

County of Cumberland, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2012

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

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Alfred L. Whitcomb
Controller



COUNTY OF CUMBERLAND, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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YEAR ENDED DECEMBER 31, 2012

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PHOTOGRAPHY CREDITS

The cover photograph, courtesy of Bill Henry, is of Children's Lake located in Boiling Springs in South Middleton Township, Cumberland County, Pennsylvania.

Controller of Cumberland County

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MICHAEL A. CLAPSADL, CPA, CFE
SECOND DEPUTY CONTROLLER/
AUDIT MANAGER

TINA L. MALICK
ADMINISTRATIVE ASSISTANT

JAMES D. BOGAR
SOLICITOR

June 18, 2013

TO: THE COMMISSIONERS AND CITIZENS OF CUMBERLAND COUNTY

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

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

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

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

These government-wide financial statements help taxpayers:

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

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

The County’s basic financial statements have been audited by KPMG LLP in cooperation with the Controller. KPMG LLP is a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County as of and for the year ended December 31, 2012, 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 third class county founded January 27, 1750. It is governed by an elected Board of Commissioners consisting of three members elected to four year terms. The Commissioners are the responsible managers and administrators of the County’s fiscal affairs. The law provides for the Controller to act as a “check and balance” on County management by supervising the County’s fiscal affairs by keeping the books, auditing, settling and adjusting the accounts, and reporting the County’s financial results.

Cumberland County government provides its residents with a wide variety of services in areas such as emergency telephone, prison, courts, probation, road and bridge maintenance, Claremont Nursing and Rehabilitation Center, and human services which include mental health and intellectual and developmental disabilities, HealthChoices, children and youth, aging and 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 2012 population of 238,614. 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 116,000 people. The economy also benefits from the regional presence of federal, state and local government operations. Cumberland County ended 2012 with a December unemployment rate of 6.3% percent, the fourth lowest rate in Pennsylvania. The statewide unemployment rate was 7.9% percent at the end of 2012. (Source: Pennsylvania Department 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 – Naval Inventory Control Point and Carlisle Barracks, 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 average income at \$42,552 and Pennsylvania's average at \$42,291 (2011 data, as 2012 data is unavailable). The County does feel the impact of the recession but is drawing upon its conservative fiscal management practices and accrued reserves to limit disruptions in core services.

Long-term Planning

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

The County Strategy and Budget for 2012 received the Government Finance Officers Association (GFOA) award for Distinguished Budget Presentation. The award reflects the County's adherence to an extensive array of budget planning and financial management principles that include:

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

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

The County's continuing use of these operating principles is a major factor in Standard & Poor's AAA bond rating for the County, a rare distinction among Pennsylvania counties and an indicator that Cumberland County will enter 2013 on stable financial footing. The County used these same principles to mitigate the impact of the continuing economic turmoil.

The County Strategy

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

The County Commissioners have a Vision for Cumberland County as a locale where family-sustaining economic opportunity is promoted, the environment is respected, public safety is ensured, and quality of life is preserved for the future. In order for the County to attain this Vision, the County Mission is to strive to be the most livable community with the most efficient and effective public services in Pennsylvania. The County Commissioners' 2012 Strategic Directions were:

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

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

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

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

Major Initiatives

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

- A Prison expansion and renovation project (in its final phase) that adds capacity to the facility to meet the inmate housing needs of the County criminal justice system over the next 20 years while providing a specially designed central processing center.
- Renovations continued at the Ritner Highway campus – the County Library Administrative Offices moved to this location mid-2012; a forensic garage which is used to assist with investigations resulting from vehicular crimes was completed; and secure voter booth storage was completed for the fall 2012 election. During 2013, offices for the Transportation Department and Elections will be completed.
- Cumberland County is in the process of building renovations for a Record Storage location at the rear of 310 Allen Road. Included in the renovations will be a viewing room along with sprinkler system, new fire alarm panel, smoke detectors, heat detectors, access control system, and a new HVAC system with humidistat controls. Projected completion date is estimated to be July/August 2013.
- The Commissioners will implement an operational and mission review in 2013 to identify essential functions and mandated services. The County will also review any job vacancies and determine whether alternative staffing arrangements are possible to maintain operations.
- The cost management initiative that started in 2008 has realized savings of over \$6 million in recurring expenses.

- The County completed a business planning process for the Claremont Nursing and Rehabilitation Center. The process included a thorough review of operations and facilities along with revenue prospects for the coming years.

In addition to these major projects, the County continues 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, 2011. This was the twenty-fourth 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 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, 2011. 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 nine consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

Distinguished Budget Presentation Award

The GFOA awarded their Distinguished Budget Presentation Award to Cumberland County for its annual budget document, prepared by the County Finance Office, for the fiscal year beginning January 1, 2012. This is the fifth 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 unflinching 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, 2011

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.



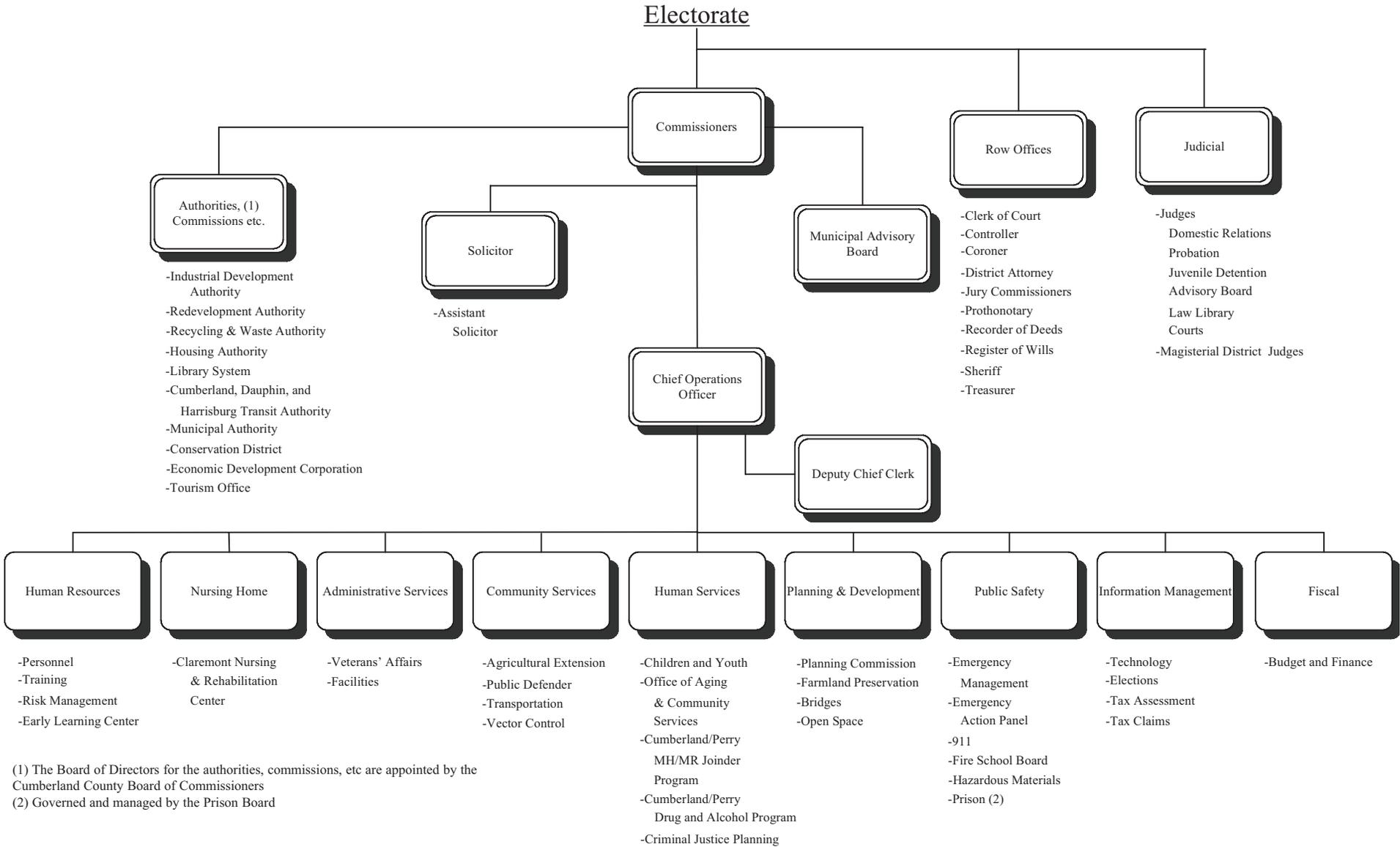
Christopher P. Moynell

President

Jeffrey R. Emen

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, 2012

COMMISSIONERS

Barbara B. Cross, Chairperson
James Hertzler
Gary Eichelberger

PROTHONOTARY

David D. Buell

CLERK OF COURT

Dennis E. Lebo

JUDGES OF COURT

Honorable Kevin A. Hess, President Judge
Honorable Edward E. Guido
Honorable M.L. "Skip" Ebert
Honorable Albert H. Masland
Honorable Christie Lee Peck
Honorable Thomas Placey

TREASURER

John C. Gross, II

SHERIFF

Ronny R. Anderson

CONTROLLER

Alfred L. Whitcomb

REGISTER OF WILLS

Glenda Farner-Strasbaugh

CORONER *

Charles E. Hall

RECORDER OF DEEDS

Robert P. Ziegler

JURY COMMISSIONERS (1)

Vacant

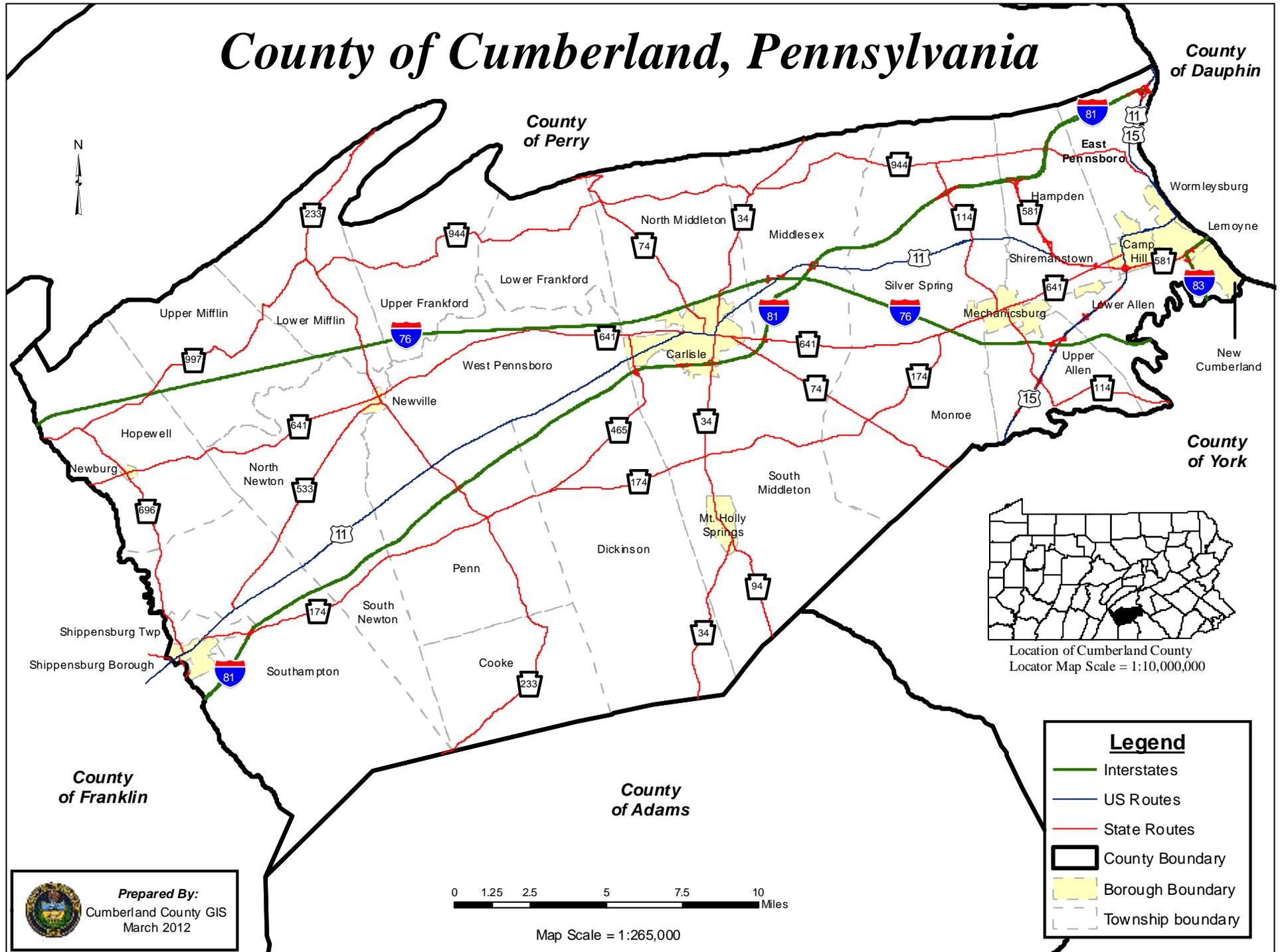
DISTRICT ATTORNEY

David J. Freed

* Coroner effective start date October 19, 2012

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

County of Cumberland, Pennsylvania



11



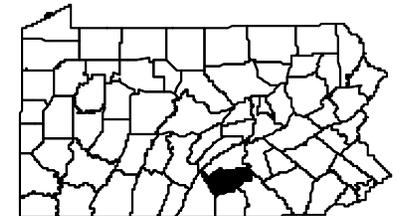
Prepared By:
Cumberland County GIS
March 2012

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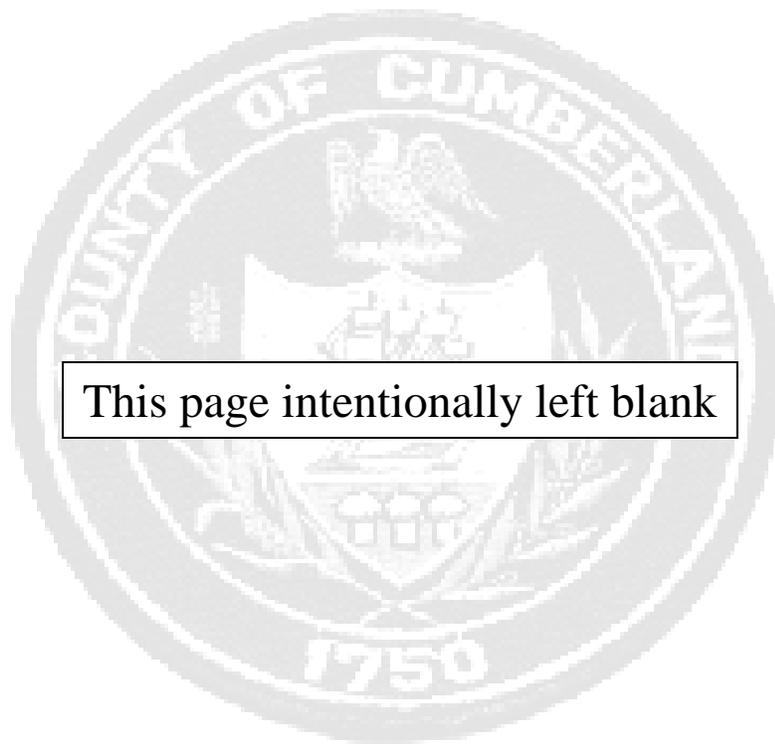
Map Scale = 1:265,000

