	<u>19,344,054</u>	<u>18,731,507</u>	<u>612,547</u>
Human services	230,930	230,862	220,886	9,976
Culture and recreation	4,250,063	4,201,387	4,077,636	123,751
Conservation and development	692,378	1,001,891	918,747	83,144
Economic development	3,017,908	3,017,905	2,375,683	642,222
Total expenditures	<u>58,981,190</u>	<u>58,718,977</u>	<u>54,456,810</u>	<u>4,262,167</u>
Excess of revenues over expenditures	<u>4,894,119</u>	<u>5,156,332</u>	<u>8,581,997</u>	<u>3,425,665</u>
Other financing sources (uses):				
Transfers in	211,813	211,813	225,087	13,274
Transfers out	(11,112,311)	(11,374,524)	(11,076,021)	298,503
Total other financing uses	<u>(10,900,498)</u>	<u>(11,162,711)</u>	<u>(10,850,934)</u>	<u>311,777</u>
Net change in fund balance	<u>(6,006,379)</u>	<u>(6,006,379)</u>	<u>(2,268,937)</u>	<u>3,737,442</u>
Fund balance, beginning of year	<u>23,241,166</u>	<u>23,241,166</u>	<u>30,904,334</u>	<u>7,663,168</u>
Fund balance, end of year	<u>\$ 17,234,787</u>	<u>17,234,787</u>	<u>28,635,397</u>	<u>11,400,610</u>

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

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

Mental Health/Intellectual and Developmental Disabilities *For the fiscal year ended June 30, 2011*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 17,945,122	16,858,010	15,684,108	(1,173,902)
County charges	170,686	1,202,259	1,293,168	90,909
Interest	25,000	25,000	22,974	(2,026)
Contributions and other	108,939	108,939	105,689	(3,250)
Total revenues	18,249,747	18,194,208	17,105,939	(1,088,269)
Expenditures:				
Current:				
Human services	18,870,150	18,814,111	17,626,800	1,187,311
Capital outlay	17,000	17,500	3,871	13,629
Total expenditures	18,887,150	18,831,611	17,630,671	1,200,940
Deficiency of revenues under expenditures	(637,403)	(637,403)	(524,732)	112,671
Other financing sources (uses):				
Transfers in	663,403	663,403	567,396	(96,007)
Transfers out	(26,000)	(26,000)	(6,000)	20,000
Total other financing sources (uses)	637,403	637,403	561,396	(76,007)
Net change in fund balance	—	—	36,664	36,664
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	36,664	36,664

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

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

Children and Youth

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 11,888,859	11,888,859	10,407,359	(1,481,500)
County charges	383,022	383,022	353,031	(29,991)
Contributions and others	500	500	258	(242)
Total revenues	<u>12,272,381</u>	<u>12,272,381</u>	<u>10,760,648</u>	<u>(1,511,733)</u>
Expenditures:				
Current:				
Human services	14,506,492	14,558,377	12,981,882	1,576,495
Capital outlay	94,492	38,171	25,374	12,797
Total expenditures	<u>14,600,984</u>	<u>14,596,548</u>	<u>13,007,256</u>	<u>1,589,292</u>
Deficiency of revenues under expenditures	<u>(2,328,603)</u>	<u>(2,324,167)</u>	<u>(2,246,608)</u>	<u>77,559</u>
Other financing sources (uses):				
Transfers in	2,495,723	2,495,723	2,418,164	(77,559)
Transfers out	(167,120)	(171,556)	(171,556)	—
Total other financing sources (uses)	<u>2,328,603</u>	<u>2,324,167</u>	<u>2,246,608</u>	<u>(77,559)</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

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

HealthChoices-Cumberland County

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 31,516,255	31,516,255	27,586,184	(3,930,071)
Interest	1,000	1,000	1,843	843
Total revenues	<u>31,517,255</u>	<u>31,517,255</u>	<u>27,588,027</u>	<u>(3,929,228)</u>
Expenditures:				
Current:				
Human services	31,517,255	31,517,255	27,553,305	3,963,950
Total expenditures	<u>31,517,255</u>	<u>31,517,255</u>	<u>27,553,305</u>	<u>3,963,950</u>
Excess of revenues over expenditures	<u>—</u>	<u>—</u>	<u>34,722</u>	<u>34,722</u>
Other financing uses:				
Transfers out	—	—	—	—
Total other financing uses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>34,722</u>	<u>34,722</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>34,722</u>	<u>34,722</u>

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

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

Capital Projects

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 1,600,000	1,600,000	1,189,142	(410,858)
Interest	176,400	176,400	41,816	(134,584)
Total revenues	<u>1,776,400</u>	<u>1,776,400</u>	<u>1,230,958</u>	<u>(545,442)</u>
Expenditures:				
Current:				
General government-administrative	172,207	211,689	174,149	37,540
Capital outlay	3,727,565	6,929,689	5,718,653	1,211,036
Payments to other governments	323,154	313,860	75,179	238,681
Total expenditures	<u>4,222,926</u>	<u>7,455,238</u>	<u>5,967,981</u>	<u>1,487,257</u>
Deficiency of revenues under expenditures	<u>(2,446,526)</u>	<u>(5,678,838)</u>	<u>(4,737,023)</u>	<u>941,815</u>
Other financing sources (uses):				
Transfer in	311,710	1,576,710	1,481,224	(95,486)
Transfer out	—	(441,500)	(441,460)	40
Proceeds from long term debt	—	18,000,000	18,000,000	—
Total other financing sources (uses)	<u>311,710</u>	<u>19,135,210</u>	<u>19,039,764</u>	<u>(95,446)</u>
Net change in fund balance	(2,134,816)	13,456,372	14,302,741	846,369
Fund balance, beginning of year	<u>1,609,573</u>	<u>1,609,573</u>	<u>1,948,613</u>	<u>339,040</u>
Fund balance, end of year	<u>\$ (525,243)</u>	<u>15,065,945</u>	<u>16,251,354</u>	<u>1,185,409</u>

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT AND OTHER POSTEMPLOYMENT
BENEFITS PLANS
COUNTY OF CUMBERLAND, PENNSYLVANIA

December 31, 2011

Retirement Plan Schedule of Funding Progress

(1) Actuarial Valuation Date	(2) Actuarial Value of Assets	(3) Actuarial Accrued Liability- Entry Age	(4) Unfunded Actuarial Accrued Liability	(5) Funded Ratio (2/3)	(6) Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4/6)
1/1/07	\$98,379,217	\$113,652,216	\$15,272,999	86.6%	\$43,083,443	35.4%
1/1/08	114,308,129	124,585,352	10,277,223	91.8%	45,483,821	22.6%
1/1/09	110,828,272	134,504,045	23,675,773	82.4%	48,315,850	49.0%
1/1/10	116,285,726	144,290,263	28,004,537	80.6%	49,902,927	56.1%
1/1/11	124,934,779	155,034,226	30,099,447	80.6%	51,838,529	58.1%
1/1/12	130,552,816	165,287,333	34,734,517	79.0%	52,556,332	66.1%

Retirement Plan Schedule of Employer's Contributions

Year Ended December 31	Annual Required Contribution	County Contribution	Percentage Contributed
2006	\$ 2,611,643	\$ 2,611,643	100%
2007	3,018,632	3,018,632	100%
2008	2,656,503	2,656,503	100%
2009	4,327,851	4,327,851	100%
2010	4,962,317	4,962,317	100%
2011	5,431,024	5,431,024	100%

The information presented in the above schedule was determined as part of the actuarial valuations of the Retirement Plan at the dates indicated.

In 2011, the County incurred \$5,431,024 of actuarially determined annual pension cost.

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT AND OTHER POSTEMPLOYMENT
BENEFITS PLANS
COUNTY OF CUMBERLAND, PENNSYLVANIA

December 31, 2011

Other Postemployment Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2008	-	\$ 2,061,392	\$ 2,061,392	-	\$ 44,752,526	4.60%
1/1/2009	-	2,034,841	2,034,841	-	47,625,680	4.27%
1/1/2010	-	2,274,265	2,274,265	-	49,104,480	4.63%
1/1/2011	-	2,345,778	2,345,778	-	51,216,467	4.58%

1. Budgetary Information

Formal budgetary accounting is employed as a management control in the County’s governmental funds. Annual operating budgets are adopted each year through the passage of an annual budget ordinance.

With the exception of the general fund, all funds perform their budgeting according to generally accepted accounting principles (GAAP).

The general fund presentation in the basic financial statements is made up of several consolidated funds; whereas, in the legally adopted budget, these funds are budgeted separately. Therefore, these funds are added to the general fund on a budgetary basis in order to reconcile to the general fund presentation in the basic financial statements. The schedule of revenues, expenditures and changes in fund balances – budget and actual schedules for the other general fund programs are presented in Supplementary Information.

The legally adopted budget does not include the Cumberland Area Economic Development Corporation (a blended component unit), Cumberland County Industrial Development Authority (a component unit) and certain District Attorney Programs. Additionally, the County budgets for indirect costs and library taxes as revenue and expenditures, but they are not reported as such under GAAP. Accordingly, the applicable columns of the general fund schedule of revenues, expenditures and changes in fund balances – budget and actual (budget basis) exclude amounts relating to the unbudgeted amounts and include amounts related to indirect costs.

Funds contained in the legally adopted budget are presented on either a calendar year ended December 31, 2011, or on a fiscal year ended June 30, 2011. The year ended is indicated on each statement.

A reconciliation of the net change in fund balance from a budget basis to a GAAP basis for budgeted and unbudgeted activity and for fund structure differences for the year ended December 31, 2011, follows:

	<u>General Fund</u>
Budgetary basis- net change in fund balance	\$ (2,268,937)
Adjustments:	
To adjust revenues, expenditures and other financing sources/uses:	
Net fund budget-related revenues, expenditures and other financing sources/uses:	(25,836)
Fund balance effect from funds included in GAAP statements:	
Criminal justice and intermediate punishment	1,411
Offender supervision fund	<u>380</u>
GAAP basis - net change in fund balance	<u><u>\$ (2,292,982)</u></u>

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

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

During the year, no general fund supplemental appropriations were enacted. There is no change between the original versus amended budget. The schedule of revenues, expenditures and changes in fund balances – budget and actual (budget basis) reflects this.

Actual expenditures and operating transfers out may not legally exceed “budget” appropriations at the individual fund level.

Encumbered and unencumbered appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

Supplementary Information

Nonmajor Governmental Fund Combining Statements

NONMAJOR GOVERNMENTAL FUNDS

DESCRIPTION OF FUNDS

Special Revenue Funds

Governmental fund type used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes. Restricted inflows comprise a substantial portion of the following fund's inflows:

Liquid fuels tax – Used to account for state aid revenues used for building and improving roads and bridges.

Domestic relations office – Used to account for expenditures and reimbursement revenue related to the operation of the County's child support enforcement program, which is funded with federal, state and County funds.

Human service-related special revenue funds are used to account for revenue received from various federal, state and local sources. These funds, the majority of inflows of which are restricted for the provision of specified social services to eligible residents, are as follows:

- Office of aging fund
- Human services development fund
- Food and shelter fund
- Drug and alcohol fund

Fiscal Employer Agent – This fund represents the County's "employer agent" activities whereby the County assists consumers and their representatives in employing individuals to assist them with independent living. The employer agent assists with employment and payroll compliance.

The courts and justice-related special revenue funds are used to account for revenue received from various federal and state sources and fines and costs collected from the general public. These funds, which are restricted to providing specified judicial services, are as follows:

- Witness assistance fund
- Accelerated rehabilitative disposition/driving under the influence program fund (ARD/DUI)

Records improvement fund – Used to account for revenues received from improvement fees collected on Recorder of Deeds transactions to fund record improvement projects within the County.

Recycling and waste fund – Used to account for grants to fund the operation of the County recycling and waste plan.

Affordable housing fund – Used to account for revenues received from fees charged for recording deeds and mortgages to finance affordable housing efforts in the County.

Exit 44 study fund – Used to account for proceeds from an infrastructure bank loan to fund preliminary engineering and environmental work to initiate a new interchange for a local interstate highway.

Hotel tax fund – Used to account for revenues received from the hotel occupancy tax to fund countywide tourism.

NONMAJOR GOVERNMENTAL FUNDS
DESCRIPTION OF FUNDS

Cumberland Area Economic Development Corporation (CAEDC) - CAEDC's mission is to preserve, facilitate, promote and foster economic development within Cumberland County and the surrounding region. CAEDC is a governmental not-for-profit entity that, despite being legally separate, is reported as a blended component unit (a non-major, special revenue fund).

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Special Revenue						
	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Human Services Development	Food and Shelter	Drug and Alcohol	Fiscal Employer Agent
Assets							
Cash and cash equivalents	\$ 910,727	644,566	210,612	—	—	13,847	1,402,877
Investments	—	—	—	—	—	—	—
Receivables:							
Taxes	—	—	—	—	—	—	—
Due from other governments	81,653	299,856	481,279	5,410	667	80,023	97,940
Accounts receivable	—	—	—	—	44,512	21,230	266,297
Due from other funds	—	—	—	311	381,473	899,682	—
Prepaid items	—	18,778	—	1,500	1,110	—	—
Total assets	<u>\$ 992,380</u>	<u>963,200</u>	<u>691,891</u>	<u>7,221</u>	<u>427,762</u>	<u>1,014,782</u>	<u>1,767,114</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 36,850	1,842	126,359	2,647	58,712	148,788	106,724
Accrued liabilities and withholdings	—	77,767	59,202	4,470	10,378	37,522	6,062
Due to other funds	—	566,865	343,140	—	—	—	982,563
Deferred revenue	—	—	100,471	—	59,621	154,097	—
Funds held as fiduciary	—	10,283	—	—	—	—	—
Total liabilities	<u>36,850</u>	<u>656,757</u>	<u>629,172</u>	<u>7,117</u>	<u>128,711</u>	<u>340,407</u>	<u>1,095,349</u>
Fund balances:							
Nonspendable:							
Prepaid items	—	18,778	—	1,500	1,110	—	—
Restricted:							
Roads and bridge maintenance	955,530	—	—	—	—	—	—
Judicial services	—	287,665	—	—	—	—	—
Human services	—	—	56,629	—	—	674,375	671,765
Public safety	—	—	—	—	—	—	—
Row office automation	—	—	—	—	—	—	—
Conservation	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Assigned:							
Human services	—	—	6,090	—	297,941	—	—
Unassigned	—	—	—	(1,396)	—	—	—
Total fund balances	<u>955,530</u>	<u>306,443</u>	<u>62,719</u>	<u>104</u>	<u>299,051</u>	<u>674,375</u>	<u>671,765</u>
Total liabilities and fund balances	<u>\$ 992,380</u>	<u>963,200</u>	<u>691,891</u>	<u>7,221</u>	<u>427,762</u>	<u>1,014,782</u>	<u>1,767,114</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Special Revenue							
	Witness Assistance	ARD/DUI Program	Records Improvement	Recycling and Waste	Affordable Housing	Exit 44 Study	Hotel Tax	
(Continued)								
Assets								
Cash and cash equivalents	\$	—	—	971,407	1,430,248	71,856	—	748,919
Investments		—	—	—	—	—	—	—
Receivables:								
Taxes		—	—	—	—	—	—	77,903
Due from other governments		27,605	—	—	103,795	—	5,309	—
Accounts receivable		18,531	—	—	—	—	—	—
Due from other funds		—	1,246	—	—	—	—	—
Prepaid items		6,330	—	—	1,060	—	—	—
Total assets	\$	<u>52,466</u>	<u>1,246</u>	<u>971,407</u>	<u>1,535,103</u>	<u>71,856</u>	<u>5,309</u>	<u>826,822</u>
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$	976	1,246	6	4,384	11,502	987	—
Accrued liabilities and withholdings		11,216	—	1,393	6,749	—	—	—
Due to other funds		788	—	47,006	50,060	24,769	4,322	826,822
Deferred revenue		—	—	—	11,240	—	—	—
Funds held as fiduciary		—	—	—	—	—	—	—
Total liabilities		<u>12,980</u>	<u>1,246</u>	<u>48,405</u>	<u>72,433</u>	<u>36,271</u>	<u>5,309</u>	<u>826,822</u>
Fund balances:								
Nonspendable:								
Prepaid items		6,330	—	—	1,060	—	—	—
Restricted:								
Roads and bridge maintenance		—	—	—	—	—	—	—
Judicial services		—	—	—	—	—	—	—
Human services		—	—	—	—	—	—	—
Public safety		33,156	—	—	—	—	—	—
Row office automation		—	—	923,002	—	—	—	—
Conservation		—	—	—	1,461,610	—	—	—
Economic development and assistance		—	—	—	—	35,585	—	—
Assigned:								
Human services		—	—	—	—	—	—	—
Unassigned								
Total fund balances		<u>39,486</u>	<u>—</u>	<u>923,002</u>	<u>1,462,670</u>	<u>35,585</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balances	\$	<u>52,466</u>	<u>1,246</u>	<u>971,407</u>	<u>1,535,103</u>	<u>71,856</u>	<u>5,309</u>	<u>826,822</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Total</u>
	<u>CAEDC</u>	<u>Total</u>		<u>Nonmajor Governmental Funds</u>
(Continued)				
Assets				
Cash and cash equivalents	\$ 1,374,522	7,779,581	—	7,779,581
Investments	231,148	231,148	—	231,148
Receivables:				
Taxes	—	77,903	—	77,903
Due from other governments	629,006	1,812,543	—	1,812,543
Accounts receivable	—	350,570	—	350,570
Due from other funds	322,041	1,604,753	—	1,604,753
Prepaid items	206,707	235,485	—	235,485
Total assets	<u>\$ 2,763,424</u>	<u>12,091,983</u>	<u>—</u>	<u>12,091,983</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 342,839	843,862	—	843,862
Accrued liabilities and withholdings	—	214,759	—	214,759
Due to other funds	—	2,846,335	—	2,846,335
Deferred revenue	59,300	384,729	—	384,729
Funds held as fiduciary	—	10,283	—	10,283
Total liabilities	<u>402,139</u>	<u>4,299,968</u>	<u>—</u>	<u>4,299,968</u>
Fund balances:				
Nonspendable:				
Prepaid items	206,707	235,485	—	235,485
Restricted:				
Roads and bridge maintenance	—	955,530	—	955,530
Judicial services	—	287,665	—	287,665
Human services	—	1,402,769	—	1,402,769
Public safety	—	33,156	—	33,156
Row office automation	—	923,002	—	923,002
Conservation	—	1,461,610	—	1,461,610
Economic development and assistance	2,154,578	2,190,163	—	2,190,163
Assigned:				
Human services	—	304,031	—	304,031
Unassigned	—	(1,396)	—	(1,396)
Total fund balances	<u>2,361,285</u>	<u>7,792,015</u>	<u>—</u>	<u>7,792,015</u>
Total liabilities and fund balances	<u>\$ 2,763,424</u>	<u>12,091,983</u>	<u>—</u>	<u>12,091,983</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Special Revenue						
	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Human Services Development	Food and Shelter	Drug and Alcohol	Fiscal Employer Agent
Revenues:							
Taxes	\$ —	—	—	—	—	—	—
Grants	592,312	2,289,950	3,409,189	196,193	699,188	2,183,329	57
County charges	49,773	28,193	149,438	—	252,302	338,120	2,773,403
Court costs, fines and forfeitures	—	13,913	—	—	—	175,608	—
Interest	3,562	1,619	1,814	—	—	—	1,488
Contributions and other	—	—	36,741	104	4,500	20,575	—
Total revenues	<u>645,647</u>	<u>2,333,675</u>	<u>3,597,182</u>	<u>196,297</u>	<u>955,990</u>	<u>2,717,632</u>	<u>2,774,948</u>
Expenditures:							
Current:							
General government – administrative	—	—	—	—	—	—	—
General government – judicial	—	3,117,971	—	—	—	—	—
Public works and enterprises	256,049	—	—	—	—	—	—
Human services	—	—	4,098,978	209,799	962,539	2,844,349	2,453,634
Culture and recreation	—	—	—	—	—	—	—
Conservation and development	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Bond issuance costs	—	—	—	—	—	—	—
Capital outlay	64,894	40,446	14,287	1,316	2,771	8,275	3,359
Payments to other governments	4,178	—	—	—	—	—	—
Total expenditures	<u>325,121</u>	<u>3,158,417</u>	<u>4,113,265</u>	<u>211,115</u>	<u>965,310</u>	<u>2,852,624</u>	<u>2,456,993</u>
Excess (deficiency) of revenues over (under) expenditures	<u>320,526</u>	<u>(824,742)</u>	<u>(516,083)</u>	<u>(14,818)</u>	<u>(9,320)</u>	<u>(134,992)</u>	<u>317,955</u>
Other financing sources (uses):							
Transfers in	—	1,075,045	454,269	22,478	—	314,070	166,119
Transfers out	—	—	(28,163)	(7,556)	(584,669)	—	—
Bond premium	—	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>1,075,045</u>	<u>426,106</u>	<u>14,922</u>	<u>(584,669)</u>	<u>314,070</u>	<u>166,119</u>
Net changes in fund balance	320,526	250,303	(89,977)	104	(593,989)	179,078	484,074
Fund balances, beginning of year	635,004	56,140	152,696	—	893,040	495,297	187,691
Fund balances, end of year	<u>\$ 955,530</u>	<u>306,443</u>	<u>62,719</u>	<u>104</u>	<u>299,051</u>	<u>674,375</u>	<u>671,765</u>

