

County of Cumberland, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010



PREPARED BY THE OFFICE OF THE CONTROLLER
ALFRED L. WHITCOMB, CONTROLLER
www.ccpa.net



Alfred L. Whitcomb
Controller



COUNTY OF CUMBERLAND, PENNSYLVANIA

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PHOTOGRAPHY CREDITS

The cover photograph is of Laurel Lake located within the Pine Grove Furnace State Park atop the South Mountain in southern Cumberland County. Cover photograph is courtesy of Tina Pool.

Controller of Cumberland County

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TINA L. POOL
ADMINISTRATIVE ASSISTANT

JAMES D. BOGAR
SOLICITOR

June 15, 2011

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 by June 30th. 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 Ernst & Young LLP in cooperation with the Controller. Ernst & Young 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, 2010, 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 mental retardation, 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 2010 population of 235,406. 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 121,700 people. The economy also benefits from the regional presence of federal, state and local government operations. Cumberland County ended 2010 with a December unemployment rate of 6.4 percent, one of the lower rates in Pennsylvania. The statewide unemployment rate was 8.1 percent at the end of 2010. (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 Blue Shield, Giant Foods, Holy Spirit Hospital and Commonwealth of Pennsylvania.

Cumberland County incomes are in line with state averages with the county's per capita income at \$40,227 and Pennsylvania's at \$39,762. The County does feel the impact of the recession but is drawing upon its conservative fiscal management practices and accrued reserves to avoid major disruptions in core services. The County is in its third year of a cost management initiative that has helped the county preserve its reserves despite continuing pressures from the recession.

Long-term Planning

The Cumberland County Commissioners maintain a strategic planning process to identify service priorities in tandem with an outcome-oriented financial management system. 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 2010 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;
- 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 financial risks;
- Maximizing the level of public services while minimizing 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 key "players" into management groups to develop and implement process improvements to 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 the population of the prison. As a direct result the County justice system saves over 15,000 prison bed days annually. The Team has also developed a new DUI Central Court strategy for 2011 to more effectively process DUI cases that are a major factor in the growing criminal docket in the County.

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 a strong indicator that

Cumberland County was prepared to enter 2010 in excellent financial shape. The County used these same principles to navigate through the current economic turmoil and remain in good shape at the year's end.

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 evaluating 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' 2010 Strategic Directions are:

***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 as outlined in the County Strategy have identified several major initiatives including:

- A Prison expansion and renovation project that will add capacity to the facility to meet the inmate housing needs of the county criminal justice system over the next fifteen 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 under construction to meet the 911 call center and emergency services needs of the County for the next twenty years.
- The 911 Infrastructure Project requires upgrading and relocating the existing public safety communications and 911 equipment and systems to accommodate the most recent developments in "next generation" 911.
- A cost management strategy was in effect throughout 2010 and will continue through the 2011 budget year to achieve a multi-year total of least \$6 million in budget savings. The County has exceeded its goal of at least \$5 million in cost reduction at the close of 2010. The Commissioners will continue to emphasize effective cost management and improved efficiencies in operations.
- Renovations are underway to add courtroom space to meet the needs of a sixth judge who will take the bench in 2012. A new courtroom and jury assembly areas are part of an overall plan to reallocate space

within the main County courthouse and required the relocation of some offices to other county properties. This process will continue throughout 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, 2009. This was the twenty-second 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, 2009. 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 seven 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, 2010. This is the third 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, 2009

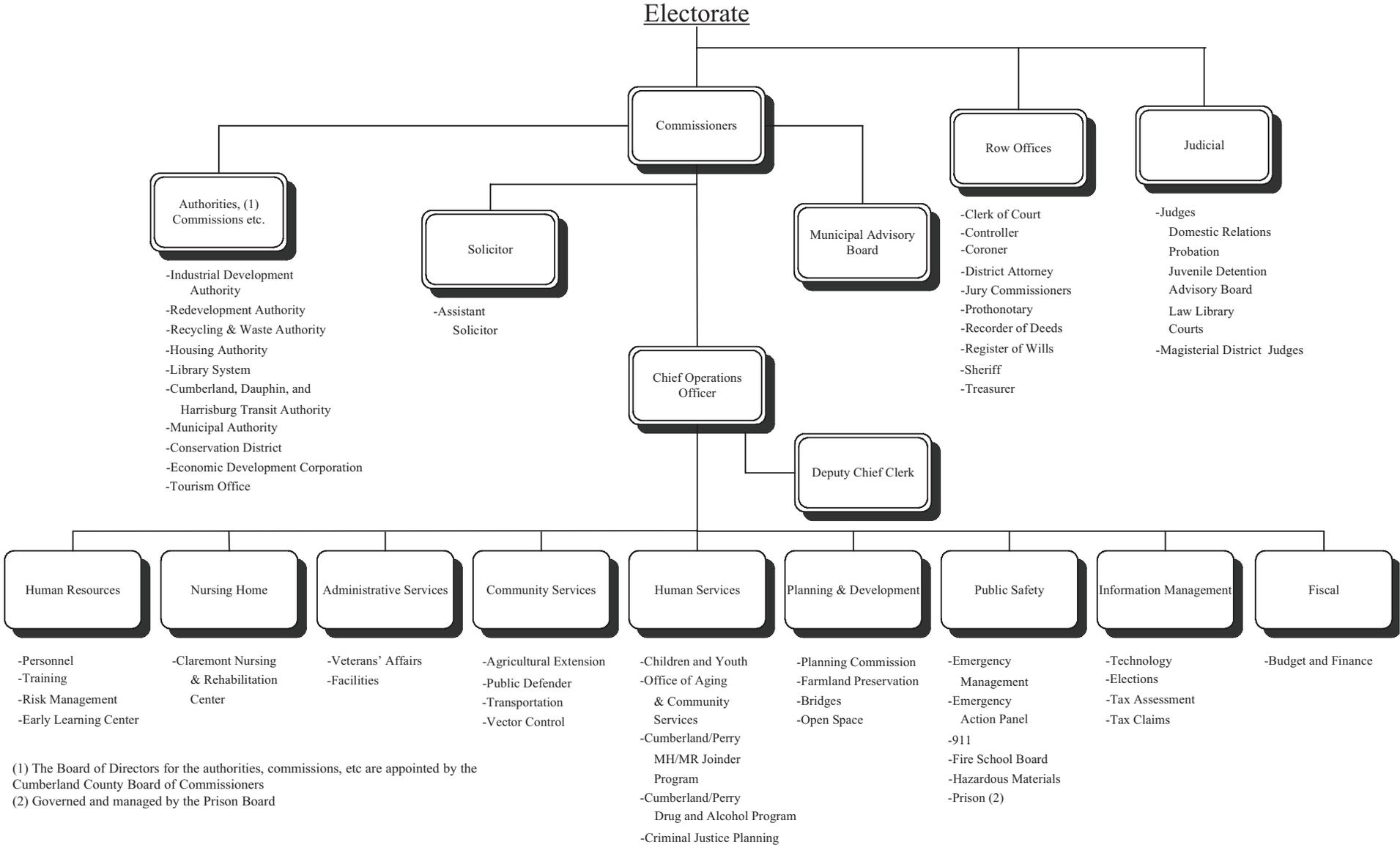
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Cumberland County, Pennsylvania Organizational Chart



(1) The Board of Directors for the authorities, commissions, etc are appointed by the Cumberland County Board of Commissioners
 (2) Governed and managed by the Prison Board

COUNTY OF CUMBERLAND
LIST OF ELECTED OFFICIALS
AS OF DECEMBER 31, 2010

COMMISSIONERS

Gary Eichelberger, Chairperson
Richard L. Rovegno
Barbara Cross

PROTHONOTARY

Dave 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

Ron Anderson

CONTROLLER

Alfred L. Whitcomb

REGISTER OF WILLS

Glenda Farner-Strasbaugh

CORONER

Todd C. Eckenrode

RECORDER OF DEEDS

Robert P. Ziegler

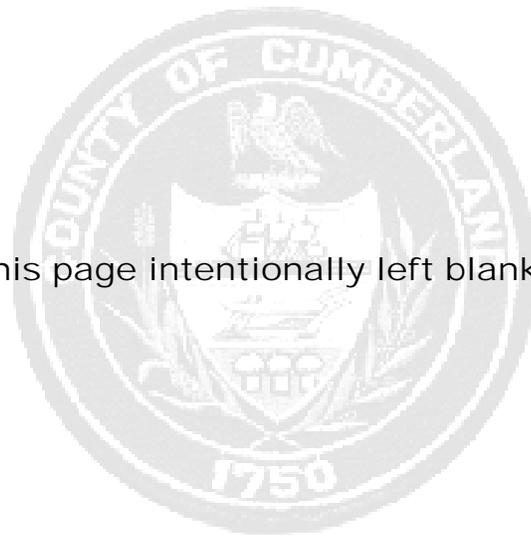
JURY COMMISSIONERS

Lowell Gates
Rick Rovegno

DISTRICT ATTORNEY

David Freed

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Report of Independent Auditors

County Commissioners
County of Cumberland

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 (the County), as of and for the year ended December 31, 2010, 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 3% 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 on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Cumberland County Industrial Development Authority and the Cumberland Area Economic Development Corporation were not audited in accordance with *Government Auditing Standards*. We were not engaged to perform an audit of the County's internal control over financial reporting. Our audit included 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, and evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide 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, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with US generally accepted accounting principles.

As discussed in Note 1, the County adopted Governmental Accounting Standards Board Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" and Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, Employees' Retirement Plan and Other Postemployment Benefits Schedules of Funding Progress and the Employees' Retirement Plan Schedule of Employer's Contributions on pages 15 through 27 and 90 through 98 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ernst + Young LLP

June 13, 2011

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, 2010. 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.

In 2010, the County early implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 provides new fund balance classifications for governmental funds. The previous reserved and unreserved classifications have been replaced with nonspendable, restricted and unrestricted (consisting of committed, assigned and unassigned). See the fund balance discussion in Note 1 for more information.

Financial Highlights

- The assets of Cumberland County exceeded its liabilities at the close of the most recent fiscal year by \$70,097,760 (*net assets*). Of this amount, \$32,644,400 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,867,854.
- As of the close of the current calendar year, Cumberland County's governmental funds reported combined ending fund balances of \$40,730,599, a decrease of \$5,306,947 in comparison to the prior year. Approximately 73 percent of the total amount (\$29,618,363) is *available for spending* at the government's discretion (*unrestricted fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$24,232,449. Assigned fund balance in the general fund was \$4,493,984 for capital projects, farmland preservation, criminal justice programs, landfill closure, risk liability and prison canteen.
- Cumberland County's total general obligation debt decreased by \$3,842,938. The County's debt decreased due to scheduled principal payments.
- The County advance refunded the 2006 general obligation bond for a savings of \$752,537.
- The County's bond rating was confirmed AAA.
- 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 466 acres of premium farmland in 2010. The total preserved farmland is 14,333 acres.
- The County continued the \$2.1 million energy projects funded with American Recovery and Reinvestment Act funds.
- Phase I of the prison construction was completed and planning for the final phase of prison renovations began.
- The Public Safety building project continued in 2010. Completion of the project is expected summer 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, transportation, the workers' compensation fund and the health reimbursement arrangement fund.

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 30 through 32 of this report.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. 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 36 and 38 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, 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 34, 35 and 37 of this report.

Proprietary funds. The County maintains two different types of proprietary 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. Data from the other enterprise funds are combined into a single, aggregated presentation entitled "other nonmajor funds". Individual fund data for each of these nonmajor 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, are included within *business-type activities* in the government-wide financial statements. The County's health reimbursement arrangement principally benefits governmental functions and therefore, is included within *governmental activities* in the government-wide financial statements.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support 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 45 and 46 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48 through 87 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 90 through 98 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 \$70,097,760 at the close of the most recent calendar year.

Cumberland County's Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Other assets	\$ 54,033,923	61,960,098	16,009,328	15,264,439	70,043,251	77,224,537
Capital assets	56,568,220	49,591,417	17,335,719	18,579,534	73,903,939	68,170,951
Total assets	110,602,143	111,551,515	33,345,047	33,843,973	143,947,190	145,395,488
Liabilities:						
Long-term liabilities	39,255,879	40,905,002	20,506,603	22,562,370	59,762,482	63,467,372
Other liabilities	10,247,397	13,034,823	3,839,551	2,663,387	14,086,948	15,698,210
Total liabilities	49,503,276	53,939,825	24,346,154	25,225,757	73,849,430	79,165,582
Net Assets:						
Invested in capital assets, net of related debt	23,210,201	23,171,314	664,320	(403,424)	23,874,521	22,767,890
Restricted	13,578,839	16,434,597	-	-	13,578,839	16,434,597
Unrestricted	24,309,827	18,005,779	8,334,573	9,021,640	32,644,400	27,027,419
Total net assets	\$ 61,098,867	57,611,690	8,998,893	8,618,216	70,097,760	66,229,906

Thirty-four 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.

Nineteen percent of the county's net assets are legally restricted (\$13,578,839). The remaining balance of *unrestricted net assets* (\$32,644,400) may be used to meet the government's ongoing obligations to citizens and creditors.

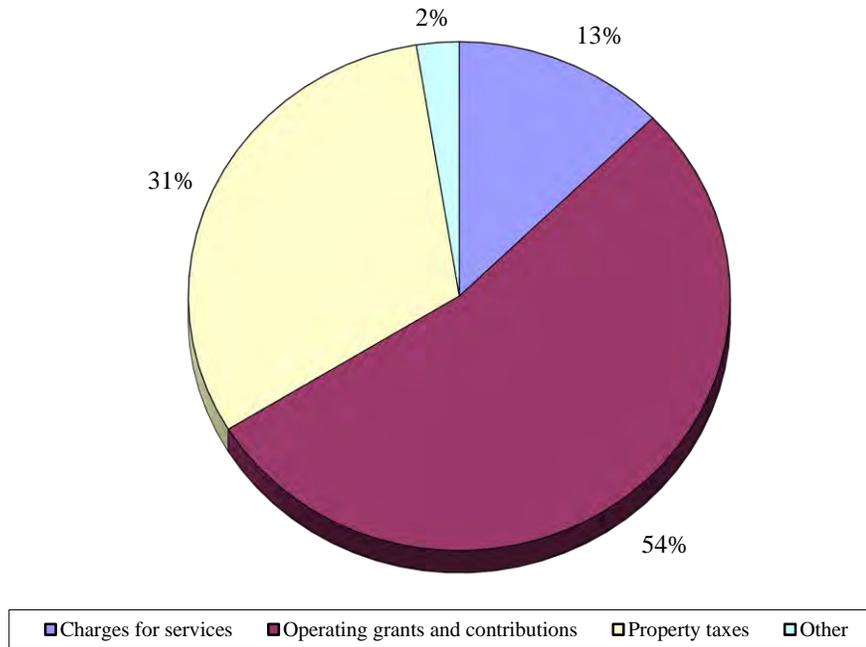
At the end of the current fiscal year, Cumberland County is able to report positive fund balances in all three categories of net assets, both for the government as a whole and for its separate governmental and business-type activities, with the exception of emergency telephone. Emergency telephone's total net assets are positive, its investment in capital assets, net of related debt is a negative balance of \$1,266,929. As part of the 800 MHz project, emergency telephone purchased radio equipment for different Cumberland County municipalities and County departments. Therefore, the assets purchased with the bond proceeds are not on the balance sheet of emergency telephone, offsetting the liability and causing a negative investment in capital assets, net of related debt.

Cumberland County's Change in Net Assets

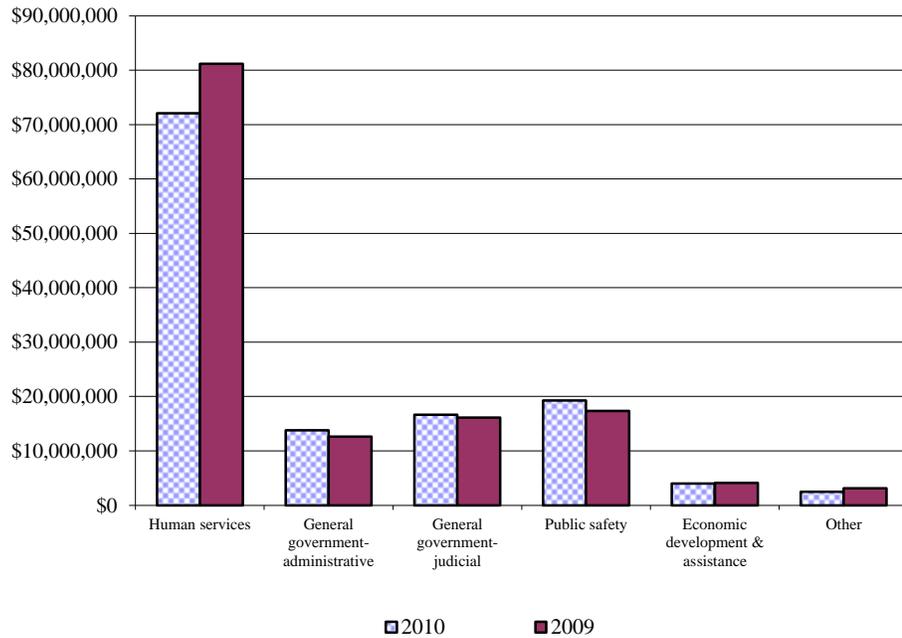
	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 16,941,935	17,884,046	28,530,490	26,943,559	45,472,425	44,827,605
Operating grants and contributions	71,718,085	80,028,135	7,594,739	3,698,129	79,312,824	83,726,264
Capital grants and contributions	607,608	22,749	15,258	436,550	622,866	459,299
General revenues:						
Property taxes	41,788,709	41,366,554	-	-	41,788,709	41,366,554
Other taxes	2,147,262	1,832,049	-	-	2,147,262	1,832,049
Unrestricted investment earnings	652,760	1,106,743	62,638	166,853	715,398	1,273,596
Total revenues	133,856,359	142,240,276	36,203,125	31,245,091	170,059,484	173,485,367
Expenses:						
General government-administrative	13,814,789	12,627,406	-	-	13,814,789	12,627,406
General government-judicial	16,658,597	16,100,981	-	-	16,658,597	16,100,981
Public safety	19,253,729	17,366,885	-	-	19,253,729	17,366,885
Roads and bridge maintenance	672,542	855,299	-	-	672,542	855,299
Recycling and waste management	380,137	514,416	-	-	380,137	514,416
Human services	72,060,235	81,179,590	-	-	72,060,235	81,179,590
Culture and recreation	108,217	227,443	-	-	108,217	227,443
Conservation	423,928	531,424	-	-	423,928	531,424
Community redevelopment and housing	212,555	218,714	-	-	212,555	218,714
Economic development and assistance	3,992,708	4,093,769	-	-	3,992,708	4,093,769
Interest on long-term debt	1,320,663	1,280,716	-	-	1,320,663	1,280,716
Indirect expenses	(613,073)	(531,008)	613,073	531,008	-	-
Claremont Nursing and Rehabilitation Center	-	-	24,806,003	23,833,449	24,806,003	23,833,449
Early Learning Center	-	-	479,681	483,456	479,681	483,456
Emergency telephone	-	-	9,481,575	5,329,529	9,481,575	5,329,529
Hazardous materials protection	-	-	194,317	247,389	194,317	247,389
Transportation services	-	-	2,331,954	2,360,459	2,331,954	2,360,459
Total expenses	128,285,027	134,465,635	37,906,603	32,785,290	166,191,630	167,250,925
Increase (decrease) in net assets before transfers	5,571,332	7,774,641	(1,703,478)	(1,540,199)	3,867,854	6,234,442
Transfers	(2,084,155)	(1,545,538)	2,084,155	1,545,538	-	-
Increase in net assets	3,487,177	6,229,103	380,677	5,339	3,867,854	6,234,442
Net assets, beginning	57,611,690	51,382,587	8,618,216	8,612,877	66,229,906	59,995,464
Net assets, ending	\$ 61,098,867	57,611,690	8,998,893	8,618,216	70,097,760	66,229,906

Governmental activities. The following charts graphically depict the sources of revenue and functional expenses of governmental activities for the fiscal year ended December 31, 2010:

Revenues by Source - Governmental Activities



Expense Comparison by Activity - Governmental Activities

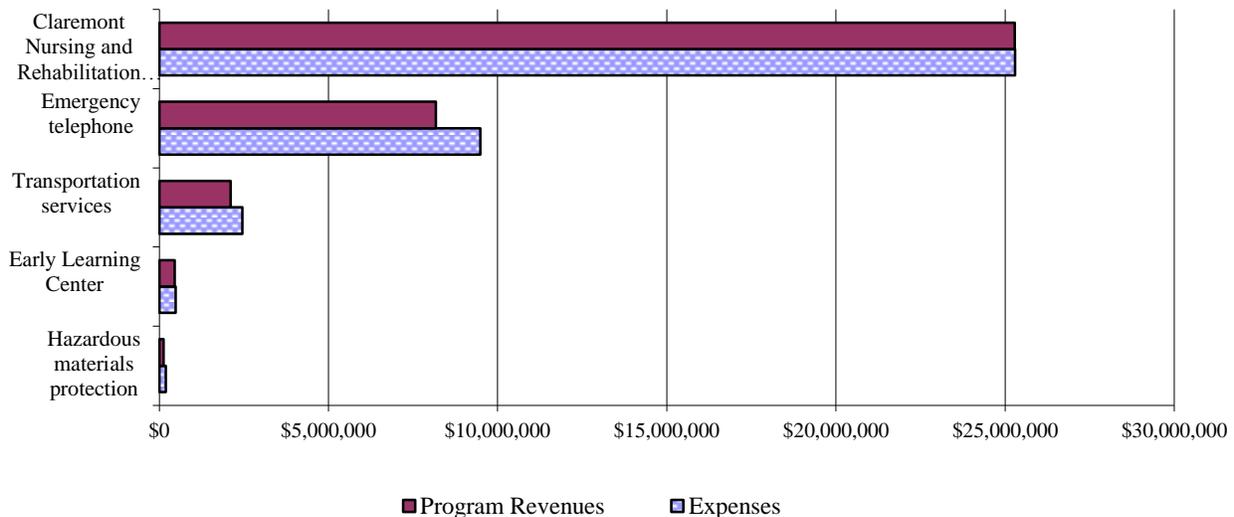


Governmental activities increased Cumberland County's net assets by \$3,487,177. The primary changes in revenues and expenses are:

- Charges for services decreased \$942,111. Charges for services decreased mainly due to agency revenues for the consumer employer program. The state began paying the vendors directly for this program in July 2010.
- Unrestricted investment earnings decreased \$453,983. Interest rates declined and were substantially lower in 2010. The County continued to meet its benchmark targets.
- Operating Grants and Contributions decreased \$8,310,050 mainly due to MH/IDD grant revenue because the state began paying vendors directly for MH/IDD waiver services as of July 1, 2009.
- Capital grants increased \$584,859 mainly due to the American Recovery and Reinvestment Act funds for energy projects.
- Human services expenses decreased \$9,119,355 mainly due to the changes in the MH/IDD operating grants as explained above.
- Transfers increased \$538,617 mainly due to an increase in the emergency telephone subsidy. The increase in subsidy is attributed to decreasing wireless funding along with a reduction in wireline revenue as well as an increase in eligible expenses.