Legend

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



Location of Cumberland County
Locator Map Scale = 1:10,000,000



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

Independent Auditors' Report

County Commissioners
County of Cumberland, Pennsylvania
Carlisle, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Pennsylvania (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cumberland Area Economic Development Corporation (CAEDC), a blended component unit, which represents 5 percent of total assets, 8 percent of the total fund balance, and less than 1 percent of total revenues of the governmental activities, and the discretely presented component units. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CAEDC and the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cumberland, Pennsylvania, as of December 31, 2012 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion, and analysis and budgetary comparison information, employee's retirement plan and other postretirement benefits schedules of funding progress and the employee's retirement plan schedule of employer's contributions on pages 15–27 and 89–97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Supplemental Information, such as the combining and individual nonmajor fund financial statements and schedules as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

KPMG LLP

Harrisburg, Pennsylvania
June 18, 2013

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of Cumberland County exceeded its liabilities at the close of the most recent fiscal year by \$68,982,240 (*net position*). Of this amount, \$27,096,998 (*unrestricted net position*) may be used to meet the County's general ongoing obligations to citizens and creditors, whereas an additional \$10,653,143 of *restricted net position* are available for funding specific activities benefiting the citizens.
- As of December 31, 2012, Cumberland County's governmental funds reported combined ending fund balances of \$36,825,974, a decrease of \$16,660,120, due primarily to accelerated spending of bond proceeds on the prison renovation project and a smaller than originally budgeted drawdown of general fund fund balance. Approximately 60 percent of the total amount (\$22,754,372) is *available for spending* at the government's discretion (*unrestricted fund balance*).
- The government's total net position decreased by \$2,899,077 in 2012, which represents approximately two percent of total expense, due to the aforementioned reasons.
- The County's general fund total fund balance was \$25,163,263 at the end of 2012, down 14% or \$4,208,076 which compares favorably to the budgeted 2012 drawdown of \$6.6 million. At the end of 2012, general fund unassigned fund balance was \$10,856,757 and assigned fund balance was \$11,354,356 for future budgetary requirements, capital projects, farmland preservation, prison canteen and health care, and criminal justice programs.
- Cumberland County's total general obligation debt decreased by \$4,567,731. The County's debt decreased due to the payment of the scheduled principal payments.
- The County's bond rating was confirmed AAA in March 2013.
- The County continued the renovations and moves associated with the addition of a sixth judge in 2012 and the streamlining of County functions.
- The County continued its progress in performance management to ensure strong fiscal management and promote long-term planning.
- The County preserved 476 acres of premium farmland in 2012. The total preserved farmland is 15,311 acres with 465 acres pending.
- The County completed the \$2.1 million energy projects funded with American Recovery and Reinvestment Act funds.
- The final phase of prison renovations continued with an expected completion date of June 2013.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administrative and judicial, 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, emergency telephone, the hazardous materials fund and transportation.

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

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

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

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

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

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

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

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

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

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

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

Data from the other governmental funds is combined into a single, aggregated presentation entitled "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 and internal service funds.

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

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

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

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

Required supplementary 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 89 through 97 of this report.

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

Government-wide Financial Analysis

Over time, net position may serve as a useful indicator of government's financial position. In the case of Cumberland County, assets exceeded liabilities by \$68,982,240 at the close of the most recent calendar year.

Cumberland County's Net Position

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Other assets	\$ 52,712,801	72,295,470	10,214,159	13,131,506	62,926,960	85,426,976
Capital assets	72,750,376	61,746,072	17,964,081	19,515,129	90,714,457	81,261,201
Total assets	<u>125,463,177</u>	<u>134,041,542</u>	<u>28,178,240</u>	<u>32,646,635</u>	<u>153,641,417</u>	<u>166,688,177</u>
Liabilities:						
Long-term liabilities	51,287,584	53,761,793	13,688,268	15,978,572	64,975,852	69,740,365
Other liabilities	14,597,108	17,953,663	5,086,217	7,112,832	19,683,325	25,066,495
Total liabilities	<u>65,884,692</u>	<u>71,715,456</u>	<u>18,774,485</u>	<u>23,091,404</u>	<u>84,659,177</u>	<u>94,806,860</u>
Net position:						
Net invested in capital assets	26,848,932	25,321,465	4,383,167	3,270,869	31,232,099	28,592,334
Restricted	10,653,143	11,341,250	-	-	10,653,143	11,341,250
Unrestricted	22,076,410	25,663,371	5,020,588	6,284,362	27,096,998	31,947,733
Total net position	<u>\$ 59,578,485</u>	<u>62,326,086</u>	<u>9,403,755</u>	<u>9,555,231</u>	<u>68,982,240</u>	<u>71,881,317</u>

Forty-four percent of Cumberland County's net position reflect its net invested in capital assets which is total 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 invested 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.

Fifteen percent of the county's net position is legally restricted (\$10,653,143). The remaining balance of *unrestricted net position* (\$27,096,998) may be used to meet the government's ongoing obligations to citizens and creditors.

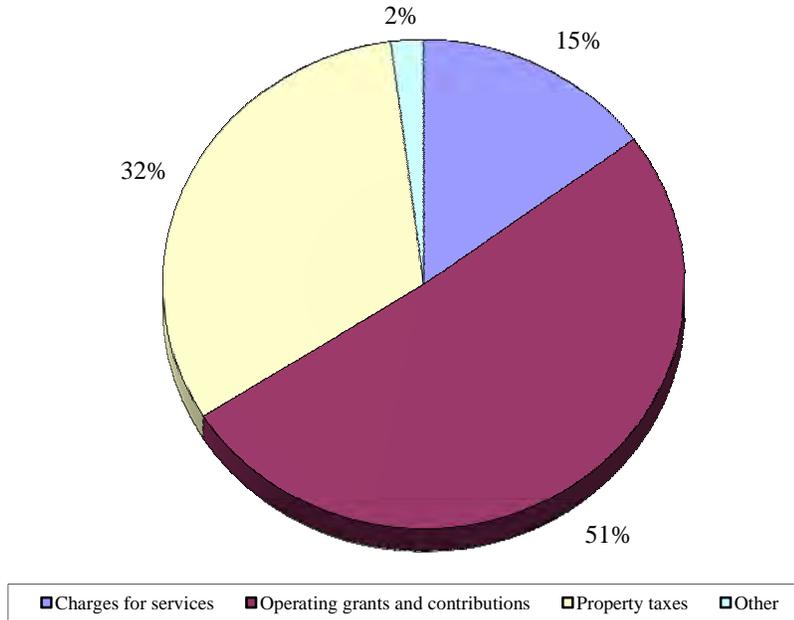
At the end of the current fiscal year, Cumberland County is able to report positive fund balances in all three categories of net position, both for the government as a whole and for its separate governmental and business-type activities.

Cumberland County's Change in Net Position

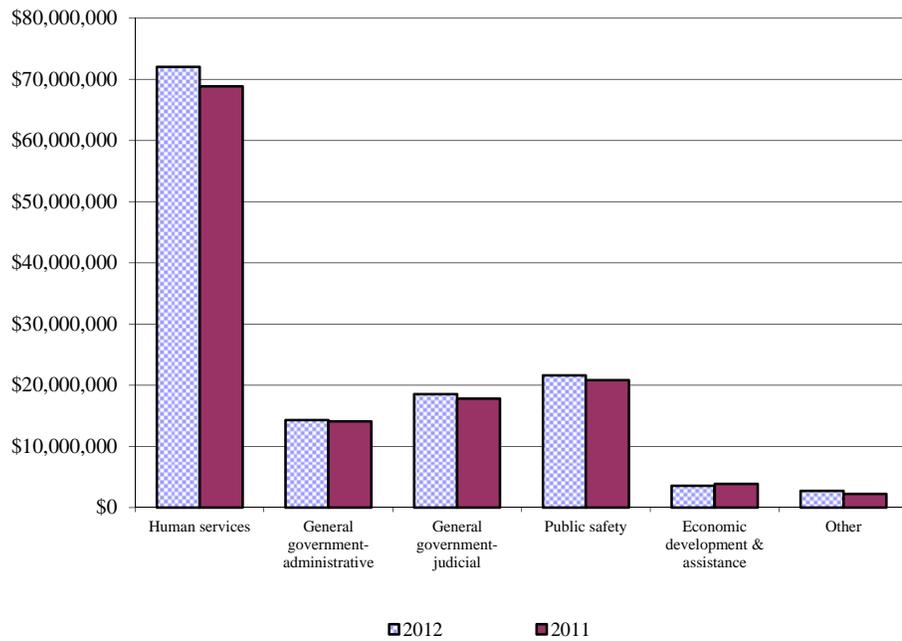
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 19,678,779	\$ 18,205,991	27,626,533	28,518,638	47,305,312	46,724,629
Operating grants and contributions	67,521,659	67,266,886	3,674,038	5,274,969	71,195,697	72,541,855
Capital grants and contributions	172,241	721,754	450,729	811,271	622,970	1,533,025
General revenues:						
Property taxes	42,385,600	42,140,921	-	-	42,385,600	42,140,921
Other taxes	2,253,519	2,179,801	-	-	2,253,519	2,179,801
Unrestricted investment earnings	222,193	422,986	49,264	65,361	271,457	488,347
Total revenues	132,233,991	130,938,339	31,800,564	34,670,239	164,034,555	165,608,578
Expenses:						
General government-administrative	14,280,937	14,046,596	-	-	14,280,937	14,046,596
General government-judicial	18,528,473	17,814,045	-	-	18,528,473	17,814,045
Public safety	21,611,054	20,794,098	-	-	21,611,054	20,794,098
Roads and bridge maintenance	281,498	387,359	-	-	281,498	387,359
Recycling and waste management	586,934	458,016	-	-	586,934	458,016
Human services	72,009,743	68,833,440	-	-	72,009,743	68,833,440
Culture and recreation	138,045	67,799	-	-	138,045	67,799
Conservation	432,798	386,490	-	-	432,798	386,490
Community redevelopment and housing	222,796	220,815	-	-	222,796	220,815
Economic development and assistance	3,539,001	3,877,944	-	-	3,539,001	3,877,944
Interest on long-term debt	1,687,988	1,323,974	-	-	1,687,988	1,323,974
Indirect expenses	(641,105)	(635,931)	641,105	635,931	-	-
Claremont Nursing and Rehabilitation Center	-	-	24,610,308	25,737,338	24,610,308	25,737,338
Early Learning Center	-	-	339,864	532,003	339,864	532,003
Emergency telephone	-	-	5,969,320	6,505,960	5,969,320	6,505,960
Hazardous materials protection	-	-	192,719	228,067	192,719	228,067
Transportation services	-	-	2,502,154	2,611,077	2,502,154	2,611,077
Total expenses	132,678,162	127,574,645	34,255,470	36,250,376	166,933,632	163,825,021
Increase (decrease) in net position before transfers	(444,171)	3,363,694	(2,454,906)	(1,580,137)	(2,899,077)	1,783,557
Transfers	(2,303,430)	(2,136,475)	2,303,430	2,136,475	-	-
Increase (decrease) in net position	(2,747,601)	1,227,219	(151,476)	556,338	(2,899,077)	1,783,557
Net position, beginning	62,326,086	61,098,867	9,555,231	8,998,893	71,881,317	70,097,760
Net position, ending	\$ 59,578,485	62,326,086	9,403,755	9,555,231	68,982,240	71,881,317

Governmental activities. The following charts graphically depict the sources of revenue and functional expenses of governmental activities for the fiscal year ended December 31, 2012:

Revenues by Source - Governmental Activities



Expense Comparison by Activity - Governmental Activities

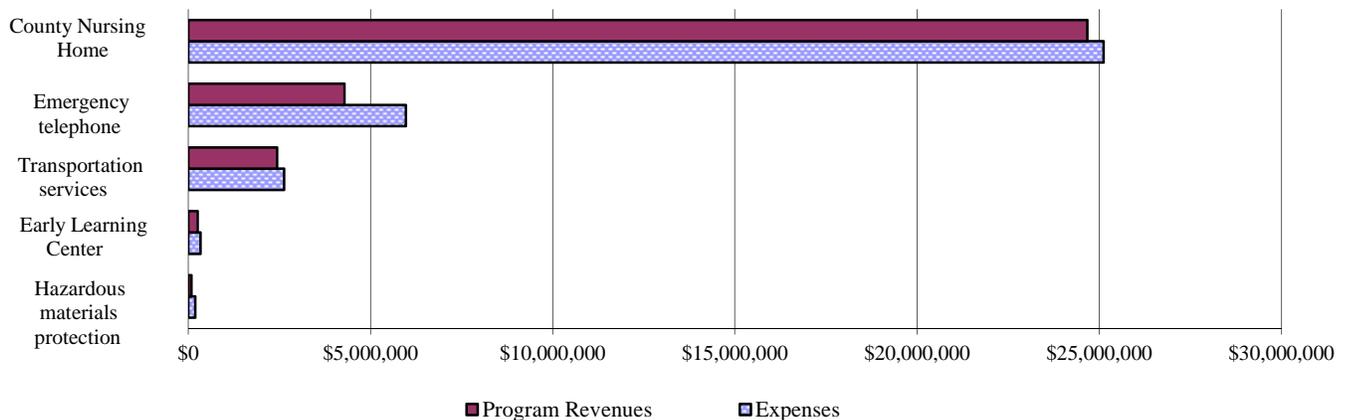


Governmental activities decreased Cumberland County's net position by \$2,747,601. The primary changes in revenues and expenses are:

- Charges for services increased \$1,472,788. Charges for services increased mainly due to a change in valuation of collectability for court costs and fines.
- Capital Grants and Contributions decreased \$549,513 due to the completion of the Department of Energy ARRA grant.
- Human Services expenses increased \$3,176,303 mainly due to Drug and Alcohol and Fiscal Employer Agency having increases in clients/consumers requiring services and the Health Choices revenues increased based on capitation rates as paid by the PA Department of Welfare.
- Public Safety increased \$816,956 The increases were mainly in the Prison and Public Safety departments. Depreciation expenses increased by about \$340,000 for Phase I of the prison expansion and the Public Safety Building.

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, 2012:

Expenses and Program Revenues - Business-type Activities



Business-type Activities. Business type activities decreased Cumberland County's net position by \$151,476. The primary changes in revenues and expenses are:

- Charges for services decreased \$892,105. The Early Learning Center was closed in September of 2012. Claremont Nursing and Rehabilitation center (CNRC) resident census days decreased 1,838 days from 2011 to 2012.
- Operating grants and contributions decreased \$1,600,931 mainly due to wireless grants for the infrastructure and building project that have been completed.
- CNRC expenses decreased \$1,127,030 mainly to a decrease in salary as a result of staffing reductions to reflect a decrease in resident census and a decrease in bad debt expense due to an improved collection process.
- Emergency Telephone expenses decreased \$536,640 mainly due to services associated with the 800 Mhz FRA rebanding project which was completed in 2011.

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 2012, Cumberland County's governmental funds reported combined ending fund balances of \$36,825,974 and a decrease of \$16,660,120 in comparison to the prior year. Approximately 60 percent of the total amount (\$22,754,372) constitutes *unrestricted fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is *nonspendable* (\$627,007) or *restricted* (\$13,444,595) to indicate that it is not available for future spending at the discretion of the County because it either nonspendable or is legally restricted to landfill closure, farmland preservation, offender supervision, criminal investigations, Register of Wills-Act 34, Coroner-Act 122, Hoffer scholarship, roads and bridge maintenance, human services, public safety, row office automation, conservation, economic development and housing, marcellus shale 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 \$10,856,757 while total fund balance was \$25,163,263. 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 (\$22,211,113) and total fund balance represents 44 percent and 50 percent, respectively, of total general fund expenditures.

The fund balance of Cumberland County's general fund decreased by \$4,208,076 during the current year. This was a planned drawdown of fund balance. The original projected drawdown in the 2012 budget was \$6,584,284. The key factors contributing to the planned drawdown were an increase in judicial expenditures of \$668,028 and an increase in transfers related to debt service of \$1,211,680 in conjunction with a slight overall decrease in general fund total revenues.

The fund balance of capital projects funds decreased by \$11,597,688 due to expenditures related to the prison renovations. The expected completion of the prison is June 2013.