(Continued)

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

Nonmajor Governmental Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Special Revenue							
	Witness Assistance	ARD/DUI Program	Records Improvement	Recycling		Affordable Housing	Exit 44 Study	Hotel Tax
				and Waste	Waste			
(Continued)								
Revenues:								
Taxes	\$ —	—	—	—	—	—	—	1,502,072
Grants	233,435	—	—	67,821	—	26,506	—	—
County charges	25,652	429,178	180,118	145,302	197,915	—	—	—
Court costs, fines and forfeitures	—	—	—	—	—	—	—	—
Interest	—	—	4,679	8,294	181	—	—	2,160
Contributions and other	2,029	—	—	—	—	—	—	—
Total revenues	<u>261,116</u>	<u>429,178</u>	<u>184,797</u>	<u>221,417</u>	<u>198,096</u>	<u>26,506</u>	<u>—</u>	<u>1,504,232</u>
Expenditures:								
Current:								
General government – administrative	—	—	133,404	—	35,815	—	—	—
General government – judicial	—	146,445	—	—	—	—	—	—
Public works and enterprises	—	—	—	430,065	—	—	—	—
Human services	438,939	—	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	—	30,006
Conservation and development	—	—	—	—	—	26,506	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—	—
Bond issuance costs	—	—	—	—	—	—	—	—
Capital outlay	—	—	133,973	—	—	—	—	—
Payments to other governments	—	—	—	—	185,000	—	—	—
Total expenditures	<u>438,939</u>	<u>146,445</u>	<u>267,377</u>	<u>430,065</u>	<u>220,815</u>	<u>26,506</u>	<u>—</u>	<u>30,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,823)</u>	<u>282,733</u>	<u>(82,580)</u>	<u>(208,648)</u>	<u>(22,719)</u>	<u>—</u>	<u>—</u>	<u>1,474,226</u>
Other financing sources (uses):								
Transfers in	195,889	—	—	—	—	—	—	—
Transfers out	(20,544)	(282,733)	—	—	—	—	—	(1,474,226)
Bond premium	—	—	—	—	—	—	—	—
Total other financing sources (uses)	<u>175,345</u>	<u>(282,733)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,474,226)</u>
Net changes in fund balance	(2,478)	—	(82,580)	(208,648)	(22,719)	—	—	—
Fund balances, beginning of year	41,964	—	1,005,582	1,671,318	58,304	—	—	—
Fund balances, end of year	<u>\$ 39,486</u>	<u>—</u>	<u>923,002</u>	<u>1,462,670</u>	<u>35,585</u>	<u>—</u>	<u>—</u>	<u>—</u>

(Continued)

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

Nonmajor Governmental Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

(Continued)	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>CAEDC</u>	<u>Total</u>	<u>Debt Service</u>	
Revenues:				
Taxes	\$ —	1,502,072	—	1,502,072
Grants	15,625	9,713,605	—	9,713,605
County charges	143,433	4,712,827	—	4,712,827
Court costs, fines and forfeitures	—	189,521	—	189,521
Interest	4,310	28,107	—	28,107
Contributions and other	—	63,949	—	63,949
Total revenues	<u>163,368</u>	<u>16,210,081</u>	<u>—</u>	<u>16,210,081</u>
Expenditures:				
Current:				
General government – administrative	—	169,219	—	169,219
General government – judicial	—	3,264,416	—	3,264,416
Public works and enterprises	—	686,114	—	686,114
Human services	—	11,008,238	—	11,008,238
Culture and recreation	—	30,006	—	30,006
Conservation and development	—	26,506	—	26,506
Economic development and assistance	1,646,911	1,646,911	—	1,646,911
Debt service:				
Principal retirement	—	—	1,780,187	1,780,187
Debt interest	—	—	1,220,283	1,220,283
Bond issuance costs	—	—	197,724	197,724
Capital outlay	2,974	272,295	—	272,295
Payments to other governments	—	189,178	—	189,178
Total expenditures	<u>1,649,885</u>	<u>17,292,883</u>	<u>3,198,194</u>	<u>20,491,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,486,517)</u>	<u>(1,082,802)</u>	<u>(3,198,194)</u>	<u>(4,280,996)</u>
Other financing sources (uses):				
Transfers in	1,971,765	4,199,635	2,987,874	7,187,509
Transfers out	—	(2,397,891)	(361,388)	(2,759,279)
Bond premium	—	—	561,838	561,838
Total other financing sources (uses)	<u>1,971,765</u>	<u>1,801,744</u>	<u>3,188,324</u>	<u>4,990,068</u>
Net changes in fund balance	485,248	718,942	(9,870)	709,072
Fund balances, beginning of year	<u>1,876,037</u>	<u>7,073,073</u>	<u>9,870</u>	<u>7,082,943</u>
Fund balances, end of year	<u>\$ 2,361,285</u>	<u>7,792,015</u>	<u>—</u>	<u>7,792,015</u>

Nonmajor Governmental Fund Budgetary Schedules

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

Liquid Fuels Tax

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants:				
Liquid fuels tax	\$ 791,500	820,600	592,312	(228,288)
County charges	80,000	50,000	49,773	(227)
Interest	5,150	6,050	3,562	(2,488)
Total revenues	<u>876,650</u>	<u>876,650</u>	<u>645,647</u>	<u>(231,003)</u>
Expenditures:				
Current:				
Public works and enterprises	754,150	754,150	256,049	498,101
Capital outlay	500,000	500,000	64,894	435,106
Payments to other governments	50,000	50,000	4,178	45,822
Total expenditures	<u>1,304,150</u>	<u>1,304,150</u>	<u>325,121</u>	<u>979,029</u>
Excess (deficiency) of revenues over (under) expenditures	(427,500)	(427,500)	320,526	748,026
Fund balance, beginning of year	<u>640,237</u>	<u>640,237</u>	<u>635,004</u>	<u>(5,233)</u>
Fund balance, end of year	<u><u>\$ 212,737</u></u>	<u><u>212,737</u></u>	<u><u>955,530</u></u>	<u><u>742,793</u></u>

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

Domestic Relations Office

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 2,280,688	2,280,688	2,289,950	9,262
County charges	27,805	27,805	28,193	388
Court costs, fines, and forfeitures	13,000	13,000	13,913	913
Interest	750	750	1,619	869
Total revenues	<u>2,322,243</u>	<u>2,322,243</u>	<u>2,333,675</u>	<u>11,432</u>
Expenditures:				
Current:				
General government – judicial	3,178,515	3,201,941	3,117,971	83,970
Capital outlay	58,676	40,450	40,446	4
Total expenditures	<u>3,237,191</u>	<u>3,242,391</u>	<u>3,158,417</u>	<u>83,974</u>
Deficiency of revenues under expenditures	<u>(914,948)</u>	<u>(920,148)</u>	<u>(824,742)</u>	<u>95,406</u>
Other financing sources (uses):				
Transfers in	920,148	920,148	1,075,045	154,897
Transfers out	(5,200)	—	—	—
Total other financing sources (uses)	<u>914,948</u>	<u>920,148</u>	<u>1,075,045</u>	<u>154,897</u>
Net change in fund balance	—	—	250,303	250,303
Fund balance, beginning of year	—	—	56,140	56,140
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>306,443</u>	<u>306,443</u>

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

Office of Aging

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 4,265,852	3,544,520	3,510,279	(34,241)
County charges	124,550	161,800	154,751	(7,049)
Interest	7,500	2,000	2,600	600
Contributions and other	32,400	32,400	39,973	7,573
Total revenues	<u>4,430,302</u>	<u>3,740,720</u>	<u>3,707,603</u>	<u>(33,117)</u>
Expenditures:				
Current:				
Human services	5,024,003	4,423,834	4,223,514	200,320
Capital outlay	15,000	22,000	19,910	2,090
Total expenditures	<u>5,039,003</u>	<u>4,445,834</u>	<u>4,243,424</u>	<u>202,410</u>
Deficiency of revenues under expenditures	<u>(608,701)</u>	<u>(705,114)</u>	<u>(535,821)</u>	<u>169,293</u>
Other financing sources (uses):				
Transfers in	282,168	282,400	454,269	171,869
Transfers out	—	(16,250)	(13,858)	2,392
Total other financing sources (uses)	<u>282,168</u>	<u>266,150</u>	<u>440,411</u>	<u>174,261</u>
Net change in fund balance	(326,533)	(438,964)	(95,410)	343,554
Fund balance, beginning of year	—	—	312,092	312,092
Fund balance, end of year	<u>\$ (326,533)</u>	<u>(438,964)</u>	<u>216,682</u>	<u>655,646</u>

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

Human Services Development

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 250,694	250,694	229,698	(20,996)
Interest	500	500	—	(500)
Contributions and other	—	—	104	104
Total revenues	<u>251,194</u>	<u>251,194</u>	<u>229,802</u>	<u>(21,392)</u>
Expenditures:				
Current:				
Human services	279,797	256,750	240,489	16,261
Capital outlay	—	1,653	1,653	—
Total expenditures	<u>279,797</u>	<u>258,403</u>	<u>242,142</u>	<u>16,261</u>
Deficiency of revenues over expenditures	<u>(28,603)</u>	<u>(7,209)</u>	<u>(12,340)</u>	<u>(5,131)</u>
Other financing sources (uses):				
Transfers in	28,771	28,771	20,000	(8,771)
Transfers out	(168)	(21,562)	(7,556)	14,006
Total other financing sources (uses)	<u>28,603</u>	<u>7,209</u>	<u>12,444</u>	<u>5,235</u>
Net change in fund balance	—	—	104	104
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>104</u>	<u>104</u>

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

Food and Shelter

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 4,630,113	621,250	764,711	143,461
County charges	716,600	4,725,463	228,385	(4,497,078)
Interest	1,250	1,250	425	(825)
Total revenues	<u>5,347,963</u>	<u>5,347,963</u>	<u>993,521</u>	<u>(4,354,442)</u>
Expenditures:				
Current:				
Human services	5,180,384	4,871,509	1,016,148	3,855,361
Capital outlay	5,000	11,637	3,317	8,320
Total expenditures	<u>5,185,384</u>	<u>4,883,146</u>	<u>1,019,465</u>	<u>3,863,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>162,579</u>	<u>464,817</u>	<u>(25,944)</u>	<u>(490,761)</u>
Other financing uses:				
Transfers out	<u>(310,771)</u>	<u>(613,009)</u>	<u>(491,684)</u>	<u>121,325</u>
Total other financing uses	<u>(310,771)</u>	<u>(613,009)</u>	<u>(491,684)</u>	<u>121,325</u>
Net change in fund balance	(148,192)	(148,192)	(517,628)	(369,436)
Fund balance, beginning of year	<u>768,323</u>	<u>768,323</u>	<u>925,232</u>	<u>156,909</u>
Fund balance, end of year	<u>\$ 620,131</u>	<u>620,131</u>	<u>407,604</u>	<u>(212,527)</u>

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

Drug and Alcohol

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 2,093,402	2,208,508	2,197,801	(10,707)
County charges	169,882	298,457	296,382	(2,075)
Court costs, fines and forfeitures	149,038	153,821	183,878	30,057
Contributions and other	6,611	8,411	19,886	11,475
Total revenues	<u>2,418,933</u>	<u>2,669,197</u>	<u>2,697,947</u>	<u>28,750</u>
Expenditures:				
Current:				
Human services	3,028,497	3,302,569	2,878,986	423,583
Capital outlay	6,000	8,300	8,275	25
Total expenditures	<u>3,034,497</u>	<u>3,310,869</u>	<u>2,887,261</u>	<u>423,608</u>
Deficiency of revenues under expenditures	<u>(615,564)</u>	<u>(641,672)</u>	<u>(189,314)</u>	<u>452,358</u>
Other financing sources:				
Transfers in	<u>370,173</u>	<u>341,672</u>	<u>300,423</u>	<u>(41,249)</u>
Total other financing sources	<u>370,173</u>	<u>341,672</u>	<u>300,423</u>	<u>(41,249)</u>
Net change in fund balance	(245,391)	(300,000)	111,109	411,109
Fund balance, beginning of year	<u>398,134</u>	<u>398,134</u>	<u>480,120</u>	<u>81,986</u>
Fund balance, end of year	<u>\$ 152,743</u>	<u>98,134</u>	<u>591,229</u>	<u>493,095</u>

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

Fiscal Employer Agent

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ —	—	57	57
County charges	—	5,227,994	2,814,584	(2,413,410)
Interest	—	—	480	480
Total revenues	—	5,227,994	2,815,121	(2,412,873)
Expenditures:				
Current:				
Human services	—	4,974,090	2,497,973	2,476,117
Capital outlay	—	17,470	9,417	8,053
Total expenditures	—	4,991,560	2,507,390	2,484,170
Excess of revenues over expenditures	—	236,434	307,731	71,297
Other financing sources (uses):				
Transfers in	—	—	58,829	58,829
Transfers out	—	(28,771)	—	28,771
Total other financing sources (uses):	—	(28,771)	58,829	87,600
Net change in fund balance	—	207,663	366,560	158,897
Fund balance, beginning of year	—	—	187,691	187,691
Fund balance, end of year	\$ —	207,663	554,251	346,588