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, 2010:

Expenses and Program Revenues - Business-type Activities



Business-type activities. Business type activities increased Cumberland County’s net assets by \$380,677. The primary changes in revenues and expenses are:

- Operating grants and contributions increased \$3,896,610 for the emergency telephone fund mainly due to a grant from Sprint for the 800 MHz rebanding project.
- Capital grants and contributions decreased \$421,292 because transportation purchased five buses in 2009 and did not purchase any buses in 2010.
- Emergency telephone expenses increased \$4,152,046 mainly due to the Sprint 800 MHz rebanding project.
- Transfers increased \$538,617 mainly due to an increase in the emergency telephone subsidy. The increase in subsidy is attributed to decreasing wireless funding along with a reduction in wireline revenue as well as an increase in eligible expenses.

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 \$40,730,599 and a decrease of \$5,306,947 in comparison to the prior year. Approximately 73 percent of the total amount (\$29,618,363) constitutes *unrestricted fund balance*, which is available for spending at the County’s discretion. The remainder of the fund balance is *nonspendable* (\$193,970) or *restricted* (\$10,918,266) to indicate that it is not available for future spending at the discretion of the County because it is either nonspendable or legally restricted for 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, debt service 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 \$24,316,110 while total fund balance was \$31,664,321. 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 (\$28,810,094) and total fund balance represents 61 percent and 67 percent, respectively, of total general fund expenditures.

The fund balance of Cumberland County's general fund increased by \$1,061,813 during the current year. Key factors in this growth were:

- The cost savings initiative which was implemented by the Commissioners continued to reduce expected costs to help offset the slowed growth of revenue. These savings were accomplished voluntarily by departments in many areas such as cutting overtime hours, not filling vacancies immediately, and process changes.
- Several projects were postponed until 2011 due to project delays.

The fund balance of non-major funds decreased by \$6,403,482 due to significant progress towards the completion of Phase I prison renovations and the construction of the Public Safety Building.

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.

Workers' compensation is presented as an internal service fund in the proprietary fund statements and as a business-type activity in the government-wide statements. The County's health reimbursement arrangement is presented as an internal service fund in the proprietary fund statements and as a governmental activity in the government-wide statements. Other aspects of the County's proprietary funds have already been addressed in the discussion of Cumberland County's business-type activities.

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.

The general fund budgeted revenues (including other financing sources) increased \$320,300 for 2010. The following shows the adjustment:

Central Booking's special revenue fund was closed and revenues and expenses were moved to the General Fund	\$320,300
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Actual general fund revenues (including other financing sources) received were \$514,360 under the amended budget. Grants were under budget due to the Redevelopment Authority pass-through grants incurring lower than anticipated expenditures and the grant value of the 800 MHz radios being over budget due to the accelerated replacement of 800 MHz radios.

The general fund budgeted expenditures (including other financing uses) increased \$320,300 for 2010. The following shows the adjustment:

Central Booking's special revenue fund was closed and revenues and expenses were moved to the General Fund	\$320,300
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Actual general fund expenditures (including other financing uses) were under the final budget by \$6,629,494. The major items under budget were:

Pooled reserves	\$1,503,348
Subsidies (included in transfers-out)	\$ 963,354
County buildings	\$ 554,398

There are several reasons for the under-budget situation. Subsidies were under budget because emergency telephone budgeted for the 800 MHz Radio Enhancement project and a delay in the project pushed the majority of the project to 2011. The pooled reserves budget was not fully utilized because the funds were not needed for contingent events. County buildings were under budget due to the timing of the construction projects related to the sixth judge. Cost savings measures were taken during the year throughout the County and most departments came in under budget and accounted for approximately \$2,000,000 of the under budget situation. Some examples of the cost savings are department-level process changes which, when added together, accumulated to a significant savings, retirement contribution, and security reorganization.

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, 2010, amounted to \$73,903,939 (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 eight percent (a fourteen percent increase for governmental activities and a six percent decrease for business-type activities).

Cumberland County's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 2,503,264	2,503,264	-	-	2,503,264	2,503,264
Buildings and systems	15,524,356	14,751,609	12,477,757	13,396,567	28,002,113	28,148,176
Improvements other than buildings	19,384	21,831	289,503	331,001	308,887	352,832
Machinery and equipment	5,815,541	6,211,457	2,704,161	3,339,525	8,519,702	9,550,982
Bridges	3,770,754	3,901,775	-	-	3,770,754	3,901,775
Construction in progress	21,245,748	14,749,308	1,864,298	1,512,441	23,110,046	16,261,749
Agricultural easements	7,689,173	7,452,173	-	-	7,689,173	7,452,173
Total	\$ 56,568,220	49,591,417	17,335,719	18,579,534	73,903,939	68,170,951

Major capital asset events during the current fiscal year included a construction in progress increase of \$6,848,297 between 2010 and 2009 due to the following:

- The design and construction of the prison expansion, which will eventually increase capacity of the facility by 40 percent or 160 additional beds, increased construction in progress by \$659,538.
- The construction of the new public emergency operation center increased construction in progress by \$5,987,908.

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

Debt Administration. For fiscal year ended December 31, 2010, Cumberland County had net outstanding general obligation bonds of \$33,860,138. The County's net general obligation notes total \$19,794,370. This debt is backed by the full faith and credit of the County. 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, 2010 and 2009 were:

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$31,210,191	32,706,902	2,649,947	3,483,540	33,860,138	36,190,442
General Obligation Notes	4,081,149	4,427,332	15,713,221	16,879,671	19,794,370	21,307,003
Total	\$35,291,340	37,134,234	18,363,168	20,363,211	53,654,508	57,497,445

Cumberland County's general obligation debt decreased by \$3,842,937 due to scheduled principal payments.

In 2010, the County issued general obligation bonds, series 2010 to advance refund the 2006 bond issue. The proceeds of the 2010 bonds less issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 bonds. As a result, the 2006 bonds are considered to be defeased and the liability for those bonds have been removed from the financial statements. The advanced refunding resulted in a \$752,537 decrease in future debt service payments and a present value economic gain of \$732,475.

Principal payments paid in 2010 were \$3,916,535.

Cumberland County's rating was confirmed "AAA" from Standard & Poor's regarding its general obligation debt.

The current debt limitation for Cumberland County is \$429,209,366 which is significantly in excess of Cumberland County's outstanding general obligation debt.

In 2011, Cumberland County is planning on issuing general obligation bonds for the final phase of the prison expansion project.

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

Unexpended contractual commitments total \$11,074,334 at December 31, 2010.

Economic Factors and Next Year's Budget

Economic Conditions in 2010

Cumberland County felt the economic impacts of the national economic downturn in 2010. However, economic indicators improved over the course of 2010 and the County's local economy has fared better than national and state averages because of its diverse business base and the stabilizing effect of numerous Federal and state government institutions and colleges and universities both within, and near, the County.

Cumberland County's December unemployment rate was 6.4% while the statewide and national rates were 8.1% and 9.1%, 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 2.81 percent of assessed values as of December 31, 2010.

The County was not immune to the problems facing the nation, state, and local area throughout the course of 2010. 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 2010.

During the 2010 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 goal of these efforts was a cost savings initiative that targets funds toward priority services while achieving at least \$2,000,000 in cost reduction over the course of 2010. During 2010, the County achieved about \$2,000,000 in cost savings which brings the total savings from the cost savings initiative to approximately \$6 million. 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 2011. Some of the 2011 pressure points are higher retirement contributions, increased medical insurance premiums, additional positions to meet operational needs of the prison and facilities departments and declines in revenue from various sources. The County refinanced a bond in 2010 and the approximate \$750,000 in savings will be realized over the next several budget years.

Highlights of the County's initiatives in the 2011 budget include:

- Completion of a new public safety building.
- Begin final phase of the prison renovations.
- Energy efficiency and energy conservation projects funded through the American Recovery and Reinvestment Act.
- Farmland preservation.
- Increased County retirement contributions based on market conditions.
- Building renovations to prepare for a sixth judge in 2012.
- Continued performance management process.

The economy continues to affect several key areas of the budget. The Commissioners are continuing their cost management initiative into 2011 and are requesting that departments shave \$1.25 million from that year's budget.

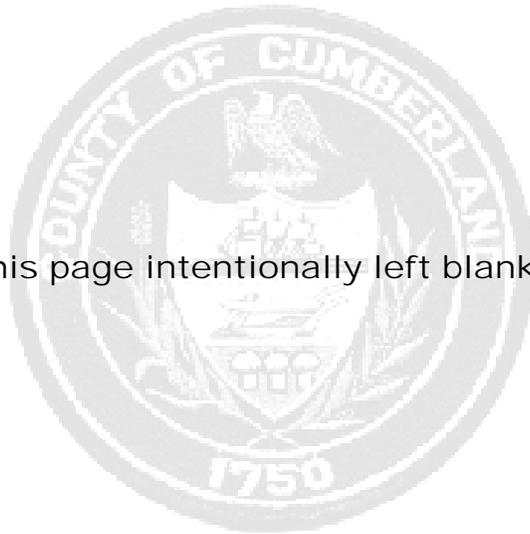
The County is committed to an ongoing search for innovative ways to lower overall costs to the taxpayer and will continue to look for ways to lower the County's expenses. An array of projects have been placed on hold or cancelled altogether due to the economic downturn and a multitude of other items 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 General Fund ended 2010 with an unassigned fund balance of \$24.3 million. At the end of 2011, the County is estimating an unrestricted fund balance of about \$21.1 million.

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.

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Basic Financial Statements

STATEMENT OF NET ASSETS

December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Conservation District	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 38,907,644	11,403,222	50,310,866	218,902	278,318
Investments	1,390,355	—	1,390,355	—	—
Receivables (net of allowance):					
Taxes	1,914,546	—	1,914,546	—	—
Due from other governments	5,459,245	134,162	5,593,407	90,279	—
Accounts receivable	308,015	3,449,842	3,757,857	—	—
Court costs and fines receivable	1,294,104	—	1,294,104	—	—
Notes receivable	—	—	—	—	349,219
Due from component units	76,621	—	76,621	—	—
Internal balances	1,152,140	(1,152,140)	—	—	—
Prepaid items	194,750	363,772	558,522	—	—
Deferred charges	351,467	234,050	585,517	—	—
Restricted assets:					
Cash and cash equivalents	2,941,598	1,576,420	4,518,018	—	—
Capital assets not being depreciated:					
Land	2,503,264	—	2,503,264	—	—
Construction in progress	21,245,748	1,864,298	23,110,046	—	—
Agricultural easements	7,689,173	—	7,689,173	—	—
Capital assets net of accumulated depreciation:					
Buildings and systems	15,524,356	12,477,757	28,002,113	—	—
Improvements other than buildings	19,384	289,503	308,887	—	—
Machinery and equipment	5,815,541	2,704,161	8,519,702	38,818	—
Bridges	3,770,754	—	3,770,754	—	—
Other assets	43,438	—	43,438	—	—
Total assets	<u>110,602,143</u>	<u>33,345,047</u>	<u>143,947,190</u>	<u>347,999</u>	<u>627,537</u>

(Continued)

STATEMENT OF NET ASSETS

December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

LIABILITIES

Accounts payable and other current liabilities	4,464,552	924,786	5,389,338	690	149,900
Accrued payroll	1,643,923	686,407	2,330,330	16,279	—
Due to primary government	—	—	—	76,621	—
Due to other governments	764,855	—	764,855	—	—
Accrued interest payable	171,082	120,823	291,905	—	—
Unearned revenues	2,780,425	1,569,142	4,349,567	20,910	—
Funds held as fiduciary	422,560	538,393	960,953	—	—
Noncurrent liabilities:					
Due in less than one year:					
Capital lease payable	722	—	722	—	—
General obligation bonds payable	1,413,379	866,621	2,280,000	—	—
General obligation notes payable	233,012	1,232,275	1,465,287	—	—
Sick and vacation accrual	288,059	73,446	361,505	2,915	—
Workers' compensation claims payable	—	148,088	148,088	—	—
Due in more than one year:					
General obligation bonds payable	29,796,812	1,783,326	31,580,138	—	—
General obligation notes payable	3,848,137	14,480,946	18,329,083	—	—
Sick and vacation accrual	3,320,979	809,013	4,129,992	46,812	—
Net OPEB obligation	354,779	173,324	528,103	4,073	—
Workers' compensation claims payable	—	939,564	939,564	—	—
Total liabilities	<u>49,503,276</u>	<u>24,346,154</u>	<u>73,849,430</u>	<u>168,300</u>	<u>149,900</u>

NET ASSETS

Invested in capital assets, net of related debt	23,210,201	664,320	23,874,521	38,818	—
Restricted net assets for:					
Capital projects	1,951,310	—	1,951,310	—	—
Conservation	5,071,431	—	5,071,431	130,694	—
Economic development and housing	1,934,341	—	1,934,341	—	—
Human services	933,406	—	933,406	—	—
Judicial services	203,372	—	203,372	—	—
Public safety	1,669,690	—	1,669,690	—	—
Records improvement	1,180,285	—	1,180,285	—	—
Roads and bridges	635,004	—	635,004	—	—
Unrestricted	<u>24,309,827</u>	<u>8,334,573</u>	<u>32,644,400</u>	<u>10,187</u>	<u>477,637</u>
Total net assets	\$ <u><u>61,098,867</u></u>	<u><u>8,998,893</u></u>	<u><u>70,097,760</u></u>	<u><u>179,699</u></u>	<u><u>477,637</u></u>

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

STATEMENT OF ACTIVITIES

For the year ended December 31, 2010

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	\$ 13,814,789	(1,679,879)	3,952,398	217,232	571,757	(7,393,523)	—	(7,393,523)	—	—
General government - judicial	16,658,597	81,232	4,021,584	2,883,864	—	(9,834,381)	—	(9,834,381)	—	—
Public safety	19,253,729	—	3,055,916	1,856,181	27,099	(14,314,533)	—	(14,314,533)	—	—
Roads and bridge maintenance	672,542	29,193	7,272	589,234	8,752	(96,477)	—	(96,477)	—	—
Recycling and waste management	380,137	45,139	116,498	75,312	—	(233,466)	—	(233,466)	—	—
Human services:										
Mental health/intellectual and developmental disabilities										
HealthChoices-Cumberland County	18,141,649	254,682	240,642	17,436,659	—	(719,030)	—	(719,030)	—	—
Children and youth	28,601,028	—	—	28,634,245	—	33,217	—	33,217	—	—
Food and shelter	12,342,876	243,463	363,777	9,927,394	—	(2,295,168)	—	(2,295,168)	—	—
Office of aging	3,137,335	68,824	2,351,818	920,238	—	65,897	—	65,897	—	—
Other	4,785,973	209,451	484,928	4,001,745	—	(508,751)	—	(508,751)	—	—
Culture and recreation	5,051,374	134,822	1,936,204	2,796,894	—	(453,098)	—	(453,098)	—	—
Conservation	108,217	—	11,300	—	—	(96,917)	—	(96,917)	—	—
Community redevelopment and housing	423,928	—	54,341	70,146	—	(299,441)	—	(299,441)	—	—
Economic development and assistance	212,555	—	214,505	—	—	1,950	—	1,950	—	—
Interest on long-term debt	3,992,708	—	130,752	2,308,941	—	(1,553,015)	—	(1,553,015)	—	—
	1,320,663	—	—	—	—	(1,320,663)	—	(1,320,663)	—	—
Total governmental activities	128,898,100	(613,073)	16,941,935	71,718,085	607,608	(39,017,399)	—	(39,017,399)	—	—
Business-type activities:										
County nursing home	24,806,003	488,109	25,259,305	23,045	—	—	(11,762)	(11,762)	—	—
Early Learning Center	479,681	—	414,613	39,215	—	—	(25,853)	(25,853)	—	—
Emergency telephone	9,481,575	—	1,761,860	6,410,484	—	—	(1,309,231)	(1,309,231)	—	—
Hazardous materials protection	194,317	—	50,500	71,630	1,673	—	(70,514)	(70,514)	—	—
Transportation services	2,331,954	124,964	1,044,212	1,050,365	13,585	—	(348,756)	(348,756)	—	—
Total business-type activities	37,293,530	613,073	28,530,490	7,594,739	15,258	—	(1,766,116)	(1,766,116)	—	—
Total primary government	\$ 166,191,630	—	45,472,425	79,312,824	622,866	(39,017,399)	(1,766,116)	(40,783,515)	—	—
Component units:										
Conservation District	\$ 646,944	—	182,194	464,885	—	—	—	—	135	—
Industrial Development Authority	227,749	—	277,347	—	—	—	—	—	—	49,598
Total component units	\$ 874,693	—	459,541	464,885	—	—	—	—	135	49,598
General revenues:										
Real estate taxes	—	—	—	—	—	41,788,709	—	41,788,709	—	—
Per capita taxes	—	—	—	—	—	629,068	—	629,068	—	—
Hotel taxes	—	—	—	—	—	1,518,194	—	1,518,194	—	—
Unrestricted investment earnings	—	—	—	—	—	652,760	62,638	715,398	869	3,761
Transfers	—	—	—	—	—	(2,084,155)	2,084,155	—	—	—
Total general revenues and transfers	—	—	—	—	—	42,504,576	2,146,793	44,651,369	869	3,761
Change in net assets	—	—	—	—	—	3,487,177	380,677	3,867,854	1,004	53,359
Net assets, beginning of year	—	—	—	—	—	57,611,690	8,618,216	66,229,906	178,695	424,278
Net assets, end of year	—	—	—	—	—	\$ 61,098,867	8,998,893	70,097,760	179,699	477,637

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 and special revenue funds, 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.

Other Nonmajor Funds – Other nonmajor funds is the aggregate of those governmental funds not individually meeting the "financial significance" criteria established by the Governmental Accounting Standards Board 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, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Other Non-major Funds	Total
Assets						
Cash and cash equivalents	\$ 28,934,841	4,013,478	300	184,130	5,774,894	38,907,643
Investments	446,367	—	—	—	943,988	1,390,355
Receivables (net of allowance):						
Taxes	1,914,546	—	—	—	73,767	1,988,313
Due from other governments	404,995	199,212	2,739,716	—	2,115,323	5,459,246
Accounts receivable	110,642	—	—	—	123,606	234,248
Court costs and fines receivable	95,781	—	—	—	—	95,781
Due from other funds	4,106,267	—	—	—	1,704,814	5,811,081
Due from component units	78,172	—	—	—	—	78,172
Prepaid items	170,321	780	—	—	23,649	194,750
Restricted cash	—	—	—	—	2,941,598	2,941,598
Other assets	43,566	—	—	—	—	43,566
Total assets	\$ 36,305,498	4,213,470	2,740,016	184,130	13,701,639	57,144,753
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 716,921	1,477,401	615,131	2,762	1,566,759	4,378,974
Accrued liabilities and withholdings	1,221,038	94,533	115,637	—	212,713	1,643,921
Due to other funds	—	617,373	1,993,224	36,884	2,478,592	5,126,073
Due to other governments	764,855	—	—	—	—	764,855
Deferred taxes	1,297,345	—	—	—	—	1,297,345
Deferred revenue	225,747	2,024,163	16,024	109,762	404,730	2,780,426
Funds held as fiduciary	415,271	—	—	—	7,289	422,560
Total liabilities	4,641,177	4,213,470	2,740,016	149,408	4,670,083	16,414,154

BALANCE SHEET
Governmental Funds

December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

Fund balances:

Nonspendable:						
Prepaid items	170,321	—	—	—	23,649	193,970
Restricted:						
Landfill closure	488,858	—	—	—	—	488,858
Farmland preservation	1,092,655	—	—	—	—	1,092,655
Offender supervision	564,467	—	—	—	—	564,467
Criminal investigation	229,803	—	—	—	—	229,803
Register of Wills-Act 34	67,200	—	—	—	—	67,200
Coroner - Act 122	49,499	—	—	—	—	49,499
Hoffer scholarship	16,723	—	—	—	—	16,723
Roads and bridge maintenance	—	—	—	—	635,004	635,004
Judicial services	—	—	—	—	55,920	55,920
Human services	—	—	—	34,722	917,845	952,567
Public safety	—	—	—	—	35,758	35,758
Row office automation	174,701	—	—	—	1,005,582	1,180,283
Conservation	—	—	—	—	1,670,258	1,670,258
Economic development and housing	—	—	—	—	1,920,788	1,920,788
Debt service	—	—	—	—	9,870	9,870
Capital projects	—	—	—	—	1,948,613	1,948,613
Unrestricted:						
Assigned:						
Community services	—	—	—	—	891,930	891,930
Capital projects	3,725,000	—	—	—	—	3,725,000
Risk liability	250,000	—	—	—	—	250,000
Farmland preservation	446,367	—	—	—	—	446,367
Prison canteen	66,732	—	—	—	—	66,732
Criminal justice planning	5,885	—	—	—	—	5,885
Unassigned	24,316,110	—	—	—	(83,661)	24,232,449
Total fund balances	31,664,321	—	—	34,722	9,031,556	40,730,599
Total liabilities and fund balances	\$ 36,305,498	4,213,470	2,740,016	184,130	13,701,639	57,144,753

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, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