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

General Fund Budgetary Highlights

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

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

The Commissioners formally approve all budget revisions that change the bottom line of a fund during bi-weekly Commissioners' hearings. The County Finance Office approves all other budget revisions except transfers from one operating line item to another within a department (these are approved by the Department Head). The most common budget adjustments are budget transfers from one operating line item to another

within a department. Other budget adjustments include transferring amounts from contingency or between budget categories (operating, capital, and salary and benefits).

The funds and classifications in the CAFR are presented differently from the funds and classifications in the budget document. The reason for this difference is that for reporting in the County's CAFR some small funds, which are separately budgeted for, are combined and reported as part of the County's general fund. The explanations below are based on the CAFR presentation. For example, stop grant is a separate fund in the budget document as it is separately budgeted for; however, stop grant in the CAFR is part of the general fund.

Actual general fund revenues (including other financing sources) received were \$427,393 under budget. Real estate taxes were under budget because residential and commercial construction were less than anticipated and County Commissioners were conservative when setting the millage rate at less than allowable by law in the year of reassessment. County charges were under budget due to prison housing revenue as a result of fewer inmates from other jurisdictions being housed at the County's prison during phase II of the prison renovations.

Actual general fund expenditures (including other financing uses) were under budget by \$6,893,874. The major items under budget were:

Subsidies (included in transfers-out)	\$ 1,490,442
Pooled reserves	\$ 894,098
County Buildings	\$ 627,646
Information Management Technology Office (IMTO)	\$ 546,125
Prison	\$ 505,204
Conservation and Development	\$ 435,920

There are several reasons for being under-budget. Subsidies were under budget because of a delay in several emergency telephone capital projects. The pooled reserves and contingency budget was not fully utilized because the funds were not needed for contingent events. County buildings were under budget due to lower utility bills, and capital projects that were delayed. IMTO was under budget due to postponing the lifecycle replacement in December to early 2013. The prison was under budget due to the delay in purchase of equipment for phase II of the renovations. Conservation and development was under budget due to fewer easements finalized in 2012 than originally budgeted. Cost savings were also realized within individual budgets. Examples of this are office and communications decreased in the General Fund approximately \$200,000 year to year. Small incremental savings occurred throughout the General Fund which supported actual expenditures less than budgeted.

Capital Asset and Debt Administration

Capital Assets. Cumberland County's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounted to \$90,714,457 (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 eleven percent (a seventeen percent increase for governmental activities and a seven percent decrease for business-type activities).

Cumberland County's Capital Assets
(net of accumulated depreciation)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,503,264	2,503,264	-	-	2,503,264	2,503,264
Buildings and systems	35,983,645	36,441,275	11,095,446	12,122,692	47,079,091	48,563,967
Improvements other than buildings	1,182,177	1,141,162	228,559	248,058	1,410,736	1,389,220
Machinery and equipment	5,225,545	5,870,104	6,420,580	7,144,379	11,646,125	13,014,483
Bridges	3,536,325	3,646,175	-	-	3,536,325	3,646,175
Construction in progress	15,792,724	4,017,396	219,496	-	16,012,220	4,017,396
Agricultural easements	8,526,696	8,126,696	-	-	8,526,696	8,126,696
Total	\$ 72,750,376	61,746,072	17,964,081	19,515,129	90,714,457	81,261,201

Major capital asset events during the current fiscal year included a construction in progress increase of \$11,994,824 between 2012 and 2011 due to the ongoing work of the second phase of the County Prison construction and renovation.

Construction commitments of \$3,982,353 remain for the future completion of Phase II at the County Prison.

Additional information on Cumberland County’s capital assets can be found in Note 5 on pages 73 through 75 of this report.

Debt Administration

At the end of 2012, Cumberland County had net outstanding bonded debt of \$47,131,338. The County’s net general obligation notes total \$16,703,511. This debt is backed by the full faith and credit of the government. Cumberland County does not have any special assessment debt or revenue bonds.

The County’s net outstanding general obligation bonds and notes at December 31, 2012 and 2011 were:

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	46,228,525	48,398,403	902,813	1,789,283	47,131,338	50,187,686
General Obligation Notes	3,469,311	3,714,777	13,234,200	14,500,117	16,703,511	18,214,894
Total	49,697,836	52,113,180	14,137,013	16,289,400	63,834,849	68,402,580

Cumberland County’s general obligation debt decreased by \$4,567,731.

Principal payments paid in 2012 were \$4,613,316.

Cumberland County’s rating was confirmed “AAA” from Standard and Poor’s for general obligation debt issued in 2011. The County did not issue any debt in 2012. There was no change to the County’s rating.

In April 2013, in order to repay debt with higher interest rates, the County issued \$14,670,000 face amount of general obligation bonds, maturing serially through May 2021, for proceeds of \$16,517,977 representing an

effective yield to maturity of .2% to 1.66%. The County's AAA credit rating was affirmed by Standard Poor's in 2013.

The current debt limitation for Cumberland County is \$398,946,048 which is significantly in excess of Cumberland County's outstanding general obligation debt.

Additional information on Cumberland County's long-term debt can be found in note 7 on pages 78 through 80 of this report.

Economic Factors and Next Year's Budget

Economic Conditions in 2012

Cumberland County felt the economic impacts of the national economic downturn. However, economic indicators improved over the course of 2012 and the County's local economy has fared better than national and state averages because of its diverse economy. Cumberland County's December unemployment rate was 6.3% while the statewide and national rates were 7.9% and 7.8%, respectively. Neighboring counties also have unemployment rates significantly below the statewide and national average. County residents benefit from an array of employment opportunities based in the private sector as well as local, state, and federal governments.

Cumberland County continues to enjoy a diverse tax base with little concentration in any one taxpayer. The top ten taxpayers represent 3.03% of assessed values as of December 31, 2012.

The County was not immune to the problems facing the nation, state, and local area throughout the course of 2008 through 2012. In response, the Commissioners called the elected officials and department heads into action with a cost management initiative early into the economic crisis. Elected officials and department heads responded to the initiative and saved over \$6 million of recurring expenses to date.

The County has been able to maintain its priority services, maintain its financial position, and respond to emergency situations. However, the 2012 budget required significant drawdown of reserve funds to meet expenses. This approach cannot continue in 2013. The County will conduct a department-by-department review to identify essential functions and mandated services. The County will also review any job vacancies to determine whether alternate staffing arrangements are possible to maintain operations.

The Commissioners increased taxes in 2013 and started an in depth mission review process. Some of the 2013 pressure points are increased medical insurance premiums and declines in revenue from various sources. The original 2013 general fund budget reflected a potential transfer of approximately \$6.6 million from reserves. However, this amount will be reduced directly by the ongoing 2013 cost management initiatives and unused contingencies. The end result is expected to be an estimated ending fund balance of approximately \$14.2 million and a reduced projected transfer from reserves of approximately \$1.9 million.

Highlights of the County's initiatives in the 2013 budget include:

- Completion of the final phase of the prison expansion/renovations.
- Liquid Fuels bridge replacements.
- Ritner highway building renovations.
- Continued performance management process.
- Mission review

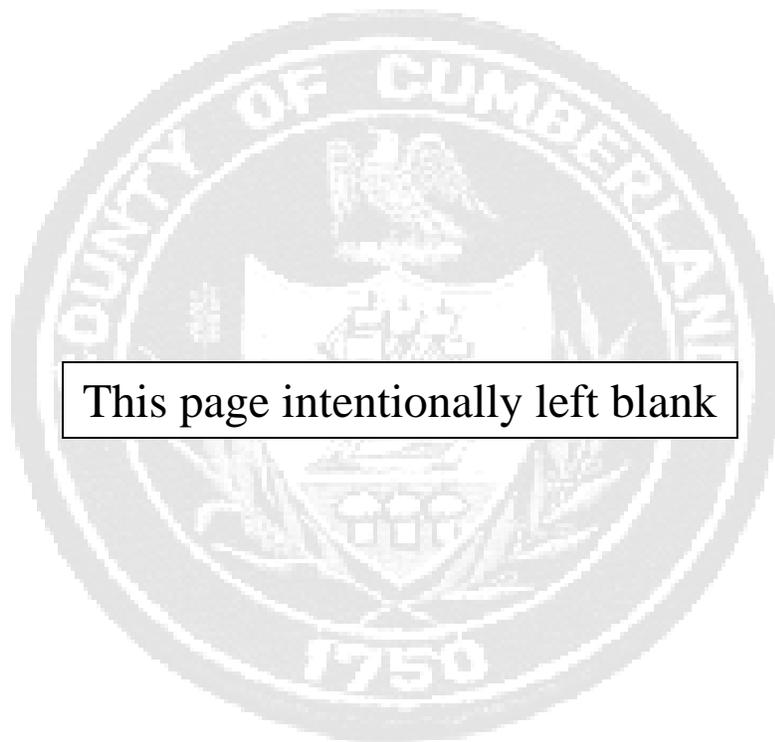
The County is committed to an ongoing search for innovative ways to lower overall costs to the taxpayer and will continue to look for ways to lower the County's expenses. An array of projects have been placed on hold

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.

For budgetary purposes, the County historically measures the general fund's fund balance as the unassigned fund balance component including the amount assigned for future budgetary requirements. Using this measure, the County ended 2012 with \$17.4 million of general fund fund balance. The County's 2013 budget anticipates an ending general fund balance of \$14.2 million using this measure.

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 POSITION

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Conservation District	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 32,511,890	5,786,210	38,298,100	269,016	57,245
Investments	724,197	1,028,950	1,753,147	—	—
Receivables (net of allowance):					
Taxes	2,305,030	—	2,305,030	—	—
Due from other governments	6,756,100	203,584	6,959,684	95,498	—
Accounts receivable	551,499	3,958,562	4,510,061	—	—
Court costs and fines receivable	2,320,071	—	2,320,071	—	—
Notes receivable	—	—	—	—	485,013
Due from component units	118,668	—	118,668	—	—
Internal balances	1,356,763	(1,356,763)	—	—	—
Prepaid items	628,239	160,067	788,306	296	—
Bond issuance costs	464,842	163,295	628,137	—	—
Restricted assets:					
Cash and cash equivalents	4,930,539	270,254	5,200,793	—	—
Capital assets not being depreciated:					
Land	2,503,264	—	2,503,264	—	2,084,576
Construction in progress	15,792,724	219,496	16,012,220	—	—
Agricultural easements	8,526,696	—	8,526,696	—	—
Capital assets net of accumulated depreciation:					
Buildings and systems	35,983,645	11,095,446	47,079,091	—	—
Improvements other than buildings	1,182,177	228,559	1,410,736	—	—
Machinery and equipment	5,225,545	6,420,580	11,646,125	57,011	—
Bridges	3,536,325	—	3,536,325	—	—
Other assets	44,963	—	44,963	—	—
Total assets	<u>125,463,177</u>	<u>28,178,240</u>	<u>153,641,417</u>	<u>421,821</u>	<u>2,626,834</u>

(Continued)

STATEMENT OF NET POSITION

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

LIABILITIES

Accounts payable and other current liabilities	5,177,484	900,638	6,078,122	1,397	172,081
Accrued payroll	1,846,442	772,123	2,618,565	17,789	—
Due to primary government	—	—	—	118,668	—
Due to other governments	2,160,443	—	2,160,443	—	—
Accrued interest payable	264,308	94,672	358,980	—	—
Unearned revenues	1,790,476	478,165	2,268,641	38,338	—
Funds held as fiduciary	292,576	270,254	562,830	—	—
Noncurrent liabilities:					
Due in less than one year:					
Licensing agreement	115,373	—	115,373	—	—
General obligation bonds payable	2,402,187	902,813	3,305,000	—	—
General obligation notes payable	253,319	1,338,928	1,592,247	—	2,000,000
Sick and vacation accrual	294,500	65,783	360,283	2,387	—
Workers' compensation claims payable	—	262,841	262,841	—	—
Due in more than one year:					
Licensing agreement	229,627	—	229,627	—	—
General obligation bonds payable	43,826,338	—	43,826,338	—	—
General obligation notes payable	3,215,992	11,895,272	15,111,264	—	—
Sick and vacation accrual	3,423,234	781,756	4,204,990	40,642	—
Net OPEB obligation	592,393	289,657	882,050	6,568	—
Workers' compensation claims payable	—	721,583	721,583	—	—
Total liabilities	<u>65,884,692</u>	<u>18,774,485</u>	<u>84,659,177</u>	<u>225,789</u>	<u>2,172,081</u>

NET POSITION

Net invested in capital assets	26,848,932	4,383,167	31,232,099	57,011	—
Restricted for:					
Conservation	2,159,301	—	2,159,301	133,011	—
Economic development and housing	2,898,464	—	2,898,464	—	—
Human services	876,640	—	876,640	—	—
Judicial services	189,254	—	189,254	—	—
Public safety	2,125,296	—	2,125,296	—	—
Records improvement	1,196,791	—	1,196,791	—	—
Roads and bridges	1,207,397	—	1,207,397	—	—
Unrestricted	22,076,410	5,020,588	27,096,998	6,010	454,753
Total net position	<u>\$ 59,578,485</u>	<u>9,403,755</u>	<u>68,982,240</u>	<u>196,032</u>	<u>454,753</u>

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

STATEMENT OF ACTIVITIES

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position				
	Expenses	Indirect Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
						Governmental Activities	Business-type Activities	Total	Conservation District	Industrial Development Authority
Primary government:										
Governmental activities:										
General government - administrative	\$ 14,280,937	(1,708,481)	4,464,773	574,441	44,185	(7,489,057)	—	(7,489,057)	—	—
General government - judicial	18,528,473	90,073	4,610,779	2,657,904	—	(11,349,863)	—	(11,349,863)	—	—
Public safety	21,611,054	—	3,125,837	1,405,009	23,339	(17,056,869)	—	(17,056,869)	—	—
Roads and bridge maintenance	281,498	19,602	10,791	445,570	104,717	259,978	—	259,978	—	—
Recycling and waste management	586,934	47,724	109,662	100,250	—	(424,746)	—	(424,746)	—	—
Human services:										
Mental health/intellectual and developmental disabilities	17,257,878	236,139	2,401,246	14,750,083	—	(342,688)	—	(342,688)	—	—
HealthChoices-Cumberland County	28,363,948	—	—	28,354,028	—	(9,920)	—	(9,920)	—	—
Children and youth	13,813,083	270,993	391,516	10,745,739	—	(2,946,821)	—	(2,946,821)	—	—
Food and shelter	810,200	50,383	237,472	632,886	—	9,775	—	9,775	—	—
Office of aging	3,425,700	210,128	220,263	3,218,411	—	(197,154)	—	(197,154)	—	—
Other	8,338,934	142,334	3,749,463	2,715,633	—	(2,016,172)	—	(2,016,172)	—	—
Culture and recreation	138,045	—	11,397	—	—	(126,648)	—	(126,648)	—	—
Conservation	432,798	—	30,282	289,545	—	(112,971)	—	(112,971)	—	—
Community redevelopment and housing	222,796	—	221,410	—	—	(1,386)	—	(1,386)	—	—
Economic development and assistance	3,539,001	—	93,888	1,632,160	—	(1,812,953)	—	(1,812,953)	—	—
Interest on long-term debt	1,687,988	—	—	—	—	(1,687,988)	—	(1,687,988)	—	—
Total governmental activities	133,319,267	(641,105)	19,678,779	67,521,659	172,241	(45,305,483)	—	(45,305,483)	—	—
Business-type activities:										
County nursing home	24,610,308	510,389	24,669,038	9,265	—	—	(442,394)	(442,394)	—	—
Early Learning Center	339,864	—	251,875	8,753	—	—	(79,236)	(79,236)	—	—
Emergency telephone	5,969,320	—	1,647,432	2,637,325	—	—	(1,684,563)	(1,684,563)	—	—
Hazardous materials protection	192,719	—	45,518	39,015	1,011	—	(107,175)	(107,175)	—	—
Transportation services	2,502,154	130,716	1,012,670	979,680	449,718	—	(190,802)	(190,802)	—	—
Total business-type activities	33,614,365	641,105	27,626,533	3,674,038	450,729	—	(2,504,170)	(2,504,170)	—	—
Total primary government	\$ 166,933,632	—	47,305,312	71,195,697	622,970	(45,305,483)	(2,504,170)	(47,809,653)	—	—
Component units:										
Conservation District	\$ 694,736	—	191,391	505,563	—	—	—	—	2,218	—
Industrial Development Authority	35,773	—	19,620	—	—	—	—	—	—	(16,153)
Total component units	\$ 730,509	—	211,011	505,563	—	—	—	—	2,218	(16,153)
General revenues:										
Real estate taxes	—	—	—	—	—	42,385,600	—	42,385,600	—	—
Per capita taxes	—	—	—	—	—	650,909	—	650,909	—	—
Hotel taxes	—	—	—	—	—	1,602,610	—	1,602,610	—	—
Unrestricted investment earnings	—	—	—	—	—	222,193	49,264	271,457	478	489
Transfers	—	—	—	—	—	(2,303,430)	2,303,430	—	—	—
Total general revenues and transfers	—	—	—	—	—	42,557,882	2,352,694	44,910,576	478	489
Change in net position	—	—	—	—	—	(2,747,601)	(151,476)	(2,899,077)	2,696	(15,664)
Net position, beginning of year	—	—	—	—	—	62,326,086	9,555,231	71,881,317	193,336	470,417
Net position, end of year	—	—	—	—	—	\$ 59,578,485	9,403,755	68,982,240	196,032	454,753