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

Witness Assistance

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 119,997	134,997	127,656	(7,341)
County charges	19,450	19,450	25,652	6,202
Contributions and other	300	300	2,029	1,729
Total revenues	<u>139,747</u>	<u>154,747</u>	<u>155,337</u>	<u>590</u>
Expenditures:				
Current:				
Human services	<u>202,484</u>	<u>202,484</u>	<u>192,771</u>	<u>9,713</u>
Total expenditures	<u>202,484</u>	<u>202,484</u>	<u>192,771</u>	<u>9,713</u>
Deficiency of revenues under expenditures	<u>(62,737)</u>	<u>(47,737)</u>	<u>(37,434)</u>	<u>10,303</u>
Other financing sources (uses):				
Transfers in	51,686	61,686	55,500	(6,186)
Transfers out	<u>—</u>	<u>(25,000)</u>	<u>(20,544)</u>	<u>4,456</u>
Total other financing sources (uses)	<u>51,686</u>	<u>36,686</u>	<u>34,956</u>	<u>(1,730)</u>
Net change in fund balance	(11,051)	(11,051)	(2,478)	8,573
Fund balance, beginning of year	<u>49,540</u>	<u>49,540</u>	<u>41,964</u>	<u>(7,576)</u>
Fund balance, end of year	<u>\$ 38,489</u>	<u>38,489</u>	<u>39,486</u>	<u>997</u>

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

Witness Assistance - VOCA

For the year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 131,332	131,332	131,332	—
Total revenues	131,332	131,332	131,332	—
Expenditures:				
Current:				
Human services	254,188	253,126	236,299	16,827
Capital outlay	—	1,062	1,062	—
Total expenditures	254,188	254,188	237,361	16,827
Deficiency of revenues under expenditures	(122,856)	(122,856)	(106,029)	16,827
Other financing sources:				
Transfers in	122,856	122,856	106,029	(16,827)
Total other financing sources	122,856	122,856	106,029	(16,827)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

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

ARD/DUI Program

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
County charges	\$ 444,000	444,000	429,178	(14,822)
Total revenues	444,000	444,000	429,178	(14,822)
Expenditures:				
Current:				
General government – judicial	176,375	161,255	146,445	14,810
Total expenditures	176,375	161,255	146,445	14,810
Excess of revenues over expenditures	267,625	282,745	282,733	(12)
Other financing uses:				
Transfers out	(267,625)	(282,745)	(282,733)	12
Total other financing uses	(267,625)	(282,745)	(282,733)	12
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

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

Records Improvement

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	\$ 195,000	195,000	180,118	(14,882)
Interest	8,130	8,130	4,679	(3,451)
Total revenues	<u>203,130</u>	<u>203,130</u>	<u>184,797</u>	<u>(18,333)</u>
Expenditures:				
Current:				
General government – administrative	189,785	279,714	133,404	146,310
Capital outlay	<u>6,000</u>	<u>207,811</u>	<u>133,973</u>	<u>73,838</u>
Total expenditures	<u>195,785</u>	<u>487,525</u>	<u>267,377</u>	<u>220,148</u>
Excess (deficiency) of revenues over (under) expenditures	7,345	(284,395)	(82,580)	201,815
Fund balance, beginning of year	<u>809,466</u>	<u>809,466</u>	<u>1,005,582</u>	<u>196,116</u>
Fund balance, end of year	<u>\$ 816,811</u>	<u>525,071</u>	<u>923,002</u>	<u>397,931</u>

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

Recycling and Waste

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 164,698	164,698	67,821	(96,877)
County charges	93,000	93,000	145,302	52,302
Interest	13,500	13,500	8,294	(5,206)
Total revenues	<u>271,198</u>	<u>271,198</u>	<u>221,417</u>	<u>(49,781)</u>
Expenditures:				
Current:				
Public works and enterprises	634,817	634,817	430,065	204,752
Capital outlay	21,182	21,182	—	21,182
Total expenditures	<u>655,999</u>	<u>655,999</u>	<u>430,065</u>	<u>225,934</u>
Deficiency of revenues under expenditures	(384,801)	(384,801)	(208,648)	176,153
Fund balance, beginning of year	<u>1,496,037</u>	<u>1,496,037</u>	<u>1,671,318</u>	<u>175,281</u>
Fund balance, end of year	<u>\$ 1,111,236</u>	<u>1,111,236</u>	<u>1,462,670</u>	<u>351,434</u>

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

Affordable Housing

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	\$ 200,000	200,000	197,915	(2,085)
Interest	350	350	181	(169)
Total revenues	<u>200,350</u>	<u>200,350</u>	<u>198,096</u>	<u>(2,254)</u>
Expenditures:				
Current:				
General government - administrative	34,454	37,854	35,815	2,039
Payments to other governments	<u>191,250</u>	<u>187,850</u>	<u>185,000</u>	<u>2,850</u>
Total expenditures	<u>225,704</u>	<u>225,704</u>	<u>220,815</u>	<u>4,889</u>
Deficiency of revenues under expenditures	(25,354)	(25,354)	(22,719)	2,635
Fund balance, beginning of year	<u>50,858</u>	<u>50,858</u>	<u>58,304</u>	<u>7,446</u>
Fund balance, end of year	<u><u>\$ 25,504</u></u>	<u><u>25,504</u></u>	<u><u>35,585</u></u>	<u><u>10,081</u></u>

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

Exit 44 Study

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 25,000	50,000	26,506	(23,494)
Total revenues	25,000	50,000	26,506	(23,494)
Expenditures:				
Current:				
Conservation and development	25,000	50,000	26,506	23,494
Total expenditures	25,000	50,000	26,506	23,494
Excess of revenues over expenditures	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

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

Hotel Tax

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Taxes	\$ 1,300,000	1,600,000	1,502,072	(97,928)
Interest	3,000	3,000	2,160	(840)
Total revenues	<u>1,303,000</u>	<u>1,603,000</u>	<u>1,504,232</u>	<u>(98,768)</u>
Expenditures:				
Current:				
Culture and recreation	26,000	32,000	30,006	1,994
Total expenditures	<u>26,000</u>	<u>32,000</u>	<u>30,006</u>	<u>1,994</u>
Excess of revenues over expenditures	<u>1,277,000</u>	<u>1,571,000</u>	<u>1,474,226</u>	<u>(96,774)</u>
Other financing uses:				
Transfers out	<u>(1,277,000)</u>	<u>(1,571,000)</u>	<u>(1,474,226)</u>	<u>96,774</u>
Total other financing uses	<u>(1,277,000)</u>	<u>(1,571,000)</u>	<u>(1,474,226)</u>	<u>96,774</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

Debt Service

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Interest	\$ —	—	—	—
Total revenues	—	—	—	—
Expenditures:				
Debt service:				
Principal retirement	1,931,456	1,780,456	1,780,187	269
Debt interest	1,310,515	1,223,728	1,220,283	3,445
Bond issuance costs	—	200,450	197,724	2,726
Total expenditures	3,241,971	3,204,634	3,198,194	6,440
Deficiency of revenues under expenditures	(3,241,971)	(3,204,634)	(3,198,194)	6,440
Other financing sources (uses):				
Transfers in	3,241,971	3,004,184	2,987,874	(16,310)
Transfer out	—	(361,400)	(361,388)	12
Bond premium	—	561,850	561,838	(12)
Total other financing sources (uses)	3,241,971	3,204,634	3,188,324	(16,310)
Net change in fund balance	—	—	(9,870)	(9,870)
Fund balance, beginning of year	—	—	9,870	9,870
Fund balance, end of year	\$ —	—	—	—

Other General Fund Budgetary Schedules

OTHER GENERAL FUND BUDGETARY SCHEDULES
DESCRIPTION OF FUNDS

Other General Fund Programs

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

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

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

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

STOP grant – To provide a coordinated approach using a detective, a victim advocate, and trial staff to combat the pervasive problem of violence against women with a concentration on the enforcement of protection from abuse orders. [Note: Grants in this fund were on both a fiscal (ending June 30, 2010) and calendar year basis, which are accounted for separately in fiscal and calendar year funds with adopted budgets. Therefore, there are both fiscal and calendar year actual versus budget schedules for the County's STOP grant activities.]

Human services administration – To coordinate client care among the various County human service agencies.

County elections – To account for grant funds spent on upgrading the County's voting equipment to electronic voting machines in all precincts.

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

Insurance Fraud Prevention Authority

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 225,688	225,688	114,349	(111,339)
Interest	250	250	362	112
Total revenues	<u>225,938</u>	<u>225,938</u>	<u>114,711</u>	<u>(111,227)</u>
Expenditures:				
Current:				
Public safety	221,139	215,080	106,924	108,156
Capital outlay	—	2,959	2,959	—
Total expenditures	<u>221,139</u>	<u>218,039</u>	<u>109,883</u>	<u>108,156</u>
Excess of revenues over expenditures	4,799	7,899	4,828	(3,071)
Other financing uses:				
Transfers out	<u>(4,799)</u>	<u>(7,899)</u>	<u>(4,828)</u>	<u>3,071</u>
Total other financing uses	<u>(4,799)</u>	<u>(7,899)</u>	<u>(4,828)</u>	<u>3,071</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

Criminal Justice Planning

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 397,857	395,501	344,374	(51,127)
County charges	14,393	2,393	3,233	840
Contributions and other	—	—	2,000	2,000
Total revenues	<u>412,250</u>	<u>397,894</u>	<u>349,607</u>	<u>(48,287)</u>
Expenditures:				
Current:				
Human services	<u>481,180</u>	<u>467,824</u>	<u>414,800</u>	<u>53,024</u>
Total expenditures	<u>481,180</u>	<u>467,824</u>	<u>414,800</u>	<u>53,024</u>
Deficiency of revenues under expenditures	<u>(68,930)</u>	<u>(69,930)</u>	<u>(65,193)</u>	<u>4,737</u>
Other financing sources:				
Transfers in	<u>68,930</u>	<u>68,930</u>	<u>67,359</u>	<u>(1,571)</u>
Total other financing sources	<u>68,930</u>	<u>68,930</u>	<u>67,359</u>	<u>(1,571)</u>
Net change in fund balance	—	(1,000)	2,166	3,166
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>5,686</u>	<u>5,686</u>
Fund balance, end of year	<u>\$ —</u>	<u>(1,000)</u>	<u>7,852</u>	<u>8,852</u>

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

Offender Supervision

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ —	—	1,147	1,147
County charges	550	550	—	(550)
Court costs, fines, and forfeitures	624,180	624,180	675,192	51,012
Total revenues	624,730	624,730	676,339	51,609
Expenditures:				
Current:				
Public safety	585,370	585,370	546,795	38,575
Capital outlay	—	24,100	24,080	20
Total expenditures	585,370	609,470	570,875	38,595
Excess of revenues over expenditures	39,360	15,260	105,464	90,204
Other financing uses:				
Transfers out	(75,000)	(75,000)	(75,000)	—
Total other financing uses	(75,000)	(75,000)	(75,000)	—
Net change in fund balance	(35,640)	(59,740)	30,464	90,204
Fund balance, beginning of year	623,658	623,658	659,301	35,643
Fund balance, end of year	\$ 588,018	563,918	689,765	125,847

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

STOP Grant

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Contributions and other	\$ —	—	52	52
Total revenues	—	—	52	52
Expenditures:				
Current:				
Public safety	—	—	—	—
Total expenditures	—	—	—	—
Excess of revenues under expenditures	—	—	52	52
Other financing sources:				
Transfers in	—	—	—	—
Total other financing sources	—	—	—	—
Net change in fund balance	—	—	52	52
Fund balance, beginning of year	—	—	(52)	(52)
Fund balance, end of year	\$ —	—	—	—

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

STOP Grant

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 83,333	125,000	125,000	—
Interest	—	—	15	15
Total revenues	<u>83,333</u>	<u>125,000</u>	<u>125,015</u>	<u>15</u>
Expenditures:				
Current:				
Public safety	<u>229,680</u>	<u>287,773</u>	<u>285,680</u>	<u>2,093</u>
Total expenditures	<u>229,680</u>	<u>287,773</u>	<u>285,680</u>	<u>2,093</u>
Deficiency of revenues under expenditures	(146,347)	(162,773)	(160,665)	2,108
Other financing sources:				
Transfers in	<u>146,347</u>	<u>162,773</u>	<u>160,665</u>	<u>(2,108)</u>
Total other financing sources	<u>146,347</u>	<u>162,773</u>	<u>160,665</u>	<u>(2,108)</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u><u>\$ —</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

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

Human Services Administration

For the fiscal year ended June 30, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 900	2,611	2,092	(519)
Total revenues	900	2,611	2,092	(519)
Expenditures:				
Current:				
Human services	59,608	61,319	60,916	403
Total expenditures	59,608	61,319	60,916	403
Deficiency of revenues under expenditures	(58,708)	(58,708)	(58,824)	(116)
Other financing sources:				
Transfers in	58,708	58,708	58,824	116
Total other financing sources	58,708	58,708	58,824	116
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

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

County Elections

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ —	4,600	3,918	(682)
Total revenues	—	4,600	3,918	(682)
Expenditures:				
Current:				
General government - administrative	—	4,600	3,918	682
Total expenditures	—	4,600	3,918	682
Excess of revenues over expenditures	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

Nonmajor Enterprise Fund Combining Statements

NONMAJOR ENTERPRISE FUNDS
DESCRIPTION OF FUNDS

Enterprise Funds

Funds used to report on activity for which a fee is charged to external users for goods and services.

Transportation fund – Used to account for the cost of transportation services provided to County residents and clients of various County agencies. This fund receives user fees and grants and is reimbursed by County agencies for the services provided.

Early Learning Center fund – Used to account for the cost of operating an employee day care center at the County’s nursing home. The center is financed by tuition and County subsidy.

Hazardous materials fund – Used to account for the cost of monitoring the storage of hazardous materials in the County and the operation of response teams. This fund is financed by grants and fees charged to those responsible for hazardous materials.

COMBINING STATEMENT OF NET ASSETS
Nonmajor Enterprise Funds

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Transportation</u>	<u>Early Learning Center</u>	<u>Hazardous Materials</u>	<u>Totals</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 200	—	—	200
Due from other funds	145,226	2,737	88,613	236,576
Customer accounts receivable	16,248	2,589	—	18,837
Due from other governments	223,103	—	35	223,138
Prepaid	407	—	—	407
Total current assets	<u>385,184</u>	<u>5,326</u>	<u>88,648</u>	<u>479,158</u>
Noncurrent assets:				
Capital assets, net of depreciation	924,381	189,318	138,573	1,252,272
Total noncurrent assets	<u>924,381</u>	<u>189,318</u>	<u>138,573</u>	<u>1,252,272</u>
Total assets	<u>1,309,565</u>	<u>194,644</u>	<u>227,221</u>	<u>1,731,430</u>
Current liabilities:				
Accounts payable	10,040	1,971	1,852	13,863
Accrued payroll	56,592	—	2,388	58,980
Due to other funds	129,371	3,355	—	132,726
Unearned revenue	34,184	—	39,050	73,234
Sick and vacation accrual	6,065	—	476	6,541
Total current liabilities	<u>236,252</u>	<u>5,326</u>	<u>43,766</u>	<u>285,344</u>
Noncurrent liabilities:				
Due in more than one year:				
Net OPEB obligation	15,841	—	623	16,464
Sick and vacation accrual	55,593	—	7,635	63,228
Total noncurrent liabilities	<u>71,434</u>	<u>—</u>	<u>8,258</u>	<u>79,692</u>
Total liabilities	<u>307,686</u>	<u>5,326</u>	<u>52,024</u>	<u>365,036</u>
Net assets				
Invested in capital assets, net of related debt	924,381	189,318	138,573	1,252,272
Unrestricted	77,498	—	36,624	114,122
Total net assets	<u>\$ 1,001,879</u>	<u>189,318</u>	<u>175,197</u>	<u>1,366,394</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
AND CHANGES IN NET ASSETS**

Nonmajor Enterprise Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Transportation</u>	<u>Early Learning Center</u>	<u>Hazardous Materials</u>	<u>Totals</u>
Operating revenues:				
Charges for sales and services:				
County charges	\$ 1,051,051	429,812	47,450	1,528,313
Total operating revenues	<u>1,051,051</u>	<u>429,812</u>	<u>47,450</u>	<u>1,528,313</u>
Operating expenses:				
Patient/client services	2,462,905	517,386	147,705	3,127,996
Depreciation	261,157	14,618	73,874	349,649
Total operating expenses	<u>2,724,062</u>	<u>532,004</u>	<u>221,579</u>	<u>3,477,645</u>
Operating loss	<u>(1,673,011)</u>	<u>(102,192)</u>	<u>(174,129)</u>	<u>(1,949,332)</u>
Nonoperating revenues (expenses):				
Grants	1,766,039	43,492	23,548	1,833,079
Loss on sale of capital assets	(726)	—	(6,453)	(7,179)
Total net nonoperating revenues	<u>1,765,313</u>	<u>43,492</u>	<u>17,095</u>	<u>1,825,900</u>
Income (loss) before transfers	92,302	(58,700)	(157,034)	(123,432)
Transfers in	244,934	44,082	86,336	375,352
Change in net assets	<u>337,236</u>	<u>(14,618)</u>	<u>(70,698)</u>	<u>251,920</u>
Total net assets, beginning of year	664,643	203,936	245,895	1,114,474
Total net assets, ending of year	<u>\$ 1,001,879</u>	<u>189,318</u>	<u>175,197</u>	<u>1,366,394</u>

COMBINING STATEMENT OF CASH FLOWS

Nonmajor Enterprise Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Transportation</u>	<u>Early Learning Center</u>	<u>Hazardous Materials</u>	<u>Totals</u>
Cash flows from operating activities:				
Cash received on county charges	\$ 1,068,104	433,478	47,450	1,549,032
Payments to vendors	(963,877)	(513,435)	(67,072)	(1,544,384)
Payments to employees	(1,479,501)	—	(78,853)	(1,558,354)
Net cash used in operating activities	<u>(1,375,274)</u>	<u>(79,957)</u>	<u>(98,475)</u>	<u>(1,553,706)</u>
Cash flows from noncapital financing activities:				
Subsidy from federal/state grants	1,015,917	45,337	4,000	1,065,254
Transfers from other funds	359,742	34,620	55,425	449,787
Net cash provided by noncapital financing activities	<u>1,375,659</u>	<u>79,957</u>	<u>59,425</u>	<u>1,515,041</u>
Cash flows from capital and related financing activities:				
Subsidy from federal/state grants	587,417	—	39,050	626,467
Purchase of capital assets	(587,802)	—	—	(587,802)
Net cash (used in) provided by capital financing activities	<u>(385)</u>	<u>—</u>	<u>39,050</u>	<u>38,665</u>
Net increase (decrease) in cash and cash equivalents	—	—	—	—
Cash and cash equivalents, January 1	200	—	—	200
Cash and cash equivalents, December 31	<u>\$ 200</u>	<u>—</u>	<u>—</u>	<u>200</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (1,673,011)	(102,192)	(174,129)	(1,949,332)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	261,157	14,618	73,874	349,649
Changes in assets and liabilities in:				
Customer accounts receivable	33	3,666	—	3,699
Due from other governments	(7,988)	—	—	(7,988)
Prepaid	(408)	—	—	(408)
Accounts payable	(419)	890	1,175	1,646
Accrued liabilities and withholdings	16,087	—	605	16,692
Unearned revenue	34,184	—	—	34,184
Net OPEB Obligation	4,266	—	—	4,266
Due to other funds	(9,175)	3,061	—	(6,114)
Total adjustments	<u>297,737</u>	<u>22,235</u>	<u>75,654</u>	<u>395,626</u>
Net cash used in operating activities	<u>\$ (1,375,274)</u>	<u>(79,957)</u>	<u>(98,475)</u>	<u>(1,553,706)</u>

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

INTERNAL SERVICE FUNDS
DESCRIPTION OF FUNDS

Internal Service Funds

Funds used to report activity that provides goods and services to other funds and departments of the primary government and one of its component units, Conservation District, on a cost reimbursement basis.