Total fund balances-governmental funds	\$	40,730,599
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.		56,568,220
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.		2,495,667
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.		775,681
Internal service fund used by management to charge the costs of the self-insurance to individual funds:		
Workers' compensation		84,544
Health reimbursement arrangement		295,336
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable		(31,636,153)
Notes payable		(4,079,401)
Sick and vacation payable		(3,609,038)
Capital lease payable		(722)
Other post employment benefit obligations		(354,779)
Interest accrued on long-term liabilities is not due and payable in the current period and, therefore is not reported in the funds.		(171,087)
Net assets of governmental activities	\$	<u><u>61,098,867</u></u>

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

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

For the year ended December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Other Non-major Funds	Total
Revenues:						
Taxes	\$ 42,454,745	—	—	—	1,518,194	43,972,939
Licenses and permits	96,872	—	—	—	—	96,872
Grants	4,593,810	17,428,308	9,926,935	28,634,245	11,449,862	72,033,160
County charges	8,185,044	123,532	363,777	—	5,714,584	14,386,937
Court costs, fines and forfeitures	1,782,744	—	—	—	185,583	1,968,327
Interest	324,400	36,813	—	1,503	290,043	652,759
Payment in lieu of taxes	128,664	—	—	—	—	128,664
Contributions and other	234,035	125,462	459	—	81,922	441,878
Total revenues	<u>57,800,314</u>	<u>17,714,115</u>	<u>10,291,171</u>	<u>28,635,748</u>	<u>19,240,188</u>	<u>133,681,536</u>
Expenditures:						
Current:						
General government – administrative	10,112,808	—	—	—	306,386	10,419,194
General government – judicial	13,444,157	—	—	—	3,154,592	16,598,749
Public safety	18,098,141	—	—	—	—	18,098,141
Public works and enterprises	—	—	—	—	863,974	863,974
Human services	643,881	18,367,330	12,492,268	28,601,026	13,100,562	73,205,067
Culture and recreation	104,807	—	—	—	30,318	135,125
Conservation and development	383,961	—	—	—	49,193	433,154
Economic development and assistance	2,451,923	—	—	—	1,436,924	3,888,847
Debt service:						
Principal retirement	—	—	—	—	1,907,615	1,907,615
Debt interest	—	—	—	—	1,363,595	1,363,595
Bond issuance cost	—	—	—	—	115,388	115,388
Capital outlay	2,008,782	20,400	49,078	—	7,496,475	9,574,735
Payments to other governments	109,010	—	—	—	315,149	424,159
Total expenditures	<u>47,357,470</u>	<u>18,387,730</u>	<u>12,541,346</u>	<u>28,601,026</u>	<u>30,140,171</u>	<u>137,027,743</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,442,844</u>	<u>(673,615)</u>	<u>(2,250,175)</u>	<u>34,722</u>	<u>(10,899,983)</u>	<u>(3,346,207)</u>
Other financing sources (uses):						
Transfers in	499,957	679,518	2,428,218	—	6,403,829	10,011,522
Transfers out	(9,880,988)	(5,903)	(178,043)	—	(2,032,586)	(12,097,520)
Refunding bond issued	—	—	—	—	9,850,000	9,850,000
Payment to refund bonds	—	—	—	—	(9,877,630)	(9,877,630)
Bond premium	—	—	—	—	152,888	152,888
Total other financing sources (uses)	<u>(9,381,031)</u>	<u>673,615</u>	<u>2,250,175</u>	<u>—</u>	<u>4,496,501</u>	<u>(1,960,740)</u>
Net change in fund balances	1,061,813	—	—	34,722	(6,403,482)	(5,306,947)
Fund balances, beginning of year	<u>30,602,508</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>15,435,038</u>	<u>46,037,546</u>
Fund balances, end of year	<u>\$ 31,664,321</u>	<u>—</u>	<u>—</u>	<u>34,722</u>	<u>9,031,556</u>	<u>40,730,599</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, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

Net change in fund balances-total governmental funds	\$ (5,306,947)
<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	9,908,382
Depreciation expense	(2,318,309)
Retirement and sale of equipment	(613,270)
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.	174,821
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.	1,897,746
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.	(46,496)
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.	(111,318)
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.	(98,705)
Governmental funds do not recognize interest on long term debt until legally due, while the statement of net assets accrues for interest payable.	42,932
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.	13,714
Internal service funds are used by management to charge the cost of self-insurance claims to individual funds:	
Worker's compensation	(186,412)
Health reimbursement arrangement	131,039
Change in net assets of governmental activities	<u>\$ 3,487,177</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 the Governmental Accounting Standards Board 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, 2010

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	\$ 5,626,750	4,136,256	200	9,763,206	1,640,016
Investments	—	—	—	—	—
Restricted cash:					
Patient funds	538,393	—	—	538,393	—
Bond proceeds	—	1,038,027	—	1,038,027	—
Due from other funds	—	—	179,190	179,190	590,420
Accounts receivable (net of allowance):					
Patient accounts receivable	3,201,022	—	—	3,201,022	—
Customer accounts receivable	—	232,385	16,359	248,744	75
Due from other governments	—	33,585	100,577	134,162	—
Prepaid items	93,610	184,049	—	277,659	86,113
Total current assets	<u>9,459,775</u>	<u>5,624,302</u>	<u>296,326</u>	<u>15,380,403</u>	<u>2,316,624</u>
Noncurrent assets:					
Deferred charges	139,473	94,577	—	234,050	—
Capital assets, net of depreciation	11,211,549	5,102,874	1,021,297	17,335,720	—
Total noncurrent assets	<u>11,351,022</u>	<u>5,197,451</u>	<u>1,021,297</u>	<u>17,569,770</u>	<u>—</u>
Total assets	<u>20,810,797</u>	<u>10,821,753</u>	<u>1,317,623</u>	<u>32,950,173</u>	<u>2,316,624</u>
Liabilities					
Current liabilities:					
Accounts payable	829,875	82,332	12,215	924,422	85,947
Accrued liabilities and withholdings:					
Accrued payroll	539,838	96,727	49,841	686,406	—
Accrued interest	67,053	53,769	—	120,822	—
Due to other funds	1,191,112	256,486	7,020	1,454,618	—
Unearned revenue	—	1,509,483	59,659	1,569,142	—
Funds held as fiduciary	538,393	—	—	538,393	—
General obligation bonds payable	391,203	475,418	—	866,621	—
General obligation notes payable	732,525	499,750	—	1,232,275	—
Sick and vacation accrual	54,453	12,619	6,374	73,446	—
Self-insurance claims payable	—	—	—	—	148,088
Total current liabilities	<u>4,344,452</u>	<u>2,986,584</u>	<u>135,109</u>	<u>7,466,145</u>	<u>234,035</u>
Noncurrent liabilities:					
Due in more than one year:					
General obligation bonds payable	791,725	991,601	—	1,783,326	—
General obligation notes payable	8,386,145	6,094,801	—	14,480,946	—
Self-insurance claims payable	—	—	—	—	939,564
Net OPEB obligation	141,173	20,118	12,033	173,324	—
Sick and vacation accrual	520,823	232,183	56,007	809,013	—
Total noncurrent liabilities	<u>9,839,866</u>	<u>7,338,703</u>	<u>68,040</u>	<u>17,246,609</u>	<u>939,564</u>
Total liabilities	<u>14,184,318</u>	<u>10,325,287</u>	<u>203,149</u>	<u>24,712,754</u>	<u>1,173,599</u>
Net assets					
Invested in capital assets, net of related debt	909,952	(1,266,929)	1,021,297	664,320	—
Unrestricted	5,716,527	1,763,395	93,177	7,573,099	1,143,025
Total net assets	<u>\$ 6,626,479</u>	<u>496,466</u>	<u>1,114,474</u>	<u>8,237,419</u>	<u>1,143,025</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.	1,143,025
Adjustment to reflect the consolidation of worker's compensation activity related to governmental and component unit activities.	(84,981)
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities	(296,570)
Net assets of business-type activities	<u>\$ 8,998,893</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, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Business-type Activities</u>				<u>Internal Service Funds</u>
	<u>Enterprise Funds</u>			<u>Totals</u>	
	<u>County Nursing Home</u>	<u>Emergency Telephone</u>	<u>Other Non- major Funds</u>		
Operating revenues:					
Charges for sales and services:					
County charges	\$ 25,214,795	1,761,860	1,509,660	28,486,315	1,280,889
Rentals and other revenues	67,555	—	—	67,555	—
Total operating revenues	<u>25,282,350</u>	<u>1,761,860</u>	<u>1,509,660</u>	<u>28,553,870</u>	<u>1,280,889</u>
Operating expenses:					
Patient/client services	19,426,779	5,004,785	2,771,011	27,202,575	1,459,171
Depreciation	1,011,433	721,607	345,578	2,078,618	—
Administrative	4,315,231	191,935	—	4,507,166	—
Total operating expenses	<u>24,753,443</u>	<u>5,918,327</u>	<u>3,116,589</u>	<u>33,788,359</u>	<u>1,459,171</u>
Operating income (loss)	<u>528,907</u>	<u>(4,156,467)</u>	<u>(1,606,929)</u>	<u>(5,234,489)</u>	<u>(178,282)</u>
Nonoperating revenues (expenses):					
Grants	—	6,410,484	1,176,132	7,586,616	—
Interest income	20,262	41,464	—	61,726	912
Interest expense	(427,152)	(343,666)	—	(770,818)	—
Payment to municipalities	—	(3,215,963)	—	(3,215,963)	—
Loss on sale of capital assets	(180)	(10,490)	(1,105)	(11,775)	—
Total net nonoperating revenues (expenses)	<u>(407,070)</u>	<u>2,881,829</u>	<u>1,175,027</u>	<u>3,649,786</u>	<u>912</u>
Income (loss) before transfers and capital contributions	121,837	(1,274,638)	(431,902)	(1,584,703)	(177,370)
Capital contributions	—	—	1,457	1,457	—
Transfers in	27,052	1,890,452	168,494	2,085,998	—
Change in net assets	<u>148,889</u>	<u>615,814</u>	<u>(261,951)</u>	<u>502,752</u>	<u>(177,370)</u>
Total net assets (deficiency), beginning of year	<u>6,477,590</u>	<u>(119,348)</u>	<u>1,376,425</u>		<u>1,320,395</u>
Total net assets end of year	<u>\$ 6,626,479</u>	<u>496,466</u>	<u>1,114,474</u>		<u>1,143,025</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.	(396,294)
Adjustment to reflect the consolidation of workers' compensation activity related to governmental and component unit activities.	186,860
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities	<u>87,359</u>
Change in net assets of business-type activities	<u>\$ 380,677</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, 2010

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	\$ —	1,718,533	—	1,718,533	—
Cash received on county charges	24,802,704	—	1,459,782	26,262,486	1,065,466
Payments to vendors	(5,525,645)	(2,130,177)	(1,381,155)	(9,036,977)	(1,065,466)
Payments to employees	(17,070,835)	(2,891,818)	(1,427,805)	(21,390,458)	(511,330)
Net cash provided by (used in) operating activities	<u>2,206,224</u>	<u>(3,303,462)</u>	<u>(1,349,178)</u>	<u>(2,446,416)</u>	<u>(511,330)</u>
Cash flows from noncapital financing activities:					
Subsidy from federal/state grants	27,052	7,246,826	1,282,966	8,556,844	—
Payments to other municipalities	—	(3,215,963)	—	(3,215,963)	—
Transfers from other funds	—	1,739,050	99,613	1,838,663	—
Net cash provided by noncapital financing activities	<u>27,052</u>	<u>5,769,913</u>	<u>1,382,579</u>	<u>7,179,544</u>	<u>—</u>
Cash flows from capital and related financing activities:					
Subsidy from federal/state grants	—	—	56,856	56,856	—
Purchase of capital assets	(274,303)	(496,478)	(90,257)	(861,038)	—
Principal paid on capital debt	(1,083,974)	(930,054)	—	(2,014,028)	—
Interest paid on capital debt	(418,591)	(348,620)	—	(767,211)	—
Net cash used in capital financing activities	<u>(1,776,868)</u>	<u>(1,775,152)</u>	<u>(33,401)</u>	<u>(3,585,421)</u>	<u>—</u>
Cash flows from investing activities:					
Proceeds from the sale and maturities of investments	1,400,000	—	—	1,400,000	—
Investment income received	20,262	41,464	—	61,726	952
Net cash provided by investing activities	<u>1,420,262</u>	<u>41,464</u>	<u>—</u>	<u>1,461,726</u>	<u>952</u>
Net increase (decrease) in cash and cash equivalents	1,876,670	732,763	—	2,609,433	(510,378)
Cash and cash equivalents, January 1	4,288,473	4,441,520	200	8,730,193	2,150,394
Cash and cash equivalents, December 31	<u>\$ 6,165,143</u>	<u>5,174,283</u>	<u>200</u>	<u>11,339,626</u>	<u>1,640,016</u>

(Continued)

STATEMENT OF CASH FLOWS
Proprietary Funds

For the year ended December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities				
	Enterprise Funds				Internal Service Fund
	County Nursing Home	Emergency Telephone	Other Non- major Funds	Totals	
(Continued)					
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 528,907	(4,156,467)	(1,606,929)	(5,234,489)	(178,282)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:					
Depreciation expense	1,011,433	721,607	345,578	2,078,618	—
Changes in assets and liabilities in:					
Patient accounts receivable	(482,720)	(27,989)	—	(510,709)	—
Due from other governments	—	—	(39)	(39)	—
Customer accounts receivable	—	—	8,850	8,850	40
Due from other funds	—	—	—	—	(215,423)
Prepaid items	(67,465)	(117,558)	1,000	(184,023)	(6,371)
Deferred charges	24,059	14,379	—	38,438	—
Accounts payable	216,021	52,754	(28,059)	240,716	(3,541)
Accrued liabilities and withholdings	(51,966)	(9,024)	2,180	(58,810)	—
Due to other funds	867,842	212,667	(75,788)	1,004,721	—
Funds held as fiduciary	115,630	—	—	115,630	—
Net OPEB obligation	44,483	6,169	4,029	54,681	—
Long term debt-claims payable	—	—	—	—	(107,753)
Total adjustments	<u>1,677,317</u>	<u>853,005</u>	<u>257,751</u>	<u>2,788,073</u>	<u>(333,048)</u>
Net cash provided by (used in) operating activities	<u>\$ 2,206,224</u>	<u>(3,303,462)</u>	<u>(1,349,178)</u>	<u>(2,446,416)</u>	<u>(511,330)</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, 2010***COUNTY OF CUMERLAND, PENNSYLVANIA**

	Pension Trust – Employees’ Retirement	Agency Funds
Assets		
Cash and cash equivalents	\$ 7,111,477	4,294,022
Investments, at fair value		
U.S. Government securities	26,832,348	—
Corporate and other bonds	16,377,239	—
Corporate stocks	50,517,826	—
Mutual funds	28,125,382	—
Total investments	<u>121,852,795</u>	<u>—</u>
Accrued interest and dividends receivable	<u>616,615</u>	<u>—</u>
Total assets	<u>129,580,887</u>	<u>4,294,022</u>
Liabilities		
Due to other governments	—	1,426,802
Escrow and other liabilities	<u>37,827</u>	<u>2,867,220</u>
Total liabilities	<u>37,827</u>	<u>4,294,022</u>
Net assets		
Net assets held in trust for pension benefits	<u>\$ 129,543,060</u>	<u>—</u>

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, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

Additions:

Contributions:

Employer	\$ 4,962,317
Plan members	2,857,580
Total contributions	<u>7,819,897</u>

Investment income:

Net appreciation in fair value of investments	10,196,890
Interest	1,403,280
Dividends	<u>1,401,718</u>
Total investment income	13,001,888
Less investment expense	<u>402,601</u>
Net investment earnings	<u>12,599,287</u>
Total additions	<u>20,419,184</u>

Deductions:

Benefits	4,869,757
Refunds of contributions	426,720
Administrative expenses	<u>144,917</u>
Total deductions	<u>5,441,394</u>
Change in net assets	14,977,790

Net assets:

Beginning of year	<u>114,565,270</u>
End of year	<u>\$ 129,543,060</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 235,406 residents.

The accompanying financial statements present the primary government and its component units, entities for which the primary government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see below for description) to emphasize that it is legally separate from the primary government.

Consistent with the guidance contained in Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, the criteria used by the County to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, and so forth) within its reporting entity, are financial accountability and the nature and significance of the relationship.

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 CAEDC is reported as blended with the County because CAEDC's governing body is substantively the same as that of the County. Separate financial statements may be obtained from the Cumberland Area Economic Development Corporation, 401 East Louthier 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 was established under the Industrial and Commercial Development Authority Law of the Commonwealth to provide a means for developers within the County to obtain funds through the issuance of tax-exempt industrial development obligations. All of the bond issues must be approved by the County Commissioners, but the County has no ongoing liability for these bond issues. 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 and its seven board members are appointed by the County Commissioners to serve a two-year period. Although the County collects a special voter-approved library tax, it cannot appropriate the County library tax or require re-authorization.

The Library Board is an autonomous county-wide organization that oversees the Library System, which consists of eight libraries. The Board decides how funds are disbursed to the various libraries based on user demand and inventory needs with no oversight from the County Commissioners.

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 2010 audited financial statements are:

	Fiscal year ended June 30, 2010
Operating revenues	\$ 6,466,285
Operating expenses	20,247,842
Loss from operations	(13,781,557)
Total nonoperating revenues (expenses)	11,814,496
Capital grant funding	858,865
Net assets	24,334,866
Unrestricted deficit	(463,523)

CAT is primarily dependent on federal, state and county governments to fund its operations. CAT’s major expenses are wages, fringe benefits, insurance premiums 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 misc revenue equipment; all of which are funded by federal, state and local governmental grants. At June 30, 2010, CAT has made commitments to acquire capital assets of approximately \$9,000,000 for 19 fixed route buses and 19 paratransit vehicles.

CAT has a Revolving Revenue Note with a bank with a maximum available amount of \$1,100,000, reducing to \$870,000 during the term of the loan, at 70% of the bank’s prime rate of interest. At June 30, 2010, CAT had an \$870,000 balance against the loan. CAT also has a \$750,000 line of credit with a bank at the bank’s prime plus 150 basis points. The line of credit had a \$0 balance at June 30, 2010. In July 2010, CAT replaced the two lines of credit with a new line of credit in the amount of \$2,500,000 and a Revenue Anticipation Note of \$1,500,000.

As a participant in the joint venture, the County's annual subsidy payment is \$250,029. 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 2010, the County paid CAT \$279,768. As of December 31, 2010, there was \$427 due to CAT for the Shared Ride program.

CAT issues publicly available financial statements that may be obtained by contacting the Assistant Executive Director – Administration 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 accounting principles generally accepted in the United States of America applicable to governments. The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting requirements for governments.

The County's financial statements are compliant with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. Among other things, GASB Statement No. 34 requires presentation of both government-wide and fund financial statements.

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 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 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. 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. 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. 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. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

The County reports its *general fund, mental health/intellectual and developmental disabilities fund, children and youth fund and HealthChoices-Cumberland County fund* as major governmental funds. Descriptions of these 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.

Additionally, the County reports the following fund types:

Internal service funds, a proprietary fund type, are used to account for the County's self-insured risk management activities related to liabilities incurred as a result of workplace injuries and to account for the County's funding of its employee health reimbursement arrangement (HRA).

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

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.

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 all 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 is reported as the 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. Operating revenues consist of 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.

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. Investments that do not have an established market are reported at estimated fair value.

J. Prepaids

The County uses the consumption approach for recording prepaid services. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both 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 balance sheet 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 provider of the funds.

Restricted cash and investments in governmental activities consist of general obligation bond and note proceeds designated for specific projects. Specific projects consist of construction of the prison expansion, a sixth courtroom, and a new Public Safety building as well as 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
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
Agricultural easements	Not depreciated	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.

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, or 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

In 2010, the County amended its fund balance policy to reflect its early implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for 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. 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.

This County's fund balance policy adopts the GASB No. 54 fund balance classifications that comprise 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 assignment 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.

Debt service – Monies restricted for the payment of County general long-term debt principal and interest.

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.

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. Retirement and Other Post-Employment 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, 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 post-employment benefits to County employees.

R. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods.

In June 2007, the Governmental Accounting Standards Board (GASB) issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Due to questions arising after the implementation of GASB 34, this Statement provides further guidance on whether and when intangible assets, including easements, should be considered capital assets for financial reporting purposes. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009 with the provisions generally required to be applied retroactively. The County has implemented this standard in the current year resulting in the addition of computer software intangibles to the financial statements. No prior balances were required to be restated as a result of the implementation of this standard.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. GASB 53 is effective for periods beginning after June 15, 2009. The County did not hold any derivatives as of December 31, 2010. If any derivatives are entered into in the future, GASB 53 will be appropriately applied.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB 54 is effective for periods beginning after June 15, 2010. The County has elected to early implement this Statement for these 2010 financial statements. The implementation of this standard did not require a restatement of fund balance however the components of fund balance were reclassified in accordance with the provisions of this standard.

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer OPEB plans. GASB 57 is effective for periods beginning after June 15, 2011. The County does not participate in any agent employer or agent multiple-employer OPEB plans and therefore does not meet the criteria for this Statement.

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB 58 is effective for reporting periods beginning after June 15, 2009. The County has not filed, nor intends to file in the foreseeable future, for bankruptcy protection and therefore does not meet the criteria for this Statement.

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. GASB 59 is effective for periods beginning after June 15, 2010. The County is currently evaluating what effect, if any, adoption of GASB 59 will have on the County's financial statements.

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements (SCAs)*. The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner. GASB 60 is effective for periods beginning after December 15, 2011 with the provisions generally required to be applied retroactively. The County is not engaged in any service concession arrangements as of December 31, 2010. If such agreements are entered into in the future GASB 60 will be appropriately applied.

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 62 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.

2. Deposits and Investments

The County reports deposits and investments in accordance with Governmental Accounting Standard Board Statement (GASB) No. 40 *Deposit and Investment Risk Disclosures*. This Statement requires enhanced disclosure of the risks of loss that the County's deposits and investments are subject to. Specifically, this Statement requires the following disclosures regarding the County's pension and non-pension deposits and investments:

- 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.