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

MAJOR GOVERNMENTAL FUNDS

DESCRIPTION OF FUNDS

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

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

Major Special Revenue Funds:

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

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

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

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

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

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

BALANCE SHEET
Governmental Funds

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Capital projects Fund	Nonmajor Funds	Total
Assets							
Cash and cash equivalents	\$ 18,938,478	4,168,771	300	152,251	529,343	8,722,747	32,511,890
Investments	595,009	—	—	—	—	129,188	724,197
Receivables (net of allowance):							
Taxes	2,221,180	—	—	—	—	83,850	2,305,030
Due from other governments	562,836	599,713	3,465,045	—	—	2,128,506	6,756,100
Accounts receivable	89,937	—	—	30	335,543	125,989	551,499
Court costs and fines receivable	74,405	—	—	—	—	—	74,405
Due from other funds	9,065,093	—	—	—	24,599	681,329	9,771,021
Due from component units	122,338	—	—	—	—	—	122,338
Prepaid items	296,853	936	296	—	—	330,154	628,239
Restricted cash	—	—	—	—	4,930,539	—	4,930,539
Other assets	45,084	—	—	—	—	—	45,084
Total assets	\$ 32,011,213	4,769,420	3,465,641	152,281	5,820,024	12,201,763	58,420,342
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 953,852	1,619,845	990,421	2,894	1,159,189	406,695	5,132,896
Accrued liabilities and withholdings	1,373,789	103,425	133,247	—	4,494	231,487	1,846,442
Due to other funds	1,666,987	1,656,818	2,338,394	40,093	2,675	3,269,560	8,974,527
Due to other governments	988,747	—	—	—	—	1,171,696	2,160,443
Unearned taxes	1,397,008	—	—	—	—	—	1,397,008
Unearned revenue	184,789	1,199,869	3,579	83,593	—	318,646	1,790,476
Funds held as fiduciary	282,778	—	—	—	—	9,798	292,576
Total liabilities	6,847,950	4,579,957	3,465,641	126,580	1,166,358	5,407,882	21,594,368

BALANCE SHEET
Governmental Funds

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

Fund balances:

Nonspendable:								
Prepaid items	296,853	—	—	—	—	—	330,154	627,007
Restricted:								
Landfill closure	347,522	—	—	—	—	—	—	347,522
Farmland preservation	714,300	—	—	—	—	—	—	714,300
Offender supervision	681,358	—	—	—	—	—	—	681,358
Criminal investigation	338,460	—	—	—	—	—	—	338,460
Register of Wills-Act 34	71,250	—	—	—	—	—	—	71,250
Coroner - Act 122	68,634	—	—	—	—	—	—	68,634
Hoffer scholarship	15,812	—	—	—	—	—	—	15,812
Roads and bridge maintenance	—	—	—	—	—	—	1,207,397	1,207,397
Human services	—	189,463	—	—	25,701	—	511,335	726,499
Public safety	—	—	—	—	—	—	38,502	38,502
Row office automation	218,242	—	—	—	—	—	972,248	1,190,490
Marcellus shale	199,719	—	—	—	—	335,543	—	535,262
Conservation	—	—	—	—	—	—	1,093,589	1,093,589
Economic development and housing	—	—	—	—	—	—	2,597,397	2,597,397
Capital projects	—	—	—	—	—	3,818,123	—	3,818,123
Unrestricted:								
Assigned:								
Human services	—	—	—	—	—	—	55,409	55,409
Future budgetary requirements	6,551,207	—	—	—	—	—	—	6,551,207
Capital projects	3,725,000	—	—	—	—	500,000	—	4,225,000
Risk liability	250,000	—	—	—	—	—	—	250,000
Farmland preservation	595,009	—	—	—	—	—	—	595,009
Prison canteen	226,059	—	—	—	—	—	—	226,059
Criminal justice planning	7,081	—	—	—	—	—	—	7,081
Unassigned	10,856,757	—	—	—	—	—	(12,150)	10,844,607
Total fund balances	<u>25,163,263</u>	<u>189,463</u>	<u>—</u>	<u>25,701</u>	<u>4,653,666</u>	<u>6,793,881</u>	<u>6,793,881</u>	<u>36,825,974</u>
Total liabilities and fund balances	\$ <u>32,011,213</u>	<u>4,769,420</u>	<u>3,465,641</u>	<u>152,281</u>	<u>5,820,024</u>	<u>12,201,763</u>	<u>12,201,763</u>	<u>58,420,342</u>

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

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

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

Total fund balances-governmental funds	\$	36,825,974
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		72,750,376
Certain receivables are not available to pay for current period expenditures and, therefore, are unearned in the funds.		3,642,671
Bonds issued by the County have associated amounts that are paid from current available financial resources in the funds. However, these amounts are unearned on the statement of net position.		267,294
Internal service fund used by management to charge the costs of the self-insurance to individual funds:		
Workers' compensation		(65,038)
Health reimbursement arrangement		580,514
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable		(46,032,187)
Notes payable		(3,468,101)
Sick and vacation payable		(3,717,734)
Other post employment benefit obligations		(592,393)
Software Licensing Agreements		(345,000)
Some expenses reported in the statement of activities do not require the use of current financial resources. These are reported as expenditures in the government funds.		(3,583)
Interest accrued on long-term liabilities is not due and payable in the current period and, therefore is not reported in governmental funds.		(264,308)
Net position of governmental activities	\$	<u><u>59,578,485</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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

	General Fund	Mental Health/ Intellectual and Developmental Disabilities	Children and Youth	HealthChoices- Cumberland County	Capital Project Fund	Nonmajor Funds	Total
Revenues:							
Taxes	\$ 43,008,296	—	—	—	—	1,602,610	44,610,906
Licenses and permits	122,829	—	—	—	—	—	122,829
Grants	3,815,622	14,741,629	10,744,288	28,354,028	506,917	9,095,998	67,258,482
County charges	8,219,661	2,293,450	391,516	—	—	5,278,978	16,183,605
Court costs, fines and forfeitures	2,243,576	—	—	—	—	192,209	2,435,785
Investment earnings	132,946	11,162	—	899	37,886	39,301	222,194
Payment in lieu of taxes	130,142	—	—	—	—	—	130,142
Contributions and other	265,353	116,250	1,451	—	—	71,047	454,101
Total revenues	<u>57,938,425</u>	<u>17,162,491</u>	<u>11,137,255</u>	<u>28,354,927</u>	<u>544,803</u>	<u>16,280,143</u>	<u>131,418,044</u>
Expenditures:							
Current:							
General government – administrative	10,583,241	—	—	—	134,736	133,643	10,851,620
General government – judicial	15,241,517	—	—	—	—	3,381,625	18,623,142
Public safety	19,595,172	—	—	—	—	—	19,595,172
Public works and enterprises	—	—	—	—	—	757,449	757,449
Human services	710,743	17,460,022	14,064,911	28,363,948	—	11,499,521	72,099,145
Culture and recreation	138,099	—	—	—	—	31,974	170,073
Conservation and development	379,184	—	—	—	—	5,444	384,628
Economic development and assistance	1,997,182	—	—	—	—	1,410,947	3,408,129
Debt service:							
Principal retirement	—	—	—	—	—	2,501,101	2,501,101
Debt interest	—	—	—	—	—	1,698,453	1,698,453
Capital outlay	1,544,025	15,540	9,241	—	12,411,474	279,554	14,259,834
Payments to other governments	105,631	—	—	—	127,189	1,360,140	1,592,960
Total expenditures	<u>50,294,794</u>	<u>17,475,562</u>	<u>14,074,152</u>	<u>28,363,948</u>	<u>12,673,399</u>	<u>23,059,851</u>	<u>145,941,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,643,631</u>	<u>(313,071)</u>	<u>(2,936,897)</u>	<u>(9,021)</u>	<u>(12,128,596)</u>	<u>(6,779,708)</u>	<u>(14,523,662)</u>
Other financing sources (uses):							
Transfers in	113,775	471,882	2,982,897	—	530,908	7,881,415	11,980,877
Transfers out	(12,117,582)	(6,012)	(46,000)	—	—	(2,099,841)	(14,269,435)
Proceeds from long term debt	152,100	—	—	—	—	—	152,100
Total other financing sources (uses)	<u>(11,851,707)</u>	<u>465,870</u>	<u>2,936,897</u>	<u>—</u>	<u>530,908</u>	<u>5,781,574</u>	<u>(2,136,458)</u>
Net change in fund balances	(4,208,076)	152,799	—	(9,021)	(11,597,688)	(998,134)	(16,660,120)
Fund balances, beginning of year	29,371,339	36,664	—	34,722	16,251,354	7,792,015	53,486,094
Fund balances, end of year	<u>\$ 25,163,263</u>	<u>189,463</u>	<u>—</u>	<u>25,701</u>	<u>4,653,666</u>	<u>6,793,881</u>	<u>36,825,974</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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

Net change in fund balances-total governmental funds	\$ (16,660,120)
<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	14,362,186
Depreciation expense	(3,323,590)
Retirement and sale of equipment	(34,292)
Unearned 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.	899,416
<p>The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Long term debt issued	(152,100)
Long term debt paid	2,501,101
Governmental funds report the effect of issuance costs, and similar items when debt is first issued, whereas these amounts are unearned and amortized in the statement of activities.	(65,983)
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.	(115,384)
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.	(908)
Governmental funds do not recognize interest on long term debt until legally due, while the statement of net position accrues for interest payable.	10,465
Some expenses reported in the statement of activities do not require the use of current financial resources. These are reported as expenditures in the governmental funds.	(190,249)
<p>Internal service funds are used by management to charge the cost of self-insurance claims to individual funds:</p>	
Worker's compensation	(11,639)
Health reimbursement arrangement	33,496
Change in net position of governmental activities	<u>\$ (2,747,601)</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.

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

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

**STATEMENT OF NET POSITION
Proprietary Funds**

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities				
	Enterprise Funds				Internal Service Fund
	County Nursing Home	Emergency Telephone	Nonmajor Funds	Totals	
Assets					
Current assets:					
Cash and cash equivalents	\$ 4,011,433	1,396,086	200	5,407,719	378,491
Investments	—	—	—	—	1,028,950
Restricted cash:					
Patient funds	270,254	—	—	270,254	—
Due from other funds	—	—	274,377	274,377	1,023,631
Accounts receivable (net of allowance):					
Patient accounts receivable	3,600,277	—	—	3,600,277	—
Customer accounts receivable	—	351,062	5,423	356,485	1,800
Due from other governments	—	56,772	146,812	203,584	—
Prepaid items	41,415	117,173	1,479	160,067	—
Total current assets	<u>7,923,379</u>	<u>1,921,093</u>	<u>428,291</u>	<u>10,272,763</u>	<u>2,432,872</u>
Noncurrent assets:					
Bond issuance costs	97,476	65,819	—	163,295	—
Capital assets, net of depreciation	9,939,564	6,929,969	1,094,548	17,964,081	—
Total noncurrent assets	<u>10,037,040</u>	<u>6,995,788</u>	<u>1,094,548</u>	<u>18,127,376</u>	<u>—</u>
Total assets	<u>17,960,419</u>	<u>8,916,881</u>	<u>1,522,839</u>	<u>28,400,139</u>	<u>2,432,872</u>
Liabilities					
Current liabilities:					
Accounts payable	730,294	141,450	25,792	897,536	44,099
Accrued liabilities and withholdings					
Accrued payroll	587,396	129,106	55,621	772,123	—
Accrued interest	53,425	41,247	—	94,672	—
Due to other funds	1,901,850	192,205	447	2,094,502	—
Unearned revenue	107,415	299,815	70,935	478,165	—
Funds held as fiduciary	270,254	—	—	270,254	—
General obligation bonds payable	395,015	507,798	—	902,813	—
General obligation notes payable	795,270	543,658	—	1,338,928	—
Sick and vacation accrual	46,945	11,833	7,005	65,783	—
Self-insurance claims payable	—	—	—	—	262,841
Total current liabilities	<u>4,887,864</u>	<u>1,867,112</u>	<u>159,800</u>	<u>6,914,776</u>	<u>306,940</u>
Noncurrent liabilities:					
Due in more than one year:					
General obligation notes payable	6,850,409	5,044,863	—	11,895,272	—
Self-insurance claims payable	—	—	—	—	721,583
Net OPEB obligation	235,752	33,125	20,780	289,657	—
Sick and vacation accrual	465,156	251,466	65,134	781,756	—
Total noncurrent liabilities	<u>7,551,317</u>	<u>5,329,454</u>	<u>85,914</u>	<u>12,966,685</u>	<u>721,583</u>
Total liabilities	<u>12,439,181</u>	<u>7,196,566</u>	<u>245,714</u>	<u>19,881,461</u>	<u>1,028,523</u>
Net position					
Net invested in capital assets	1,898,870	1,389,749	1,094,548	4,383,167	—
Unrestricted	3,622,368	330,566	182,577	4,135,511	1,404,349
Total net position	<u>\$ 5,521,238</u>	<u>1,720,315</u>	<u>1,277,125</u>	<u>8,518,678</u>	<u>1,404,349</u>

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

Internal service fund used by management to charge the cost of workers' compensation claims to individual funds. The net position of the internal service fund are included in business-type activities in the statement of net position.	1,404,349
Adjustment to reflect the consolidation of worker's compensation activity related to governmental and component unit activities.	64,896
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities	(584,168)
Net position of business-type activities	<u>\$ 9,403,755</u>