Workers' compensation – Used to account for the County's self-insured risk management activities related to liabilities incurred as a result of workplace injuries.

Health reimbursement arrangement (HRA) – Used to account for the health insurance claims that fall under the deductible threshold of the County's high deductible health insurance plan.

COMBINING STATEMENT OF NET ASSETS
Internal Service Funds

December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Workers'	Health	
	Compensation	Reimbursement	Totals
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,314,323	—	1,314,323
Due from other funds	—	941,964	941,964
Customer accounts receivable	3,100	—	3,100
Prepaid items	86,113	—	86,113
Total current assets	<u>1,403,536</u>	<u>941,964</u>	<u>2,345,500</u>
Total assets	<u>1,403,536</u>	<u>941,964</u>	<u>2,345,500</u>
Liabilities			
Current liabilities:			
Accounts payable	2,817	18,026	20,843
Self-insurance claims payable	178,605	—	178,605
Total current liabilities	<u>181,422</u>	<u>18,026</u>	<u>199,448</u>
Noncurrent liabilities:			
Due in more than one year:			
Self-insurance claims payable	813,646	—	813,646
Total noncurrent liabilities	<u>813,646</u>	<u>—</u>	<u>813,646</u>
Total liabilities	<u>995,068</u>	<u>18,026</u>	<u>1,013,094</u>
Net assets			
Unrestricted	408,468	923,938	1,332,406
Total net assets	<u>\$ 408,468</u>	<u>923,938</u>	<u>1,332,406</u>

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

Internal Service Funds

For the year ended December 31, 2011

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Reimbursement</u> <u>Arrangement</u>	<u>Totals</u>
Operating revenues:			
Charges for sales and services:			
County charges	\$ 204,678	1,313,558	1,518,236
Total operating revenues	<u>204,678</u>	<u>1,313,558</u>	<u>1,518,236</u>
Operating expenses:			
Patient/client services	<u>461,603</u>	<u>894,463</u>	<u>1,356,066</u>
Total operating expenses	<u>461,603</u>	<u>894,463</u>	<u>1,356,066</u>
Operating income (loss)	(256,925)	419,095	162,170
Nonoperating revenues:			
Interest income	<u>27,211</u>	—	<u>27,211</u>
Total nonoperating revenues	<u>27,211</u>	—	<u>27,211</u>
Change in net assets	(229,714)	419,095	189,381
Total net assets, beginning of year	<u>638,182</u>	<u>504,843</u>	<u>1,143,025</u>
Total net assets, end of year	<u>\$ 408,468</u>	<u>923,938</u>	<u>1,332,406</u>

STATEMENT OF CASH FLOWS**Internal Service Funds***For the year ended December 31, 2011*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Workers'	Health	
	Compensation	Reimbursement	Totals
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Cash received on county charges	\$ 204,677	962,014	1,166,691
Payments to vendors	—	(962,014)	(962,014)
Payments to employees	(554,556)	—	(554,556)
Net cash used in operating activities	<u>(349,879)</u>	<u>—</u>	<u>(349,879)</u>
Cash flows from investing activities:			
Investment income received	24,186	—	24,186
Net cash provided by investing activities	<u>24,186</u>	<u>—</u>	<u>24,186</u>
Net decrease in cash and cash equivalents	(325,693)	—	(325,693)
Cash and cash equivalents, January 1	1,640,016	—	1,640,016
Cash and cash equivalents, December 31	<u>\$ 1,314,323</u>	<u>—</u>	<u>1,314,323</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (256,925)	419,095	162,170
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities in:			
Due from other funds	—	(351,544)	(351,544)
Accounts payable	2,447	(67,551)	(65,104)
Self-insurance debt-claims payable	(95,401)	—	(95,401)
Total adjustments	<u>(92,954)</u>	<u>(419,095)</u>	<u>(512,049)</u>
Net cash used in operating activities	<u>\$ (349,879)</u>	<u>—</u>	<u>(349,879)</u>

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

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

Agency Fund Combining Statements

AGENCY FUNDS
DESCRIPTION OF FUNDS

Agency Funds

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

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

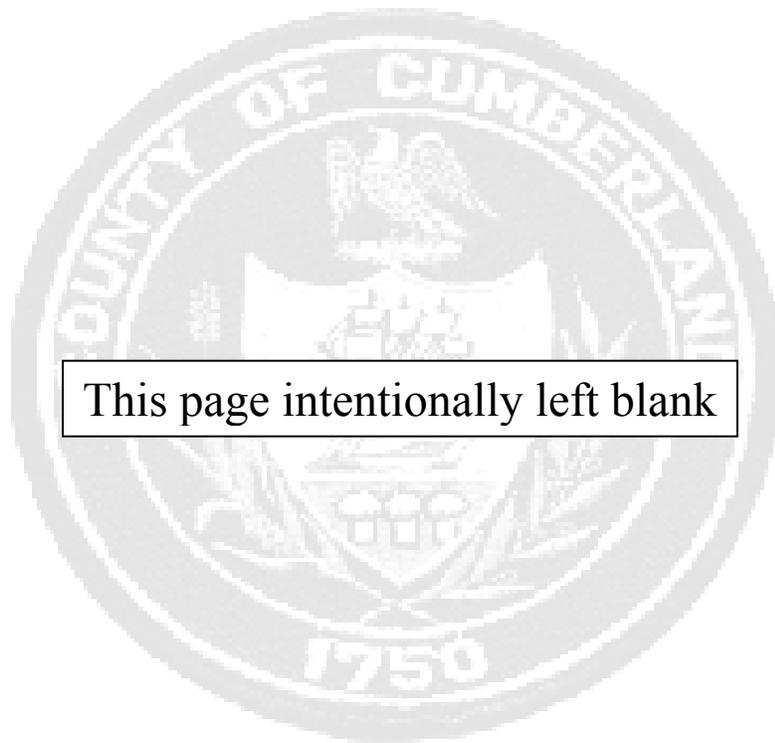
Perry County HealthChoices – Used to account for Perry County’s participation in Pennsylvania’s mandatory managed care program for Medical Assistance consumers. The program funds are collected by the Cumberland/Perry Mental Health/Intellectual and Developmental Disabilities Office.

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

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

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

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



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COMBINING STATEMENT OF ASSETS AND LIABILITIES

All Agency Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Prison Work Release	Prison Inmate Accounts	Perry County Health- Choices	Clerk of Court	Prothonotary
Assets					
Cash and cash equivalents	\$ 7,540	55,314	24,726	492,574	949,516
Total assets	\$ 7,540	55,314	24,726	492,574	949,516
Liabilities					
Due to other governments	\$ —	—	—	136,827	7,357
Escrow and other liabilities	7,540	55,314	24,726	355,747	942,159
Total liabilities	\$ 7,540	55,314	24,726	492,574	949,516

Recorder of Deeds	Treasurer	Register of Wills	Sheriff	District Attorney	Flexible Spending Account	Human Services Guardianship Accounts	Total
949,765	4,541	3,330	354,297	132,222	13,940	237,405	3,225,170
949,765	4,541	3,330	354,297	132,222	13,940	237,405	3,225,170
949,765	4,541	3,330	18,541	13,722	—	—	1,134,083
—	—	—	335,756	118,500	13,940	237,405	2,091,087
949,765	4,541	3,330	354,297	132,222	13,940	237,405	3,225,170

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2011*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Balance, January 1, 2011	Additions	Deletions	Balance, December 31, 2011
Prison Work Release				
Assets				
Cash and cash equivalents	\$ 10,944	435,884	439,288	7,540
Liabilities				
Escrow	\$ 10,944	435,884	439,288	7,540
Total liabilities	\$ 10,944	435,884	439,288	7,540
Prison Inmate Accounts				
Assets				
Cash and cash equivalents	\$ 85,763	899,377	929,826	55,314
Liabilities				
Escrow	\$ 85,763	899,377	929,826	55,314
Total liabilities	\$ 85,763	899,377	929,826	55,314
Perry County HealthChoices				
Assets				
Cash and cash equivalents	\$ 44,154	493,764	513,192	24,726
Liabilities				
Escrow and other liabilities	\$ 44,154	493,764	513,192	24,726
Total liabilities	\$ 44,154	493,764	513,192	24,726

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2011*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Balance, January 1, 2011	Additions	Deletions	Balance, December 31, 2011
(Continued)				
Clerk of Court				
Assets				
Cash and cash equivalents	\$ 593,736	2,442,072	2,543,234	492,574
Liabilities				
Due to other governments	\$ 109,492	1,346,037	1,318,702	136,827
Escrow	484,244	1,096,035	1,224,532	355,747
Total liabilities	\$ 593,736	2,442,072	2,543,234	492,574
Prothonotary				
Assets				
Cash and cash equivalents	\$ 842,854	279,747	173,085	949,516
Liabilities				
Due to other governments	\$ 7,837	90,484	90,964	7,357
Escrow	835,017	189,263	82,121	942,159
Total liabilities	\$ 842,854	279,747	173,085	949,516
Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 1,259,927	17,439,146	17,749,308	949,765
Liabilities				
Due to other governments	\$ 1,259,927	17,439,146	17,749,308	949,765
Total liabilities	\$ 1,259,927	17,439,146	17,749,308	949,765

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2011*

COUNTY OF CUMBERLAND, PENNSYLVANIA

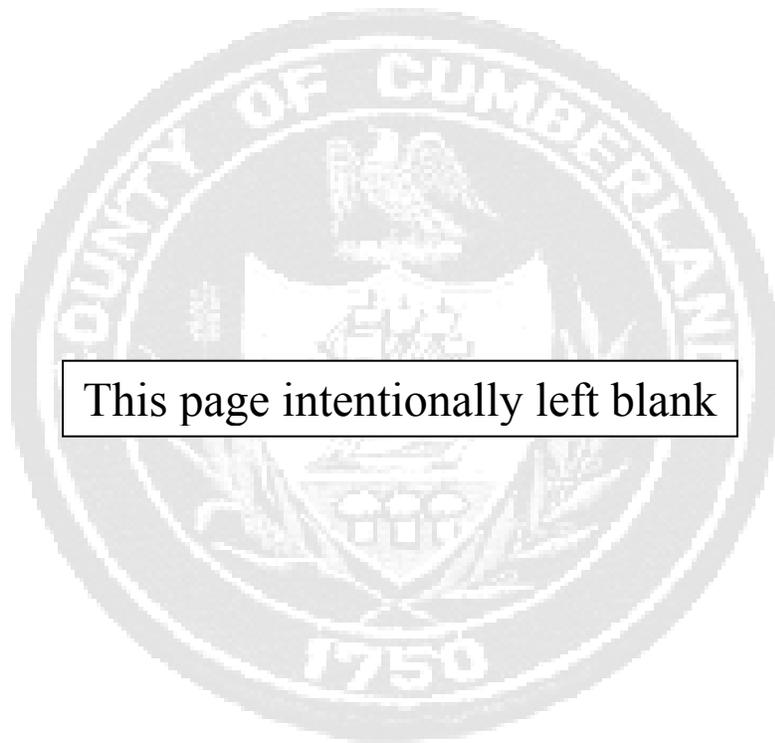
	Balance, January 1, 2011	Additions	Deletions	Balance, December 31, 2011
(Continued)				
Treasurer				
Assets				
Cash and cash equivalents	\$ 5,339	150,498	151,296	4,541
Liabilities				
Due to other governments	\$ 5,339	150,498	151,296	4,541
Total liabilities	\$ 5,339	150,498	151,296	4,541
Register of Wills				
Assets				
Cash and cash equivalents	\$ 3,530	17,382,475	17,382,675	3,330
Liabilities				
Due to other governments	\$ 3,530	17,382,475	17,382,675	3,330
Total liabilities	\$ 3,530	17,382,475	17,382,675	3,330
Sheriff				
Assets				
Cash and cash equivalents	\$ 1,077,038	2,309,506	3,032,247	354,297
Liabilities				
Due to other governments	\$ 27,022	108,338	116,819	18,541
Escrow	1,050,016	2,201,168	2,915,428	335,756
Total liabilities	\$ 1,077,038	2,309,506	3,032,247	354,297

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2011*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Balance, January 1, 2011	Additions	Deletions	Balance, December 31, 2011
(Continued)				
District Attorney				
Assets				
Cash and cash equivalents	\$ 170,283	87,957	126,018	132,222
Liabilities				
Due to other governments	\$ 13,655	3,806	3,739	13,722
Escrow	156,628	84,151	122,279	118,500
Total liabilities	\$ 170,283	87,957	126,018	132,222
Flexible Spending Account				
Assets				
Cash and cash equivalents	\$ 3,815	81,568	71,443	13,940
Liabilities				
Escrow	\$ 3,815	81,568	71,443	13,940
Total liabilities	\$ 3,815	81,568	71,443	13,940
Human Services Guardianship Accounts				
Assets				
Cash and cash equivalents	\$ 196,639	675,387	634,621	237,405
Liabilities				
Escrow	\$ 196,639	675,387	634,621	237,405
Total liabilities	\$ 196,639	675,387	634,621	237,405
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 4,294,022	42,677,381	43,746,233	3,225,170
Liabilities				
Due to other governments	\$ 1,426,802	36,520,784	36,813,503	1,134,083
Escrow and other liabilities	2,867,220	6,156,597	6,932,730	2,091,087
Total liabilities	\$ 4,294,022	42,677,381	43,746,233	3,225,170



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This section presents trend, contextual and detail information to help users evaluate the financial information presented in the preceding sections. This information is presented in five categories:

Financial Trends

Financial trends information is intended to help readers understand and assess how the County's financial position has changed over time.

Revenue Capacity

Revenue capacity information is intended to assist readers in understanding and assessing the factors affecting the County's ability to generate its own revenues – principally real estate taxes.

Debt Capacity

Debt capacity information is intended to assist readers in understanding and assessing the County's current debt burden and its ability to issue additional debt.

Demographic and Economic Information

Demographic and economic information is intended to help readers understand the socio-economic environment in which the County operates.

Operating Information

Operating information is intended to provide readers with information for evaluating the County's financial statement information as it relates to the services the County provides and activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Where available, ten years of data has been included. Government-wide financial statement information is available beginning with 2002.