In 2003, the Commissioners adopted an investment policy, since amended, governing its non-pension cash and investments. This policy 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.

In 2003, the Retirement Board adopted an investment policy (“Pension Policy”), since amended, 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 purchase and holding of the following securities:

- 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,
- 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, per individual government custodian, bank demand deposits to \$250,000 and time and savings deposits to \$250,000 at December 31, 2010. The FDIC temporarily (from December 31, 2010 through December 31, 2012) fully insures all noninterest-bearing transaction depository bank accounts.

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

Custodial credit risk – non-pension deposits – As of December 31, 2010, \$30,066,877 of the County’s bank balance of \$31,848,128 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the bank but not in the County’s name	\$ 1,737,040
Uninsured and collateral held by pledging bank’s trust department or agent but not in the County’s name	<u>28,329,837</u>
Total	<u>\$ 30,066,877</u>

As of December 31, 2010, \$609,635 of Cumberland Area Economic Development Corporation’s (CAEDC) total bank balances of \$1,598,770 were uninsured and collateralized in accordance with Act 72.

Custodial credit risk – fiduciary fund deposits – As of December 31, 2010, \$2,519,121 of the County’s bank balance of its fiduciary funds of \$4,768,846 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the bank but not in the County’s name	\$ 185,375
Uninsured and collateral held by pledging bank’s trust department or agent but not in the County’s name	<u>2,333,746</u>
Total	<u>\$ 2,519,121</u>

The County is invested in a repurchase account with a bank balance of \$742,963. This repurchase account is a depository account not subject to either FDIC coverage or Act 72 collateralization. The repurchase account is collateralized by, but not invested in, U.S. government securities that are held by the bank’s agent in the name of the bank, 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, 2010, the District’s deposit balances were covered by the FDIC.

Custodial credit risk – Cumberland County Industrial Development Authority deposits – As of December 31, 2010, \$28,318 of the Authority’s \$278,318 deposit balances were uninsured and collateralized in accordance with Act 72.

Custodial credit risk – non-pension investments – The County is exposed to custodial credit risk at December 31, 2010, through a \$446,367 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.

The County is invested in repurchase accounts with a bank balance of \$24,640,083 which invests overnight in U.S. government securities with a value of 100 percent of the repurchase account balance. The repurchase account is neither insured by the FDIC nor is it subject to Act 72 collateralization. The repurchase agreement investments are held in the name of the bank, not in the name of the County, by the bank’s custodian.

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, 2010, the County had the following maturities of debt securities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>More Than 10</u>
<u>Debt securities</u>			
Money market funds	\$ 1,640,016	1,640,016	—
U.S. Treasury STRIPS	446,367	—	446,367
Total debt securities	\$ 2,086,383	1,640,016	446,367

Of the non-pension investments above, \$1,640,016 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, \$446,367 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 \$943,988 of the total \$1,390,355 of investments reported on the statement of net assets of the primary government.

The County held \$446,367 of U.S. Treasury zero coupon STRIPS at December 31, 2010. 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.

Interest rate risk – pension investments – As of December 31, 2010, 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	\$ 8,484,231	434,862	8,049,369	—	—
U.S. government securities	15,984,573	—	328,546	10,024,709	5,631,318
U.S. agency	2,363,544	—	—	—	2,363,544
Money market funds	7,111,477	7,111,477	—	—	—
Corporate bonds and notes	15,853,394	—	3,410,075	10,540,638	1,902,681
Other	523,845	—	—	523,845	—
Total debt securities	<u>50,321,064</u>	<u>7,546,339</u>	<u>11,787,990</u>	<u>21,089,192</u>	<u>9,897,543</u>
		15%	23%	42%	20%
<u>Other investments</u>					
Equity mutual fund-international	8,772,941				
Equity mutual fund-global	10,495,356				
Equity mutual fund-U.S.	8,857,085				
Equity securities-U.S.	50,517,826				
Total investments	<u>\$ 128,964,272</u>				

The total pension trust fund investments of \$128,964,272, above, includes \$7,111,477 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 \$8,484,231 of U.S. Treasury inflation-adjusted bonds (TIPS) at December 31, 2010. 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.

The terms of the following debt securities may cause their fair value to be highly sensitive to interest rate changes. The type, fair value and terms of these debt securities at December 31, 2010 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	\$ 655,557	1% to 2/11, 2% to 8/11, 4% thereafter, callable quarterly.
U.S. government	56,181	Variable coupon based on 1 year constant maturity treasury (CMT) index plus 2.295%. Periodic reset dates.
U.S. government	19,088	Variable coupon based on 1 year CMT plus 2.265%. Periodic reset dates.
U.S. government	16,460	Variable coupon based on 12 month LIBOR plus 1.73%. Periodic reset dates.
U.S. government	583	Variable coupon based on 1 year CMT plus 2.174%. Periodic reset dates.
U.S. agency	956,500	Variable coupon based on 3 month LIBOR plus 1.5% as long as LIBOR is between 0% and 7%. Periodic reset dates.
U.S. agency	495,750	Variable coupon based on 3 month LIBOR plus 2.25% as long as LIBOR is between 0% and 7%. Periodic reset dates.
U.S. agency	607,458	0% to 4/12; 8.25% thereafter.
Corporate	<u>394,000</u>	Variable coupon based on 3 month LIBOR plus 1%. Periodic reset dates.
	<u>\$ 3,201,577</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, 2010 that are highly sensitive to interest rate changes due to their risk of being called by the issuer or pre-paid by underlying mortgage holders: \$10,541,171 of U.S. government securities, \$303,836 of U.S. agency debt securities and \$1,257,325 of corporate debt securities.

(3) Credit Risk

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

Credit risk – non-pension investments – The County’s credit risk on its non-pension investments at December 31, 2010 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>S & P Rating</u> <u>AAA</u>
<u>Debt securities</u>		
Money market funds	\$ 1,640,016	1,640,016
U.S. Treasury STRIPS	446,367	446,367
Total debt securities	<u>\$ 2,086,383</u>	<u>2,086,383</u>

Credit risk – pension investments – Exposure to credit risk in the County pension trust fund at December 31, 2010 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>BBB</u>	<u>Unrated</u>
U.S. Treasury inflation protected securities	\$ 8,484,231	8,484,231	—	—	—	—
U.S. government securities	15,984,573	15,984,573	—	—	—	—
U.S. agency	2,363,544	303,836	—	—	—	2,059,708
Money market funds	7,111,477	7,111,477	—	—	—	—
Corporate bonds and notes	15,853,394	638,128	4,945,433	8,444,403	1,825,430	—
Other	523,845	—	523,845	—	—	—
Total	\$ 50,321,064	32,522,245	5,469,278	8,444,403	1,825,430	2,059,708
		65%	11%	17%	3%	4%

* Expressed as Standard & Poor's 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, 2010 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 an \$8,772,941 investment at fair value in an international equity mutual fund as of December 31, 2010. 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.

Securities reported herein as “other” represent Canadian government fixed income securities that are subject to foreign currency risk.

3. Real Estate Taxes

Real estate taxes attach as an enforceable lien on property as of January 1 and are levied on March 1. 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 2010, County real estate taxes were levied at the rate of 2.399 mills for general County purposes.

An additional levy was approved by the electorate for the County library system at 0.180 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, 2010, which are expected to be collected within one year.

The County nursing home has \$3,201,022 in net patient accounts receivable as of December 31, 2010, 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 \$169,873 against the gross patient accounts receivable. Of the County nursing home’s patient accounts receivable, \$180,897 is expected to be collected beyond one year.

Taxes receivable is reduced by an allowance for uncollectible accounts of \$608,262 for 2010 which is determined by a review of account status. Of the County’s delinquent taxes receivable, \$346,000 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, 2010 is \$8,024,296. Of that balance, the County has recognized an allowance for doubtful accounts of \$6,730,193. Of the County’s court costs and fines receivable, \$558,303 is expected to be collected beyond one year.

5. Capital Assets

Capital asset activity for the year ended December 31, 2010 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	14,749,308	6,901,790	(405,350)	21,245,748
Agricultural easements	7,452,173	237,000	—	7,689,173
Total capital assets, not being depreciated	<u>24,704,745</u>	<u>7,138,790</u>	<u>(405,350)</u>	<u>31,438,185</u>
Capital assets, being depreciated:				
Buildings and systems	39,298,076	1,608,940	8,638	40,915,654
Improvements other than buildings	80,106	—	—	80,106
Machinery and equipment	14,059,691	1,160,652	(910,944)	14,309,399
Bridges	9,714,049	—	—	9,714,049
Total capital assets being depreciated	<u>63,151,922</u>	<u>2,769,592</u>	<u>(902,306)</u>	<u>65,019,208</u>
Less accumulated depreciation for:				
Buildings and systems	(24,546,467)	(844,620)	(211)	(25,391,298)
Improvements other than buildings	(58,275)	(2,447)	—	(60,722)
Machinery and equipment	(7,848,234)	(1,340,221)	694,597	(8,493,858)
Bridges	(5,812,274)	(131,021)	—	(5,943,295)
Total accumulated depreciation	<u>(38,265,250)</u>	<u>(2,318,309)</u>	<u>694,386</u>	<u>(39,889,173)</u>
Total capital assets, being depreciated, net	<u>24,886,672</u>	<u>451,283</u>	<u>(207,920)</u>	<u>25,130,035</u>
Governmental activities capital assets, net	<u>\$ 49,591,417</u>	<u>7,590,073</u>	<u>(613,270)</u>	<u>56,568,220</u>

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

(continued)

5. Capital Assets (continued)

	Beginning Balance	Additions	Sales and Other Dispositions*	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,512,441	431,930	(80,073)	1,864,298
Total capital assets, not being depreciated	<u>1,512,441</u>	<u>431,930</u>	<u>(80,073)</u>	<u>1,864,298</u>
Capital assets, being depreciated:				
Buildings and systems	27,366,163	99,215	—	27,465,378
Improvements other than buildings	671,463	-	—	671,463
Machinery and equipment	14,105,508	393,868	(501,189)	13,998,187
Total capital assets being depreciated	<u>42,143,134</u>	<u>493,083</u>	<u>(501,189)</u>	<u>42,135,028</u>
Less accumulated depreciation for:				
Buildings and systems	(13,969,596)	(1,018,025)	—	(14,987,621)
Improvements other than buildings	(340,462)	(41,498)	—	(381,960)
Machinery and equipment	(10,765,983)	(1,019,095)	491,052	(11,294,026)
Total accumulated depreciation	<u>(25,076,041)</u>	<u>(2,078,618)</u>	<u>491,052</u>	<u>(26,663,607)</u>
Total capital assets, being depreciated, net	<u>17,067,093</u>	<u>(1,585,535)</u>	<u>(10,137)</u>	<u>15,471,421</u>
Business-type activities capital assets, net	<u>\$ 18,579,534</u>	<u>(1,153,605)</u>	<u>(90,210)</u>	<u>17,335,719</u>

* 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, being depreciated:				
Machinery and equipment	\$ 190,469	7,869	—	198,338
Total capital assets being depreciated	<u>190,469</u>	<u>7,869</u>	<u>—</u>	<u>198,338</u>
Less accumulated depreciation for:				
Machinery and equipment	(148,359)	(11,161)	—	(159,520)
Total accumulated depreciation	<u>(148,359)</u>	<u>(11,161)</u>	<u>—</u>	<u>(159,520)</u>
Total capital assets, being depreciated, net	<u>42,110</u>	<u>(3,292)</u>	<u>—</u>	<u>38,818</u>
Component unit capital assets, net	<u>\$ 42,110</u>	<u>(3,292)</u>	<u>—</u>	<u>38,818</u>

5. Capital Assets (continued)

Depreciation expense was charged to the functions/programs of the County in 2010 as follows:

Governmental activities:

General government - administrative	\$	1,416,501
General government - judicial		188,609
Public safety		376,389
Roads and bridge maintenance		131,021
Recycling and waste management		73,004
Human services:		
Mental health/intellectual and developmental disabilities		23,771
Children and youth		43,254
Food and shelter		6,195
Office of aging		15,001
Other		26,330
Conservation		3,847
Economic development and assistance		14,387
Total depreciation expense - governmental activities	\$	<u><u>2,318,309</u></u>

Business-type activities:

Emergency telephone	\$	721,607
Hazardous materials protection		73,080
Transportation services		257,655
County nursing home		1,011,433
Early learning center		14,843
Total depreciation expense - business-type activities	\$	<u><u>2,078,618</u></u>

6. Interfund and Transfer Accounts

The composition of interfund balances at December 31, 2010 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General fund	\$ 4,106,267	—
Mental health/Intellectual and developmental disabilities	—	617,373
Children and youth	—	1,993,224
HealthChoices-Cumberland County	—	36,884
Other non-major funds	1,704,814	2,478,592
Total	<u>5,811,081</u>	<u>5,126,073</u>
Enterprise funds:		
County nursing home	—	1,191,112
Emergency telephone	—	256,486
Other non-major funds	179,190	7,020
Total	<u>179,190</u>	<u>1,454,618</u>
Internal service:		
Health reimbursement arrangement	<u>590,420</u>	<u>—</u>
Total primary government	\$ <u>6,580,691</u>	<u>6,580,691</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, 2010 follow:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
Governmental funds:		
General fund	\$ 499,957	9,880,988
Mental health/intellectual and developmental disabilities	679,518	5,903
Children and youth	2,428,218	178,043
Other non-major funds	6,403,829	2,032,586
Total	<u>10,011,522</u>	<u>12,097,520</u>
Enterprise funds:		
County nursing home	27,052	—
Emergency telephone	1,890,452	—
Other non-major funds	168,494	—
Total	<u>2,085,998</u>	<u>—</u>
Total primary government	<u>\$ 12,097,520</u>	<u>12,097,520</u>

Due to a difference in the basis of accounting for the treatment capital assets, there is a difference of \$1,843 in interfund transfers between the government-wide and fund financial statements.

7. Long-term Debt

The following is a summary of the changes in the County’s long-term liabilities for the year ended December 31, 2010:

<u>Liability</u>	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
Bonds	\$ 32,831,602	9,850,000	11,045,449	31,636,153	1,413,379
Notes	4,425,315	-	345,914	4,079,401	233,012
Deferred amount on refundings Premium (discount) on bonds and notes	(139,584)	(503,603)	(20,076)	(623,111)	-
	16,901	152,888	(29,108)	198,897	-
Total bonds and notes payable	<u>37,134,234</u>	<u>9,499,285</u>	<u>11,342,179</u>	<u>35,291,340</u>	<u>1,646,391</u>
Sick and vacation	3,510,333	3,494,437	3,395,732	3,609,038	288,059
Other Postemployment Benefit Obligations	243,461	177,654	66,336	354,779	-
Capital leases	16,974	-	16,252	722	722
Governmental activities long- term liabilities	<u>\$ 40,905,002</u>	<u>13,171,376</u>	<u>14,820,499</u>	<u>39,255,879</u>	<u>1,935,172</u>
Business-type activities:					
Bonds and notes payable:					
Bonds	\$ 3,503,398	-	839,551	2,663,847	866,621
Notes	17,089,685	-	1,185,621	15,904,064	1,232,275
Deferred amount on refundings Premium (discount) on notes	(290,056)	-	(41,781)	(248,275)	-
	60,185	-	16,653	43,532	-
Total bonds and notes payable	<u>20,363,212</u>	<u>-</u>	<u>2,000,044</u>	<u>18,363,168</u>	<u>2,098,896</u>
Sick and vacation	885,150	1,222,490	1,225,181	882,459	73,446
Other Postemployment Benefit Obligations	118,643	87,266	32,585	173,324	-
Workers' compensation	1,195,365	256,852	364,565	1,087,652	148,088
Business-type activities long-term liabilities	<u>\$ 22,562,370</u>	<u>1,566,608</u>	<u>3,622,375</u>	<u>20,506,603</u>	<u>2,320,430</u>
Component unit:					
Sick and vacation	\$ 51,051	38,300	39,624	49,727	2,915
Other Post Employment Benefit Obligations	2,903	1,867	697	4,073	-
Component unit Long-term liabilities	<u>\$ 53,954</u>	<u>40,167</u>	<u>40,321</u>	<u>53,800</u>	<u>2,915</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.

The government 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, 2010.

All bonds and notes outstanding at December 31, 2010 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	1,080,936	10,219,064
G.O. notes – 2007 issue	3.6% - 4.1%	2020	6,610,000	—	5,685,000
G.O. bonds – 2008 issue	2% - 4.4%	2028	18,500,000	16,305,853	859,147
G.O. bonds – 2009 issue	1.5% - 3%	2019	9,995,000	5,480,300	1,804,700
G.O. note – 2009 issue	3.5% *	2029	2,500,000	2,283,465	—
G.O. bonds – 2010 issue	1.75 - 2.25%	2019	9,850,000	9,850,000	—
Long-term debt at December 31, 2010				35,715,554	18,567,911
Deferred amount on refundings				(623,111)	(248,275)
Net premium on debt				198,897	43,532
Net long-term debt at December 31, 2010				<u>\$ 35,291,340</u>	<u>18,363,168</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. Total principal has been accounted for in the general fund.

Of the outstanding balance of the 2005 note issue at December 31, 2010, \$4,592,252 of the principal has been accounted for in the County nursing home fund, \$5,626,812 has been accounted for in the emergency telephone fund, and \$1,080,936 has been accounted for in the general fund.

Of the outstanding balance at December 31, 2010 of the 2007 note issue, \$4,640,097 has been accounted for in the County nursing home fund and \$1,044,903 has been accounted for in the emergency telephone fund.

Of the outstanding balance at December 31, 2010 of the 2008 bond issue, \$859,147 has been accounted for in the emergency telephone fund and \$16,305,853 has been accounted for in the general fund.

Of the outstanding balance at December 31, 2010 of the 2009 bond issue, \$616,139 has been accounted for in the emergency telephone fund, \$1,188,561 has been accounted for in the County nursing home, and \$5,480,300 has been accounted for in the general fund.

Of the outstanding balance at December 31, 2010 of the 2009 note issue, \$2,283,465 has been accounted for in the general fund.

In 2010, the County issued general obligation bonds, series 2010 to advance refund the general obligation bonds, series 2006. The proceeds of the series 2010 bonds less issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 bonds. As a result, the 2006 bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The 2006 GOB advanced refunding resulted in a \$752,537 decrease in future debt service payments and an economic gain of \$732,475. Of the outstanding balance at December 31, 2010 of the 2010 bond issue, \$9,850,000 has been accounted for in the general fund.

The County’s December 31, 2010 net nonelectoral debt limit and combined net nonelectoral debt and net lease rental debt limit are \$429,209,366 and \$589,533,760 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, 2010, including interest payments, are as follows:

		Governmental Activities		Business-type Activities	
		Principal	Interest	Principal	Interest
2011	\$	1,646,391	1,102,725	2,098,896	689,843
2012		1,800,988	1,061,400	2,177,514	611,389
2013		2,000,533	1,011,027	2,241,741	528,296
2014		3,085,382	949,307	1,395,580	462,745
2015		3,168,377	871,391	1,451,407	407,899
2016-2020		13,026,072	3,148,105	8,092,773	1,100,017
2021-2025		6,774,371	1,649,486	1,110,000	24,143
2026-2029		4,213,440	276,796	—	—
Total	\$	35,715,554	10,070,237	18,567,911	3,824,332

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 2020. Total expenses for such leases were \$676,162 for the year ended December 31, 2010.

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, 2010:

<u>Year Ending December 31</u>	<u>Lease Payments</u>
2011	\$ 660,105
2012	520,585
2013	498,189
2014	482,341
2015	399,289
2016-2020	775,327
Total	<u>\$ 3,335,836</u>

B. Capital Lease Obligation

The County is required to make lease payments for capital assets acquired in prior years which consist of vehicles, photocopiers and computer equipment. Annual interest rates ranged from 0.89 percent to 6.8994 percent on the County’s capital leases in effect for the year ended December 31, 2010.

The assets acquired through current capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 74,854
Less: Accumulated depreciation	(54,356)
Machinery and equipment, net	<u>\$ 20,498</u>

The following is a schedule of future minimum payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2010:

	Governmental Activities
2011	\$ 725
Total minimum lease payments	725
Less amount representing interest	(3)
Present value of net minimum lease payments	<u>\$ 722</u>

C. Building space leased to third party

As part of the County’s acquisition of the 310 Allen Road, Carlisle property on September 29, 2006, the County agreed to lease to the seller 10,000 square feet of an outbuilding for temporary document storage. The lease provided for annual rent of \$45,000 through June 30, 2010. This lease expired on June 30, 2010 and was not renewed. The cost and accumulated depreciation of the leased space as of June 30, 2010 was \$254,760 and \$20,381, respectively.

9. Other Postemployment Benefits (OPEB)

In 2008, the County began reporting other post-employment benefits in accordance with Governmental Accounting Standard Board Statement No. 45 (GASB No. 45). GASB No. 45 requires recognition in governmental financial statements of 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. 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 Plan and may amend the 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 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 Plan consisted of the following at January 1, 2010:

	<u>Membership</u>
Retirees and beneficiaries receiving benefits	39
Active employees	<u>1,051</u>
Total membership	<u><u>1,090</u></u>

Because the Plan relates solely of 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 Plan is not included in the financial report of another entity.

Funding Policy

The County funds 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 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 employer. 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’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation:

	2010
Employer normal cost	\$ 133,159
Amortization of unfunded actuarial accrued liability	139,611
Annual required contribution	<u>272,770</u>
Interest on the net OPEB obligation	16,425
Adjustment to the ARC	<u>(22,407)</u>
Annual OPEB cost	266,788
Contributions made	<u>(99,619)</u>
Increase in net OPEB obligation	167,169
Net OPEB obligation, beginning of year	<u>365,007</u>
Net OPEB obligation, end of year	<u><u>\$ 532,176</u></u>

The percentage of OPEB cost contributed for 2008 through 2010 is as follows.