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

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

Proprietary Funds

For the year ended December 31, 2012

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	\$ 24,643,806	1,647,432	1,309,371	27,600,609	1,608,034
Rentals and other revenues	36,437	13,976	—	50,413	—
Total operating revenues	<u>24,680,243</u>	<u>1,661,408</u>	<u>1,309,371</u>	<u>27,651,022</u>	<u>1,608,034</u>
Operating expenses:					
Patient/client services	19,556,403	4,627,963	2,822,542	27,006,908	1,569,978
Depreciation	991,065	916,767	344,300	2,252,132	—
Administrative	4,236,192	47,182	—	4,283,374	—
Total operating expenses	<u>24,783,660</u>	<u>5,591,912</u>	<u>3,166,842</u>	<u>33,542,414</u>	<u>1,569,978</u>
Operating income (loss)	<u>(103,417)</u>	<u>(3,930,504)</u>	<u>(1,857,471)</u>	<u>(5,891,392)</u>	<u>38,056</u>
Nonoperating revenues (expenses):					
Grants	—	2,637,139	1,024,783	3,661,922	—
Interest income	11,026	4,351	—	15,377	33,887
Interest expense	(349,436)	(272,627)	—	(622,063)	—
Insurance recovery	—	—	16,418	16,418	—
Loss on the sale of capital assets	(1,940)	(107,953)	(15,518)	(125,411)	—
Gain on sale of capital assets	—	—	4,437	4,437	—
Total net nonoperating revenues (expenses)	<u>(340,350)</u>	<u>2,260,910</u>	<u>1,030,120</u>	<u>2,950,680</u>	<u>33,887</u>
Income (loss) before transfers and capital contributions	(443,767)	(1,669,594)	(827,351)	(2,940,712)	71,943
Capital contributions	—	—	450,729	450,729	—
Transfers in	166,026	1,856,241	453,379	2,475,646	—
Transfers out	—	(21,062)	(166,026)	(187,088)	—
Change in net position	<u>(277,741)</u>	<u>165,585</u>	<u>(89,269)</u>	<u>(201,425)</u>	<u>71,943</u>
Net position, beginning of year	5,798,979	1,554,730	1,366,394		1,332,406
Net position, end of year	<u>\$ 5,521,238</u>	<u>1,720,315</u>	<u>1,277,125</u>		<u>1,404,349</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.	13,250
Adjustment to reflect the consolidation of workers' compensation activity related to governmental and component unit activities.	11,673
Adjustment to reflect the consolidation of health reimbursement arrangement activity related to the business-type activities	25,026
Change in net position of business-type activities	<u>\$ (151,476)</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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities				
	Enterprise Funds				Internal Service Fund
	County Nursing Home	Emergency Telephone	Nonmajor Funds	Totals	
Cash flows from operating activities:					
Cash received on surcharges	\$ —	1,642,926	—	1,642,926	—
Cash received on county charges	25,168,478	—	1,307,005	26,475,483	1,526,367
Payments to vendors	(6,334,877)	(1,326,671)	(1,194,594)	(8,856,142)	(957,985)
Payments to employees	(17,711,533)	(3,071,618)	(1,613,762)	(22,396,913)	(510,451)
Net cash provided by (used in) operating activities	<u>1,122,068</u>	<u>(2,755,363)</u>	<u>(1,501,351)</u>	<u>(3,134,646)</u>	<u>57,931</u>
Cash flows from noncapital financing activities:					
Subsidy from federal/state grants	—	2,171,257	1,076,459	3,247,716	—
Transfers from other funds	—	1,578,284	300,623	1,878,907	—
Net cash provided by noncapital financing activities	<u>—</u>	<u>3,749,541</u>	<u>1,377,082</u>	<u>5,126,623</u>	<u>—</u>
Cash flows from capital and related financing activities:					
Subsidy from federal/state grants	—	200,000	475,608	675,608	—
Transfers to other funds	—	(326,202)	—	(326,202)	—
Insurance proceeds	—	—	82,092	82,092	—
Proceeds from sale of capital assets	—	—	4,437	4,437	—
Purchase of capital assets	(253,883)	(1,788,818)	(437,868)	(2,480,569)	—
Principal paid on capital debt	(1,165,146)	(1,012,367)	—	(2,177,513)	—
Interest paid on capital debt	(342,903)	(268,485)	—	(611,388)	—
Net cash provided by (used in) capital and related financing activities	<u>(1,761,932)</u>	<u>(3,195,872)</u>	<u>124,269</u>	<u>(4,833,535)</u>	<u>—</u>
Cash flows from investing activities:					
Purchase of investments	—	—	—	—	(1,028,950)
Investment income received	11,026	4,351	—	15,377	35,187
Net cash provided by investing activities	<u>11,026</u>	<u>4,351</u>	<u>—</u>	<u>15,377</u>	<u>(993,763)</u>
Net decrease in cash and cash equivalents	(628,838)	(2,197,343)	—	(2,826,181)	(935,832)
Cash and cash equivalents, January 1	4,910,525	3,593,429	200	8,504,154	1,314,323
Cash and cash equivalents, December 31	<u>\$ 4,281,687</u>	<u>1,396,086</u>	<u>200</u>	<u>5,677,973</u>	<u>378,491</u>

(Continued)

STATEMENT OF CASH FLOWS
Proprietary Funds

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

	Business-type Activities				
	Enterprise Funds				Internal Service Fund
	County Nursing Home	Emergency Telephone	Nonmajor Funds	Totals	
(Continued)					
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (103,417)	(3,930,504)	(1,857,471)	(5,891,392)	38,056
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	991,065	916,767	344,300	2,252,132	—
Changes in assets and liabilities in:					
Patient accounts receivable	377,464	—	—	377,464	—
Due from other governments	—	(6,390)	—	(6,390)	—
Customer accounts receivable	—	2,098	15,543	17,641	—
Due from other funds	147,718	267,336	—	415,054	(81,667)
Prepaid items	(12,995)	(7,781)	(1,071)	(21,847)	86,113
Deferred charges	20,998	14,379	—	35,377	—
Accounts payable	(241,330)	(28,683)	11,929	(258,084)	23,257
Accrued liabilities and withholdings	(24,801)	11,035	(987)	(14,753)	—
Unearned revenues	107,415	—	(585)	106,830	—
Due to other funds	—	—	(17,325)	(17,325)	—
Funds held as fiduciary	(186,109)	—	—	(186,109)	—
Net OPEB obligation	46,060	6,380	4,316	56,756	—
Self-insurance claims payable	—	—	—	—	(7,828)
Total adjustments	<u>1,225,485</u>	<u>1,175,141</u>	<u>356,120</u>	<u>2,756,746</u>	<u>19,875</u>
Net cash provided by (used in) operating activities	<u>\$ 1,122,068</u>	<u>(2,755,363)</u>	<u>(1,501,351)</u>	<u>(3,134,646)</u>	<u>57,931</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 POSITION

Fiduciary Funds

December 31, 2012

COUNTY OF CUMERLAND, PENNSYLVANIA

	Pension Trust - Employees' Retirement	Agency Funds
	<hr/>	<hr/>
Assets		
Cash and cash equivalents	\$ 4,535,676	2,920,802
Investments:		
U.S. Government securities	20,218,489	—
Corporate bonds	20,681,025	—
Corporate stocks	53,407,178	—
Mutual funds	36,852,820	
Other corporate debt	11,161,651	—
Total investments	<hr/> 142,321,163	<hr/> —
Accrued interest and dividends receivable	512,229	—
Total assets	<hr/> 147,369,068	<hr/> 2,920,802
Liabilities and Fund Equity		
Due to other governments	—	1,293,953
Other liabilities	39,316	1,626,849
Total liabilities	<hr/> 39,316	<hr/> 2,920,802
Net position		
Net position held in trust for pension benefits and other purposes	\$ <hr/> 147,329,752	<hr/> —

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Pension Trust Fund

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

Additions:

Contributions:

Employer	\$ 6,116,283
Plan members	2,979,956
Total contributions	<u>9,096,239</u>

Investment income:

Net appreciation in fair value of investments	11,857,723
Interest	1,311,015
Dividends	1,786,003
Total investment earnings	<u>14,954,741</u>
Less investment expense	<u>420,545</u>
Net investment income	<u>14,534,196</u>
Total additions	<u>23,630,435</u>

Deductions:

Benefits	5,835,157
Refunds of contributions	547,472
Administrative expenses	136,346
Total deductions	<u>6,518,975</u>
Net increase	17,111,460

Net position reserved for pension benefits:

Beginning of year	<u>130,218,292</u>
End of year	<u>\$ 147,329,752</u>

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The County's significant accounting policies are described below.

A. The Reporting Entity

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

The basic criteria for determining whether a governmental organization should be included in the primary governments reporting entity is financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Component units may be blended if their boards are substantively the same, such as where all of the County Commissioners serve "ex officio" with significant corporate powers reserved for them and where either a financial benefit or burden relationship exists or where management of the primary government has operational responsibility for the component unit. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it, if a financial benefit or burden relationship is also present.

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

Component units are reported as blended if the governing body of the component unit is equivalent to the primary government's governing body in regard to decision making.

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. As all County Commissioners serve *Ex Officio* on the Board of the CAEDC and; as provisions in the CAEDC's bylaws preclude the non-Commissioner board members from exercising certain corporate powers absent unanimous consent of the County Commissioners; as the Commissioners both approve and may remove at will any non-Commissioner CAEDC board member; and as the Commissioners may dissolve the CAEDC, the CAEDC's board is considered, in regard to decision making, substantially the same as the primary government's board and able to impose its will on the CAEDC.

The County Commissioners are financially accountable for the CAEDC. The CAEDC is fiscally dependent on the County, as the County directly provides the majority of CAEDC funding and the CAEDC bylaws

require the Commissioners to appropriate any funds to the use of the organization. Separate financial statements may be obtained from the Cumberland Area Economic Development Corporation, 53 West South Street, Suite 1, 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 landowners desire such action. The District publishes a separate audit report, which may be obtained at the District's office, 310 Allen Road, Suite 301, Carlisle, PA 17013-9101.

Cumberland County Industrial Development Authority (IDA)

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

In the regard to both the IDA's conduit financing transactions and its note payable outstanding at December 31, 2012, the County is not a guarantor and note holders expressly have no recourse to the County.

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

The activities of the IDA are conducted within the geographic boundaries of the County primarily for the benefit of County residents through the creation of employment opportunities. Revenues are primarily from application and servicing fees received from developers seeking to issue tax-exempt obligations. The IDA

publishes a separate audit report, which may be obtained at the Cumberland County Industrial Development Authority, 53 West South Street, Suite 1, Carlisle, PA 17013.

(2) Related Organizations

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

Cumberland County Housing Authority (Housing Authority)

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

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

Cumberland County Redevelopment Authority (Redevelopment Authority)

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

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

Cumberland County Library System

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

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

Other Organizations

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

- Affordable Housing Trust Fund Board
- Aging and Community Services Advisory Board

Agricultural Land Preservation Board
Army Heritage Education Center Foundation Board
Assessment Appeals Board
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 2012 audited financial statements are:

	Fiscal year ended June 30, 2012
Operating revenues	\$ 7,075,726
Operating expenses	22,564,068
Loss from operations	(15,488,342)
Total nonoperating revenues	11,932,541
Capital grant funding	3,355,377
Net position	29,261,272
Unrestricted deficit	(387,575)

CAT is primarily dependent on federal, state and county governments to fund its operations. CAT’s major expenses are wages, fringe benefits and purchased transportation costs. CAT’s investment in capital assets includes land, buildings, revenue vehicles, service vehicles, shop and garage equipment, furniture and office equipment, and miscellaneous revenue equipment; all of which are funded by federal, state and local governmental grants. At June 30, 2012, CAT has made commitments to acquire capital assets of approximately \$2,800,000 for eight fixed route buses.

CAT has a \$3,000,000 line of credit with a bank at the bank’s prime rate plus 150 basis points as of June 30, 2012, of which \$346,105 was outstanding at June 30, 2012. The line of credit is secured by all nonreal estate assets of the Authority. CAT also has a \$1,500,000 line of credit with a bank at 30-day LIBOR interest rate at June 30, 2012, of which \$300,449 was outstanding at June 30, 2012. The line of credit is secured by all nonreal estate assets of the Authority.

As a participant in the joint venture, the County’s annual subsidy payment was \$310,918 in 2012. Additionally, the County pays \$11,320 per year to CAT for transportation services for Shippensburg Borough. The County also pays approximately \$10,000 per year for the Shared Ride program. In 2012, the County paid CAT \$332,200. CAT issues publicly available financial statements that may be obtained by contacting the Director of Finance at Capital Area Transit, 901 North Cameron Street, P.O. Box 1571, Harrisburg, PA 17105.

B. Basis of presentation

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

C. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on the overall County. The statement of net position reports what the County owns and owes. The statement of activities reports, by program category, the amount of expenses not covered by program revenues. Program expenses not covered by program revenues are instead financed with County taxes and other general revenues. The government-wide statements do not include the fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant

extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Indirect expenses* are allocated to all governmental and business-type activities in accordance with the County's indirect cost allocation plan. However, indirect expenses are recorded and reported only in those activities with cost reimbursement grant funding. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. County real estate taxes and other revenues that do not relate to a specific program are reported as *general revenue*.

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

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

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

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

The government-wide financial statements report revenues when earned and expenses when the liability is incurred regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. County taxes are reported as revenue in the year for which they are levied. Grants and similar revenues are deemed earned when all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. Disbursement of grant funds in payment of program costs is typically an eligibility criterion. Any excess of grant receipts at year-end is recorded as unearned 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. In 2012 these standards were incorporated in the governmental accounting standards with GASB Statement No. 62.

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

Governmental fund financial statements report revenues as soon as they are both measurable and available. Revenues, including grants, are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Real estate and per capita taxes due for the current year are considered available and are, therefore, recognized as revenues if collected during the year or during the first sixty days of the subsequent year. Grants are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Other revenues are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

The County reports the following governmental fund types:

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

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

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

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

The County reports the following proprietary fund types:

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

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

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

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

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

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

E. Interfund Eliminations

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

F. Program Revenues

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

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

G. Net Patient Service Revenue

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

H. Operating and Nonoperating Revenues

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

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

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

I. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds and other short-term investments with maturities of three months or less from the date of acquisition. Cash also includes deposits in other kinds of short-term investment accounts or cash management pools that have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

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

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

J. Prepaids

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

K. Restricted Assets and Related Liabilities

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

Assets, such as cash and due from other governments, in grant funded programs are generally restricted in use to payment of current program liabilities.

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

Restricted investments in business-type activities consist of resident money held in a fiduciary capacity at the County's nursing home.

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

M. Compensated Absences

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

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

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

N. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund statement of net position. Bond and note discounts and premiums, as well as issuance costs and unamortized amount on refundings, are amortized on the straight-line basis, which, especially in the current low interest rate environment, approximates the effective interest methods over the bond and note terms. Bonds and notes payable are reported net of applicable unearned 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.

O. Deferred Inflows/Outflows of Resources

The County has no recognizable deferred outflows or deferred inflows of resources to report.

P. 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.

Q. Fund Balance – Governmental Funds

The County's fund balance policy establishes the objective of maintaining a healthy level of fund balance sufficient to mitigate current and future financial risks (i.e. unanticipated emergency expenditures and revenue shortfalls) and to ensure stable tax rates by maintaining an unassigned fund balance in the general fund representing no less than sixty days of general fund operating expenditures as recommended by the Government Finance Officer Association. The County accomplishes this objective by maintaining an unassigned fund balance in its general fund of no less than sixty days of average budgeted general fund total expenditures and transfers-out.

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

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

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

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

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

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

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.

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.

Marcellus shale – These funds are the County’s portion of the Pennsylvania’s Marcellus Legacy Fund which is funded from forty percent of the proceeds from the natural gas drilling impact fee.

- *General fund* – monies are restricted for the planning, acquisition, development, rehabilitation and repair of greenway projects.
- *Capital projects* – monies are restricted to replace or repair locally owned, at-risk deteriorated bridges.

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

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

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

Unrestricted Fund Balance

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

County Commissioners have not taken action to commit fund balance.

Fund Balance Assignments

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

Assignments have been established in the general fund as follows:

Human services – This assignment was established to fund future human service expenditures.

Future budgetary requirements – This assignment was established to fund future budgetary requirements for 2013.

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.

R. Net Position and Fund Balance

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

Net invested in capital assets represents the applicable financed capital assets less accumulated depreciation and the outstanding liability (excluding unspent proceeds) for debt specifically related to the acquisition of the capital assets.

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

Unrestricted net position represents total net position less net invested in capital assets and restricted net position.