FINANCIAL TRENDS
Net Assets by Component

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 32,027,212	32,283,858	29,749,495	16,289,475
Restricted	-	-	-	8,747,231
Unrestricted	<u>8,416,288</u>	<u>11,877,472</u>	<u>19,864,718</u>	<u>9,977,088</u>
Total governmental activities net assets	<u>\$ 40,443,500</u>	<u>44,161,330</u>	<u>49,614,213</u>	<u>35,013,794</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 4,650,717	3,199,579	1,310,858	(857,994)
Restricted	-	-	-	-
Unrestricted	<u>1,490,925</u>	<u>1,622,191</u>	<u>3,087,151</u>	<u>5,326,223</u>
Total business-type activities net assets	<u>\$ 6,141,642</u>	<u>4,821,770</u>	<u>4,398,009</u>	<u>4,468,229</u>
Primary government				
Invested in capital assets, net of related debt	\$ 36,677,929	35,483,437	31,060,353	15,431,481
Restricted	-	-	-	8,747,231
Unrestricted	<u>9,907,213</u>	<u>13,499,663</u>	<u>22,951,869</u>	<u>15,303,311</u>
Total primary government net assets	<u>\$ 46,585,142</u>	<u>48,983,100</u>	<u>54,012,222</u>	<u>39,482,023</u>

Last Ten Years as of December 31, 2011

2006	2007	2008	2009	2010	2011
17,291,386	18,992,768	21,107,189	23,171,314	23,210,201	25,321,465
15,555,829	12,011,798	26,125,693	16,434,597	13,578,839	11,341,250
<u>5,547,482</u>	<u>13,983,874</u>	<u>4,149,705</u>	<u>18,005,779</u>	<u>24,309,827</u>	<u>25,663,371</u>
<u><u>38,394,697</u></u>	<u><u>44,988,440</u></u>	<u><u>51,382,587</u></u>	<u><u>57,611,690</u></u>	<u><u>61,098,867</u></u>	<u><u>62,326,086</u></u>
(1,304,478)	(1,495,109)	(1,301,131)	(403,424)	664,320	3,270,869
-	-	-	-	-	-
<u>7,920,167</u>	<u>9,723,191</u>	<u>9,914,008</u>	<u>9,021,640</u>	<u>8,334,573</u>	<u>6,284,362</u>
<u><u>6,615,689</u></u>	<u><u>8,228,082</u></u>	<u><u>8,612,877</u></u>	<u><u>8,618,216</u></u>	<u><u>8,998,893</u></u>	<u><u>9,555,231</u></u>
15,986,908	17,497,659	19,806,058	22,767,890	23,874,521	28,592,334
15,555,829	12,011,798	26,125,693	16,434,597	13,578,839	11,341,250
<u>13,467,649</u>	<u>23,707,065</u>	<u>14,063,713</u>	<u>27,027,419</u>	<u>32,644,400</u>	<u>31,947,733</u>
<u><u>45,010,386</u></u>	<u><u>53,216,522</u></u>	<u><u>59,995,464</u></u>	<u><u>66,229,906</u></u>	<u><u>70,097,760</u></u>	<u><u>71,881,317</u></u>

FINANCIAL TRENDS

Changes in Net Assets

COUNTY OF CUMBERLAND, PENNSYLVANIA

(accrual basis of accounting)

	2002	2003	2004	2005
Expenses				
Governmental activities:				
General government - administrative	\$ 21,533,972	22,376,100	22,570,583	23,843,051
General government - judicial (1)	-	-	-	-
Public safety	11,972,094	13,287,128	13,630,646	14,342,433
Roads and bridge maintenance	838,729	861,335	651,093	1,125,543
Recycling and waste management	531,554	541,293	561,480	568,828
Human services:				
Mental health/intellectual and developmental disabilities	21,209,170	21,543,888	26,475,793	27,253,708
HealthChoices - Cumberland County	7,690,358	11,631,837	13,223,377	18,079,337
Children and youth	8,605,295	9,369,124	9,259,081	10,821,115
Food and shelter	3,123,230	2,978,327	3,408,828	3,995,395
Office of aging	2,786,538	2,928,172	3,068,634	3,391,598
Other	3,522,739	3,297,693	4,040,060	3,968,892
Culture and recreation	1,134,192	535,145	90,075	87,920
Conservation	340,797	541,665	381,570	418,545
Community redevelopment and housing	339,405	400,693	387,356	266,693
Economic development and assistance	806,439	913,960	2,244,217	2,380,343
Interest on long-term debt	395,355	354,504	482,719	470,589
Indirect expenses	(254,372)	(309,825)	(334,128)	(363,597)
Total governmental activities expenses	<u>84,575,495</u>	<u>91,251,039</u>	<u>100,141,384</u>	<u>110,650,393</u>
Business-type activities:				
County nursing home	17,569,470	18,386,131	19,494,048	20,509,268
Early Learning Center	131,227	294,183	359,885	407,655
Emergency telephone	3,616,184	4,275,821	4,221,403	6,342,878
Hazardous materials protection	129,263	112,576	135,713	177,854
Transportation services	1,262,223	1,530,755	1,647,303	1,722,524
Indirect expenses	254,372	309,825	334,128	363,597
Total business-type activities expenses	<u>22,962,739</u>	<u>24,909,291</u>	<u>26,192,480</u>	<u>29,523,776</u>
Total primary government expenses	<u>\$ 107,538,234</u>	<u>116,160,330</u>	<u>126,333,864</u>	<u>140,174,169</u>
Program revenues				
Governmental activities:				
Charges for services				
General government - administrative	\$ 7,316,911	6,703,034	6,126,041	6,715,978
General government - judicial (1)	-	-	-	-
Public safety	1,652,602	1,846,768	2,242,796	2,595,561
Roads and bridge maintenance	-	-	8,580	4,597
Recycling and waste management	555,070	568,435	667,116	91,690
Human services	899,545	786,998	1,207,541	1,232,531
Culture and recreation	-	-	11,935	9,466
Conservation	10	61,481	33,595	14,233
Community redevelopment and housing	321,140	400,325	320,335	305,800
Economic development and assistance	300	400	5,218	2,826
Operating grants and contributions				
General government - administrative	2,932,384	2,783,458	2,494,905	2,369,485
General government - judicial	-	-	438,072	336,127
Public safety	2,435,514	2,126,353	1,879,190	1,765,008
Roads and bridge maintenance	494,381	1,256,450	746,501	1,107,146

Last Ten Years as of December 31, 2011

2006	2007	2008	2009	2010	2011
11,265,601	12,084,842	12,914,833	12,627,406	13,814,789	14,046,596
14,431,904	14,884,695	15,300,757	16,100,981	16,658,597	17,814,045
15,368,282	16,554,754	16,524,566	17,366,885	19,253,729	20,794,098
1,472,466	952,524	479,261	855,299	672,542	387,359
567,813	535,267	449,387	514,416	380,137	458,016
32,343,624	33,099,088	35,708,717	27,708,562	18,141,649	16,928,959
22,678,241	21,728,030	22,892,241	27,042,052	28,601,028	27,491,594
12,015,385	12,559,788	13,327,513	12,839,074	12,342,876	13,417,768
4,379,791	4,298,143	4,554,398	4,726,775	3,137,335	936,619
4,485,342	4,176,758	4,585,368	4,889,623	4,785,973	3,915,211
3,879,024	4,196,473	4,248,998	3,973,504	5,051,374	6,143,289
45,273	81,430	106,326	227,443	108,217	67,799
711,848	882,688	1,047,706	531,424	423,928	386,490
379,553	245,888	217,028	218,714	212,555	220,815
4,437,310	3,026,549	3,870,456	4,093,769	3,992,708	3,877,944
661,412	846,026	1,130,803	1,280,716	1,320,663	1,323,974
(393,955)	(432,428)	(494,329)	(531,008)	(613,073)	(635,931)
<u>128,728,914</u>	<u>129,720,515</u>	<u>136,864,029</u>	<u>134,465,635</u>	<u>128,285,027</u>	<u>127,574,645</u>
21,604,381	21,715,212	22,463,389	23,833,449	24,806,003	25,737,338
456,022	487,679	516,737	483,456	479,681	532,003
4,817,157	5,163,736	5,277,951	5,329,529	9,481,575	6,505,960
223,403	278,299	258,893	247,389	194,317	228,067
1,889,158	2,122,585	2,305,882	2,360,459	2,331,954	2,611,077
393,955	432,428	494,329	531,008	613,073	635,931
<u>29,384,076</u>	<u>30,199,939</u>	<u>31,317,181</u>	<u>32,785,290</u>	<u>37,906,603</u>	<u>36,250,376</u>
<u>158,112,990</u>	<u>159,920,454</u>	<u>168,181,210</u>	<u>167,250,925</u>	<u>166,191,630</u>	<u>163,825,021</u>
3,687,016	4,034,692	3,861,945	4,325,427	3,952,398	3,972,749
2,108,136	3,760,691	4,182,989	3,895,465	4,021,584	3,878,412
2,512,689	2,697,819	3,155,752	2,951,887	3,055,916	3,359,727
6,680	53,110	29,729	-	7,272	49,773
1,037,382	266,099	128,166	114,998	116,498	145,302
2,230,349	1,417,763	1,811,103	6,215,264	5,377,369	6,420,238
12,426	10,537	10,942	11,052	11,300	11,193
61,522	139,365	59,533	35,915	54,341	26,799
294,109	265,108	227,398	235,154	214,505	197,915
63,418	198,360	146,409	98,884	130,752	143,883
1,090,729	76,132	245,575	110,861	217,232	567,219
2,413,569	2,531,381	2,497,334	2,650,047	2,883,864	2,943,449
1,738,660	1,327,598	1,243,092	1,235,751	1,856,181	1,637,737
1,469,833	2,392,227	951,691	529,854	589,234	557,169

FINANCIAL TRENDS

Changes in Net Assets

COUNTY OF CUMBERLAND, PENNSYLVANIA

(accrual basis of accounting)

	2002	2003	2004	2005
Program revenues (continued)				
Recycling and waste management	\$ 202,801	437,668	99,131	127,997
Human services:				
Mental health/intellectual and developmental disabilities	20,725,284	21,230,866	25,981,948	26,481,739
HealthChoices - Cumberland County	7,690,358	11,631,837	13,220,841	18,069,073
Children and youth	7,083,415	7,751,800	7,648,535	8,907,164
Food and shelter	3,207,127	3,030,019	3,132,715	3,870,511
Office of aging	2,642,857	2,894,113	2,874,807	3,185,237
Other	3,019,171	2,894,200	3,609,467	3,538,699
Culture and recreation	547,972	(6,199)	-	-
Conservation	26,811	78,631	46,439	27,421
Community redevelopment and housing	2,414	1,551	-	-
Economic development and assistance	76,355	75,829	951,372	1,400,894
Capital grants and contributions				
General government - administrative	30,104	21,979	64,728	40,927
General government - judicial	-	-	-	-
Public safety	58,603	11,000	9,263	14,197
Roads and bridge maintenance	-	-	-	-
Recycling and waste management	-	-	54,180	-
Conservation	603,720	249,592	1,726,193	-
Total governmental activities program revenues	<u>62,524,849</u>	<u>66,836,588</u>	<u>75,601,444</u>	<u>82,214,307</u>
Business-type activities:				
Charges for services				
County nursing home	16,479,444	18,528,173	20,934,388	22,182,781
Early Learning Center	41,869	186,471	279,112	321,779
Emergency telephone	2,242,009	2,190,387	2,098,908	2,016,473
Hazardous materials protection	24,504	24,425	43,733	49,880
Transportation services	40,313	42,856	866,164	825,904
Operating grants and contributions				
County nursing home	589,450	62,554	4,086	12,449
Early Learning Center	-	13,021	6,312	7,975
Emergency telephone	-	-	-	53,540
Hazardous materials protection	24,478	42,739	18,705	21,553
Transportation services	1,302,892	1,333,209	641,052	711,810
Capital grants and contributions				
Early Learning Center	-	-	-	5,630
Emergency telephone	491,906	221,898	-	-
Hazardous materials protection	-	-	-	361,514
Transportation services	390,638	288,923	2,471	385,840
Total business-type activities program revenues	<u>21,627,503</u>	<u>22,934,656</u>	<u>24,894,931</u>	<u>26,957,128</u>
Total primary government program revenues	<u>\$ 84,152,352</u>	<u>89,771,244</u>	<u>100,496,375</u>	<u>109,171,435</u>
Net expense:				
Governmental activities	\$ (22,050,646)	(24,414,451)	(24,539,940)	(28,436,086)
Business-type activities	(1,335,236)	(1,974,635)	(1,297,549)	(2,566,648)
Total primary government net expense	<u>\$ (23,385,882)</u>	<u>(26,389,086)</u>	<u>(25,837,489)</u>	<u>(31,002,734)</u>

Last Ten Years as of December 31, 2011

2006	2007	2008	2009	2010	2011
93,749	57,033	470,419	160,115	75,312	67,821
31,325,889	32,062,709	34,853,233	26,936,260	17,436,659	14,306,924
22,660,910	21,707,823	22,881,948	27,040,563	28,634,245	27,489,782
9,688,684	10,225,414	10,642,965	10,658,021	9,927,394	10,726,676
3,840,332	4,149,274	4,486,184	689,254	920,238	703,688
3,851,537	4,033,513	4,336,567	3,934,097	4,001,745	3,445,930
3,296,947	3,414,422	3,104,052	2,953,656	2,796,894	2,777,210
-	-	45,119	163,881	-	-
57,060	77,726	165,986	430,053	70,146	49,269
-	-	-	-	-	-
3,000,109	1,606,690	2,226,010	2,535,722	2,308,941	1,994,012
-	-	-	-	571,757	638,503
-	54,953	6,832	-	-	-
16,527	12,465	65,745	22,749	27,099	21,602
2,581	272,199	96,987	-	8,752	61,649
-	-	-	-	-	-
149,604	64,901	-	-	-	-
<u>96,710,447</u>	<u>96,910,004</u>	<u>101,933,705</u>	<u>97,934,930</u>	<u>89,267,628</u>	<u>86,194,631</u>
21,414,687	22,729,768	22,536,429	23,592,054	25,259,305	25,276,933
369,206	400,963	399,429	406,814	414,613	429,812
1,971,210	2,062,474	1,944,338	1,835,550	1,761,860	1,714,758
50,901	49,690	50,708	58,096	50,500	47,450
841,716	1,002,810	1,100,062	1,051,045	1,044,212	1,049,685
7,410	7,732	10,718	22,612	23,045	159,868
13,020	22,493	34,016	32,355	39,215	43,492
1,799,540	1,395,121	3,002,387	2,470,344	6,410,484	3,891,927
27,834	28,349	30,112	33,361	71,630	23,548
845,171	955,443	1,134,124	1,139,457	1,050,365	1,156,134
-	14,975	1,283	-	-	-
-	-	-	-	-	-
-	895	3,505	3,427	1,673	200,000
76,263	249,923	198,638	433,123	13,585	611,271
<u>27,416,958</u>	<u>28,920,636</u>	<u>30,445,749</u>	<u>31,078,238</u>	<u>36,140,487</u>	<u>34,604,878</u>
<u>124,127,405</u>	<u>125,830,640</u>	<u>132,379,454</u>	<u>129,013,168</u>	<u>125,408,115</u>	<u>120,799,509</u>
(32,018,467)	(32,810,511)	(34,930,324)	(36,530,705)	(39,017,399)	(41,380,014)
(1,967,118)	(1,279,303)	(871,432)	(1,707,052)	(1,766,116)	(1,645,498)
<u>(33,985,585)</u>	<u>(34,089,814)</u>	<u>(35,801,756)</u>	<u>(38,237,757)</u>	<u>(40,783,515)</u>	<u>(43,025,512)</u>

FINANCIAL TRENDS

Changes in Net Assets

COUNTY OF CUMBERLAND, PENNSYLVANIA

(accrual basis of accounting)

	2002	2003	2004	2005
(continued)				
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Real estate taxes	\$ 26,314,783	27,012,527	28,798,851	30,954,255
Per capita taxes	646,206	657,253	674,458	660,792
Hotel taxes	804,363	833,060	844,569	923,487
Grants and contributions not restricted to specific programs	29,078	10,609	-	-
Unrestricted investment earnings	236,838	213,170	481,053	1,183,081
Transfers	(1,038,945)	(594,338)	(806,108)	(2,414,420)
Total governmental activities	<u>26,992,323</u>	<u>28,132,281</u>	<u>29,992,823</u>	<u>31,307,195</u>
Business-type activities:				
Grants and contributions not restricted to specific programs	7,653	4,933	-	-
Unrestricted investment earnings	216,271	55,492	67,680	222,448
Transfers	1,038,945	594,338	806,108	2,414,420
Total business-type activities	<u>1,262,869</u>	<u>654,763</u>	<u>873,788</u>	<u>2,636,868</u>
Total primary government	<u>\$ 28,255,192</u>	<u>28,787,044</u>	<u>30,866,611</u>	<u>33,944,063</u>
Changes in Net Assets				
Governmental activities	\$ 4,941,677	3,717,830	5,452,883	2,871,109
Business-type activities	(72,367)	(1,319,872)	(423,761)	70,220
Total primary government	<u>\$ 4,869,310</u>	<u>2,397,958</u>	<u>5,029,122</u>	<u>2,941,329</u>

Notes:

- (1) Beginning in 2006, general government expenses were broken into two categories to provide better detail to the statement of activities. The new categories are called general government-administrative and general governmental-judicial.