<u>Year ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
12/31/2008	\$254,850	30.14%	\$178,048
12/31/2009	\$269,852	30.72%	\$365,007
12/31/2010	\$266,788	37.34%	\$532,176

Funding Status and Funding Progress

The County’s actuarial accrued liability (AAL) for other postemployment benefits as of January 1, 2010, is \$2,274,265. There are no Plan assets as of that date, thus, the entire amount is unfunded. There is no plan to fund the outstanding AAL.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2010	-	\$2,274,265	\$2,274,265	-	\$44,752,526	5.08%

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 4.5 percent discount rate based on an assumed 3 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 10 percent in 2008 trending to 5 percent by 2015, (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, is to present 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 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, 2010, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries receiving benefits	471
Terminated plan members entitled to but not yet receiving benefits	100
Active plan members	<u>1,170</u>
Total	<u>1,741</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 County plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period the contributions are due. Employer 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 5.5 percent as voted upon by the County Retirement Board.

For 2010, the County's annual pension cost of \$4,962,317 was equal to the County's required and actual contribution. The required contribution was determined as part of the January 1, 2010, 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, 2010, was 24 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>
12/31/08	\$ 2,656,503	100%	–
12/31/09	4,327,851	100%	–
12/31/10	4,962,317	100%	–

The schedule of funding progress for the Cumberland County Retirement Fund 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>
1/1/11	\$124,934,779	\$ 155,034,226	\$30,099,447	80.6%	\$ 51,838,529	58.1%

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 95 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, 2010.

12. Commitments and Contingencies

Commitments

The County has significant contractual commitments related to various construction projects. At December 31, 2010 the County’s commitments are as follows:

<u>Project</u>	<u>Expended Through December 31, 2010</u>	<u>Remaining Commitment</u>
Prison Expansion - Phase I	\$ 14,087,449	1,795,497
New Public Emergency Operations Center	6,426,118	8,018,639
County Building Energy Efficiency Program	571,757	638,503
Craigshead Bridge Replacement	58,347	524,295
Rufe Chevrolet Renovations	—	97,400

The County’s prison expansion, new public emergency operations center and Rufe Chevrolet renovation have been financed with long-term debt through December 31, 2010. The County Building Efficiency Program is funded through the United States Department of Energy using American Recovery and Reinvestment Act grant proceeds. 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, 2010 and December 31, 2009, were:

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2010	\$ 1,195,365	545,109	(288,257)	164,090	200,475	1,087,652
2009	\$ 1,198,742	465,883	(265,221)	70,016	134,023	1,195,365

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	
2010	\$ 89,078	1,026,247	1,190	923,327	107,611	85,577
2009	\$ -	783,681	-	694,603	-	89,078

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.

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2010	\$ -	477,371	-	461,827	-	15,544

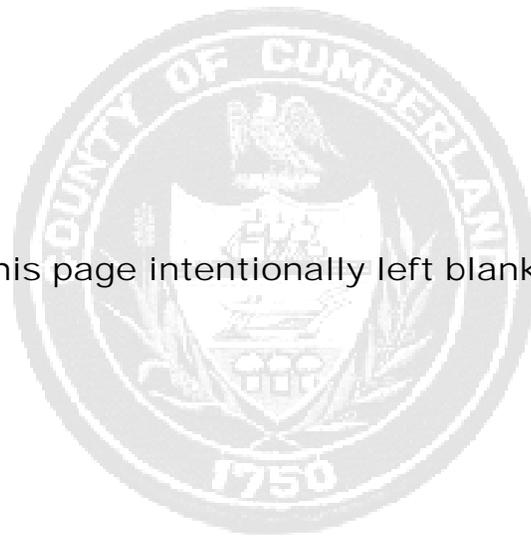
14. Subsequent Event

Reclassification of County to Third Class

With a population of 235,406 according to the 2010 census, Cumberland County will move from a fourth class to a third class county upon certification by the Governor by October 1, 2011. This reclassification is to become 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.

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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, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Taxes:				
Real estate taxes	\$ 42,623,903	41,954,093	41,805,110	(148,983)
Per capita taxes	—	669,810	649,635	(20,175)
Library taxes	3,145,361	3,145,361	3,137,272	(8,089)
Licenses and permits	90,900	90,900	96,872	5,972
Grants	4,167,518	4,167,518	3,993,624	(173,894)
County charges	11,865,769	12,185,869	11,654,779	(531,090)
Court costs, fines, and forfeitures	644,700	644,900	967,495	322,595
Interest	437,061	437,061	323,602	(113,459)
Contributions and other	95,050	95,050	213,135	118,085
Payment in lieu of taxes	114,500	114,500	128,664	14,164
Total revenues	63,184,762	63,505,062	62,970,188	(534,874)
Expenditures:				
Current:				
General government – administrative:				
Commissioners	721,329	730,395	704,401	25,994
Solicitors	351,781	356,736	346,785	9,951
Elections	921,198	929,591	801,688	127,903
Controller	1,079,372	1,069,391	1,038,695	30,696
Finance office	781,412	785,661	751,071	34,590
Tax claims	236,717	237,707	221,849	15,858
Treasurer	276,367	279,186	265,633	13,553
Tax collectors administration	429,796	455,073	335,286	119,787
Personnel	485,578	577,455	482,449	95,006
Tax assessment	1,541,007	1,529,496	1,374,775	154,721
Recorder of Deeds	545,107	501,455	444,591	56,864
Administrative services	107,140	207,011	105,558	101,453
Information management and technology office	2,364,305	2,707,671	2,477,239	230,432
Enterprise resource management office	492,799	493,978	437,092	56,886
Insurance	332,791	332,831	291,147	41,684
Human services fiscal operations	155,673	156,681	155,296	1,385
County buildings	2,511,736	2,601,389	2,046,991	554,398
Planning	717,601	721,077	676,671	44,406
Pooled reserves-program innovation, improvements and contingencies	950,000	725,605	—	725,605
Pooled reserves-contingencies	1,000,000	777,743	—	777,743
Debt retirement	6,228	6,228	5,080	1,148
Pennsylvania history and museum grant	—	1,946	1,300	646
Homestead	26,224	48,624	46,097	2,527
Uniform Parcel Identifier	88,496	90,533	87,939	2,594
Program subsidy	114,494	114,494	111,650	2,844
Total general government – administrative	16,237,151	16,437,957	13,209,283	3,228,674
General government – judicial:				
Building security	475,375	403,187	336,824	66,363
Courts	2,822,082	2,746,801	2,653,412	93,389
Court appointed advocate	142,120	147,388	142,519	4,869
District judges	2,949,060	2,979,001	2,825,716	153,285
Law library	206,458	222,070	221,257	813
Clerk of Court	751,424	757,929	696,866	61,063
Coroner	720,621	760,704	629,040	131,664

(Continued)

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

General Fund

For the year ended December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Expenditures (continued):				
Current (continued):				
General government - judicial (continued):				
Public defender	\$ 1,109,256	1,094,914	1,016,610	78,304
District Attorney	2,082,211	2,096,501	1,956,213	140,288
Prothonotary	522,832	565,974	521,924	44,050
Register of Wills	459,833	471,332	430,829	40,503
Sheriff	2,542,914	2,718,648	2,567,852	150,796
Total general government – judicial	<u>14,784,186</u>	<u>14,964,449</u>	<u>13,999,062</u>	<u>965,387</u>
Public safety:				
DA crime investigation	399,184	438,975	440,387	(1,412)
DA justice services	263,614	341,735	331,522	10,213
DA Paul Coverdell grant	—	172,754	172,754	—
Prison	10,060,611	11,266,891	11,013,362	253,529
Probation and parole	4,808,114	5,033,369	4,734,202	299,167
Emergency management & communications	385,059	396,701	367,345	29,356
Vector control	242,264	243,673	214,675	28,998
Fire training	28,242	32,942	22,726	10,216
Public safety	314,014	344,496	319,464	25,032
Total public safety	<u>16,501,102</u>	<u>18,271,536</u>	<u>17,616,437</u>	<u>655,099</u>
Human services	224,280	225,238	206,019	19,219
Culture and recreation	4,032,530	4,059,852	3,988,323	71,529
Conservation and development	752,690	731,110	658,901	72,209
Economic development	3,157,660	3,157,660	2,524,793	632,867
Total expenditures	<u>55,689,599</u>	<u>57,847,802</u>	<u>52,202,818</u>	<u>5,644,984</u>
Excess of revenues over expenditures	<u>7,495,163</u>	<u>5,657,260</u>	<u>10,767,370</u>	<u>5,110,110</u>
Other financing sources (uses):				
Transfers in	220,435	220,435	220,549	114
Transfers out	(12,623,603)	(10,785,700)	(9,801,190)	984,510
Proceeds from sale of assets	—	—	20,400	20,400
Total other financing sources (uses)	<u>(12,403,168)</u>	<u>(10,565,265)</u>	<u>(9,560,241)</u>	<u>1,005,024</u>
Net change in fund balance	<u>(4,908,005)</u>	<u>(4,908,005)</u>	<u>1,207,129</u>	<u>6,115,134</u>
Fund balance, beginning of year	<u>21,052,369</u>	<u>21,052,369</u>	<u>29,697,205</u>	<u>8,644,836</u>
Fund balance, end of year	<u>\$ 16,144,364</u>	<u>16,144,364</u>	<u>30,904,334</u>	<u>14,759,970</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, 2010*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 18,037,680	18,289,718	17,206,338	(1,083,380)
County charges	88,224	88,224	106,129	17,905
Interest	50,000	50,000	44,705	(5,295)
Contributions and other	119,439	119,439	125,637	6,198
Total revenues	18,295,343	18,547,381	17,482,809	(1,064,572)
Expenditures:				
Current:				
Human services	18,884,023	19,158,568	18,140,070	1,018,498
Capital outlay	17,000	26,410	24,297	2,113
Total expenditures	18,901,023	19,184,978	18,164,367	1,020,611
Deficiency of revenues under expenditures	(605,680)	(637,597)	(681,558)	(43,961)
Other financing sources (uses):				
Transfers in	631,485	663,402	687,364	23,962
Transfers out	(25,805)	(25,805)	(5,806)	19,999
Total other financing sources (uses)	605,680	637,597	681,558	43,961
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

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

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

Children and Youth

For the fiscal year ended June 30, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 11,650,259	11,650,259	10,123,849	(1,526,410)
County charges	415,182	415,182	403,283	(11,899)
Contributions and others	—	—	853	853
Total revenues	12,065,441	12,065,441	10,527,985	(1,537,456)
Expenditures:				
Current:				
Human services	16,093,245	16,040,225	12,718,327	3,321,898
Capital outlay	23,520	29,620	42,725	(13,105)
Total expenditures	16,116,765	16,069,845	12,761,052	3,308,793
Deficiency of revenues under expenditures	(4,051,324)	(4,004,404)	(2,233,067)	1,771,337
Other financing sources (uses):				
Transfers in	4,186,526	4,186,526	2,415,187	(1,771,339)
Transfers out	(135,202)	(182,122)	(182,120)	2
Total other financing sources (uses)	4,051,324	4,004,404	2,233,067	(1,771,337)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

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

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

HealthChoices-Cumberland County

For the fiscal year ended June 30, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 24,657,086	29,351,139	28,541,571	(809,568)
Interest	10,000	10,000	801	(9,199)
Total revenues	<u>24,667,086</u>	<u>29,361,139</u>	<u>28,542,372</u>	<u>(818,767)</u>
Expenditures:				
Current:				
Human services	24,667,086	29,361,137	28,542,372	818,765
Total expenditures	<u>24,667,086</u>	<u>29,361,137</u>	<u>28,542,372</u>	<u>818,765</u>
Excess of revenues over expenditures	<u>—</u>	<u>2</u>	<u>—</u>	<u>(2)</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>2</u>	<u>—</u>	<u>(2)</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>2</u>	<u>—</u>	<u>(2)</u>

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

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

December 31, 2010

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)
1/1/06	\$91,003,246	103,853,132	\$12,849,886	87.6%	\$39,731,561	32.3%
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%

Retirement Plan Schedule of Employer's Contributions

Year Ended December 31	Annual Required Contribution	County Contribution	Percentage Contributed
2005	\$ 2,421,626	\$ 2,421,626	100%
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%

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

In 2010, the County incurred \$4,962,317 of actuarially determined annual pension cost.

(Continued)

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

December 31, 2010

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	-	44,752,526	4.55%
1/1/2010	-	2,274,265	2,274,265	-	44,752,526	5.08%

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, 2010, or on a fiscal year ended June 30, 2010. 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, 2010, follows:

	<u>General Fund</u>
Budgetary basis- net change in fund balance	\$ 1,207,129
Adjustments:	
To adjust revenues, expenditures and other financing sources/uses:	
Net fund budget-related revenues, expenditures and other financing sources/uses:	(118,209)
Fund balance effect from funds included in GAAP statements:	
Criminal justice and intermediate punishment	2,162
Offender supervision fund	<u>(29,269)</u>
GAAP basis - net change in fund balance	<u>\$ 1,061,813</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, there was a general fund supplemental appropriation enacted in the amount of \$2,158,203. 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

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), due to the fact that CAEDC's governing body is substantively the same as that of the County.

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.

Capital Projects Fund

The capital projects fund is used to account for the financial resources used for the acquisition and capital construction of major capital projects and facilities (other than those financed by proprietary funds).

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2010

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	\$ 354,808	449,971	347,499	—	—	14,050	119,485
Investments	289,297	—	—	—	—	—	—
Receivables:							
Taxes	—	—	—	—	—	—	—
Due from other governments	29,285	296,866	344,437	—	123,323	45,708	852,399
Accounts receivable	8,790	—	5,036	—	44,142	34,071	11,379
Due from other funds	—	—	—	17,256	878,284	630,775	—
Prepaid items	—	220	—	1,500	1,110	—	—
Restricted cash	—	—	—	—	—	—	—
Total assets	<u>\$ 682,180</u>	<u>747,057</u>	<u>696,972</u>	<u>18,756</u>	<u>1,046,859</u>	<u>724,604</u>	<u>983,263</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 47,176	2,160	132,031	10,534	56,050	116,655	124,589
Accrued liabilities and withholdings	—	76,100	59,846	4,188	10,849	32,028	6,626
Due to other funds	—	605,368	160,605	—	—	—	664,357
Deferred revenue	—	—	191,794	4,034	86,920	80,624	—
Funds held as fiduciary	—	7,289	—	—	—	—	—
Total liabilities	<u>47,176</u>	<u>690,917</u>	<u>544,276</u>	<u>18,756</u>	<u>153,819</u>	<u>229,307</u>	<u>795,572</u>
Fund balances:							
Nonspendable:							
Prepaid items	—	220	—	1,500	1,110	—	—
Restricted:							
Roads and bridge maintenance	635,004	—	—	—	—	—	—
Judicial services	—	55,920	—	—	—	—	—
Human services	—	—	234,857	—	—	495,297	187,691
Public safety	—	—	—	—	—	—	—
Row office automation	—	—	—	—	—	—	—
Conservation	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—
Capital projects	—	—	—	—	—	—	—
Assigned:							
Community services	—	—	—	—	891,930	—	—
Unassigned							
Total fund balances	<u>635,004</u>	<u>56,140</u>	<u>152,696</u>	<u>(1,500)</u>	<u>893,040</u>	<u>495,297</u>	<u>187,691</u>
Total liabilities and fund balances	<u>\$ 682,180</u>	<u>747,057</u>	<u>696,972</u>	<u>18,756</u>	<u>1,046,859</u>	<u>724,604</u>	<u>983,263</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2010

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	\$	—	—	1,037,587	1,213,713	83,612	—	744,632
Investments		—	—	—	425,000	—	—	—
Receivables:								
Taxes		—	—	—	—	—	—	73,767
Due from other governments		12,696	—	—	72,465	—	7,570	—
Accounts receivable		20,188	—	—	—	—	—	—
Due from other funds		15,034	364	—	—	—	—	—
Prepaid items		6,206	—	—	1,060	—	—	—
Restricted cash		—	—	—	—	—	—	—
Total assets	\$	<u>54,124</u>	<u>364</u>	<u>1,037,587</u>	<u>1,712,238</u>	<u>83,612</u>	<u>7,570</u>	<u>818,399</u>
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$	845	364	320	3,116	15,142	7,570	—
Accrued liabilities and withholdings		11,315	—	1,268	6,589	—	—	—
Due to other funds		—	—	30,417	29,868	10,166	—	818,399
Deferred revenue		—	—	—	1,347	—	—	—
Funds held as fiduciary		—	—	—	—	—	—	—
Total liabilities		<u>12,160</u>	<u>364</u>	<u>32,005</u>	<u>40,920</u>	<u>25,308</u>	<u>7,570</u>	<u>818,399</u>
Fund balances:								
Nonspendable:								
Prepaid items		6,206	—	—	1,060	—	—	—
Restricted:								
Roads and bridge maintenance		—	—	—	—	—	—	—
Judicial services		—	—	—	—	—	—	—
Human services		—	—	—	—	—	—	—
Public safety		35,758	—	—	—	—	—	—
Row office automation		—	—	1,005,582	—	—	—	—
Conservation		—	—	—	1,670,258	—	—	—
Economic development and assistance		—	—	—	—	58,304	—	—
Debt service		—	—	—	—	—	—	—
Capital projects		—	—	—	—	—	—	—
Assigned:								
Community services		—	—	—	—	—	—	—
Unassigned								
Total fund balances		<u>41,964</u>	<u>—</u>	<u>1,005,582</u>	<u>1,671,318</u>	<u>58,304</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balances	\$	<u>54,124</u>	<u>364</u>	<u>1,037,587</u>	<u>1,712,238</u>	<u>83,612</u>	<u>7,570</u>	<u>818,399</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>CAEDC</u>	<u>Total</u>			
(Continued)					
Assets					
Cash and cash equivalents	\$ 1,349,367	5,714,724	9,870	50,300	5,774,894
Investments	229,691	943,988	—	—	943,988
Receivables:					
Taxes	—	73,767	—	—	73,767
Due from other governments	202,990	1,987,739	—	127,584	2,115,323
Accounts receivable	—	123,606	—	—	123,606
Due from other funds	163,101	1,704,814	—	—	1,704,814
Prepaid items	13,553	23,649	—	—	23,649
Restricted cash	—	—	—	2,941,598	2,941,598
Total assets	<u>\$ 1,958,702</u>	<u>10,572,287</u>	<u>9,870</u>	<u>3,119,482</u>	<u>13,701,639</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 42,654	559,206	—	1,007,553	1,566,759
Accrued liabilities and withholdings	—	208,809	—	3,904	212,713
Due to other funds	—	2,319,180	—	159,412	2,478,592
Deferred revenue	40,011	404,730	—	—	404,730
Funds held as fiduciary	—	7,289	—	—	7,289
Total liabilities	<u>82,665</u>	<u>3,499,214</u>	<u>—</u>	<u>1,170,869</u>	<u>4,670,083</u>
Fund balances:					
Nonspendable:					
Prepaid items	13,553	23,649	—	—	23,649
Restricted:					
Roads and bridge maintenance	—	635,004	—	—	635,004
Judicial services	—	55,920	—	—	55,920
Human services	—	917,845	—	—	917,845
Public safety	—	35,758	—	—	35,758
Row office automation	—	1,005,582	—	—	1,005,582
Conservation	—	1,670,258	—	—	1,670,258
Economic development and assistance	1,862,484	1,920,788	—	—	1,920,788
Debt service	—	—	9,870	—	9,870
Capital projects	—	—	—	1,948,613	1,948,613
Assigned:					
Community services	—	891,930	—	—	891,930
Unassigned	—	(83,661)	—	—	(83,661)
Total fund balances	<u>1,876,037</u>	<u>7,073,073</u>	<u>9,870</u>	<u>1,948,613</u>	<u>9,031,556</u>
Total liabilities and fund balances	<u>\$ 1,958,702</u>	<u>10,572,287</u>	<u>9,870</u>	<u>3,119,482</u>	<u>13,701,639</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2010

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	548,792	2,240,862	3,961,699	239,349	915,673	2,241,456	—
County charges	7,272	28,817	484,928	—	2,351,818	302,890	1,444,178
Court costs, fines and forfeitures	—	12,230	—	—	—	173,353	—
Interest	4,405	1,058	7,387	—	729	—	26
Contributions and other	—	—	40,047	—	4,565	16,220	—
Total revenues	<u>560,469</u>	<u>2,282,967</u>	<u>4,494,061</u>	<u>239,349</u>	<u>3,272,785</u>	<u>2,733,919</u>	<u>1,444,204</u>
Expenditures:							
Current:							
General government – administrative	—	—	—	—	—	—	—
General government – judicial	—	2,991,555	—	—	—	—	—
Public works and enterprises	512,538	—	—	—	—	—	—
Human services	—	—	4,968,161	230,470	3,219,164	3,012,234	1,250,455
Culture and recreation	—	—	—	—	—	—	—
Conservation and development	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Bond issuance costs	—	—	—	—	—	—	—
Capital outlay	58,347	26,725	26,631	337	22,362	—	6,058
Payments to other governments	8,984	—	—	—	—	—	—
Total expenditures	<u>579,869</u>	<u>3,018,280</u>	<u>4,994,792</u>	<u>230,807</u>	<u>3,241,526</u>	<u>3,012,234</u>	<u>1,256,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,400)</u>	<u>(735,313)</u>	<u>(500,731)</u>	<u>8,542</u>	<u>31,259</u>	<u>(278,315)</u>	<u>187,691</u>
Other financing sources (uses):							
Transfers in	—	799,346	282,652	18,770	—	306,851	—
Transfers out	—	(7,893)	—	(27,312)	(255,340)	—	—
Refunding bonds issued	—	—	—	—	—	—	—
Payment to refund bonds	—	—	—	—	—	—	—
Bond premium	—	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>791,453</u>	<u>282,652</u>	<u>(8,542)</u>	<u>(255,340)</u>	<u>306,851</u>	<u>—</u>
Net changes in fund balance	<u>(19,400)</u>	<u>56,140</u>	<u>(218,079)</u>	<u>—</u>	<u>(224,081)</u>	<u>28,536</u>	<u>187,691</u>
Fund balances, beginning of year	654,404	—	370,775	—	1,117,121	466,761	—
Fund balances, end of year	<u>\$ 635,004</u>	<u>56,140</u>	<u>152,696</u>	<u>—</u>	<u>893,040</u>	<u>495,297</u>	<u>187,691</u>

(Continued)