S. Retirement and Other Postemployment Benefits

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

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

T. New Accounting Pronouncements

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

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

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

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

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

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The County is currently evaluating what effect, if any, adoption of GASB 66 will have on the County's financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and Statement No. 68, *Accounting and Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*. The objective of these Statements is to improve accounting and financial reporting by state and local governmental pension plans. Statement No. 67 is effective for financial statements for fiscal years beginning after June 15, 2013. Statement No. 68 is effective for financial statements for fiscal years beginning after June 15, 2014. The County is currently evaluating what effect adoption of GASB 67 and GASB 68 will have on the County's financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. The County is currently evaluating what effect adoption of GASB 69 will have on the County's financial statements.

2. Deposits and Investments

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

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

A. Policies

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

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

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

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

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

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

- Limits investments in commercial paper to 25 percent of County available funds,
- Prohibits the placement of more than 35 percent of aggregate cash and investments in any one financial institution,
- Restricts repurchase agreements to those invested in U.S. Government obligations and its agencies and instrumentalities that are U.S. Government backed and requires a 102 percent margin for underlying collateral,
- Requires that the purchase of securities be executed on a delivery versus payment basis through an independent third party and that securities be held by the custodian as evidenced by safekeeping receipts.

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

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

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

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

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

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

- To manage custodial credit risk, the Pension Policy requires that custodians and deposit administrators exercise fund safekeeping and securities settlement procedures by custodian participation in one or more appropriate securities depositories (e.g. Depository Trust Company, New York) and, as necessary, correspondent participation in other major depositories (e.g. the Federal Reserve System).
- In order to limit foreign currency exposure, hedging is permitted to protect against currency fluctuations for equity securities denominated in foreign currencies.
- To limit exposure to emerging markets and the associated risks, investments in emerging market equity securities are limited to 15 percent of the international equity portfolio at market value.
- Credit risk is managed by requiring that any single fixed income security be rated investment grade by two of the three major rating agencies. Commercial paper holdings shall be A1 or P1 or Prime.
- To limit concentration of credit risk, holdings of fixed income securities of any one issuer cannot exceed five percent of the total market value of the fixed income portfolio. Debt securities issued by the U.S. Treasury and Federal agencies are not subject to this restriction.
- Interest rate risk is managed by both limiting duration to within 25 percent of a fixed income portfolio benchmark and limiting holdings of fixed income securities that are subject to significant fluctuations in fair value due to changes in interest rates. Holdings of zero coupon bonds (limited to U.S. Treasury securities) are capped at 20 percent of the fixed income portfolio. Range accrual notes, interest only and principal only securities are limited, as a group, to 20 percent of the fixed income portfolio.
- In regard to investments in mutual funds, the Pension Policy recognizes that, given the nature of mutual funds, the diversification limitations regarding both concentrations in individual securities and other objectives and specific requirements may at times be exceeded.

The Pension Policy prohibits the following transactions and purchases:

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

B. Risks

(1) Custodial Credit Risk

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

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

The Federal Deposit Insurance Corporation (FDIC) insures for each official government custodian up to \$250,000 of demand deposits per custodian per depository and, separately, up to \$250,000 of time and savings deposits per custodian per depository. Additionally, the FDIC temporarily (through December 31, 2012) fully insures all noninterest-bearing transaction depository bank accounts regardless of balance.

Funds in bank accounts held in a fiduciary capacity including the negotiable certificates of deposit held by the County’s Pension Fund are subject to separate FDIC coverage up to \$250,000 per applicable beneficiary.

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

In 2012, the County exceeded the self-imposed limit, expressed in its investment policy governing its non-pension cash and investment policy, of holding more than thirty-five percent of deposits in a single financial institution. This limit was exceeded in order to take advantage of higher interest paid on deposit balances and lower banking fees offered by a local financial institution and the balances on deposit are collateralized in accordance with Act 72, to the extent they exceed FDIC coverage.

Custodial credit risk – non-pension deposits – As of December 31, 2012, \$39,165,657 of the County’s bank balance of \$44,836,788 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the bank but not in the County’s name	\$ 2,028,012
Uninsured and collateral held by pledging bank’s trust department or agent but not in the County’s name	<u>37,137,645</u>
Total	<u>\$ 39,165,657</u>

As of December 31, 2012, \$571,984 of Cumberland Area Economic Development Corporation’s (CAEDC) total bank balances of \$1,700,461 was uninsured and collateralized in accordance with Act 72.

Custodial credit risk – fiduciary fund deposits – Excluding the negotiable certificates of deposit held by the County’s Pension Fund as of December 31, 2012, \$1,736,499 of the County’s bank balance of its fiduciary funds of \$3,210,336 was exposed to custodial credit risk as a result of it being uninsured and its collateral held by the bank’s trust department or agent but not in the County’s name.

Custodial credit risk – Cumberland County Conservation District deposits – The Cumberland County Conservation District is subject to the County’s aforementioned investment policy. As of December 31, 2012, the District’s deposit balances of \$268,943 were insured by the FDIC.

Custodial credit risk – Cumberland County Industrial Development Authority deposits – As of December 31, 2012, all of the Authority’s \$57,245 deposit balances were insured by the FDIC.

Custodial credit risk – non-pension investments – The County is exposed to custodial credit risk at December 31, 2012, through a \$595,009 U.S. Treasury zero coupon STRIPS that matures in 2022 which is held by a third party and not registered in the County’s name. This security is held in the County’s general fund. The County’s investment policy does not require that securities held by third parties be registered in the County’s name.

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

2) Interest Rate Risk

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

Interest rate risk – non-pension investments – As of December 31, 2012, the County had debt securities with the following duration:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration</u>
<u>Debt securities</u>		
Money market funds	\$ 378,491	
Mututal funds:		
Government fixed income	261,444	3.3
Government fixed income	399,949	2.0
Diversified fixed income	68,245	0.9
Diversified fixed income	131,064	2.3
Diversified fixed income	168,248	5.3
U.S. Treasury STRIPS	595,009	9.0
Total debt securities	<u>\$ 2,002,450</u>	

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

Of the non-pension investments above, \$378,491 of short-term, liquid investments are classified as cash and cash equivalents on the County’s statement of net position of the primary government.

Of the non-pension investments above, \$1,623,959 are classified as investments on the statement of net position of the primary government. These investments, in addition to \$129,188 of bank certificate of deposits classified as investments by Cumberland Area Economic Development, are reported as investments on the government-wide statement of net assets.

The County held \$595,009 of U.S. Treasury zero coupon STRIPS at December 31, 2012. U.S. Treasury STRIPS pays no interest over its term and, as a zero coupon security, pays only at maturity. This security matures on November 15, 2022 at \$715,000.

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

Interest rate risk – pension investments – As of December 31, 2012, 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>					
Negotiable bank certificates of deposit	\$ 11,161,651	—	10,914,804	246,847	—
U.S. Treasury inflation protected securities	3,424,044	1,369,011	2,055,033	—	—
U.S. government securities	11,996,743	—	5,649,006	3,116,300	3,231,437
U.S. agency securities	4,797,702	—	4,797,702	—	—
Money market funds	4,535,676	4,535,676	—	—	—
Corporate bonds and notes	20,681,025	1,343,860	10,687,713	6,064,289	2,585,163
Total debt securities	<u>56,596,841</u>	<u>7,248,547</u>	<u>34,104,258</u>	<u>9,427,436</u>	<u>5,816,600</u>
		13%	60%	17%	10%
<u>Other investments</u>					
Equity mutual fund-foreign	3,481,354				
Equity mutual fund-global	11,787,280				
Equity mutual fund-U.S.	21,584,186				
Equity securities-U.S.	53,407,178				
Total investments	<u>\$ 146,856,839</u>				

The total pension trust fund investments of \$146,856,839, above, includes \$4,535,676 of short-term, liquid investments that are classified as cash and cash equivalents on the pension trust fund Employees’ Retirement Statement of Fiduciary Net Position.

The County held \$3,424,044 of U.S. Treasury inflation-adjusted bonds (TIPS) at December 31, 2012. These bonds pay a fixed rate of interest over their term. The bond principal, however, is adjusted for changes in the consumer price index. At maturity, the bond pays the higher of the inflation-adjusted principal or the original principal amount; thereby protecting the holder from adverse changes in the inflation rate.

Certain debt security interest terms may cause a debt security’s fair value to be highly sensitive to interest rate changes. Such terms include zero coupons, coupon multipliers, interest rates tied to benchmark indexes, interest reset dates, and prepayment options. The type, fair value and terms of these debt securities at December 31, 2012 follow:

Pension Fund Debt Securities Highly Sensitive to Interest Rate Changes

<u>Debt Security</u>	<u>Amount</u>	<u>Interest Terms</u>
U.S. agency	\$2,693,816	1-month LIBOR + 5bps
U.S. agency	648,464	3-month LIBOR + 10bps
U.S. agency	1,065,403	1-month LIBOR + 2.5bps
U.S. government	399,051	Step-Coupon; 2.00% to 3/8/17; 4.75% to maturity
U.S. government	521,336	Step-Coupon; 1.00% to 4/25/13; 1.25% 4/25/14; 1.50% to 4/25/15; 2.00% to 4/25/16; 2.50% thereafter
U.S. government	516	1-yr constant maturity treasury + 2.173%
U.S. government	5,277	12-month LIBOR + 1.73%
U.S. government	52,344	1-yr constant maturity treasury + 2.295%
U.S. government	<u>13,511</u>	1-yr constant maturity treasury + 2.22%
	<u>\$5,399,718</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, 2012 that are highly sensitive to interest rate changes due to their risk of being called by the issuer and/or pre-paid by underlying mortgage holders: \$2,698,180 of U.S. government securities, \$390,020 of U.S. agency debt securities and \$13,643,109 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, 2012 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>
<u>Debt securities</u>		
Money market funds	\$ 378,491	Aaa
Mutual funds:		
Government fixed income	261,444	Not rated
Government fixed income	399,949	Not rated
Diversified fixed income	68,245	Not rated
Diversified fixed income	131,064	Not rated
Diversified fixed income	168,248	Not rated
U.S. Treasury STRIPS	595,009	Aaa
Total debt securities	<u>\$ 2,002,450</u>	

Credit risk – pension investments – Exposure to credit risk in the County pension trust fund at December 31, 2012 is as follows:

<u>Debt Securities</u>	<u>Fair Value</u>	<u>Credit Quality Ratings*</u>			
		<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
Negotiable bank certificates of deposit	\$ 11,161,651	11,161,651	—	—	—
U.S. Treasury inflation protected securities	3,424,044	3,424,044	—	—	—
U.S. government securities	11,996,743	11,996,743	—	—	—
U.S. agency securities	4,797,702	4,797,702	—	—	—
Money market funds	4,535,676	4,535,676	—	—	—
Corporate bonds and notes	20,681,025	410,440	4,768,431	14,394,139	1,108,015
Total debt securities	\$ 56,596,841	36,326,256	4,768,431	14,394,139	1,108,015
		64%	9%	25%	2%

*Expressed in Moody’s equivalent ratings.

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, 2012 in any one issuer, other than investments issued or explicitly guaranteed by the U.S. government.

(5) Foreign Currency Risk

Foreign currency risk – pension investments – Foreign currency risk is the risk that the fair value of such securities will be adversely affected by changes in exchange rates. The pension trust fund is exposed to foreign currency risk through a \$3,481,354 investment at fair value in an international equity mutual fund as

of December 31, 2012. The equity fund's objective is to invest at least 90 percent of its net position in equity securities of issuers located outside of the United States and using exchanges outside the United States.

3. Real Estate Taxes

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

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on bonded debt. For 2012, County real estate taxes were levied at the rate of 1.902 mills for general County purposes.

An additional levy was approved by the electorate for the County library system at 0.143 mills. This tax is accounted for as an agency transaction and the associated library taxes receivable, unearned 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, 2012, which are expected to be collected within one year.

The County nursing home has \$3,600,277 in net patient accounts receivable as of December 31, 2012, 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 \$390,393 against the gross patient accounts receivable. Of the County nursing home's patient accounts receivable, \$75,150 is expected to be collected beyond one year.

Taxes receivable is reduced by an allowance for uncollectible accounts of \$696,854 for 2012 which is determined by a review of account status. Of the County's delinquent taxes receivable, \$381,000 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, 2012 is \$9,030,820. Of that balance, the County has recognized an allowance for doubtful accounts of \$6,710,749. Of the County's court costs and fines receivable, \$1,115,649 is expected to be collected beyond one year.

5. Capital Assets

Capital asset activity for the year ended December 31, 2012 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	4,017,396	12,538,952	(763,624)	15,792,724
Agricultural easements	8,126,696	400,000	—	8,526,696
Total capital assets, not being depreciated	<u>14,647,356</u>	<u>12,938,952</u>	<u>(763,624)</u>	<u>26,822,684</u>
Capital assets, being depreciated:				
Buildings and systems	63,109,360	1,235,484	(51,880)	64,292,964
Improvements other than buildings	1,232,912	103,202	—	1,336,114
Machinery and equipment	15,358,674	848,172	(474,679)	15,732,167
Bridges	9,714,049	—	—	9,714,049
Total capital assets being depreciated	<u>89,414,995</u>	<u>2,186,858</u>	<u>(526,559)</u>	<u>91,075,294</u>
Less accumulated depreciation for:				
Buildings and systems	(26,668,085)	(1,692,325)	51,091	(28,309,319)
Improvements other than buildings	(91,750)	(62,187)	—	(153,937)
Machinery and equipment	(9,488,570)	(1,459,228)	441,176	(10,506,622)
Bridges	(6,067,874)	(109,850)	—	(6,177,724)
Total accumulated depreciation	<u>(42,316,279)</u>	<u>(3,323,590)</u>	<u>492,267</u>	<u>(45,147,602)</u>
Total capital assets, being depreciated, net	<u>47,098,716</u>	<u>(1,136,732)</u>	<u>(34,292)</u>	<u>45,927,692</u>
Governmental activities capital assets, net	<u>\$ 61,746,072</u>	<u>11,802,220</u>	<u>(797,916)</u>	<u>72,750,376</u>

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

5. Capital Assets

	Beginning Balance	Additions	Sales and Other Dispositions*	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ —	219,496	—	219,496
Total capital assets, not being depreciated	—	219,496	—	219,496
Capital assets, being depreciated:				
Buildings and systems	28,032,851	34,311	(336,345)	27,730,817
Improvements other than buildings	671,463	29,959	(14,975)	686,447
Machinery and equipment	15,403,443	549,100	(659,848)	15,292,695
Total capital assets being depreciated	44,107,757	613,370	(1,011,168)	43,709,959
Less accumulated depreciation for:				
Buildings and systems	(15,910,159)	(956,161)	230,949	(16,635,371)
Improvements other than buildings	(423,405)	(41,971)	7,488	(457,888)
Machinery and equipment	(8,259,064)	(1,254,000)	640,949	(8,872,115)
Total accumulated depreciation	(24,592,628)	(2,252,132)	879,386	(25,965,374)
Total capital assets, being depreciated, net	19,515,129	(1,638,762)	(131,782)	17,744,585
Business-type activities capital assets, net	\$ 19,515,129	(1,419,266)	(131,782)	17,964,081

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

	Beginning Balance	Additions	Sales and Other Dispositions	Ending Balance
Component units:				
Capital assets, not being depreciated:				
Land	\$ 2,000,000	84,576	—	2,084,576
Total capital assets, not being depreciated	2,000,000	84,576	—	2,084,576
Capital assets, being depreciated:				
Machinery and equipment	179,586	40,068	(18,613)	201,041
Total capital assets being depreciated	179,586	40,068	(18,613)	201,041
Less accumulated depreciation for:				
Machinery and equipment	(151,538)	(12,121)	19,629	(144,030)
Total accumulated depreciation	(151,538)	(12,121)	19,629	(144,030)
Total capital assets, being depreciated, net	28,048	27,947	1,016	57,011
Component unit capital assets, net	\$ 2,028,048	112,523	1,016	2,141,587

5. Capital Assets

Depreciation expense was charged to the functions/programs of the County in 2012 as follows:

Governmental activities:

General government - administrative	\$	1,571,480
General government - judicial		205,794
Public safety		1,225,289
Roads and bridge maintenance		109,850
Recycling and waste management		57,311
Human services:		
Mental health/intellectual and developmental disabilities		20,732
Children and youth		43,236
Food and shelter		19,440
Office of aging		15,978
Other		30,632
Conservation		5,691
Economic development and assistance		18,157
Total depreciation expense - governmental activities	\$	<u><u>3,323,590</u></u>

Business-type activities:

Emergency telephone	\$	916,767
Hazardous materials protection		44,483
Transportation services		290,648
County nursing home		991,065
Early learning center		9,169
Total depreciation expense - business-type activities	\$	<u><u>2,252,132</u></u>

6. Interfund and Transfer Accounts

The composition of interfund balances at December 31, 2012 follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Children and Youth	\$ 2,338,394
	HealthChoices-Cumberland County	40,093
	MH/IDD	1,533,850
	Capital Projects	2,675
	County Nursing Home	1,901,756
	Emergency Telephone	187,933
	Non-major governmental funds	3,059,945
	Non-major proprietary funds	447
Capital Projects	General	20,327
	Emergency Telephone	4,272
Non-major governmental funds	General	511,202
	Non-major governmental funds	170,127
Non-major proprietary funds	General	111,827
	MH/IDD	122,968
	County Nursing Home	94
	Non-major governmental funds	39,488
Internal Service Fund	General	1,023,631
Total		<u>\$ 11,069,029</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, 2012 follow:

		Transfer In:							
Transfer out:	General Fund	MH/IDD	Children and Youth	Capital Projects	Governmen- tal Non-major	Nursing Home	Emergency Telephone	Business- type Non- major	Total
General Fund	\$ -	471,882	2,982,897	509,846	5,843,337	-	1,856,241	453,379	12,117,582
MH/IDD	6,012	-	-	-	-	-	-	-	6,012
Children and Youth	-	-	-	-	46,000	-	-	-	46,000
Non-major governmental funds	107,763	-	-	-	1,992,078	-	-	-	2,099,841
Emergency Telephone	-	-	-	21,062	-	-	-	-	21,062
Business-type non-major	-	-	-	-	-	166,026	-	-	166,026
Total transfer out:	\$ 113,775	471,882	2,982,897	530,908	7,881,415	166,026	1,856,241	453,379	14,456,523

7. Long-term Liabilities

The following is a summary of the changes in the County’s long-term liabilities for the year ended December 31, 2012:

<u>Liability</u>	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2012</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
Bonds	\$ 48,222,774	-	2,190,587	46,032,187	2,402,187
Notes	3,713,316	-	245,215	3,468,101	253,319
Unamortized amount on refundings	(548,187)	-	(74,924)	(473,263)	-
Net premium (discount) on bonds and notes	725,278	-	54,467	670,811	-
Total bonds and notes payable	52,113,181	-	2,415,345	49,697,836	2,655,506
Sick and vacation	3,716,826	3,906,193	3,905,285	3,717,734	294,500
Other postemployment benefit obligations	477,009	193,995	78,611	592,393	-
Software licensing agreements	258,199	152,100	65,299	345,000	115,373
Governmental activities long- term liabilities	\$ 56,565,215	4,252,288	6,464,540	54,352,963	3,065,379
Business-type activities:					
Bonds and notes payable:					
Bonds	\$ 1,797,226	-	894,413	902,813	902,813
Notes	14,671,789	-	1,283,101	13,388,688	1,338,928
Unamortized amount on refundings	(206,495)	-	(41,779)	(164,716)	-
Net premium (discount) on notes	26,880	-	16,652	10,228	-
Total bonds and notes payable	16,289,400	-	2,152,387	14,137,013	2,241,741
Sick and vacation	889,647	1,265,500	1,307,608	847,539	65,783
Other postemployment benefit obligations	232,901	95,424	38,668	289,657	-
Workers' compensation	992,251	437,390	445,217	984,424	262,841
Business-type activities long-term liabilities	\$ 18,404,199	1,798,314	3,943,880	16,258,633	2,570,365
Component units:					
Notes payable	\$ 2,000,000	-	-	2,000,000	2,000,000
Sick and vacation	41,146	41,962	40,079	43,029	2,387
Other postemployment benefit obligations	5,355	2,040	827	6,568	-
Component units long-term liabilities	\$ 2,046,501	44,002	40,906	2,049,597	2,002,387

The component unit note payable is not a general obligation of Cumberland County and the note holder has no recourse against Cumberland County for payment.

For the governmental activities, bonds and notes are exclusively liquidated by the general fund transferring amounts to the debt service fund for principal and interest payments. Sick and vacation liabilities, other post-employment benefit obligations and capital lease obligations are primarily funded by the individual funds to which the related expenditures are charged.

The County 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, 2012.

All bonds and notes outstanding at December 31, 2012 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	801,312	8,663,688
G.O. notes – 2007 issue	3.6% - 4.1%	2020	6,610,000	—	4,725,000
G.O. bonds – 2008 issue	2% - 4.4%	2028	18,500,000	15,462,315	297,685
G.O. bonds – 2009 issue	1.5% - 3%	2019	9,995,000	3,449,872	605,128
G.O. note – 2009 issue	3.5% *	2029	2,500,000	1,951,789	—
G.O. bonds – 2010 issue	1.75% - 2.25%	2019	9,850,000	9,750,000	—
G.O. bonds – 2011 issue		2031	18,000,000	<u>17,370,000</u>	<u>—</u>
Long-term debt at December 31, 2012				49,500,288	14,291,501
Unamortized amount on refundings				(473,263)	(164,716)
Net premium on debt				<u>670,811</u>	<u>10,228</u>
Net long-term debt at December 31, 2012				<u>\$ 49,697,836</u>	<u>14,137,013</u>

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

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

Of the outstanding balance at December 31, 2012, of the 2005 note issue, \$3,880,476 of the principal has been accounted for in the County nursing home fund, \$4,783,212 has been accounted for in the emergency telephone fund, and \$801,312 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2012, of the 2007 note issue, \$3,856,545 has been accounted for in the County nursing home fund and \$868,455 has been accounted for in the emergency telephone fund.

Of the outstanding balance at December 31, 2012, of the 2008 bond issue, \$297,685 has been accounted for in the emergency telephone fund and \$15,462,315 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2012, of the 2009 bond issue, \$210,113 has been accounted for in the emergency telephone fund, \$395,015 has been accounted for in the County nursing home, and \$3,449,872 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2012, of the 2009 note issue, \$1,951,789 benefits the general fund and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2012, of the 2010 bond issue, \$9,750,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

Of the outstanding balance at December 31, 2012, of the 2011 bond issue, \$17,370,000 benefits the general fund, and therefore, repayment will be budgeted from the general fund.

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

In 2012, the County entered into a three year licensing agreement for software rights payable in equal installments through 2014 to be funded by the County’s general fund.

The County’s December 31, 2012, net nonelectoral debt limit, and combined net nonelectoral debt and net lease rental debt limit are \$398,946,049 and \$553,191,995 respectively.

The Industrial Development Authority’s (IDA) \$2,000,000 debt is a 4.75% term loan maturing in March 2013 that is collateralized by the real estate acquired with the proceeds. Subsequent to December 31, 2012 the IDA refinanced this debt.

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, 2012, including interest payments, are as follows:

		Governmental Activities		Business- type Activities	
		Principal	Interest	Principal	Interest
2013	\$	2,655,506	1,628,621	2,241,741	528,296
2014		3,765,535	1,540,222	1,395,581	462,745
2015		3,868,716	1,441,670	1,451,407	407,899
2016		3,961,054	1,342,746	1,508,060	348,710
2017		4,068,859	1,227,555	1,574,712	287,054
2018-2022		13,706,570	4,604,901	6,120,000	488,395
2023-2027		11,464,048	2,372,808	—	—
2028-2031		6,010,000	412,449	—	—
Total	\$	49,500,288	14,570,972	14,291,501	2,523,099

8. Leases - Operating

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

The County’s building leases contain scheduled rents payable. Building leases have expiration dates extending through 2021. Total expenses for such leases were \$696,091 for the year ended December 31, 2012.

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, 2012:

<u>Year Ending December 31</u>	<u>Lease Payments</u>
2013	\$ 671,909
2014	626,543
2015	508,377
2016	382,727
2017	302,371
2018-2022	404,662
Total	<u>\$ 2,896,589</u>

9. Other Postemployment Benefits (OPEB)

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

Plan Description

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

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

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

Membership of the OPEB Plan consisted of the following at January 1, 2012:

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

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

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

	2012
Employer normal cost	\$ 168,544
Amortization of unfunded actuarial accrued liability	<u>135,673</u>
Annual required contribution	304,217
Interest on the net OPEB obligation	28,611
Adjustment to the ARC	<u>(41,369)</u>
Annual OPEB cost	291,459
Contributions made	<u>(118,106)</u>
Increase in net OPEB obligation	173,353
Net OPEB obligation, beginning of year	<u>715,265</u>
Net OPEB obligation, end of year	<u><u>\$ 888,618</u></u>

The percentage of OPEB cost contributed for 2010 through 2012 is as follows.

Year ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
12/31/2010	\$266,788	37.34%	\$532,176
12/31/2011	\$294,725	37.88%	\$715,265
12/31/2012	\$291,459	40.52%	\$888,618

Funding Status and Funding Progress

The County’s actuarial accrued liability (AAL) for other postemployment benefits as of January 1, 2012, is \$2,454,814. There are no OPEB Plan assets as of that date, thus, the entire amount is unfunded. There is no plan to fund the outstanding AAL.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2012	-	\$2,454,814	\$2,454,814	-	\$51,925,869	4.72%

Actuarial Methods and Assumptions

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

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

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

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

The required schedule of funding progress in the required supplementary information (RSI) immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the County maintains no OPEB Plan assets, information relative to Plan asset disclosures is not applicable.

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, 2012, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries receiving benefits	509
Terminated plan members entitled to but not yet receiving benefits	104
Active plan members	<u>1,167</u>
Total	<u><u>1,780</u></u>

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

B. Summary of Significant Accounting Policies

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

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

C. Funding Policy and Contributions

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

For 2012, the County’s annual pension cost of \$6,116,283 was equal to the County’s required and actual contribution. The required contribution was determined as part of the January 1, 2012, 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 (3.5 percent effective with the 1/1/13 actuarial valuation). The actuarial valuation of assets was determined by valuing

the assets at cost value adjusted by the past five-year average of the market to cost ratio of assets (effective with the 1/1/13 actuarial valuation, the valuation of assets is market value adjusted for unrecognized gains and losses from prior year). Mortality rates assumed are those set forth in the 1983 Group Annuity Mortality Table with no projected improvement (effective with the 1/1/13 actuarial valuation, mortality rates are those set forth in the 2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement). 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, 2012, was 22 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>
12/31/10	\$ 4,962,317	100%	–
12/31/11	5,431,024	100%	–
12/31/12	6,116,283	100%	–

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

<u>(1)</u> <u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>(2)</u> <u>Actuarial</u> <u>Value</u> <u>of Assets</u>	<u>(3)</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability-</u> <u>Entry Age</u>	<u>(4)</u> <u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>(5)</u> <u>Funded</u> <u>Ratio</u> <u>(2/3)</u>	<u>(6)</u> <u>Covered</u> <u>Payroll</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>(4/6)</u>
1/1/13	\$145,804,348	\$ 168,273,214	\$22,468,866	86.6%	\$ 52,578,859	42.7%

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

D. Historical Trend Information

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

11. Litigation

The County is involved in several lawsuits arising in the normal course of business. It is the County solicitor’s opinion that the aggregate amount of potential claims not covered by insurance resulting from actions against the County would not materially affect the financial position of the County at December 31, 2012.

12. Commitments and Contingencies

Commitments

The County has significant contractual commitments related to various construction projects. At December 31, 2012, the County’s commitments are as follows:

<u>Project</u>	<u>Expended Through December 31, 2012</u>	<u>Remaining Commitment</u>
Prison Expansion - Phase II	\$ 15,968,048	3,982,353
County Bridge Replacement	226,771	642,971
Ritner Highway Property Renovations	456,075	37,887

The County’s prison expansion and Ritner Highway Property renovation have been financed with long-term debt through December 31, 2012. The Bridge Replacement projects are funded through Liquid Fuels tax proceeds and Marcellus Shale monies restricted by the state to repair qualifying deficient bridges.

Grants

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

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, 2012 and December 31, 2011, were:

	Beginning of Year Liability	Provision for Claims		Claim Payments		End of Year Liability
		Current Year	Prior Years	Current Year	Prior Years	
2012	\$ 992,251	530,688	(93,298)	173,304	271,913	984,424
2011	\$ 1,087,652	469,218	(153,370)	138,628	272,621	992,251

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	
2012	\$ 18,026	980,705	-	922,703	35,028	41,000
2011	\$ 85,577	874,386	-	925,842	16,095	18,026

14. Subsequent Event

On April 16, 2013 the County issued \$14,670,000 face amount of general obligation bonds maturing serially through May 1, 2021 with coupon interest rates ranging from 2% to 5%. Bond proceeds totaled \$16,517,977 including a bond premium of \$1,847,977 representing an effective yield to maturity of .2% to 1.66% for the serial repayments. The proceeds repay outstanding debt with higher interest rates.

As part of this 2013 debt issue, the County’s AAA credit rating was affirmed by Standard & Poor’s.

Subsequent to December 31, 2012, the Industrial Development Authority (IDA) entered into an agreement to sell their real estate assets for \$3,700,000. Also subsequent to December 31, 2012, the IDA refinanced their existing \$2,000,000 long term debt, and a demand note, with a \$2,150,000 term loan maturing in 2015 that accrues interest at the New York prime rate, but not less than 3.85%.