Last Ten Years as of December 31, 2011

2006	2007	2008	2009	2010	2011
35,211,322	37,534,225	38,319,951	41,366,554	41,788,709	42,140,921
610,226	729,222	638,640	639,342	629,068	677,729
950,036	1,057,801	1,345,191	1,192,707	1,518,194	1,502,072
-	-	-	-	-	-
2,403,031	2,642,631	1,897,431	1,106,743	652,760	422,986
(3,770,245)	(2,559,625)	(876,742)	(1,545,538)	(2,084,155)	(2,136,475)
35,404,370	39,404,254	41,324,471	42,759,808	42,504,576	42,607,233
-	-	-	-	-	-
344,333	332,071	379,485	166,853	62,638	65,361
3,770,245	2,559,625	876,742	1,545,538	2,084,155	2,136,475
4,114,578	2,891,696	1,256,227	1,712,391	2,146,793	2,201,836
39,518,948	42,295,950	42,580,698	44,472,199	44,651,369	44,809,069
3,385,903	6,593,743	6,394,147	6,229,103	3,487,177	1,227,219
2,147,460	1,612,393	384,795	5,339	380,677	556,338
5,533,363	8,206,136	6,778,942	6,234,442	3,867,854	1,783,557

FINANCIAL TRENDS
Fund Balances of Governmental Funds

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

	2002	2003	2004	2005
General fund				
Reserved	\$ 1,161,155	964,346	3,777,740	3,902,719
Unreserved	5,677,516	8,699,315	12,062,306	13,871,446
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Landfill closure	-	-	-	-
Farmland preservation	-	-	-	-
Offender supervision	-	-	-	-
Criminal investigation	-	-	-	-
Register of Wills-Act 34	-	-	-	-
Coroner - Act 122	-	-	-	-
Hoffer scholarship	-	-	-	-
Row office automation	-	-	-	-
Unrestricted:				
Assigned:				
Future budgetary requirements	-	-	-	-
Capital projects	-	-	-	-
Risk liability	-	-	-	-
Farmland preservation	-	-	-	-
Prison canteen	-	-	-	-
Criminal justice planning	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 6,838,671</u>	<u>9,663,661</u>	<u>15,840,046</u>	<u>17,774,165</u>
All other governmental funds				
Reserved	\$ -	-	-	-
Unreserved, reported in:				
Special revenue funds	4,749,080	6,330,164	5,861,350	6,458,575
Capital projects fund	2,808,539	481,527	560,210	496,303
Debt service fund	4,365	637	631	-
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Roads and bridge maintenance	-	-	-	-
Judicial services	-	-	-	-
Human services	-	-	-	-
Public safety	-	-	-	-
Row office automation	-	-	-	-
Conservation	-	-	-	-
Economic development and housing	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unrestricted:				
Assigned:				
Capital projects	-	-	-	-
Community services	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 7,561,984</u>	<u>6,812,328</u>	<u>6,422,191</u>	<u>6,954,878</u>

Note:

- (1) The County has elected, as permitted by GASB 54, to not retroactively recharacterize fund balance in governmental funds prior to 2010. The County early implemented GASB 54 in 2010. The nature of the differences between the reserved and unreserved fund balance components reported prior to 2010 and the restricted and unrestricted categories reported effective in 2010 is the focus, beginning in 2010, on the level of restriction on the fund balance components.

Last Ten Years as of December 31, 2011

2006	2007	2008	2009	2010	2011
3,862,538	1,592,623	2,092,339	1,332,001	-	-
16,231,782	20,679,184	22,766,147	29,270,507	-	-
-	-	-	-	170,321	227,426
-	-	-	-	488,858	418,540
-	-	-	-	1,092,655	825,164
-	-	-	-	564,467	564,847
-	-	-	-	229,803	203,802
-	-	-	-	67,200	69,450
-	-	-	-	49,499	68,905
-	-	-	-	16,723	16,256
-	-	-	-	174,701	190,587
-	-	-	-	-	10,920,515
-	-	-	-	3,725,000	3,725,000
-	-	-	-	250,000	250,000
-	-	-	-	446,367	560,825
-	-	-	-	66,732	177,895
-	-	-	-	5,885	7,297
-	-	-	-	24,316,110	11,144,830
<u>20,094,320</u>	<u>22,271,807</u>	<u>24,858,486</u>	<u>30,602,508</u>	<u>31,664,321</u>	<u>29,371,339</u>
-	-	-	-	-	-
7,611,520	6,994,029	7,426,419	6,865,274	-	-
4,848,593	4,042,418	17,738,683	8,569,764	-	-
2,323	-	-	-	-	-
-	-	-	-	23,649	235,485
-	-	-	-	-	-
-	-	-	-	635,004	955,530
-	-	-	-	55,920	287,665
-	-	-	-	952,567	1,474,155
-	-	-	-	35,758	33,156
-	-	-	-	1,005,582	923,002
-	-	-	-	1,670,258	1,461,610
-	-	-	-	1,920,788	2,190,163
-	-	-	-	9,870	-
-	-	-	-	1,948,613	15,751,272
-	-	-	-	-	500,082
-	-	-	-	891,930	297,941
-	-	-	-	(83,661)	4,694
<u>12,462,436</u>	<u>11,036,447</u>	<u>25,165,102</u>	<u>15,435,038</u>	<u>9,066,278</u>	<u>24,114,755</u>

FINANCIAL TRENDS

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(modified accrual basis of accounting)

	2002	2003	2004	2005
Revenues:				
Taxes	\$ 27,751,850	28,612,909	30,170,342	32,611,992
Licenses and permits	110,231	91,648	103,297	102,300
Grants	50,547,728	55,838,634	64,758,123	70,627,628
County charges	7,271,844	8,127,915	9,290,235	9,055,568
Court, costs, fines and forfeitures	1,349,774	1,378,298	1,080,181	1,325,488
Interest	659,163	544,154	481,053	1,183,081
Payment in lieu of taxes	-	-	-	-
Contributions and other	1,576,693	1,487,794	407,466	822,642
Total revenues	89,267,283	96,081,352	106,290,697	115,728,699
Expenditures:				
Current:				
General government - administrative	7,050,710	7,691,366	8,094,990	8,491,678
General government - judicial	13,779,644	14,872,711	13,517,419	14,084,783
Public safety	8,975,357	9,852,449	11,476,018	12,576,249
Public works and enterprises	1,200,707	872,618	913,625	827,474
Human services:				
Mental health/intellectual and developmental disabilities	21,191,843	21,727,526	26,638,694	27,372,787
Children and youth	8,728,330	9,558,371	9,374,020	10,918,122
HealthChoices - Cumberland County	7,690,358	11,631,837	13,223,377	18,079,337
Food and shelter	3,200,219	3,069,346	3,397,619	3,969,006
Office of aging	2,871,856	3,104,919	3,141,073	3,499,844
Drug and alcohol	2,643,934	2,660,145	3,064,262	3,173,267
Fiscal Employer Agent	-	-	-	-
General fund	1,372,029	862,989	640,136	568,944
Witness assistance	718,034	498,073	434,286	356,673
Human services development	256,329	166,718	360,165	253,609
Capital projects	-	-	-	-
Other	-	-	-	-
Culture and recreation	2,225,385	1,642,857	931,061	142,459
Conservation and development	2,017,662	3,072,916	601,109	1,154,439
Economic development and assistance	-	-	1,314,077	2,244,756
Other	19,215	11,148	-	-
Debt service:				
Principal retirement	2,578,298	853,718	1,805,980	1,092,112
Debt interest	350,903	349,205	463,500	470,229
Debt issuance costs	72,252	-	128,612	21,653
Capital Outlay	340,760	1,627,768	3,731,920	2,938,157
Payments to other governments	-	-	496,264	358,666
Total expenditures	87,283,825	94,126,680	103,748,207	112,594,244
Excess (deficiency) of revenues over (under) expenditures	1,983,458	1,954,672	2,542,490	3,134,455
Other financing sources (uses):				
Transfers in	6,939,687	5,532,246	6,880,060	6,949,292
Transfers out	(7,978,632)	(6,126,583)	(7,686,168)	(9,363,713)
Debt issued	4,740,799	715,000	7,824,917	1,698,615
Payment to refund bonds	(2,367,358)	-	(3,775,051)	-
Bond premium (discount)	-	-	-	3,227

Last Ten Years as of December 31, 2011

2006	2007	2008	2009	2010	2011
36,496,600	39,174,148	40,270,517	43,016,438	43,972,939	44,249,273
109,045	104,440	101,762	115,886	96,872	104,492
84,474,545	83,870,461	88,045,118	79,570,052	72,033,160	67,782,498
10,587,280	10,569,865	11,086,953	15,477,114	14,386,937	15,507,346
1,369,036	1,724,379	1,851,223	1,970,159	1,968,327	2,182,893
2,403,030	2,642,631	1,897,431	1,106,741	652,759	422,986
83,160	143,355	116,614	141,168	128,664	128,359
1,155,695	308,366	331,004	670,539	441,878	397,790
<u>136,678,391</u>	<u>138,537,645</u>	<u>143,700,622</u>	<u>142,068,097</u>	<u>133,681,536</u>	<u>130,775,637</u>
8,841,723	9,536,444	10,071,676	9,470,786	10,419,194	10,779,834
15,050,890	15,652,556	16,251,512	16,858,261	16,598,749	17,837,905
13,733,295	15,032,388	15,165,158	15,525,396	18,098,141	19,313,626
827,067	934,188	680,216	1,167,927	863,974	686,114
32,499,919	33,248,461	35,964,303	27,883,589	18,367,330	17,226,078
12,147,306	12,710,692	13,525,507	12,975,471	12,492,268	13,605,024
22,678,241	21,728,030	22,892,242	27,042,053	28,601,026	27,491,595
4,392,767	4,389,777	4,644,898	4,821,488	3,219,164	962,539
4,587,396	4,264,224	4,755,060	5,047,609	4,968,161	4,098,978
3,058,490	3,230,289	3,286,072	3,043,704	3,012,234	2,844,349
-	-	-	-	1,250,455	2,453,634
573,640	721,015	740,773	705,617	643,881	744,325
375,099	392,197	403,120	406,683	420,078	438,939
301,727	267,292	291,959	274,963	230,470	209,799
-	-	-	211,299	-	-
-	-	21,000	-	-	-
63,177	102,070	136,569	243,647	135,125	92,871
1,580,505	1,064,321	726,504	525,300	433,154	379,522
4,330,084	2,900,074	3,711,259	3,972,265	3,888,847	3,949,724
-	-	-	-	-	-
1,433,738	1,468,327	1,615,330	1,423,447	1,907,615	1,780,187
479,186	957,841	967,808	1,250,182	1,363,595	1,220,283
137,369	-	119,291	145,207	115,388	197,724
7,200,628	6,122,633	6,574,648	14,029,489	9,574,735	7,766,720
713,158	588,243	715,601	289,677	424,159	370,994
<u>135,005,405</u>	<u>135,311,062</u>	<u>143,260,506</u>	<u>147,314,060</u>	<u>137,027,743</u>	<u>134,450,764</u>
<u>1,672,986</u>	<u>3,226,583</u>	<u>440,116</u>	<u>(5,245,963)</u>	<u>(3,346,207)</u>	<u>(3,675,127)</u>
7,861,282	9,290,911	10,006,158	8,849,334	10,011,522	12,367,178
(11,599,563)	(11,850,346)	(10,876,498)	(10,394,752)	(12,097,520)	(14,498,394)
9,900,000	-	17,121,750	9,656,482	9,850,000	18,000,000
-	-	-	(7,108,829)	(9,877,630)	-
(52,511)	-	(34,507)	92,084	152,888	561,838

Changes in Fund Balances of Governmental Funds

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
(Continued)				
Other financing sources (uses):				
Sale of assets	\$ -	-	-	-
Insurance recovery	-	-	-	-
Capital leases	25,435	-	-	44,930
Total other financing sources (uses)	<u>1,359,931</u>	<u>120,663</u>	<u>3,243,758</u>	<u>(667,649)</u>
Net change in fund balances	<u>\$ 3,343,389</u>	<u>2,075,335</u>	<u>5,786,248</u>	<u>2,466,806</u>
Debt service as a percentage of noncapital expenditures	3.37%	1.30	2.27	1.42

Last Ten Years as of December 31, 2011

2006	2007	2008	2009	2010	2011
-	-	300	-	-	-
-	-	33,680	165,602	-	-
50,519	84,350	24,335	-	-	-
<u>6,159,727</u>	<u>(2,475,085)</u>	<u>16,275,218</u>	<u>1,259,921</u>	<u>(1,960,740)</u>	<u>16,430,622</u>
<u>7,832,713</u>	<u>751,498</u>	<u>16,715,334</u>	<u>(3,986,042)</u>	<u>(5,306,947)</u>	<u>12,755,495</u>
1.50	1.88	1.89	2.01	2.57	2.37

REVENUE CAPACITY

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Fiscal Year		Residential Property	Commercial Property	Agricultural	Recreation	Total Taxable Assessed Value	Utility & Tax Exempt Property	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Value as a Percentage of Actual Value (5)
2002	(1)	\$ 8,891,668,140	\$ 3,720,380,780	\$ 599,934,690	\$ 28,280,880	\$ 13,240,264,490	\$ 1,675,775,320	2.149	\$ 1,342,826,131	98.6 %
2003	(1)	9,141,838,220	3,726,763,850	596,577,690	27,998,970	13,493,178,730	1,783,006,990	2.149	14,143,793,218	95.4
2004	(1)	9,412,693,650	3,803,587,230	600,635,420	27,910,060	13,844,826,360	1,793,680,360	2.352	15,315,073,407	90.4
2005	(2)	10,487,126,920	4,332,597,620	668,547,100	29,008,730	15,517,280,370	2,015,198,460	2.186	15,517,280,370	100.0
2006	(2)	10,801,168,820	4,440,201,950	673,647,300	30,065,890	15,945,083,960	2,349,724,010	2.377	18,160,687,882	87.8
2007	(2)	11,129,659,300	4,574,598,980	700,313,470	29,406,010	16,433,977,760	2,374,030,750	2.465	20,041,436,292	82.0
2008	(2)	11,441,197,970	4,669,758,070	715,304,350	28,548,970	16,854,809,360	2,453,087,320	2.465	21,254,488,474	79.3
2009	(2)	11,704,349,810	4,788,918,720	725,187,210	28,470,540	17,246,926,280	2,961,390,860	2.579	21,803,852,313	79.1
2010	(2)	11,907,901,590	4,919,759,440	740,578,380	28,279,280	17,596,518,690	2,972,923,890	2.579	21,968,188,127	80.1
2011		15,418,759,500	5,975,550,800	994,539,200	44,311,900	22,433,161,400	3,751,613,300	2.045	22,433,161,400	100.0

Notes:

- (1) Properties valued at 2000 reassessment base year
- (2) Properties valued at 2004 reassessment base year
- (3) Properties valued at 2010 reassessment base year
- (4) Direct Tax Rate:

	<u>County</u>	<u>Library</u>	<u>Total</u>	
2002	2.046	0.103	2.149	
2003	2.046	0.103	2.149	
2004	2.149	0.203	2.352	
2005	2.006	0.18	2.186	
2006	2.197	0.18	2.377	
2007	2.285	0.18	2.465	
2008	2.285	0.18	2.465	
2009	2.399	0.18	2.579	
2010	2.399	0.18	2.579	
2011	1.902	0.143	2.045	* Millage adjustment due to 5% cap for reassessment

Although the Countywide library tax is a direct tax of the County as the County ordains and enacts it, the library tax is restricted by the electorate to funding the Cumberland County Library System, a governmental unit that is separate from the County, and is therefore not recognized as a tax revenue of Cumberland County government.

- (4) Estimated actual value is calculated by dividing taxable assessed value by the State Tax Equalization Board's common level ratios
- (5) Rates are based on the State Tax Equalization Board's common level ratio

Source: County Board of Assessment

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

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Year Taxes Are Payable</u>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
County Direct Rates										
General	2.046	2.046	2.149	2.006	2.197	2.285	2.285	2.399	2.399	1.902
Library	0.103	0.103	0.203	0.18	0.18	0.18	0.18	0.18	0.18	0.143
School Districts										
Big Spring	10.0	11.3	12.217	12.375	13.365	14.194	14.72	15.455	16.072	12.098
Camp Hill	11.13	11.92	12.76	12.03	12.77	13.39	14.22	14.8	16.21	12.9577
Carlisle Area	10.86	11.95	12.7	12.0	12.58	13.1	13.8	14.33	14.83	12.2606
Cumberland Valley	8.89	9.188	10.202	9.554	9.554	9.554	9.721	9.964	10.252	8.57
East Pennsboro	11.58	12.08	12.82	11.78	11.78	12.25	12.899	12.899	12.899	10.309
Mechanicsburg	12.05	12.05	13.41	12.83	12.83	13.26	13.73	14.29	14.7	12.168
Shippensburg Area	9.96	10.55	12.05	11.33	12.4	12.75	13.08	13.21	13.55	10.01
South Middleton	10.60	11.10	11.9	11.15	11.15	11.38	11.38	11.38	11.55	8.9245
West Shore Area	10.1	10.1	10.2	9.6	9.9	10.2	10.5	10.6	10.61	9
Municipalities										
Camp Hill	2.124	2.124	2.124	1.881	1.881	3.88	3.881	3.881	3.881	3.022
Carlisle	2.66	2.95	3.1	2.81	2.81	2.81	2.81	3.08	3.57	3.058
Cooke	1.0	1.0	1.0	0.968	1.5	1.5	1.5	1.5	2	1.4
Dickinson	0.03	0.03	0.03	0.02857	0.02857	0.02857	0.02857	**0.22	**0.22	.084**
East Pennsboro	0.888	0.888	0.888	0.79	0.79	1.09	1.09	1.19	1.19	0.957
Hampden	0.2	0.2	0.2	0.18	0.18	0.18	0.18	0.18	0.18	0.156
Hopewell	-	-	-	-	-	-	-	-	-	-
Lemoyne	1.33	1.33	1.99	1.99	1.99	1.99	1.99	2.5	2.5	2.1
Lower Allen	1.50	1.50	2.0	1.9	1.9	2.0	2.0	2.5	2.5	1.23
Lower Frankford	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.0807
Lower Mifflin	-	-	-	-	-	-	-	-	-	-
Mechanicsburg	1.45	1.45	2.45	2.23	2.23	2.23	3.0	3.0	3.25	2.58
Middlesex	0.59	0.99	0.99	0.87	0.87	0.87	0.87	0.87	1.2	0.998
Monroe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.595	0.169
Mt. Holly Springs	2.03	2.03	2.03	1.67	1.83	1.83	1.8	1.944	1.966	1.374
Newburg	0.125	0.125	0.125	0.121*	0.121	0.121	1.0	1.0	1.0	0.7
New Cumberland	1.5	2.5	3.0	2.6	2.6	2.6	2.6	2.6	3.6	2.9
Newville	1.6657	1.6657	1.6657	1.6657	1.6657	1.6657	1.6657	1.6657	2.0657	1.358
North Middleton	0.981	0.981	0.981	0.889	0.889	0.889	0.889	0.889	0.889	0.694
North Newton	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.1
Penn	0.065	0.065	0.065	0.061	0.061	0.061	0.061	0.061	0.061	0.0414
Shippensburg Borough	2.29	3.11	3.11	2.85	2.85	2.85	2.85	2.85	3.6	2.26
Shippensburg Twp.	1.0	1.0	1.0	0.95	0.95	0.95	0.95	0.95	0.95	0.675
Shiremanstown	1.75	1.75	1.75	1.68	1.75	2.0	2.0	2.2	2.35	1.9

(Continued)

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

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Year Taxes Are Payable</u>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Municipalities (continued)										
Silver Spring	0.656	0.656	0.656	0.584	0.584	0.584	1.034	1.034	1.034	0.8045
Southampton	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
South Middleton	0.07116	-	-	-	0.16	**0.22	**0.22	**0.22	**0.22	0.17**
South Newton	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.0933
Upper Allen	0.244	0.244	0.244	0.23	1.25	1.25	1.25	1.25	1.532	1.2918
Upper Frankford	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.16095
Upper Mifflin	0.1557	-	-	-	-	-	-	-	-	-
West Pennsboro	0.225	0.225	0.225	0.2135	0.2135	0.2135	0.2135	0.2135	0.35	0.2576
Wormleysburg	1.639	1.639	2.328	1.986	2.586	2.586	2.678	3.678	3.678	3.065

Notes:

- (1) * Mill rate decreased in 2005 for Newburg due to 5% revenue cap from 2004 reassessment.
- (2) ** South Middleton and Dickinson rate is a fire tax

Although the Countywide library tax is a direct tax of the County as the County ordains and enacts it, the library tax is restricted by the electorate to funding the Cumberland County Library System, a governmental unit that is separate from the County, and is therefore not recognized as a tax revenue of Cumberland County government.