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

Nonmajor Governmental Funds

For the year ended December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Special Revenue						
	Witness Assistance	ARD/DUI Program	Records Improvement	Recycling and Waste	Affordable Housing	Exit 44 Study	Hotel Tax
(Continued)							
Revenues:							
Taxes	\$ —	—	—	—	—	—	1,518,194
Grants	253,719	—	—	75,312	—	49,193	—
County charges	23,400	419,488	190,818	116,498	214,505	—	—
Court costs, fines and forfeitures	—	—	—	—	—	—	—
Interest	—	—	7,363	12,072	277	—	2,699
Contributions and other	250	—	840	—	—	—	—
Total revenues	<u>277,369</u>	<u>419,488</u>	<u>199,021</u>	<u>203,882</u>	<u>214,782</u>	<u>49,193</u>	<u>1,520,893</u>
Expenditures:							
Current:							
General government – administrative	—	—	116,910	—	39,674	—	—
General government – judicial	—	163,037	—	—	—	—	—
Public works and enterprises	—	—	—	351,436	—	—	—
Human services	420,078	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	30,318
Conservation and development	—	—	—	—	—	49,193	—
Economic development and assistance	—	—	—	—	—	—	—
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Bond issuance costs	—	—	—	—	—	—	—
Capital outlay	2,125	24,985	6,962	3,056	—	—	—
Payments to other governments	—	—	—	—	172,882	—	—
Total expenditures	<u>422,203</u>	<u>188,022</u>	<u>123,872</u>	<u>354,492</u>	<u>212,556</u>	<u>49,193</u>	<u>30,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(144,834)</u>	<u>231,466</u>	<u>75,149</u>	<u>(150,610)</u>	<u>2,226</u>	<u>—</u>	<u>1,490,575</u>
Other financing sources (uses):							
Transfers in	139,442	—	—	—	—	—	—
Transfers out	—	(231,466)	—	—	—	—	(1,490,575)
Refunding bond issued	—	—	—	—	—	—	—
Payment to refund bonds	—	—	—	—	—	—	—
Bond premium	—	—	—	—	—	—	—
Total other financing sources (uses)	<u>139,442</u>	<u>(231,466)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,490,575)</u>
Net changes in fund balance	<u>(5,392)</u>	<u>—</u>	<u>75,149</u>	<u>(150,610)</u>	<u>2,226</u>	<u>—</u>	<u>—</u>
Fund balances, beginning of year	47,356	—	930,433	1,821,928	56,078	—	—
Fund balances, end of year	<u>\$ 41,964</u>	<u>—</u>	<u>1,005,582</u>	<u>1,671,318</u>	<u>58,304</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, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

(Continued)	Special Revenue				Total Nonmajor Governmental Funds
	CAEDC	Total	Debt Service	Capital Projects	
Revenues:					
Taxes	\$ —	1,518,194	—	—	1,518,194
Grants	186,975	10,713,030	—	736,832	11,449,862
County charges	129,972	5,714,584	—	—	5,714,584
Court costs, fines and forfeitures	—	185,583	—	—	185,583
Interest	14,596	50,612	—	239,431	290,043
Contributions and other	—	61,922	—	20,000	81,922
Total revenues	331,543	18,243,925	—	996,263	19,240,188
Expenditures:					
Current:					
General government – administrative	—	156,584	—	149,802	306,386
General government – judicial	—	3,154,592	—	—	3,154,592
Public works and enterprises	—	863,974	—	—	863,974
Human services	—	13,100,562	—	—	13,100,562
Culture and recreation	—	30,318	—	—	30,318
Conservation and development	—	49,193	—	—	49,193
Economic development and assistance	1,436,924	1,436,924	—	—	1,436,924
Debt service:					
Principal retirement	—	—	1,907,615	—	1,907,615
Debt interest	—	—	1,363,595	—	1,363,595
Bond issuance costs	—	—	115,388	—	115,388
Capital outlay	4,558	182,146	—	7,314,329	7,496,475
Payments to other governments	—	181,866	—	133,283	315,149
Total expenditures	1,441,482	19,156,159	3,386,598	7,597,414	30,140,171
Excess (deficiency) of revenues over (under) expenditures	(1,109,939)	(912,234)	(3,386,598)	(6,601,151)	(10,899,983)
Other financing sources (uses):					
Transfers in	1,585,558	3,132,619	3,271,210	—	6,403,829
Transfers out	—	(2,012,586)	—	(20,000)	(2,032,586)
Refunding bond issued	—	—	9,850,000	—	9,850,000
Payment to refund bonds	—	—	(9,877,630)	—	(9,877,630)
Bond premium	—	—	152,888	—	152,888
Total other financing sources (uses)	1,585,558	1,120,033	3,396,468	(20,000)	4,496,501
Net changes in fund balance	475,619	207,799	9,870	(6,621,151)	(6,403,482)
Fund balances, beginning of year	1,400,418	6,865,274	—	8,569,764	15,435,038
Fund balances, end of year	\$ 1,876,037	7,073,073	9,870	1,948,613	9,031,556

**Nonmajor and Other 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, 2010

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:				
Liquid fuels tax	\$ 1,207,853	1,207,853	548,792	(659,061)
County charges	—	—	7,272	7,272
Interest	11,000	11,000	4,405	(6,595)
Total revenues	<u>1,218,853</u>	<u>1,218,853</u>	<u>560,469</u>	<u>(658,384)</u>
Expenditures:				
Current:				
Public works and enterprises	1,088,000	1,092,194	512,538	579,656
Capital outlay	750,000	750,000	58,347	691,653
Payments to other governments	75,000	70,806	8,984	61,822
Total expenditures	<u>1,913,000</u>	<u>1,913,000</u>	<u>579,869</u>	<u>1,333,131</u>
Deficiency of revenues under expenditures	(694,147)	(694,147)	(19,400)	674,747
Fund balance, beginning of year	<u>842,664</u>	<u>842,664</u>	<u>654,404</u>	<u>(188,260)</u>
Fund balance, end of year	<u>\$ 148,517</u>	<u>148,517</u>	<u>635,004</u>	<u>486,487</u>

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

Domestic Relations Office

For the year ended December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 2,185,727	2,185,727	2,240,862	55,135
County charges	33,155	33,155	28,817	(4,338)
Court costs, fines, and forfeitures	14,100	14,100	12,230	(1,870)
Interest	2,500	2,500	1,058	(1,442)
Total revenues	<u>2,235,482</u>	<u>2,235,482</u>	<u>2,282,967</u>	<u>47,485</u>
Expenditures:				
Current:				
General government – judicial	3,074,095	3,074,290	2,991,555	82,735
Capital outlay	31,000	29,592	26,725	2,867
Total expenditures	<u>3,105,095</u>	<u>3,103,882</u>	<u>3,018,280</u>	<u>85,602</u>
Deficiency of revenues under expenditures	<u>(869,613)</u>	<u>(868,400)</u>	<u>(735,313)</u>	<u>133,087</u>
Other financing sources (uses):				
Transfers in	877,509	877,509	799,346	(78,163)
Transfers out	(7,896)	(9,109)	(7,893)	1,216
Total other financing sources (uses)	<u>869,613</u>	<u>868,400</u>	<u>791,453</u>	<u>(76,947)</u>
Net change in fund balance	—	—	56,140	56,140
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>56,140</u>	<u>56,140</u>

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

Office of Aging

For the fiscal year ended June 30, 2010

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	\$ 4,316,890	4,157,353	3,940,977	(216,376)
County charges	120,500	794,345	835,554	41,209
Interest	10,000	6,200	7,697	1,497
Contributions and other	32,800	34,059	39,820	5,761
Total revenues	<u>4,480,190</u>	<u>4,991,957</u>	<u>4,824,048</u>	<u>(167,909)</u>
Expenditures:				
Current:				
Human services	5,064,787	5,419,943	5,283,885	136,058
Capital outlay	10,000	23,600	21,008	2,592
Total expenditures	<u>5,074,787</u>	<u>5,443,543</u>	<u>5,304,893</u>	<u>138,650</u>
Deficiency of revenues under expenditures	<u>(594,597)</u>	<u>(451,586)</u>	<u>(480,845)</u>	<u>(29,259)</u>
Other financing sources:				
Transfers in	293,168	258,150	282,652	24,502
Total other financing sources	<u>293,168</u>	<u>258,150</u>	<u>282,652</u>	<u>24,502</u>
Net change in fund balance	(301,429)	(193,436)	(198,193)	(4,757)
Fund balance, beginning of year	<u>433,050</u>	<u>433,050</u>	<u>510,285</u>	<u>77,235</u>
Fund balance, end of year	<u>\$ 131,621</u>	<u>239,614</u>	<u>312,092</u>	<u>72,478</u>

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

Human Services Development

For the fiscal year ended June 30, 2010

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	\$ 330,733	250,694	250,694	—
Interest	1,000	1,000	—	(1,000)
Total revenues	<u>331,733</u>	<u>251,694</u>	<u>250,694</u>	<u>(1,000)</u>
Expenditures:				
Current:				
Human services	309,565	238,371	238,382	(11)
Capital outlay	—	11	—	11
Total expenditures	<u>309,565</u>	<u>238,382</u>	<u>238,382</u>	<u>0</u>
Excess of revenues over expenditures	<u>22,168</u>	<u>13,312</u>	<u>12,312</u>	<u>(1,000)</u>
Other financing sources (uses):				
Transfers in	—	15,000	15,000	—
Transfers out	(22,168)	(28,312)	(27,312)	1,000
Total other financing sources (uses):	<u>(22,168)</u>	<u>(13,312)</u>	<u>(12,312)</u>	<u>1,000</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**

Food and Shelter

For the fiscal year ended June 30, 2010

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	\$ 4,670,214	4,670,214	842,555	(3,827,659)
County charges	586,600	586,600	4,450,055	3,863,455
Interest	1,250	1,250	304	(946)
Contributions and other	—	—	4,565	4,565
Total revenues	<u>5,258,064</u>	<u>5,258,064</u>	<u>5,297,479</u>	<u>39,415</u>
Expenditures:				
Current:				
Human services	5,165,884	5,266,062	5,169,441	96,621
Capital outlay	—	171,482	171,482	—
Total expenditures	<u>5,165,884</u>	<u>5,437,544</u>	<u>5,340,923</u>	<u>96,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>92,180</u>	<u>(179,480)</u>	<u>(43,444)</u>	<u>136,036</u>
Other financing uses:				
Transfers out	<u>(277,000)</u>	<u>(255,340)</u>	<u>(255,340)</u>	<u>—</u>
Total other financing uses	<u>(277,000)</u>	<u>(255,340)</u>	<u>(255,340)</u>	<u>—</u>
Net change in fund balance	(184,820)	(434,820)	(298,784)	136,036
Fund balance, beginning of year	<u>1,229,064</u>	<u>1,229,064</u>	<u>1,224,016</u>	<u>(5,048)</u>
Fund balance, end of year	<u>\$ 1,044,244</u>	<u>794,244</u>	<u>925,232</u>	<u>130,988</u>

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

Drug and Alcohol

For the fiscal year ended June 30, 2010

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	\$ 2,267,769	2,259,036	2,258,741	(295)
County charges	175,938	277,809	318,895	41,086
Court costs, fines and forfeitures	131,000	131,000	164,276	33,276
Contributions and other	12,611	16,871	18,354	1,483
Total revenues	<u>2,587,318</u>	<u>2,684,716</u>	<u>2,760,266</u>	<u>75,550</u>
Expenditures:				
Current:				
Human services	2,957,081	3,204,888	3,015,046	189,842
Capital outlay	6,000	—	—	—
Total expenditures	<u>2,963,081</u>	<u>3,204,888</u>	<u>3,015,046</u>	<u>189,842</u>
Deficiency of revenues under expenditures	<u>(375,763)</u>	<u>(520,172)</u>	<u>(254,780)</u>	<u>265,392</u>
Other financing sources:				
Transfers in	<u>365,003</u>	<u>370,172</u>	<u>334,678</u>	<u>(35,494)</u>
Total other financing sources	<u>365,003</u>	<u>370,172</u>	<u>334,678</u>	<u>(35,494)</u>
Net change in fund balance	(10,760)	(150,000)	79,898	229,898
Fund balance, beginning of year	<u>400,223</u>	<u>400,223</u>	<u>400,222</u>	<u>(1)</u>
Fund balance, end of year	<u>\$ 389,463</u>	<u>250,223</u>	<u>480,120</u>	<u>229,897</u>

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

Witness Assistance

For the year ended December 31, 2010

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	\$ 172,285	122,257	122,256	(1)
County charges	23,000	27,140	23,400	(3,740)
Contributions and other	6,000	6,000	250	(5,750)
Total revenues	<u>201,285</u>	<u>155,397</u>	<u>145,906</u>	<u>(9,491)</u>
Expenditures:				
Current:				
Human services	292,984	198,539	187,117	11,422
Capital outlay	—	1,062	1,062	—
Total expenditures	<u>292,984</u>	<u>199,601</u>	<u>188,179</u>	<u>11,422</u>
Deficiency of revenues under expenditures	<u>(91,699)</u>	<u>(44,204)</u>	<u>(42,273)</u>	<u>1,931</u>
Other financing sources:				
Transfers in	<u>91,795</u>	<u>44,300</u>	<u>36,881</u>	<u>(7,419)</u>
Total other financing sources	<u>91,795</u>	<u>44,300</u>	<u>36,881</u>	<u>(7,419)</u>
Net change in fund balance	96	96	(5,392)	(5,488)
Fund balance, beginning of year	<u>41,590</u>	<u>41,590</u>	<u>47,356</u>	<u>5,766</u>
Fund balance, end of year	<u>\$ 41,686</u>	<u>41,686</u>	<u>41,964</u>	<u>278</u>

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

Witness Assistance - VOCA

For the year ended December 31, 2010

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	\$ 66,099	105,940	105,940	—
Total revenues	66,099	105,940	105,940	—
Expenditures:				
Current:				
Human services	142,935	191,625	185,709	5,916
Total expenditures	142,935	191,625	185,709	5,916
Deficiency of revenues under expenditures	(76,836)	(85,685)	(79,769)	5,916
Other financing sources:				
Transfers in	76,836	85,685	79,769	(5,916)
Total other financing sources	76,836	85,685	79,769	(5,916)
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, 2010

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	\$ 444,000	444,000	419,488	(24,512)
Total revenues	444,000	444,000	419,488	(24,512)
Expenditures:				
Current:				
General government – judicial	175,630	168,041	163,037	5,004
Capital outlay	—	24,985	24,985	—
Total expenditures	175,630	193,026	188,022	5,004
Excess of revenues over expenditures	268,370	250,974	231,466	(19,508)
Other financing uses:				
Transfers out	(268,370)	(250,974)	(231,466)	19,508
Total other financing uses	(268,370)	(250,974)	(231,466)	19,508
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, 2010

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	\$ 218,000	218,000	190,818	(27,182)
Interest	12,700	12,700	7,363	(5,337)
Contributions and other	—	—	840	840
Total revenues	<u>230,700</u>	<u>230,700</u>	<u>199,021</u>	<u>(31,679)</u>
Expenditures:				
Current:				
General government – administrative	254,714	279,714	116,910	162,804
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>6,962</u>	<u>3,038</u>
Total expenditures	<u>264,714</u>	<u>289,714</u>	<u>123,872</u>	<u>165,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,014)</u>	<u>(59,014)</u>	<u>75,149</u>	<u>134,163</u>
Other financing uses:				
Transfers out	<u>—</u>	<u>(210,000)</u>	<u>—</u>	<u>210,000</u>
Total other financing uses	<u>—</u>	<u>(210,000)</u>	<u>—</u>	<u>210,000</u>
Net change in fund balance	(34,014)	(269,014)	75,149	344,163
Fund balance, beginning of year	<u>944,922</u>	<u>944,922</u>	<u>930,433</u>	<u>(14,489)</u>
Fund balance, end of year	<u>\$ 910,908</u>	<u>675,908</u>	<u>1,005,582</u>	<u>329,674</u>

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

Recycling and Waste

For the year ended December 31, 2010

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	\$ 162,698	162,698	75,312	(87,386)
County charges	83,000	83,000	116,498	33,498
Interest	60,500	60,500	12,072	(48,428)
Contributions and other	500	500	—	(500)
Total revenues	<u>306,698</u>	<u>306,698</u>	<u>203,882</u>	<u>(102,816)</u>
Expenditures:				
Current:				
Public works and enterprises	611,407	608,407	351,436	256,971
Capital outlay	21,182	24,182	3,056	21,126
Total expenditures	<u>632,589</u>	<u>632,589</u>	<u>354,492</u>	<u>278,097</u>
Deficiency of revenues under expenditures	(325,891)	(325,891)	(150,610)	175,281
Fund balance, beginning of year	<u>1,607,398</u>	<u>1,607,398</u>	<u>1,821,928</u>	<u>214,530</u>
Fund balance, end of year	<u>\$ 1,281,507</u>	<u>1,281,507</u>	<u>1,671,318</u>	<u>389,811</u>

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

Affordable Housing

For the year ended December 31, 2010

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	\$ 250,314	225,314	214,505	(10,809)
Interest	400	400	277	(123)
Total revenues	<u>250,714</u>	<u>225,714</u>	<u>214,782</u>	<u>(10,932)</u>
Expenditures:				
Current:				
General government - administrative	38,266	40,866	39,674	1,192
Payments to other governments	<u>212,500</u>	<u>184,900</u>	<u>172,882</u>	<u>12,018</u>
Total expenditures	<u>250,766</u>	<u>225,766</u>	<u>212,556</u>	<u>13,210</u>
Excess (deficiency) of revenues over (under) expenditures	(52)	(52)	2,226	2,278
Fund balance, beginning of year	<u>64,194</u>	<u>64,194</u>	<u>56,078</u>	<u>(8,116)</u>
Fund balance, end of year	<u>\$ 64,142</u>	<u>64,142</u>	<u>58,304</u>	<u>(5,838)</u>

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

Exit 44 Study

For the year ended December 31, 2010

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	\$ 48,444	54,444	49,193	(5,251)
Total revenues	48,444	54,444	49,193	(5,251)
Expenditures:				
Current:				
Conservation and development	48,444	54,444	49,193	5,251
Total expenditures	48,444	54,444	49,193	5,251
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, 2010

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	\$ 1,200,000	1,600,000	1,518,194	(81,806)
Interest	11,250	11,250	2,699	(8,551)
Total revenues	<u>1,211,250</u>	<u>1,611,250</u>	<u>1,520,893</u>	<u>(90,357)</u>
Expenditures:				
Current:				
Culture and recreation	24,000	32,000	30,318	1,682
Total expenditures	<u>24,000</u>	<u>32,000</u>	<u>30,318</u>	<u>1,682</u>
Excess of revenues over expenditures	<u>1,187,250</u>	<u>1,579,250</u>	<u>1,490,575</u>	<u>(88,675)</u>
Other financing uses:				
Transfers out	<u>(1,187,250)</u>	<u>(1,579,250)</u>	<u>(1,490,575)</u>	<u>88,675</u>
Total other financing uses	<u>(1,187,250)</u>	<u>(1,579,250)</u>	<u>(1,490,575)</u>	<u>88,675</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

Debt Service

For the year ended December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Interest	\$ —	—	—	—
Total revenues	—	—	—	—
Expenditures:				
Debt service:				
Principal retirement	1,866,089	1,907,629	1,907,615	14
Debt interest	1,350,372	1,363,607	1,363,595	12
Bond issuance costs	—	120,390	115,388	5,002
Total expenditures	3,216,461	3,391,626	3,386,598	5,028
Deficiency of revenues under expenditures	(3,216,461)	(3,391,626)	(3,386,598)	5,028
Other financing sources (uses):				
Transfers in	3,216,461	3,271,236	3,271,210	(26)
Refunding bond issued	—	10,002,890	9,850,000	(152,890)
Payment to refund bonds	—	(9,882,500)	(9,877,630)	4,870
Bond premium	—	—	152,888	152,888
Total other financing sources (uses)	3,216,461	3,391,626	3,396,468	4,842
Net change in fund balance	—	—	9,870	9,870
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	9,870	9,870

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

Capital Projects

For the year ended December 31, 2010

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	736,832	(863,168)
Interest	335,000	335,000	239,431	(95,569)
Contributions and other	—	—	20,000	20,000
Total revenues	<u>1,935,000</u>	<u>1,935,000</u>	<u>996,263</u>	<u>(938,737)</u>
Expenditures:				
Current:				
General government-administrative	118,191	183,983	149,802	34,181
Capital outlay	8,717,000	9,291,420	7,314,329	1,977,091
Payments to other governments	<u>1,000,000</u>	<u>389,788</u>	<u>133,283</u>	<u>256,505</u>
Total expenditures	<u>9,835,191</u>	<u>9,865,191</u>	<u>7,597,414</u>	<u>2,267,777</u>
Deficiency of revenues under expenditures	<u>(7,900,191)</u>	<u>(7,930,191)</u>	<u>(6,601,151)</u>	<u>1,329,040</u>
Other financing uses:				
Transfer out	—	(20,000)	(20,000)	—
Total other financing uses	<u>—</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>—</u>
Net change in fund balance	(7,900,191)	(7,950,191)	(6,621,151)	1,329,040
Fund balance, beginning of year	<u>10,274,153</u>	<u>10,274,153</u>	<u>8,569,764</u>	<u>(1,704,389)</u>
Fund balance, end of year	<u>\$ 2,373,962</u>	<u>2,323,962</u>	<u>1,948,613</u>	<u>(375,349)</u>

Other General Fund Budgetary Schedules

OTHER GENERAL FUND BUDGETARY SCHEDULES
DESCRIPTION OF FUNDS

Other General Fund Programs

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

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

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

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

STOP grant – To provide a coordinated approach using a detective, a victim advocate, and trial staff to combat the pervasive problem of violence against women with a concentration on the enforcement of protection from abuse orders. [Note: In 2010, 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.

Central booking – To assist County law enforcement agencies by centrally identifying, processing and detaining criminal defendants prior to arraignment. In prior years, central booking was reported as a nonmajor special revenue fund. Subsequent to the adoption of the County's original 2010 budget, The County's central booking activity was operationally combined with the County's prison operations activities and is no longer budgeted and reported as a separate fund.