Source: County Board of Assessment

**REVENUE CAPACITY
Principal Property Taxpayers**

2002 and 2011 Tax Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

	2002			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
<u>Taxpayer</u>						
Prologis NA3 PA LP				\$ 123,560,500	1	0.55 %
Carlisle HMA Inc.				76,561,900	2	0.34
PR CC Limited Partnership				74,923,100	3	0.33
Pennsylvania Blue Shield	\$ 54,996,200	1	0.42 %	72,584,100	4	0.32
Allen Distribution	52,216,830	2	0.39	68,592,000	5	0.31
LIT Industrial LP				64,167,000	6	0.29
Cedar - Camp Hill LLC				61,766,800	7	0.28
KLP Northgate 10 & 11 B LLC				41,000,000	8	0.18
BIT Investment LP				40,378,700	9	0.18
Prologis-Macquarie Penna Trust	29,541,370	10	0.22	39,200,400	10	0.17
Cumberland County						
Industrial Development Authority	31,641,150	7	0.24			
Crown America Corporation	31,901,230	6	0.24			
E.H. Realty	41,572,480	3	0.31			
Morris Haimowitz LLC	33,814,490	4	0.26			
PHICO Insurance Co.	30,365,800	8	0.23			
Keystone Lemoyne Partners	29,771,530	9	0.23			
Lancaster Development Company	31,989,110	5	0.24			
Totals	\$ <u>367,810,190</u>		<u>2.78 %</u>	\$ <u>662,734,500</u>		<u>2.95 %</u>

Notes:

(1) Percentage based on total County taxable assessed valuation for 2002:

\$13,240,264,490

(2) Percentage based on total County taxable assessed valuation for 2011:

\$22,433,161,400

Source: County Board of Assessment

**REVENUE CAPACITY
County Real Estate Tax Levies and Collections**

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Year Ended December 31	Total Tax Levy for Year (1) (4)	Subsequent Adjustments to Tax Levy for Year	Collected within the Year the Levy		of	Collections in Subsequent Years (3)	Total Collections to Date	
			Amount (2)	Percentage of Levy			Amount	Percentage of Levy
2002	\$ 26,309,738	\$ 89,569	\$ 25,445,912	96.72%	\$	\$ 953,270	\$ 26,399,182	100.00%
2003	26,873,618	114,320	26,197,470	97.49		790,329	26,987,799	100.00%
2004	28,785,495	83,116	28,040,824	97.41		827,483	28,868,307	100.00%
2005	31,038,004	91,946	30,237,652	97.42		892,186	31,129,838	100.00%
2006	35,006,702	121,975	34,036,121	97.23		1,092,317	35,128,438	100.00%
2007	37,433,426	129,775	36,343,186	97.09		1,219,324	37,562,510	100.00%
2008	38,340,545	142,727	37,074,433	96.70		1,403,368	38,477,801	100.00%
2009	41,143,956	195,997	39,890,816	96.95		1,409,535	41,300,351	100.00%
2010	41,704,856	166,610	40,291,169	96.61		1,117,575	41,408,744	99.29%
2011	41,994,227	N/A	40,629,283	96.75		N/A	40,629,283	96.75%

Notes:

- (1) Includes additions to duplicates, penalties, refunds, credits, discounts and credits disallowed
- (2) Includes cash collections only
- (3) Includes penalties
- (4) The library tax approved by the electorate is not included in this schedule

Source: County Board of Assessment and Collections

**REVENUE CAPACITY
County Library Tax Levies and Collections**

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Year Ended December 31	Total Tax Levy for Year (1)	Subsequent Adjustments to Tax Levy for Year	Collected within the Year of the Levy		Collections in Subsequent Years (3)	Total Collections to Date	
			Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 1,324,512	\$ 4,616	\$ 1,281,025	96.72%	\$ 48,093	\$ 1,329,118	100.00%
2003	1,352,904	5,941	1,318,864	97.48	39,970	1,358,834	100.00
2004	2,719,168	7,305	2,648,830	97.41	77,595	2,726,425	100.00
2005	2,785,074	9,687	2,714,995	97.48	79,707	2,794,751	100.00
2006	2,868,081	10,137	2,789,226	97.25	88,872	2,878,198	100.00
2007	2,948,801	11,049	2,863,235	97.10	95,269	2,959,796	100.00
2008	3,020,262	11,243	2,918,610	96.63	80,844	3,031,031	100.00
2009	3,087,088	14,930	2,989,454	96.84	105,797	3,099,002	100.00
2010	3,129,169	12,510	3,023,092	96.61	83,387	3,106,379	99.27
2011	3,157,081	N/A	3,054,797	96.76	N/A	3,054,797	96.76

Notes:

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

Although the Countywide library tax is a direct tax of the County as the County ordains and enacts it, the library tax is restricted by the electorate to funding the Cumberland County Library System, a governmental unit that is separate from the County, and is therefore not recognized as a tax revenue of Cumberland County government.

Source: County Board of Assessment and Collections

DEBT CAPACITY
Ratio of Outstanding Debt by Type

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Total Personal Income	Per Capita
	General Obligation Bonds	General Obligation Notes	Capital Leases	General Obligation Bonds	General Obligation Notes	Capital Leases			
2002	\$ 9,584,968	962,886	113,581	24,889,162	-	50,285	35,600,882	0.50	% \$ 163.69
2003	8,872,954	1,615,000	34,763	24,617,452	-	41,026	35,181,195	0.48	160.40
2004	12,061,985	715,000	12,747	23,884,119	-	30,999	36,704,850	0.47	166.10
2005	10,986,001	2,413,615	41,549	10,503,999	13,691,385	20,139	37,656,688	0.47	168.85
2006	19,593,108	2,296,756	68,082	10,106,892	13,038,244	8,378	45,111,460	0.53	199.50
2007	18,273,838	2,175,725	40,055	3,221,162	18,974,275	-	42,685,055	0.47	187.41
2008	33,931,267	2,050,520	38,587	4,188,733	18,239,480	-	58,448,587	0.62	253.76
2009	32,831,602	4,425,315	16,974	3,503,398	17,089,685	-	57,866,974	0.61	248.91
2010	31,636,153	4,079,401	722	2,663,847	15,904,064	-	54,284,187	*	230.60
2011	48,222,774	3,713,316	258,279	1,797,226	14,671,789	-	68,663,384	*	288.63

Note:

* Personal income information is not yet available

DEBT CAPACITY
Ratios of General Bonded Debt Outstanding

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Fiscal Year	General Obligation Bonds	General Obligation Notes	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2002	\$ 34,474,130	962,886	7,716	35,429,300	0.26 %	\$ 162.90
2003	33,490,406	1,615,000	9	35,105,397	0.25	160.05
2004	35,946,104	715,000	-	36,661,104	0.24	165.91
2005	21,490,000	16,105,000	-	37,595,000	0.24	168.57
2006	29,700,000	15,335,000	2,323	45,032,677	0.25	199.16
2007	21,495,000	21,150,000	-	42,645,000	0.21	187.23
2008	38,120,000	20,290,000	-	58,410,000	0.27	253.59
2009	36,335,000	21,515,000	-	57,850,000	0.27	248.84
2010	34,300,000	19,983,465	9,870	54,273,595	0.25	230.55
2011	50,020,000	18,385,105	-	68,405,105	0.30	287.55

DEBT CAPACITY
Direct and Overlapping Governmental Activities Debt

December 31, 2011

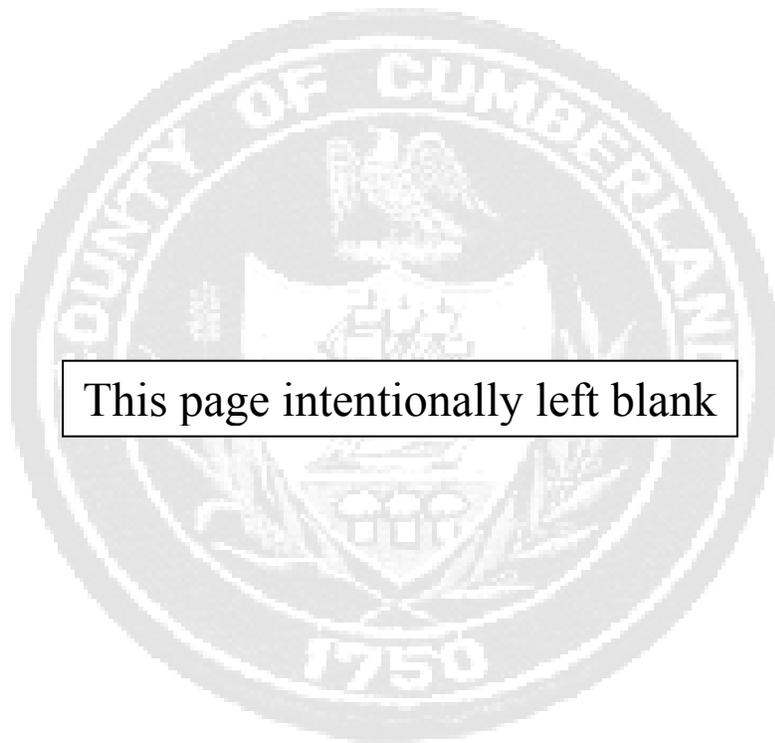
COUNTY OF CUMBERLAND, PENNSYLVANIA

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
School Districts:			
Big Spring	\$ 38,247,909	100%	\$ 38,247,909
Camp Hill	23,009,771	100	23,009,771
Carlisle Area	50,150,000	100	50,150,000
Cumberland Valley	102,195,000	100	102,195,000
East Pennsboro	29,451,471	100	29,451,471
Mechanicsburg	57,435,000	100	57,435,000
*Shippensburg Area	36,358,730	61	* 22,178,825
South Middleton	23,924,532	100	23,924,532
*West Shore Area	59,505,000	55	* 32,727,750
Total school districts			<u>379,320,258</u>
Municipalities:			
Camp Hill Borough	9,995,000	100	9,995,000
Carlisle Borough	23,430,000	100	23,430,000
East Pennsboro Township	5,896,177	100	5,896,177
Hampden Township	48,116,838	100	48,116,838
Lemoyne Borough	333,000	100	333,000
Lower Allen Township	11,187,736	100	11,187,736
Mechanicsburg Borough	1,245,000	100	1,245,000
Middlesex Township	3,177,363	100	3,177,363
Monroe Township	1,217,503	100	1,217,503
Mount Holly Springs Borough	18,168	100	18,168
New Cumberland Borough	4,010,000	100	4,010,000
Newville Borough	27,475	100	27,475
Shippensburg Township	828,592	100	828,592
Silver Spring Township	9,604,880	100	9,604,880
South Middleton Township	3,621,624	100	3,621,624
Upper Allen Township	19,880,200	100	19,880,200
Wormleysburg Borough	228,500	100	228,500
Total municipalities			<u>142,818,056</u>
Subtotal overlapping debt			522,138,314
Total direct debt - County			<u>52,113,180</u>
Total direct and overlapping debt			<u>\$ 574,251,494</u>

Source: Confirmation with school districts and municipalities

Notes:

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



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DEBT CAPACITY
Legal Debt Margin Information

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$ 240,493,110	290,182,953	348,158,757	379,373,394
Total net-debt applicable to limit	<u>35,437,015</u>	<u>35,250,000</u>	<u>40,106,964</u>	<u>40,238,452</u>
Net nonelectoral debt limit	<u>\$ 205,056,095</u>	<u>254,932,953</u>	<u>308,051,793</u>	<u>339,134,942</u>
Total net debt applicable to the limit as a percentage of debt limit	14.74 %	12.15	11.52	10.61

2006	2007	2008	2009	2010	2011
420,628,703	453,522,334	481,210,536	489,555,684	483,492,830	471,646,512
<u>45,035,000</u>	<u>42,645,000</u>	<u>58,410,000</u>	<u>57,850,000</u>	<u>54,283,464</u>	<u>68,405,105</u>
<u><u>375,593,703</u></u>	<u><u>410,877,334</u></u>	<u><u>422,800,536</u></u>	<u><u>431,705,684</u></u>	<u><u>429,209,366</u></u>	<u><u>403,241,407</u></u>
10.71	9.40	12.14	11.82	11.23	14.50

Legal Debt Margin Calculation for year ending 2011

Borrowing base revenue:	
2009	\$ 164,505,064
2010	153,666,294
2011	<u>153,475,154</u>
Total revenue (1)	<u><u>\$ 471,646,512</u></u>

Debt Limit for General Obligation Debt

Average borrowing base revenues	\$ 157,215,504
Debt limit percentage	<u>300%</u>
Debt limit	471,646,512
Total amount of debt applicable to debt limit	<u>68,405,105</u>
Legal debt margin	<u><u>\$ 403,241,407</u></u>

Debt Limit for General Obligation Debt and Lease Rental Debt

Average borrowing base revenues	\$ 157,215,504
Debt limit percentage	<u>400%</u>
Debt limit	628,862,016
Total amount of debt applicable to debt limit	<u>68,818,263</u>
Legal debt margin	<u><u>\$ 560,043,753</u></u>

Note:

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

Source: Annual Reports of Cumberland County Controller

DEMOGRAPHIC AND ECONOMIC INFORMATION

Demographic and Economic Information

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

<u>Year</u>	<u>Population</u>	<u>Total Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Household Income</u>	<u>School Enrollment (2)</u>	<u>Annual Average Unemployment Rate (1)</u>
2002	217,490	7,146,777	32,862	48,096	33,504	4.2%
2003	219,336	7,396,006	33,697	49,077	33,100	4.2
2004	220,974	7,785,388	35,206	50,733	33,183	3.9
2005	223,017	8,068,585 (B)	36,225 (B)	55,429 (A)	33,689	3.7
2006	226,117	8,518,771 (B)	37,697 (B)	56,426 (A)	34,308	3.3
2007	227,762 (A)	9,086,255 (B)	39,894 (B)	58,268 (A)	34,720	3.2
2008	230,329 (A)	9,439,796 (B)	40,984 (B)	60,285 (A)	34,726	4.3
2009	232,483 (A)	9,495,347 (B)	40,843 (B)	60,400 (A)	35,352	6.6
2010	235,406 (C)	9,624,915 (B)	40,654 (B)	60,219 (A)	32,771	7.1
2011	237,892 (A)	*	*	*	32,610	6.7

Notes: * information not yet available

Sources: Unless otherwise indicated, Pennsylvania Department of Labor & Industry, Labor Market Information, Center for Workforce Information & Analysis

(1) Annual, not seasonally adjusted from Pennsylvania Department of Labor & Industry, Labor Market Information, Center for Workforce Information & Analysis

(2) Pennsylvania Department of Education

(A) U.S. Census Bureau, American Factfinder

(B) Bureau of Economic Analysis, U.S. Department of Commerce

(C) U.S. Census 2010 Data

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

2002 and 2011 Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Employer	2002			2011		
	Employees	Rank	Percentage of Total County Employment (3)	Employees	Rank	Percentage of Total County Employment (3)
U.S. Government - Naval Inventory						
Control Point and Carlisle Barracks	7,011 (1)	1	7%	6,242 (1)	1	5 %
Highmark Blue Shield	4,837	2	5	3,268	2	3
Giant Foods	2,579	3	2	2,335	3	2
Holy Spirit Hospital	1,945	4	2	2,682 *	4	2
Commonwealth of Pennsylvania	1,794 (2)	6	2	1,746 (2)	5	1
Cumberland County Government	1,261	9	-	1,305	6	1
Wal-Mart	-	-	-	1,065	7	1
Cumberland Valley School District	-	-	-	1,239	8	1
Dickinson College	-	-	-	917	9	1
Excel Logistics	-	-	-	835	10	1
Fry Communications	1,700	7	2	-	-	-
Electronic Data Systems Corp.	1,350	8	2	-	-	-
JFC Temps Inc.	1,841	5	3	-	-	-
Roadway	1,200	10	-	-	-	-
Total	25,518		25%	21,634		18 %

Notes:

- (1) Includes SPCC, DDRE and other Agencies at that location.
- (2) Excluding Pennsylvania State University, Department of Higher Education
- (3) Percentages based on Cumberland County labor force total furnished by the Pennsylvania Department of Labor and Industry
- * Prior year reported information

Source: An initial listing of the top employers was furnished by the Pennsylvania Department of Labor and Industry. Cumberland County profiled Employers were contacted or other sources were used to gather totals of employees which were employed within Cumberland County.