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, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 195,534	195,534	122,628	(72,906)
County charges	—	—	4,697	4,697
Interest	200	200	554	354
Total revenues	195,734	195,734	127,879	(67,855)
Expenditures:				
Current:				
Public safety	192,634	190,936	123,081	67,855
Total expenditures	192,634	190,936	123,081	67,855
Excess of revenues over expenditures	3,100	4,798	4,798	—
Other financing uses:				
Transfers out	(3,100)	(4,798)	(4,798)	—
Total other financing uses	(3,100)	(4,798)	(4,798)	—
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

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

Criminal Justice Planning

For the fiscal year ended June 30, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 358,444	375,886	358,119	(17,767)
County charges	3,165	6,665	6,477	(188)
Contributions and other	—	—	505	505
Total revenues	<u>361,609</u>	<u>382,551</u>	<u>365,101</u>	<u>(17,450)</u>
Expenditures:				
Current:				
Human services	<u>425,386</u>	<u>449,257</u>	<u>425,928</u>	<u>23,329</u>
Total expenditures	<u>425,386</u>	<u>449,257</u>	<u>425,928</u>	<u>23,329</u>
Deficiency of revenues under expenditures	<u>(63,777)</u>	<u>(66,706)</u>	<u>(60,827)</u>	<u>5,879</u>
Other financing sources:				
Transfers in	<u>63,777</u>	<u>64,706</u>	<u>64,345</u>	<u>(361)</u>
Total other financing sources	<u>63,777</u>	<u>64,706</u>	<u>64,345</u>	<u>(361)</u>
Net change in fund balance	—	(2,000)	3,518	5,518
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>2,168</u>	<u>2,168</u>
Fund balance, end of year	<u>\$ —</u>	<u>(2,000)</u>	<u>5,686</u>	<u>7,686</u>

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

Offender Supervision

For the fiscal year ended June 30, 2010

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	\$ 550	550	231	(319)
Court costs, fines, and forfeitures	576,200	576,200	542,402	(33,798)
Total revenues	576,750	576,750	542,633	(34,117)
Expenditures:				
Current:				
Public safety	416,003	572,281	515,393	56,888
Capital outlay	25,000	19,631	1,754	17,877
Total expenditures	441,003	591,912	517,147	74,765
Excess (deficiency) of revenues over (under) expenditures	135,747	(15,162)	25,486	40,648
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	60,747	(90,162)	(49,514)	40,648
Fund balance, beginning of year	708,813	708,813	708,815	2
Fund balance, end of year	\$ 769,560	618,651	659,301	40,650

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

STOP Grant

For the fiscal year ended June 30, 2010

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	\$ 39,824	39,824	39,830	6
Total revenues	39,824	39,824	39,830	6
Expenditures:				
Current:				
Public safety	119,134	119,134	113,721	5,413
Total expenditures	119,134	119,134	113,721	5,413
Deficiency of revenues under expenditures	(79,310)	(79,310)	(73,891)	5,419
Other financing sources:				
Transfers in	79,310	79,310	73,839	(5,471)
Total other financing sources	79,310	79,310	73,839	(5,471)
Net change in fund balance	—	—	(52)	(52)
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	(52)	(52)

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

STOP Grant

For the year ended December 31, 2010

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	\$ 79,648	125,000	125,000	—
Interest	—	—	2	2
Total revenues	<u>79,648</u>	<u>125,000</u>	<u>125,002</u>	<u>2</u>
Expenditures:				
Current:				
Public safety	<u>244,265</u>	<u>287,773</u>	<u>280,037</u>	<u>7,736</u>
Total expenditures	<u>244,265</u>	<u>287,773</u>	<u>280,037</u>	<u>7,736</u>
Deficiency of revenues under expenditures	(164,617)	(162,773)	(155,035)	7,738
Other financing sources:				
Transfers in	<u>164,617</u>	<u>162,773</u>	<u>155,035</u>	<u>(7,738)</u>
Total other financing sources	<u>164,617</u>	<u>162,773</u>	<u>155,035</u>	<u>(7,738)</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, 2010

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	\$ —	2,316	1,605	(711)
Total revenues	—	2,316	1,605	(711)
Expenditures:				
Current:				
Human services	52,466	54,782	56,278	(1,496)
Total expenditures	52,466	54,782	56,278	(1,496)
Deficiency of revenues under expenditures	(52,466)	(52,466)	(54,673)	(2,207)
Other financing sources:				
Transfers in	52,466	52,466	54,673	2,207
Total other financing sources	52,466	52,466	54,673	2,207
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**

Central Booking

For the year ended December 31, 2010

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	\$ 120,100	—	—	—
Court costs, fines and forfeitures	200,200	—	—	—
Total revenues	320,300	—	—	—
Expenditures:				
Current:				
General government – judicial	992,138	—	—	—
Total expenditures	992,138	—	—	—
Deficiency of revenues under expenditures	(671,838)	—	—	—
Other financing sources:				
Transfers in	671,838	—	—	—
Total other financing sources	671,838	—	—	—
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, 2010

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	\$ 18,231	18,231	13,631	(4,600)
Total revenues	18,231	18,231	13,631	(4,600)
Expenditures:				
Current:				
General government - administrative	18,231	15,270	10,733	4,537
Capital outlay	—	2,961	2,898	63
Total expenditures	18,231	18,231	13,631	4,600
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, 2010

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	121,487	—	57,703	179,190
Customer accounts receivable	8,259	8,100	—	16,359
Due from other governments	100,577	—	—	100,577
Total current assets	<u>230,523</u>	<u>8,100</u>	<u>57,703</u>	<u>296,326</u>
Noncurrent assets:				
Capital assets, net of depreciation	598,461	203,936	218,900	1,021,297
Total noncurrent assets	<u>598,461</u>	<u>203,936</u>	<u>218,900</u>	<u>1,021,297</u>
Total assets	<u>828,984</u>	<u>212,036</u>	<u>276,603</u>	<u>1,317,623</u>
Liabilities				
Current liabilities:				
Accounts payable	10,457	1,080	678	12,215
Accrued payroll	47,556	—	2,285	49,841
Due to other funds	—	7,020	—	7,020
Unearned revenue	40,146	—	19,513	59,659
Sick and vacation accrual	5,925	—	449	6,374
Total current liabilities	<u>104,084</u>	<u>8,100</u>	<u>22,925</u>	<u>135,109</u>
Noncurrent liabilities:				
Due in more than one year:				
Net OPEB obligation	11,575	—	458	12,033
Sick and vacation accrual	48,682	—	7,325	56,007
Total noncurrent liabilities	<u>60,257</u>	<u>—</u>	<u>7,783</u>	<u>68,040</u>
Total liabilities	<u>164,341</u>	<u>8,100</u>	<u>30,708</u>	<u>203,149</u>
Net assets				
Invested in capital assets, net of related debt				
	598,461	203,936	218,900	1,021,297
Unrestricted	66,182	—	26,995	93,177
Total net assets	<u>\$ 664,643</u>	<u>203,936</u>	<u>245,895</u>	<u>1,114,474</u>

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

Nonmajor Enterprise Funds

For the year ended December 31, 2010

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	\$ 1,044,547	414,613	50,500	1,509,660
Total operating revenues	<u>1,044,547</u>	<u>414,613</u>	<u>50,500</u>	<u>1,509,660</u>
Operating expenses:				
Patient/client services	2,185,730	464,838	120,443	2,771,011
Depreciation	<u>257,655</u>	<u>14,843</u>	<u>73,080</u>	<u>345,578</u>
Total operating expenses	<u>2,443,385</u>	<u>479,681</u>	<u>193,523</u>	<u>3,116,589</u>
Operating loss	<u>(1,398,838)</u>	<u>(65,068)</u>	<u>(143,023)</u>	<u>(1,606,929)</u>
Nonoperating revenues (expenses):				
Grants	1,063,615	39,215	73,302	1,176,132
Loss on sale of capital assets	<u>(1,011)</u>	<u>—</u>	<u>(94)</u>	<u>(1,105)</u>
Total net nonoperating revenues	<u>1,062,604</u>	<u>39,215</u>	<u>73,208</u>	<u>1,175,027</u>
Loss before transfers and capital contributions	(336,234)	(25,853)	(69,815)	(431,902)
Capital contributions	1,457	—	—	1,457
Transfers in	<u>94,906</u>	<u>11,010</u>	<u>62,578</u>	<u>168,494</u>
Change in net assets	(239,871)	(14,843)	(7,237)	(261,951)
Total net assets, beginning of year	904,514	218,779	253,132	1,376,425
Total net assets, ending of year	<u>\$ 664,643</u>	<u>203,936</u>	<u>245,895</u>	<u>1,114,474</u>

COMBINING STATEMENT OF CASH FLOWS

Nonmajor Enterprise Funds

For the year ended December 31, 2010

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	\$ 991,685	417,597	50,500	1,459,782
Payments to vendors	(840,934)	(480,861)	(59,360)	(1,381,155)
Payments to employees	(1,364,449)	—	(63,356)	(1,427,805)
Net cash used in operating activities	<u>(1,213,698)</u>	<u>(63,264)</u>	<u>(72,216)</u>	<u>(1,349,178)</u>
Cash flows from noncapital financing activities:				
Subsidy from federal/state grants	1,209,622	38,194	35,150	1,282,966
Transfers from other funds	—	25,070	74,543	99,613
Net cash provided by noncapital financing activities	<u>1,209,622</u>	<u>63,264</u>	<u>109,693</u>	<u>1,382,579</u>
Cash flows from capital and related financing activities:				
Subsidy from federal/state grants	18,427	—	38,429	56,856
Purchase of capital assets	(14,351)	—	(75,906)	(90,257)
Net cash (used in) provided by capital financing activities	<u>4,076</u>	<u>—</u>	<u>(37,477)</u>	<u>(33,401)</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	\$ (1,398,838)	(65,068)	(143,023)	(1,606,929)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	257,655	14,843	73,080	345,578
Changes in assets and liabilities in:				
Customer accounts receivable	5,865	2,985	—	8,850
Due from other governments	(39)	—	—	(39)
Prepaid	—	—	1,000	1,000
Accounts payable	(15,072)	(12,950)	(37)	(28,059)
Accrued liabilities and withholdings	5,566	—	(3,386)	2,180
Net OPEB Obligation	3,879	—	150	4,029
Due to other funds	(72,714)	(3,074)	—	(75,788)
Total adjustments	<u>185,140</u>	<u>1,804</u>	<u>70,807</u>	<u>257,751</u>
Net cash used in operating activities	<u>\$ (1,213,698)</u>	<u>(63,264)</u>	<u>(72,216)</u>	<u>(1,349,178)</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, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Reimbursement</u> <u>Arrangement</u>	<u>Totals</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,640,016	—	1,640,016
Due from other funds	—	590,420	590,420
Customer accounts receivable	75	—	75
Prepaid items	86,113	—	86,113
Total current assets	<u>1,726,204</u>	<u>590,420</u>	<u>2,316,624</u>
Total assets	<u>1,726,204</u>	<u>590,420</u>	<u>2,316,624</u>
Liabilities			
Current liabilities:			
Accounts payable	370	85,577	85,947
Self-insurance claims payable	148,088	—	148,088
Total current liabilities	<u>148,458</u>	<u>85,577</u>	<u>234,035</u>
Noncurrent liabilities:			
Due in more than one year:			
Self-insurance claims payable	939,564	—	939,564
Total noncurrent liabilities	<u>939,564</u>	<u>—</u>	<u>939,564</u>
Total liabilities	<u>1,088,022</u>	<u>85,577</u>	<u>1,173,599</u>
Net assets			
Unrestricted	638,182	504,843	1,143,025
Total net assets	<u>\$ 638,182</u>	<u>504,843</u>	<u>1,143,025</u>

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

Internal Service Funds

For the year ended December 31, 2010

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	\$ —	1,280,889	1,280,889
Total operating revenues	<u>—</u>	<u>1,280,889</u>	<u>1,280,889</u>
Operating expenses:			
Patient/client services	<u>397,206</u>	<u>1,061,965</u>	<u>1,459,171</u>
Total operating expenses	<u>397,206</u>	<u>1,061,965</u>	<u>1,459,171</u>
Operating income (loss)	(397,206)	218,924	(178,282)
Nonoperating revenues:			
Interest income	<u>912</u>	<u>—</u>	<u>912</u>
Total nonoperating revenues	<u>912</u>	<u>—</u>	<u>912</u>
Change in net assets	(396,294)	218,924	(177,370)
Total net assets, beginning of year	<u>1,034,476</u>	<u>285,919</u>	<u>1,320,395</u>
Total net assets, end of year	<u>\$ 638,182</u>	<u>504,843</u>	<u>1,143,025</u>

STATEMENT OF CASH FLOWS**Internal Service Funds***For the year ended December 31, 2010*

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	\$ —	1,065,466	1,065,466
Payments to vendors	—	(1,065,466)	(1,065,466)
Payments to employees	(511,330)	—	(511,330)
Net cash used in operating activities	<u>(511,330)</u>	<u>—</u>	<u>(511,330)</u>
Cash flows from investing activities:			
Investment income received	952	—	952
Net cash provided by investing activities	<u>952</u>	<u>—</u>	<u>952</u>
Net decrease in cash and cash equivalents	(510,378)	—	(510,378)
Cash and cash equivalents, January 1	2,150,394	—	2,150,394
Cash and cash equivalents, December 31	<u>\$ 1,640,016</u>	<u>—</u>	<u>1,640,016</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (397,206)	218,924	(178,282)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities in:			
Due from other funds	—	(215,423)	(215,423)
Customer accounts receivable	40	—	40
Prepaid	(6,371)	—	(6,371)
Accounts payable	(40)	(3,501)	(3,541)
Long term debt-claims payable	(107,753)	—	(107,753)
Total adjustments	<u>(114,124)</u>	<u>(218,924)</u>	<u>(333,048)</u>
Net cash used in operating activities	<u>\$ (511,330)</u>	<u>—</u>	<u>(511,330)</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.

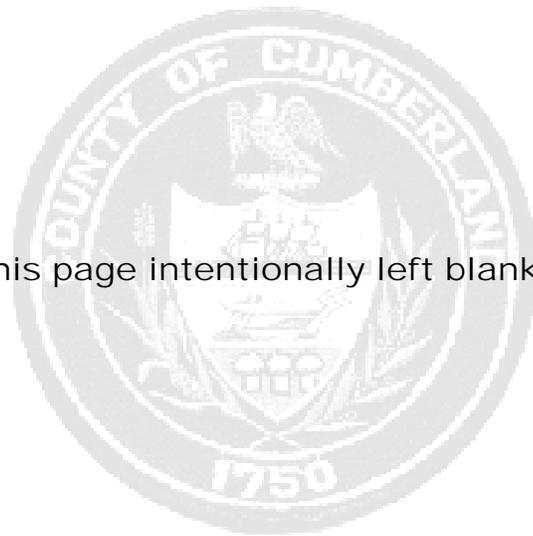
Agency funds – Used to account for the fees, fines, taxes, grants, and other monies collected by elected row officers that are subsequently disbursed to the County, other governments or other not-for-profit entities or citizens for whom they were collected. These funds are as follows:

- 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	\$ 10,944	85,763	44,154	593,736	842,854
Total assets	\$ 10,944	85,763	44,154	593,736	842,854
Liabilities					
Due to other governments	\$ —	—	—	109,492	7,837
Escrow and other liabilities	10,944	85,763	44,154	484,244	835,017
Total liabilities	\$ 10,944	85,763	44,154	593,736	842,854

Recorder of Deeds	Treasurer	Register of Wills	Sheriff	District Attorney	Flexible Spending Account	Human Services Guardianship Accounts	Total
1,259,927	5,339	3,530	1,077,038	170,283	3,815	196,639	4,294,022
<u>1,259,927</u>	<u>5,339</u>	<u>3,530</u>	<u>1,077,038</u>	<u>170,283</u>	<u>3,815</u>	<u>196,639</u>	<u>4,294,022</u>
1,259,927	5,339	3,530	27,022	13,655	—	—	1,426,802
—	—	—	1,050,016	156,628	3,815	196,639	2,867,220
<u>1,259,927</u>	<u>5,339</u>	<u>3,530</u>	<u>1,077,038</u>	<u>170,283</u>	<u>3,815</u>	<u>196,639</u>	<u>4,294,022</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2010*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Balance, January 1, 2010	Additions	Deletions	Balance, December 31, 2010
Prison Work Release				
Assets				
Cash and cash equivalents	\$ 10,053	495,099	494,208	10,944
Liabilities				
Escrow	\$ 10,053	495,099	494,208	10,944
Total liabilities	\$ 10,053	495,099	494,208	10,944
Prison Inmate Accounts				
Assets				
Cash and cash equivalents	\$ 40,960	897,612	852,809	85,763
Liabilities				
Escrow	\$ 40,960	897,612	852,809	85,763
Total liabilities	\$ 40,960	897,612	852,809	85,763
Perry County HealthChoices				
Assets				
Cash and cash equivalents	\$ 18,323	612,108	586,277	44,154
Liabilities				
Escrow and other liabilities	\$ 18,323	612,108	586,277	44,154
Total liabilities	\$ 18,323	612,108	586,277	44,154

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2010*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Balance, January 1, 2010	Additions	Deletions	Balance, December 31, 2010
(Continued)				
Clerk of Court				
Assets				
Cash and cash equivalents	\$ 441,236	2,513,691	2,361,191	593,736
Liabilities				
Due to other governments	\$ 104,149	1,228,527	1,223,184	109,492
Escrow	337,087	1,285,164	1,138,007	484,244
Total liabilities	\$ 441,236	2,513,691	2,361,191	593,736
Prothonotary				
Assets				
Cash and cash equivalents	\$ 448,978	1,385,080	991,204	842,854
Liabilities				
Due to other governments	\$ 7,842	114,031	114,036	7,837
Escrow	441,136	1,271,049	877,168	835,017
Total liabilities	\$ 448,978	1,385,080	991,204	842,854
Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 698,507	17,595,501	17,034,081	1,259,927
Liabilities				
Due to other governments	\$ 698,507	17,595,501	17,034,081	1,259,927
Total liabilities	\$ 698,507	17,595,501	17,034,081	1,259,927

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2010*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Balance, January 1, 2010	Additions	Deletions	Balance, December 31, 2010
(Continued)				
Treasurer				
Assets				
Cash and cash equivalents	\$ 4,128	156,860	155,649	5,339
Liabilities				
Due to other governments	\$ 4,128	156,860	155,649	5,339
Total liabilities	\$ 4,128	156,860	155,649	5,339
Register of Wills				
Assets				
Cash and cash equivalents	\$ 70,666	15,126,149	15,193,285	3,530
Liabilities				
Due to other governments	\$ 70,666	15,126,149	15,193,285	3,530
Total liabilities	\$ 70,666	15,126,149	15,193,285	3,530
Sheriff				
Assets				
Cash and cash equivalents	\$ 713,884	3,826,673	3,463,519	1,077,038
Liabilities				
Due to other governments	\$ 24,738	96,737	94,453	27,022
Escrow	689,146	3,729,936	3,369,066	1,050,016
Total liabilities	\$ 713,884	3,826,673	3,463,519	1,077,038

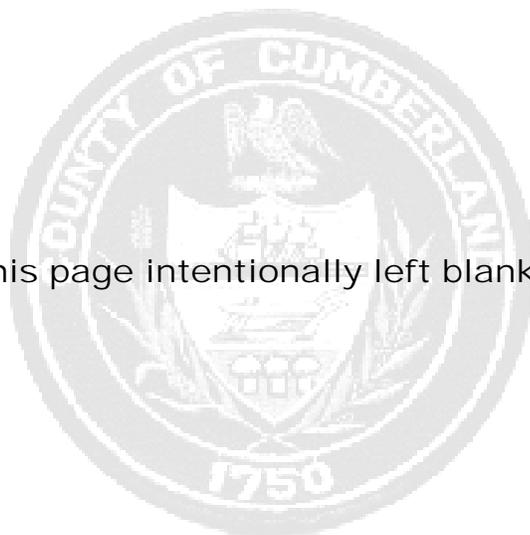
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2010*

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Balance, January 1, 2010	Additions	Deletions	Balance, December 31, 2010
(Continued)				
District Attorney				
Assets				
Cash and cash equivalents	\$ 107,198	112,322	49,237	170,283
Liabilities				
Due to other governments	\$ 16,920	6,159	9,424	13,655
Escrow	90,278	106,163	39,813	156,628
Total liabilities	\$ 107,198	112,322	49,237	170,283
Flexible Spending Account				
Assets				
Cash and cash equivalents	\$ 10,443	74,336	80,964	3,815
Liabilities				
Escrow	\$ 10,443	74,336	80,964	3,815
Total liabilities	\$ 10,443	74,336	80,964	3,815
Human Services Guardianship Accounts				
Assets				
Cash and cash equivalents	\$ 275,827	389,784	468,972	196,639
Liabilities				
Escrow	\$ 275,827	389,784	468,972	196,639
Total liabilities	\$ 275,827	389,784	468,972	196,639
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 2,840,203	43,185,215	41,731,396	4,294,022
Liabilities				
Due to other governments	\$ 926,950	34,323,964	33,824,112	1,426,802
Escrow and other liabilities	1,913,253	8,861,251	7,907,284	2,867,220
Total liabilities	\$ 2,840,203	43,185,215	41,731,396	4,294,022

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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>

Note:

(1) Less than ten years of data is presented due to lack of access to data for early years.