OPERATING INFORMATION

Full-Time Equivalent County Employees by Function/Program

COUNTY OF CUMBERLAND, PENNSYLVANIA

Functions/Programs	2002	2003	2004	2005
Primary Government:				
Governmental Activities:				
General Government-Administrative:				
Commissioners	8	8	9	8
Solicitors	3	3	4	3
Elections	5	6	6	5
Controller	16	17	16	16
Finance	8	9	8	10
Tax Claims	4	3	3	2
Treasurer	5	5	5	5
Tax collector administration	18	18	18	18
Human resources	6	5	6	5
Tax assessment	24	24	26	21
Recorder of deeds	10	10	10	9
Administrative services	1	1	1	3
Information management and technology	10	11	11	11
Enterprise resource management	2	5	5	3
Geographic information systems	2	2	2	2
Human service fiscal operations	2	3	3	2
Grant administration	2	2	2	2
County buildings	13	15	16	14
Planning	1	2	4	1
Domestic Relations	37	39	39	39
General Government-Judicial				
Building security	10	9	9	9
Courts	34	34	35	32
District judges	37	36	36	36
Clerk of court	11	11	12	12
Coroner	5	5	5	5
Public defender	13	13	13	12
District attorney (2)	32	32	32	26
District attorney-central processing (1)	18	20	19	-
Prothonotary	8	8	9	9
Register of wills	7	7	8	7
Sheriff	37	37	36	34
Public safety				
District attorney-criminal investigation (2)	-	-	-	6
District attorney-forensic lab	1	1	1	2
Victim witness services	10	10	9	8
Prison (1)	94	93	90	95
Adult probation	28	28	27	28
Juvenile probation	26	27	26	26
Emergency management & communications	9	9	9	8
Vector control	3	3	3	3
Recycling and waste	3	3	3	3
Human services:				
Mental health/intellectual and developmental disabilities	42	47	46	47
Children and youth	52	51	56	55
Office of aging	32	30	27	29
Community services	8	8	9	10
Drug and alcohol	17	17	17	15
Veteran's affairs	2	2	2	2
Culture and recreation	12	13	14	13
Conservation and development	7	7	7	8
Business-type Activities:				
County nursing home	320	311	301	280
Emergency telephone	45	42	43	45
Hazardous materials protection	1	1	1	1
Transportation services	24	24	25	23
Total Primary Government	1125	1127	1124	1068
Component Unit:				
Conservation district	8	8	8	8

Source: County payroll records

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

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

(1) At the end of 2005, the Central Processing division was placed in the County Prison.

(2) Criminal Investigation Unit reported separately beginning in 2005.

Last Ten Years

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
8	7	8	8	8	9
3	3	3	3	4	4
5	7	6	7	6	6
16	16	16	16	16	16
10	10	10	10	10	10
2	2	2	2	2	2
5	5	4	4	3	4
18	17	17	17	17	17
5	4	5	7	6	6
22	20	22	23	22	19
9	8	8	7	7	7
5	4	3	2	3	3
14	15	17	17	17	15
3	3	3	3	3	3
2	2	3	2	2	2
2	2	2	2	2	2
2	3	3	3	2	2
15	16	16	15	22	21
2	2	5	4	6	6
37	38	39	39	39	38
9	9	8	7	7	6
35	34	40	39	41	43
35	38	37	39	39	38
11	12	11	12	12	11
5	6	5	4	4	6
13	15	13	13	13	12
24	25	23	25	25	27
-	-	-	-	-	-
9	9	8	8	9	8
6	7	6	6	7	7
34	33	35	34	35	34
5	4	4	4	4	4
2	2	2	2	2	3
8	9	9	9	9	9
99	100	101	106	115	115
33	34	32	36	36	37
26	25	27	27	27	26
8	9	7	7	6	7
3	3	3	3	2	3
3	3	3	3	3	3
47	47	49	50	48	47
57	57	59	58	62	62
25	29	30	32	31	29
9	9	11	11	11	9
17	18	19	18	16	20
2	2	2	2	2	2
15	15	15	15	14	15
9	9	7	7	6	6
287	292	303	295	304	282
45	45	45	44	44	43
1	1	1	1	1	1
25	28	26	25	28	24
1092	1113	1133	1133	1160	1131
8	8	9	8	8	8

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental - type:										
General Government-administrative										
<i>Fiscal affairs</i>										
Property transfers recorded	7,207	7,749	7,764	7,643	7,385	6,625	5,864	5,592	5,280	4,889
Subdivision plans filed	294	285	258	248	273	275	206	192	152	141
<i>Administration</i>										
General election information										
Registered voters	129,607	132,508	144,727	134,349	137,564	139,288	252,349	147,650	150,533	152,249
Votes cast	67,600	42,885	106,687	44,506	50,284	39,620	114,499	34,432	81,873	35,313
Percent of votes cast	52%	32%	74%	33%	37%	28%	45%	23%	54%	23%
General Government-judicial										
<i>Court services:</i>										
Criminal cases filed	2,775	2,778	3,088	3,169	3,360	3,377	3,370	3,478	3,720	3,651
Summary appeals	N/A	N/A	221	249	207	281	256	272	267	231
Juvenile delinquency	N/A	N/A	N/A	N/A	N/A	N/A	153	179	284	245
Juvenile dependency	N/A	N/A	N/A	N/A	N/A	N/A	120	168	112	144
Marriage license applications	1,102	1,223	1,171	1,232	1,163	1,173	1,139	1,203	1,143	1,169
Estates and wills probated	1,101	992	1,083	1,034	1,056	1,096	1,202	1,112	1,198	1,277
Orphans' court cases filed	82	86	115	93	110	78	87	105	84	108
Adoption cases	N/A	N/A	N/A	139	143	126	134	119	114	106
<i>Court administration:</i>										
Guilty pleas (and sentenced)	1,528	1,480	1,246	N/A	N/A	N/A	N/A	N/A	N/A	1,767
Nonjury criminal trials	54	40	43	75	67	76	37	N/A	N/A	26
Criminal jury trials	59	50	44	35	53	41	56	N/A	N/A	40
Criminal appointment of counsel	241	270	327	374	419	406	368	408	479	433
Hearings by domestic relations conference officers	3,338	3,787	3,459	3,227	2,754	3,202	3,315	3,556	3,403	2,843
Civil cases settled before trial	30	67	66	35	25	23	25	20	N/A	N/A
Civil cases tried by jury	24	18	18	11	10	9	19	12	9	17
Civil cases tried without jury	37	32	36	19	17	12	6	19	10	35
<i>Sheriff:</i>										
Prisoner transports	N/A	N/A	3,716	3,632	3,635	3,994	3,647	3,671	3,790	3,949

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(Continued)

Public safety	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<i>County prison:</i>										
Average daily population	307	332	343	350	350	351	370	377	394	399
Commitments to prison	2,387	2,460	2,600	2,808	2,802	2,784	2,991	3,077	3,174	3,387
Releases from prison	2,329	2,452	2,603	2,778	2,786	2,799	2,768	3,044	3,218	3,346
<i>Adult probation:</i>										
Average caseload	1,408	1,384	1,579	1,868	1,732	1,836	2,004	2,452	2,685	2,779
Court-ordered investigations/reports	1,377	1,305	1,582	1,765	1,932	2,114	2,264	2,505	N/A	N/A
DUI-Intermediate Punishment Program	N/A	N/A	N/A	N/A	N/A	4,861	13,896	12,856	11,422	8,813
Accelerated Rehabilitative Disposition/DUI Program	N/A	N/A	N/A	672	639	690	701	707	679	774
<i>Day Reporting Center:</i>										
Bed Days Saved at County Prison	N/A	N/A	N/A	N/A	N/A	9,243	10,315	7,704	6,967	6,957
Human services										
<i>Children and youth</i>										
Number of referrals	N/A	732	829	752	981	849	1,159	992	1,236	1,232
Clients receiving in-home services	N/A	829	198	272	286	262	391	434	343	370
Clients requiring placement	N/A	139	107	128	154	270	196	193	219	211
<i>Mental health services:</i>										
<i>Emergency/crisis treatment:</i>										
Number of out-patient hours	N/A	12,982	12,877	11,744	9,755	7,731	9,272	9,217	9,976	13,646
Number of out-patient consumers	N/A	705	879	783	614	557	531	502	538	596
In-patient days	N/A	344	1,297	981	823	493	611	520	585	687
Number of in-patient consumers	N/A	54	145	106	88	67	113	79	39	26
Residential days	N/A	14,887	16,674	17,274	16,214	16,992	19,435	23,665	51,619	55,626
Number of residential consumers	N/A	80	119	170	167	216	202	188	216	205
<i>HealthChoices:</i>										
<i>In-patient psychiatric treatment</i>										
Number of in-patient consumers	N/A	107	141	195	260	257	288	290	345	380
Number of in-patient days	N/A	1,150	1,961	2,205	3,550	4,925	5,976	5,215	5,609	6,248
<i>Out-patient psychiatric treatment</i>										
Number of out-patient consumers	N/A	887	1,452	1,976	2,483	2,613	2,910	2,823	3,219	3,455
Number of out-patient units	N/A	19,710	44,836	52,021	57,811	63,144	60,673	35,412	41,749	40,601

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(Continued)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Children's residential and behavioral health rehabilitation										
Number of consumers	N/A	374	584	707	846	756	956	812	1,013	1,034
Number of units	N/A	173,709	318,030	400,983	390,303	385,586	604,857	811,357	780,442	792,721
Targeted case management										
Number of consumers	N/A	266	336	347	405	434	483	492	487	491
Number of units	N/A	32,404	61,482	66,454	81,065	90,029	92,050	89,652	92,796	89,232
Crisis Intervention										
Number of consumers	N/A	117	350	364	412	527	562	614	634	696
Number of units	N/A	1,787	7,486	6,869	6,963	8,788	9,274	9,265	8,909	8,247
<i>Mental retardation services:</i>										
Number of consumers served	N/A	1,085	1,144	1,169	1,267	1,379	1,759	1,517	1,139	1,140
Number of transportation units	N/A	91,191	95,259	108,715	116,581	115,597	72,433	275,993	15,612	9,130
Number of residential units	N/A	56,354	56,062	65,730	66,721	79,021	*4,224	3,534	2,380	1,899
Number of workshop/vocational units	N/A	33,522	33,320	*195,836	194,688	250,844	*566,260	624,149	71,641	48,572
<i>Office of aging:</i>										
Senior transportation trips	57,470	56,700	N/A	51,386	52,000	48,253	50,152	48,628	46,442	46,950
Information and assistance contracts	4,028	3,274	N/A	4,958	8,900	12,206	12,849	13,938	16,879	16,800
Congregate meals served	48,127	45,898	N/A	36,671	35,500	32,969	33,611	33,102	33,082	30,873
Adult day care days provided	5,002	3,514	N/A	5,041	5,265	4,544	5,029	4,765	4,945	4,508
Home delivered meals served	7,180	9,919	N/A	12,051	8,863	7,255	7,153	6,855	5,780	4,480
Maintenance/modification of homes	221	367	N/A	208	213	244	268	227	171	207
<i>Drug and alcohol:</i>										
Community-based outpatient treatment (in hours unless otherwise noted)										
Assessment/evaluations	N/A	N/A	1,285	1,062	912	969	1,133	965	708	707
Individual counseling	3,254	2,471	2,925	2,483	2,659	2,781	4,257	4,653	4,681	3,978
Intensive outpatient group	4,900	5,303	3,454	3,048	4,942	4,705	4,365	5,585	9,039	6,700
Group	816	959	1,029	731	1,091	1,266	2,223	2,532	2,520	2,640
Methadone maintenance (weeks)	-	-	133	121	118	60	76	97	180	121
Prison-based treatment and intervention service hours	1,157	1,607	1,752	1,657	2,029	2,050	1,812	1,237	3,474	2,481
Inpatient non-hospital treatment (days)										
Inpatient non-hospital treatment	7,199	8,411	4,940	4,458	4,862	6,368	6,178	4,213	4,664	3,372
Halfway house facility days	2,146	441	979	515	725	1,421	690	891	365	306
Specialized treatment	1,624	2,418	2,695	2,262	2,885	4,035	3,652	3,707	2,870	2,166

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(Continued)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Case management services										
Average caseload	57	50	47	46	54	54	76	65	91	97
Assessments completed	342	283	276	239	264	245	228	185	276	276
Number of clients served	281	257	242	177	213	214	217	148	274	302
Intensive case management services										
Average caseload	9	11	10	8	6	9	9	7	7	7
Number of clients served	20	19	24	15	16	25	21	12	12	5
Capital Region Maternal Assistance Program:										
Intensive case management										
service clients	150	152	154	147	137	105	88	44	70	71
Drug and alcohol treatment clients	74	82	66	65	64	51	45	17	41	71
Business - type:										
Transportation:										
One way trips	135,301	140,286	146,634	146,858	150,825	149,448	151,872	150,270	144,827	145,398
Mileage	475,654	620,270	645,076	660,227	725,046	716,705	746,368	728,131	723,666	748,410

Notes:

Source: Cumberland County departmental statistics and annual reports.

N/A - not available

* Change in unit definition

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
General government - administrative										
Administration										
Square footage of New Courthouse building	91,058	91,058	91,058	91,058	91,058	91,058	91,058	91,058	91,058	91,058
Square footage of Reed building (ERP office)	1,292	1,292	1,292	1,292	1,292	1,292	N/A	N/A	N/A	N/A
Square footage of Old Jail	31,108	31,108	31,108	31,108	31,108	31,108	31,108	31,108	31,108	31,108
Square footage of Old Courthouse	22,020	22,020	22,020	22,020	22,020	22,020	22,020	22,020	22,020	22,020
Square footage of the Allen Road building	N/A	N/A	N/A	N/A	29,160	29,160	29,160	29,160	29,160	29,160
Bureau of Elections										
Electronic voting machines	N/A	N/A	N/A	N/A	623	623	693	693	693	693
Court system and corrections										
District Attorney										
Square footage of Reed building (CID office)	2,584	2,584	2,584	2,584	2,584	2,584	N/A	N/A	N/A	N/A
Domestic Relations										
Square footage of Domestic Relations building	23,905	23,905	23,905	23,905	23,905	23,315	23,315	23,315	23,315	23,315
Probations										
Square footage of Juvenile Probation (HSD Building)	N/A	6,022	6,022							
Square footage of Adult Probation (Reed Building)	N/A	5,168	5,168							
Public safety										
County prison										
Maximum capacity of inmates	398	398	398	398	398	398	398	398	398	478
Square footage of the prison	93,107	93,107	93,107	93,107	93,107	93,107	93,107	109,617	109,617	145,064
Conservation										
Number of agricultural easements acquired	67	72	75	81	86	102	110	113	117	122
Acres in the agricultural easement program	8,589	9,092	9,530	10,307	10,818	12,553	13,480	13,867	14,333	14,825
Acres in agricultural secured areas	N/A	N/A	67,955	68,917	70,212	70,946	71,730	71,947	72,709	72,783
Square footage of agricultural extension building	8,024	8,024	8,024	8,024	8,024	8,024	N/A	N/A	N/A	N/A
Roads and bridge maintenance										
County maintained bridges	23	23	23	23	23	23	23	23	23	23

(Continued)

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(Continued)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Human Services										
Square footage of human services building (including parking garage)	42,400	42,400	42,400	42,400	42,400	42,400	42,400	47,844	47,844	47,844
Square footage of Aging/Community Services	N/A	8,024	8,024							
Business-type activities:										
Nursing home										
Square footage of the nursing home	169,751	169,751	169,751	169,751	169,751	164,951	164,951	164,951	164,951	164,951
Maximum resident capacity	290	290	290	290	290	290	290	290	290	290
Emergency telephone center										
Square footage of the 911 center	10,024	10,024	10,024	10,024	10,024	10,024	10,024	10,024	10,024	24,233
Transportation services										
Buses and other vehicles	32	32	32	32	32	35	33	33	33	33

Note:

- (1) An alternative source for property square footage was used beginning in 2007.
- (2) Offices located in the Reed building were relocated in 2008 to the new Allen Road building as well as the Agricultural Extension department.
- (3) The Prison underwent expansion beginning in 2009.
- (4) The 911 center moved to a new building in 2011.

Sources:

- Capital asset reports from Controller's Office
- Planning Commission information
- Corrections Department information
- Nursing Home Reports