Last Nine Years as of December 31, 2010

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

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

Last Nine Years as of December 31, 2010

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

FINANCIAL TRENDS

Changes in Net Assets

COUNTY OF CUMBERLAND, PENNSYLVANIA

(accrual basis of accounting)

	2002	2003	2004	2005
Roads and bridge maintenance	494,381	1,256,450	746,501	1,107,146
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	<u>(1,335,236)</u>	<u>(1,974,635)</u>	<u>(1,297,549)</u>	<u>(2,566,648)</u>
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 Nine Years as of December 31, 2010

2006	2007	2008	2009	2010
1,469,833	2,392,227	951,691	529,854	589,234
93,749	57,033	470,419	160,115	75,312
31,325,889	32,062,709	34,853,233	26,936,260	17,436,659
22,660,910	21,707,823	22,881,948	27,040,563	28,634,245
9,688,684	10,225,414	10,642,965	10,658,021	9,927,394
3,840,332	4,149,274	4,486,184	689,254	920,238
3,851,537	4,033,513	4,336,567	3,934,097	4,001,745
3,296,947	3,414,422	3,104,052	2,953,656	2,796,894
-	-	45,119	163,881	-
57,060	77,726	165,986	430,053	70,146
-	-	-	-	-
3,000,109	1,606,690	2,226,010	2,535,722	2,308,941
-	-	-	-	571,757
-	54,953	6,832	-	-
16,527	12,465	65,745	22,749	27,099
2,581	272,199	96,987	-	8,752
-	-	-	-	-
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>
21,414,687	22,729,768	22,536,429	23,592,054	25,259,305
369,206	400,963	399,429	406,814	414,613
1,971,210	2,062,474	1,944,338	1,835,550	1,761,860
50,901	49,690	50,708	58,096	50,500
841,716	1,002,810	1,100,062	1,051,045	1,044,212
7,410	7,732	10,718	22,612	23,045
13,020	22,493	34,016	32,355	39,215
1,799,540	1,395,121	3,002,387	2,470,344	6,410,484
27,834	28,349	30,112	33,361	71,630
845,171	955,443	1,134,124	1,139,457	1,050,365
-	14,975	1,283	-	-
-	-	-	-	-
-	895	3,505	3,427	1,673
76,263	249,923	198,638	433,123	13,585
<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>124,127,405</u>	<u>125,830,640</u>	<u>132,379,454</u>	<u>129,013,168</u>	<u>125,408,115</u>
(32,018,467)	(32,810,511)	(34,930,324)	(36,530,705)	(39,017,399)
<u>(1,967,118)</u>	<u>(1,279,303)</u>	<u>(871,432)</u>	<u>(1,707,052)</u>	<u>(1,766,116)</u>
<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>

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.
- (2) Less than ten years of data is presented due to lack of access to data for 2001.

Last Nine Years as of December 31, 2010

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

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:				
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:				
Community services	-	-	-	-
Unassigned	0	-	-	-
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) Less than ten years of data is presented due to lack of access to data for 2001.
- (2) 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 Nine Years as of December 31, 2010

2006	2007	2008	2009	2010
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
-	-	-	-	488,858
-	-	-	-	1,092,655
-	-	-	-	564,467
-	-	-	-	229,803
-	-	-	-	67,200
-	-	-	-	49,499
-	-	-	-	16,723
-	-	-	-	174,701
-	-	-	-	3,725,000
-	-	-	-	250,000
-	-	-	-	446,367
-	-	-	-	66,732
-	-	-	-	5,885
-	-	-	-	24,316,110
<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>
-	-	-	-	-
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
-	-	-	-	635,004
-	-	-	-	55,920
-	-	-	-	952,567
-	-	-	-	35,758
-	-	-	-	1,005,582
-	-	-	-	1,670,258
-	-	-	-	1,920,788
-	-	-	-	9,870
-	-	-	-	1,948,613
-	-	-	-	891,930
-	-	-	-	(83,661)
<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>

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	<u>89,267,283</u>	<u>96,081,352</u>	<u>106,290,697</u>	<u>115,728,699</u>
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	<u>87,283,825</u>	<u>94,126,680</u>	<u>103,748,207</u>	<u>112,594,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,983,458</u>	<u>1,954,672</u>	<u>2,542,490</u>	<u>3,134,455</u>
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

Last Nine Years as of December 31, 2010

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

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(modified accrual basis of accounting)

	2002	2003	2004	2005
Payment to refund bonds	(2,367,358)	-	(3,775,051)	-
Bond premium (discount)	-	-	-	3,227
(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

Note:

(1) Less than ten years of data is presented due to lack of access to data for early years.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
-	-	-	(7,108,829)	(9,877,630)
(52,511)	-	(34,507)	92,084	152,888
-	-	300	-	-
-	-	33,680	165,602	-
<u>50,519</u>	<u>84,350</u>	<u>24,335</u>	<u>-</u>	<u>-</u>
<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>7,832,713</u>	<u>751,498</u>	<u>16,715,334</u>	<u>(3,986,042)</u>	<u>(5,306,947)</u>
1.50	1.88	1.89	2.01	2.57

REVENUE CAPACITY
Assessed Value and Estimated Actual Value of Taxable Property

Last Nine 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)	Assessed 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

Notes:

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

	County	Library	Total	
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	* Millage adjustment due to 5% cap for reassessment
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	

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
- (6) Less than ten years of data is presented due to lack of access to data for early years

Source: County Board of Assessment

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

Last Nine Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

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

(Continued)

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

Last Nine Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>Year Taxes Are Payable</u>								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Municipalities (continued)									
Silver Spring	0.656	0.656	0.656	0.584	0.584	0.584	1.034	1.034	1.034
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
South Newton	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129
Upper Allen	0.244	0.244	0.244	0.23	1.25	1.25	1.25	1.25	1.532
Upper Frankford	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128
Upper Mifflin	0.1557	-	-	-	-	-	-	-	-
West Pennsboro	0.225	0.225	0.225	0.2135	0.2135	0.2135	0.2135	0.2135	0.35
Wormleysburg	1.639	1.639	2.328	1.986	2.586	2.586	2.678	3.678	3.678

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
- (3) Less than ten years of data is presented due to lack of access to data for early years

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**

2001 and 2010 Tax Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

	2001			2010		
	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				\$ 98,365,000	1	0.56 %
Carlisle HMA Inc.				65,328,360	2	0.37
Allen Distribution	\$ 52,216,830	2	0.40 %	61,095,180	3	0.35
LIT Industrial LP				58,038,000	4	0.33
Highmark Blue Shield	54,996,200	1	0.43	56,987,300	5	0.32
Cedar - Camp Hill LLC				36,600,000	6	0.21
PR CC Limited Partnership				35,480,130	7	0.20
Carlisle Partners Bldg C LLC				32,431,000	8	0.18
DDRTC Carlisle Commons LLC				29,188,350	9	0.17
Keystone Operating Partners LP				21,134,560	10	0.12
Cumberland County Industrial Development Authority	32,867,960	8	0.25			
Crown America Corporation	39,195,380	4	0.30			
Connecticut General Life Insurance Company	38,610,600	5	0.30			
E.H. Realty	44,189,680	3	0.34			
Morris Haimowitz LLC	33,814,490	6	0.26			
PHICO Insurance Co.	30,379,300	9	0.24			
Keystone Lemoyne Partners	29,771,530	10	0.23			
Lancaster Development Company	32,982,860	7	0.26			
Totals	\$ 389,024,830		3.01 %	\$ 494,647,880		2.81 %

Notes:

(1) Percentage based on total County taxable assessed valuation for 2001: \$12,918,489,250

(2) Percentage based on total County taxable assessed valuation for 2010: \$17,596,518,690

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
2001	\$ 22,506,536	\$ 129,404	\$ 21,661,865	96.25%	\$	\$ 973,976	\$ 22,635,841	100.00%
2002	26,309,738	89,557	25,445,912	96.72		953,270	26,399,182	100.00%
2003	26,873,618	114,307	26,197,470	97.49		790,329	26,987,799	100.00%
2004	28,785,495	83,103	28,040,824	97.41		827,483	28,868,307	100.00%
2005	31,038,004	91,867	30,237,652	97.42		891,429	31,129,081	100.00%
2006	35,006,702	121,878	34,036,121	97.23		1,091,485	35,127,606	100.00%
2007	37,433,426	129,096	36,343,186	97.09		1,215,545	37,558,731	99.99%
2008	38,340,545	141,027	37,074,433	96.70		1,385,754	38,460,187	99.94%
2009	41,143,956	151,303	39,890,816	96.95		1,011,164	40,901,980	99.05%
2010	41,711,879	N/A	40,370,832	96.78		N/A	40,370,832	96.78%

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
2001	\$ 1,303,100	\$ 7,823	\$ 1,254,188	96.25 %	\$ 56,727	\$ 1,310,915	100.00%
2002	1,324,512	4,616	1,281,025	96.72	48,093	1,329,118	100.00
2003	1,352,904	5,940	1,318,864	97.48	39,970	1,358,834	100.00
2004	2,719,168	7,303	2,648,830	97.41	77,595	2,726,425	100.00
2005	2,785,074	9,680	2,714,995	97.48	79,639	2,794,634	100.00
2006	2,868,081	10,129	2,789,226	97.25	88,881	2,878,107	100.00
2007	2,948,801	10,993	2,863,235	97.10	96,096	2,959,331	99.98
2008	3,020,262	11,118	2,918,610	96.63	108,589	3,027,199	99.86
2009	3,087,088	11,475	2,989,454	96.84	76,396	3,065,850	98.94
2010	3,152,572	N/A	3,023,097	95.89	N/A	3,023,097	95.89

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			
2001	\$ 10,485,160	-	220,692	25,129,357	-	-	35,835,209	0.52	% \$ 166.53
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	0.63	253.76
2009	32,831,602	4,425,315	16,974	3,503,398	17,089,685	-	57,866,974	*	248.91
2010	31,636,153	4,079,401	722	2,663,847	15,904,064	-	54,284,187	*	230.60

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
2001	\$ 35,614,517	-	91,368	35,523,149	0.28 %	\$ 165.08
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

DEBT CAPACITY
Direct and Overlapping Governmental Activities Debt

December 31, 2010

COUNTY OF CUMBERLAND, PENNSYLVANIA

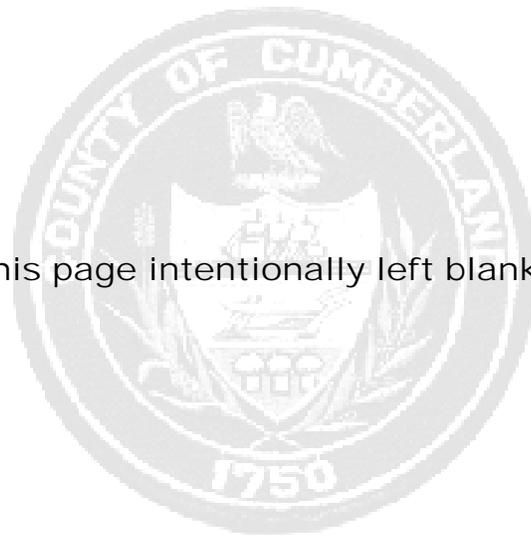
Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
School Districts:			
Big Spring	\$ 43,740,936	100%	\$ 43,740,936
Camp Hill	23,807,105	100	23,807,105
Carlisle Area	51,589,138	100	51,589,138
Cumberland Valley	104,585,000	100	104,585,000
East Pennsboro	29,210,000	100	29,210,000
Mechanicsburg	60,450,000	100	60,450,000
*Shippensburg Area	34,885,000	61	* 21,279,850
South Middleton	24,555,000	100	24,555,000
*West Shore Area	59,505,000	55	* 32,727,750
Total school districts			391,944,779
Municipalities:			
Camp Hill Borough	1,667,000	100	1,667,000
Carlisle Borough	6,571,470	100	6,571,470
East Pennsboro Township	593,898	100	593,898
Hampden Township	46,238,892	100	46,238,892
Lemoyne Borough	448,387	100	448,387
Lower Allen Township	15,350,253	100	15,350,253
Mechanicsburg Borough	14,805,000	100	14,805,000
Middlesex Township	3,238,638	100	3,238,638
Monroe Township	1,267,244	100	1,267,244
Mount Holly Springs Borough	18,647	100	18,647
New Cumberland Borough	3,882,420	100	3,882,420
Newville Borough	35,278	100	35,278
Shippensburg Township	810,554	100	810,554
Silver Spring Township	8,919,222	100	8,919,222
South Middleton Township	3,846,624	100	3,846,624
Upper Allen Township	10,563,694	100	10,563,694
Upper Frankford Township	17,879	100	17,879
Wormleysburg Borough	149,904	100	149,904
Total municipalities			118,425,004
Subtotal overlapping debt			510,369,783
Total direct debt - County			35,291,340
Total direct and overlapping debt			\$ 545,661,123

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit	\$ 196,716,441	240,493,110	290,182,953	348,158,757
Total net-debt applicable to limit	<u>35,614,517</u>	<u>35,437,015</u>	<u>35,250,000</u>	<u>40,106,964</u>
Net nonelectoral debt limit	\$ <u>161,101,924</u>	<u>205,056,095</u>	<u>254,932,953</u>	<u>308,051,793</u>
Total net debt applicable to the limit as a percentage of debt limit	18.10 %	14.74	12.15	11.52

2005	2006	2007	2008	2009	2010
379,373,394	420,628,703	453,522,334	481,210,536	489,555,684	483,492,830
40,238,452	45,035,000	42,645,000	58,410,000	57,850,000	54,283,464
<u>339,134,942</u>	<u>375,593,703</u>	<u>410,877,334</u>	<u>422,800,536</u>	<u>431,705,684</u>	<u>429,209,366</u>
10.61	10.71	9.40	12.14	11.82	11.23

Legal Debt Margin Calculation for year ending 2010

Borrowing base revenue:	
2008	165,321,472
2009	164,505,064
2010	<u>153,666,294</u>
Total revenue (1)	<u><u>483,492,830</u></u>

Debt Limit for General Obligation Debt

Average borrowing base revenues	161,164,277
Debt limit percentage	<u>300%</u>
Debt limit	483,492,830
Total amount of debt applicable to debt limit	<u>54,283,464</u>
Legal debt margin	<u><u>429,209,366</u></u>

Debt Limit for General Obligation Debt and Lease Rental Debt

Average borrowing base revenues	161,164,277
Debt limit percentage	<u>400%</u>
Debt limit	644,657,108
Total amount of debt applicable to debt limit	<u>55,123,348</u>
Legal debt margin	<u><u>589,533,760</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>
2001	215,187	6,842,800	31,804	47,353	33,088	3.8%
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	8,068,442 (B)	36,224 (B)	55,429 (A)	33,689	3.7
2006	226,117	8,518,571 (B)	37,696 (B)	56,426 (A)	34,308	3.3
2007	227,762 (A)	9,024,490 (B)	39,622 (B)	58,268 (A)	34,720	3.2
2008	230,329 (A)	9,265,426 (B)	40,227 (B)	60,285 (A)	34,726	4.3
2009	232,483 (A)	*	*	60,400 (A)	35,352	6.6
2010	235,406 (C)	*	*	*	32,771	7.1

Notes: * information not yet available

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

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

2001 and 2010 Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Employer	2001			2010		
	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	6,644 (1)	1	7%	4,463 (1)	1	4 %
Highmark Blue Shield	4,512	2	5	3,359	2	3
Giant Foods	2,424	3	2	3,450	3	3
Holy Spirit Hospital	2,102	4	2	2,682	4	2
Commonwealth of Pennsylvania	1,800 (2)	6	2	1,762 (2)	5	1
Cumberland County Government	1,248	10	-	1,336	6	1
Wal-Mart	-	-	-	1,250	7	1
Cumberland Valley School District	-	-	-	1,044	8	1
Dickinson College	-	-	-	859	9	1
Excel Logistics	-	-	-	828	10	1
Fry Communications	1,457	8	2	-	-	-
Electronic Data Systems Corp.	1,700	7	2	-	-	-
JFC Temps Inc.	2,039	5	3	-	-	-
Roadway	1,261	9	-	-	-	-
Total	25,187		25%	21,033		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

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 Nine Years

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

OPERATING INFORMATION
Operating Indicators by Function

Last Nine Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

	2002	2003	2004	2005	2006	2007	2008	2009	2010
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
Subdivision plans filed	294	285	258	248	273	275	206	192	152
<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
Votes cast	67,600	42,885	106,687	44,506	50,284	39,620	114,499	34,432	81,873
Percent of votes cast	52%	32%	74%	33%	37%	28%	45%	23%	54%
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
Summary appeals	N/A	N/A	221	249	207	281	256	272	267
Juvenile delinquency	N/A	N/A	N/A	N/A	N/A	N/A	153	179	284
Juvenile dependency	N/A	N/A	N/A	N/A	N/A	N/A	120	168	112
Marriage license applications	1,102	1,223	1,171	1,232	1,163	1,173	1,139	1,203	1,143
Estates and wills probated	1,101	992	1,083	1,034	1,056	1,096	1,202	1,112	1,198
Orphans' court cases filed	82	86	115	93	110	78	87	105	84
Adoption cases	N/A	N/A	N/A	139	143	126	134	119	114
<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
Nonjury criminal trials	54	40	43	75	67	76	37	N/A	N/A
Criminal jury trials	59	50	44	35	53	41	56	N/A	N/A
ARD disposition in lieu of trial	682	662	369	920	N/A	N/A	N/A	N/A	N/A
Criminal appointment of counsel	241	270	327	374	419	406	368	408	479
Hearings by domestic relations conference officers	3,338	3,787	3,459	3,227	2,754	3,202	3,315	3,556	3,403
Civil cases settled before trial	30	67	66	35	25	23	25	20	N/A
Civil cases tried by jury	24	18	18	11	10	9	19	12	9
Civil cases tried without jury	37	32	36	19	17	12	6	19	10
<i>Sheriff:</i>									
Prisoner transports	N/A	N/A	3,716	3,632	3,635	3,994	3,647	3,671	3,790

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Nine Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(Continued)

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

OPERATING INFORMATION
Operating Indicators by Function

Last Nine Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(Continued)	2002	2003	2004	2005	2006	2007	2008	2009	2010
health rehabilitation									
Number of consumers	N/A	374	584	707	846	756	956	812	1,013
Number of units	N/A	173,709	318,030	400,983	390,303	385,586	604,857	811,357	780,442
Targeted case management									
Number of consumers	N/A	266	336	347	405	434	483	492	487
Number of units	N/A	32,404	61,482	66,454	81,065	90,029	92,050	89,652	92,796
Crisis Intervention									
Number of consumers	N/A	117	350	364	412	527	562	614	634
Number of units	N/A	1,787	7,486	6,869	6,963	8,788	9,274	9,265	8,909
<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	1,066
Number of transportation units	N/A	91,191	95,259	108,715	116,581	115,597	72,433	275,993	15,612
Number of residential units	N/A	56,354	56,062	65,730	66,721	79,021	*4,224	3,534	2,380
Number of workshop/vocational units	N/A	33,522	33,320	*195,836	194,688	250,844	*566,260	624,149	71,641
<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
Information and assistance contracts	4,028	3,274	N/A	4,958	8,900	12,206	12,849	13,938	16,879
Congregate meals served	48,127	45,898	N/A	36,671	35,500	32,969	33,611	33,102	33,082
Adult day care days provided	5,002	3,514	N/A	5,041	5,265	4,544	5,029	4,765	4,945
Home delivered meals served	7,180	9,919	N/A	12,051	8,863	7,255	7,153	6,855	5,780
Maintenance/modification of homes	221	367	N/A	208	213	244	268	227	171
<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
Individual counseling	3,254	2,471	2,925	2,483	2,659	2,781	4,257	4,653	4,681
Intensive outpatient group	4,900	5,303	3,454	3,048	4,942	4,705	4,365	5,585	9,039
Group	816	959	1,029	731	1,091	1,266	2,223	2,532	2,520
Methadone maintenance (weeks)	-	-	133	121	118	60	76	97	180
Prison-based treatment and intervention service hours	1,157	1,607	1,752	1,657	2,029	2,050	1,812	1,237	874
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
Halfway house facility days	2,146	441	979	515	725	1,421	690	891	365
Specialized treatment	1,624	2,418	2,695	2,262	2,885	4,035	3,652	3,707	2,870

OPERATING INFORMATION
Operating Indicators by Function

Last Nine Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Case management services

	(Continued)								
(Continued)	2002	2003	2004	2005	2006	2007	2008	2009	2010
Average caseload	57	50	47	46	54	54	76	65	91
Assessments completed	342	283	276	239	264	245	228	185	276
Number of clients served	281	257	242	177	213	214	217	148	274
Intensive case management services									
Average caseload	9	11	10	8	6	9	9	7	7
Number of clients served	20	19	24	15	16	25	21	12	12
Capital Region Maternal Assistance Program:									
Intensive case management									
service clients	150	152	154	147	137	105	88	44	70
Drug and alcohol treatment clients	74	82	66	65	64	51	45	17	41

Business - type:

Transportation:

One way trips	135,301	140,286	146,634	146,858	150,825	149,448	151,872	150,270	144,827
Mileage	475,654	620,270	645,076	660,227	725,046	716,705	746,368	728,131	723,666

Notes:

Less than ten years of data is presented due to lack of access to data for early years

Source: Cumberland County departmental statistics and annual reports.

N/A - not available

* Change in unit definition

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Nine Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010
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
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
Square footage of Old Jail	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
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
Bureau of Elections									
Electronic voting machines	N/A	N/A	N/A	N/A	623	623	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
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
Probations									
Square footage of Juvenile Probation (HSD Building)	N/A	6,022							
Square footage of Adult Probation (Reed Building)	N/A	5,168							
Public safety									
County prison									
Maximum capacity of inmates	398	398	398	398	398	398	398	398	398
Square footage of the prison	93,107	93,107	93,107	93,107	93,107	93,107	93,107	85,347	85,347
Square footage of Booking Center	-	-	-	-	-	-	-	4,478	4,478
Square footage of Male Housing Unit	-	-	-	-	-	-	-	19,792	19,792
Conservation									
Number of agricultural easements acquired	67	72	75	81	86	102	110	113	117
Acres in the agricultural easement program	8,589	9,092	9,530	10,307	10,818	12,553	13,480	13,867	14,333
Acres in agricultural secured areas	N/A	N/A	67,955	68,917	70,212	70,946	71,730	71,947	72,709
Square footage of agricultural extension building	8,024	8,024	8,024	8,024	8,024	8,024	N/A	N/A	N/A
Roads and bridge maintenance									
County maintained bridges	23	23	23	23	23	23	23	23	21

(Continued)

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Nine Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(Continued)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	41,822
Square footage of Aging/Community Services	N/A	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
Maximum resident capacity	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
Transportation services									
Buses and other vehicles	32	32	32	32	32	35	33	33	33

Note:

- (1) An alternative source for property square footage was used beginning in 2007.
- (2) Less than ten years of data is presented due to lack of access to data for early years.
- (3) Offices located in the Reed building were relocated in 2008 to the new Allen Road building as well as the Agricultural Extension department.

Sources:

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