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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Taxes:				
Real estate taxes	\$ 42,625,495	42,625,495	42,357,901	(267,594)
Per capita taxes	672,705	672,705	650,395	(22,310)
Library taxes	3,304,748	3,204,748	3,188,157	(16,591)
Licenses and permits	97,600	97,600	122,829	25,229
Grants	3,316,395	3,316,395	3,265,502	(50,893)
County charges	12,107,501	12,107,501	11,848,350	(259,151)
Court costs, fines, and forfeitures	964,200	964,200	1,004,372	40,172
Interest	228,156	228,156	132,596	(95,560)
Contributions and other	170,801	170,801	262,343	91,542
Payment in lieu of taxes	131,609	131,609	130,142	(1,467)
Total revenues	63,619,210	63,519,210	62,962,587	(556,623)
Expenditures:				
Current:				
General government – administrative:				
Commissioners	810,740	819,985	785,930	34,055
Solicitors	376,955	392,744	378,640	14,104
Elections	1,003,987	993,313	941,584	51,729
Controller	1,150,290	1,150,346	1,118,500	31,846
Finance office	858,834	888,478	859,574	28,904
Tax claims	261,822	263,193	244,679	18,514
Treasurer	297,898	297,509	286,337	11,172
Tax collectors administration	431,087	476,490	386,310	90,180
Personnel	549,796	566,151	502,658	63,493
Tax assessment	1,388,791	1,363,889	1,318,077	45,812
Recorder of Deeds	564,919	506,688	467,799	38,889
Administrative services	115,434	150,089	(2,634)	152,723
Information management and technology office	2,096,396	2,275,618	1,729,493	546,125
Enterprise resource management office	613,169	624,365	469,127	155,238
Insurance	333,028	333,028	324,854	8,174
Human services fiscal operations	167,616	169,419	167,666	1,753
County buildings	2,938,458	2,960,166	2,332,520	627,646
Planning	742,205	755,479	729,007	26,472
Pooled reserves-program innovation, improvements and contingencies	950,000	434,274	—	434,274
Pooled reserves-contingencies	1,000,000	459,824	—	459,824
Debt retirement	8,778	8,808	6,719	2,089
Homestead	49,248	53,248	50,131	3,117
Uniform Parcel Identifier	90,202	86,225	85,328	897
Program subsidy	154,300	154,300	112,135	42,165
Total general government – administrative	16,953,953	16,183,629	13,294,434	2,889,195
General government – judicial:				
Building security	414,606	398,671	379,113	19,558
Courts	3,307,798	3,729,536	3,594,789	134,747
Court appointed advocate	156,491	160,734	155,532	5,202
District judges	3,204,447	3,233,138	3,062,202	170,936
Law library	237,724	245,924	243,284	2,640
Clerk of Court	780,815	747,930	694,280	53,650
Coroner	783,167	870,479	818,808	51,671

(Continued)

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

General Fund

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Expenditures (continued):				
Current (continued):				
General government - judicial (continued):				
Public defender	\$ 1,140,307	1,187,845	1,152,045	35,800
District Attorney	2,019,083	2,074,522	2,033,587	40,935
Prothonotary	619,936	608,816	550,617	58,199
Register of Wills	516,825	546,199	477,285	68,914
Sheriff	2,874,351	2,845,369	2,703,967	141,402
Total general government – judicial	<u>16,055,550</u>	<u>16,649,163</u>	<u>15,865,509</u>	<u>783,654</u>
Public safety:				
DA crime investigation	531,456	512,149	487,266	24,883
DA justice services	306,830	341,539	335,314	6,225
Prison	12,515,269	12,475,538	11,970,334	505,204
Probation and parole	5,257,929	5,183,830	4,956,616	227,214
Emergency management & communications	408,576	405,068	382,341	22,727
Vector control	239,666	216,309	199,688	16,621
Fire training	20,133	24,406	20,930	3,476
Public safety	332,101	312,680	271,828	40,852
Total public safety	<u>19,611,960</u>	<u>19,471,519</u>	<u>18,624,317</u>	<u>847,202</u>
Human services	236,299	239,826	224,661	15,165
Culture and recreation	4,386,181	4,502,474	4,368,206	134,268
Conservation and development	1,238,237	1,265,170	829,250	435,920
Economic development	2,372,367	2,372,367	2,074,339	298,028
Total expenditures	<u>60,854,547</u>	<u>60,684,148</u>	<u>55,280,716</u>	<u>5,403,432</u>
Excess of revenues over expenditures	<u>2,764,663</u>	<u>2,835,062</u>	<u>7,681,871</u>	<u>4,846,809</u>
Other financing sources (uses):				
Transfers in	206,604	206,604	183,734	(22,870)
Transfers out	(13,791,782)	(13,962,180)	(12,471,738)	1,490,442
Proceeds from long term debt	—	—	152,100	152,100
Total other financing uses	<u>(13,585,178)</u>	<u>(13,755,576)</u>	<u>(12,135,904)</u>	<u>1,619,672</u>
Net change in fund balance	<u>(10,820,515)</u>	<u>(10,920,514)</u>	<u>(4,454,033)</u>	<u>6,466,481</u>
Fund balance, beginning of year	<u>22,800,287</u>	<u>22,800,287</u>	<u>28,635,397</u>	<u>5,835,110</u>
Fund balance, end of year	<u>\$ 11,979,772</u>	<u>11,879,773</u>	<u>24,181,364</u>	<u>12,301,591</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, 2012*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 15,585,553	15,484,130	14,606,222	(877,908)
County charges	2,101,808	2,167,560	2,178,631	11,071
Interest	21,000	21,000	14,993	(6,007)
Contributions and other	108,939	108,939	116,130	7,191
Total revenues	17,817,300	17,781,629	16,915,976	(865,653)
Expenditures:				
Current:				
Human services	18,458,702	18,290,359	17,337,844	952,515
Capital outlay	16,000	19,754	18,499	1,255
Total expenditures	18,474,702	18,310,113	17,356,343	953,770
Deficiency of revenues under expenditures	(657,402)	(528,484)	(440,367)	88,117
Other financing sources (uses):				
Transfers in	663,404	534,486	512,888	(21,598)
Transfers out	(6,002)	(6,002)	(6,000)	2
Total other financing sources (uses)	657,402	528,484	506,888	(21,596)
Net change in fund balance	—	—	66,521	66,521
Fund balance, beginning of year	—	—	36,664	36,664
Fund balance, end of year	\$ —	—	103,185	103,185

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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 10,629,964	10,845,418	10,341,711	(503,707)
County charges	368,140	397,437	397,437	—
Contributions and others	500	500	1,245	745
Total revenues	<u>10,998,604</u>	<u>11,243,355</u>	<u>10,740,393</u>	<u>(502,962)</u>
Expenditures:				
Current:				
Human services	13,300,207	13,869,534	13,869,534	—
Capital outlay	2,000	9,241	9,241	—
Total expenditures	<u>13,302,207</u>	<u>13,878,775</u>	<u>13,878,775</u>	<u>—</u>
Deficiency of revenues under expenditures	<u>(2,303,603)</u>	<u>(2,635,420)</u>	<u>(3,138,382)</u>	<u>(502,962)</u>
Other financing sources (uses):				
Transfers in	2,495,723	2,698,620	3,201,582	502,962
Transfers out	(192,120)	(63,200)	(63,200)	—
Total other financing sources (uses)	<u>2,303,603</u>	<u>2,635,420</u>	<u>3,138,382</u>	<u>502,962</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

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

HealthChoices-Cumberland County

For the fiscal year ended June 30, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 31,516,255	27,728,961	27,570,561	(158,400)
Interest	1,500	1,500	1,418	(82)
Total revenues	31,517,755	27,730,461	27,571,979	(158,482)
Expenditures:				
Current:				
Human services	31,552,475	27,765,181	27,581,000	184,181
Total expenditures	31,552,475	27,765,181	27,581,000	184,181
Excess of revenues over expenditures	(34,720)	(34,720)	(9,021)	25,699
Other financing uses:				
Transfers out	(2)	(2)	—	2
Total other financing uses	(2)	(2)	—	2
Net change in fund balance	(34,722)	(34,722)	(9,021)	25,701
Fund balance, beginning of year	34,722	34,722	34,722	—
Fund balance, end of year	\$ —	—	25,701	25,701

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, 2012
(unaudited)

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)
1/1/08	\$114,308,129	\$124,585,352	\$10,277,223	91.8%	\$45,486,821	22.6%
1/1/09	110,828,272	134,504,045	23,675,773	82.4%	48,315,850	49.0%
1/1/10	116,285,726	144,290,263	28,004,537	80.6%	49,902,927	56.1%
1/1/11	124,934,779	155,034,226	30,099,447	80.6%	51,838,529	58.1%
1/1/12	130,552,816	165,287,333	34,734,517	79.0%	52,556,332	66.1%
1/1/13	145,804,348	168,273,214	22,468,866	86.6%	52,578,859	42.7%

Retirement Plan Schedule of Employer's Contributions

Year Ended December 31	Annual Required Contribution	County Contribution	Percentage Contributed
2007	\$ 3,018,632	\$ 3,018,632	100%
2008	2,656,503	2,656,503	100%
2009	4,327,851	4,327,851	100%
2010	4,962,317	4,962,317	100%
2011	5,431,024	5,431,024	100%
2012	6,116,283	6,116,283	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 2012, the County incurred \$6,116,283 of actuarially determined annual pension cost.

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT AND OTHER POSTEMPLOYMENT
BENEFITS PLANS

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Other Postemployment Benefits Plan
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2008	-	\$ 2,061,392	\$ 2,061,392	-	\$ 44,752,526	4.60%
1/1/2009	-	2,034,841	2,034,841	-	47,625,680	4.27%
1/1/2010	-	2,274,265	2,274,265	-	49,104,480	4.63%
1/1/2011	-	2,345,778	2,345,778	-	51,216,467	4.58%
1/1/2012	-	2,454,814	2,454,814	-	51,925,869	4.72%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (unaudited) December 31, 2012

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, 2012, or on a fiscal year ended June 30, 2012. 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, 2012, follows:

	<u>General Fund</u>
Budgetary basis- net change in fund balance	\$ (4,454,033)
Adjustments:	
To adjust revenues, expenditures and other financing sources/uses:	
Net fund budget-related revenues, expenditures and other financing sources/uses:	129,660
Fund balance effect from funds included in GAAP statements:	
Criminal justice and intermediate punishment	(215)
Offender supervision fund	<u>116,512</u>
GAAP basis - net change in fund balance	<u>\$ (4,208,076)</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (unaudited) December 31, 2012

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

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

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

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

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

Supplementary Information

**Major Governmental Fund – Capital Projects
Budgetary Statement**

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

Capital Projects

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ —	171,517	506,917	335,400
Interest	75,000	75,000	37,886	(37,114)
Total revenues	75,000	246,517	544,803	298,286
Expenditures:				
Current:				
General government-administrative	131,432	133,632	134,736	(1,104)
Capital outlay	19,000,000	19,242,100	12,411,474	6,830,626
Payments to other governments	—	127,217	127,189	28
Total expenditures	19,131,432	19,502,949	12,673,399	6,829,550
Deficiency of revenues under expenditures	(19,056,432)	(19,256,432)	(12,128,596)	7,127,836
Other financing sources:				
Transfer in	1,000,000	1,200,000	530,908	(669,092)
Total other financing sources	1,000,000	1,200,000	530,908	(669,092)
Net change in fund balance	(18,056,432)	(18,056,432)	(11,597,688)	6,458,744
Fund balance, beginning of year	18,556,432	18,556,432	16,251,354	(2,305,078)
Fund balance, end of year	\$ 500,000	500,000	4,653,666	4,153,666

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 activities administered by this fund were taken over by the Commonwealth as of January 1, 2013.

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS
DESCRIPTION OF FUNDS

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

Debt Service Fund

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

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue						
	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Human Services Development	Food and Shelter	Drug and Alcohol	Fiscal Employer Agent
Assets							
Cash and cash equivalents	\$ 1,189,347	314,691	466,797	—	—	12,017	2,208,075
Investments	—	—	—	—	—	—	—
Receivables:							
Taxes	—	—	—	—	—	—	—
Due from other governments	73,056	264,341	234,543	—	27,422	164,577	550,277
Accounts receivable	—	—	390	—	57,837	41,823	3,605
Due from other funds	—	—	15	42,325	11,566	456,965	—
Prepaid items	—	12,150	75	—	—	—	—
Total assets	\$ 1,262,403	591,182	701,820	42,325	96,825	675,382	2,761,957
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 55,006	1,180	70,036	3,569	27,614	119,450	49,200
Accrued liabilities and withholdings	—	83,072	62,991	3,117	12,499	43,331	5,008
Due to other funds	—	497,132	307,143	15	—	—	1,536,053
Due to other governments	—	—	—	—	—	—	1,171,696
Unearned revenue	—	—	214,198	35,624	9,835	40,111	—
Funds held as fiduciary	—	9,798	—	—	—	—	—
Total liabilities	55,006	591,182	654,368	42,325	49,948	202,892	2,761,957
Fund balances:							
Nonspendable:							
Prepaid items	—	12,150	75	—	—	—	—
Restricted:							
Roads and bridge maintenance	1,207,397	—	—	—	—	—	—
Judicial services	—	—	—	—	—	—	—
Human services	—	—	38,845	—	—	472,490	—
Public safety	—	—	—	—	—	—	—
Row office automation	—	—	—	—	—	—	—
Conservation	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Assigned:							
Human services	—	—	8,532	—	46,877	—	—
Unassigned							
Total fund balances	1,207,397	(12,150)	47,452	—	46,877	472,490	—
Total liabilities and fund balances	\$ 1,262,403	591,182	701,820	42,325	96,825	675,382	2,761,957

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	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	\$ —	—	986,447	1,025,994	75,499	—	755,623
Investments	—	—	—	—	—	—	—
Receivables:							
Taxes	—	—	—	—	—	—	83,850
Due from other governments	57,636	—	—	129,982	—	1,194	—
Accounts receivable	21,961	373	—	—	—	—	—
Due from other funds	—	346	—	—	—	—	—
Prepaid items	5,533	—	6,328	1,316	—	—	—
Total assets	<u>\$ 85,130</u>	<u>719</u>	<u>992,775</u>	<u>1,157,292</u>	<u>75,499</u>	<u>1,194</u>	<u>839,473</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 665	719	5,028	9,231	28,044	—	—
Accrued liabilities and withholdings	12,917	—	1,161	7,391	—	—	—
Due to other funds	27,513	—	8,010	39,852	13,175	1,194	839,473
Due to other governments	—	—	—	—	—	—	—
Unearned revenue	—	—	—	5,913	—	—	—
Funds held as fiduciary	—	—	—	—	—	—	—
Total liabilities	<u>41,095</u>	<u>719</u>	<u>14,199</u>	<u>62,387</u>	<u>41,219</u>	<u>1,194</u>	<u>839,473</u>
Fund balances:							
Nonspendable:							
Prepaid items	5,533	—	6,328	1,316	—	—	—
Restricted:							
Roads and bridge maintenance	—	—	—	—	—	—	—
Judicial services	—	—	—	—	—	—	—
Human services	—	—	—	—	—	—	—
Public safety	38,502	—	—	—	—	—	—
Row office automation	—	—	972,248	—	—	—	—
Conservation	—	—	—	1,093,589	—	—	—
Economic development and assistance	—	—	—	—	34,280	—	—
Assigned:							
Human services	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—
Total fund balances	<u>44,035</u>	<u>—</u>	<u>978,576</u>	<u>1,094,905</u>	<u>34,280</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 85,130</u>	<u>719</u>	<u>992,775</u>	<u>1,157,292</u>	<u>75,499</u>	<u>1,194</u>	<u>839,473</u>

(Continued)

COMBINING BALANCE SHEET
Nonmajor Governmental Funds

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Total</u>
	<u>CAEDC</u>	<u>Total</u>		<u>Nonmajor Governmental Funds</u>
(Continued)				
Assets				
Cash and cash equivalents	\$ 1,688,257	8,722,747	—	8,722,747
Investments	129,188	129,188	—	129,188
Receivables:				
Taxes	—	83,850	—	83,850
Due from other governments	625,478	2,128,506	—	2,128,506
Accounts receivable	—	125,989	—	125,989
Due from other funds	170,112	681,329	—	681,329
Prepaid items	304,752	330,154	—	330,154
Total assets	<u>\$ 2,917,787</u>	<u>12,201,763</u>	<u>—</u>	<u>12,201,763</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 36,953	406,695	—	406,695
Accrued liabilities and withholdings	—	231,487	—	231,487
Due to other funds	—	3,269,560	—	3,269,560
Due to other governments	—	1,171,696	—	1,171,696
Unearned revenue	12,965	318,646	—	318,646
Funds held as fiduciary	—	9,798	—	9,798
Total liabilities	<u>49,918</u>	<u>5,407,882</u>	<u>—</u>	<u>5,407,882</u>
Fund balances:				
Nonspendable:				
Prepaid items	304,752	330,154	—	330,154
Restricted:				
Roads and bridge maintenance	—	1,207,397	—	1,207,397
Judicial services	—	—	—	—
Human services	—	511,335	—	511,335
Public safety	—	38,502	—	38,502
Row office automation	—	972,248	—	972,248
Conservation	—	1,093,589	—	1,093,589
Economic development and assistance	2,563,117	2,597,397	—	2,597,397
Assigned:				
Human services	—	55,409	—	55,409
Unassigned	—	(12,150)	—	(12,150)
Total fund balances	<u>2,867,869</u>	<u>6,793,881</u>	<u>—</u>	<u>6,793,881</u>
Total liabilities and fund balances	<u>\$ 2,917,787</u>	<u>12,201,763</u>	<u>—</u>	<u>12,201,763</u>

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

Nonmajor Governmental Funds

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue						
	Liquid Fuels Tax	Domestic Relations Office	Office of Aging	Human Services Development	Food and Shelter	Drug and Alcohol	Fiscal Employer Agent
Revenues:							
Taxes	\$ —	—	—	—	—	—	—
Grants	544,844	1,954,014	3,181,840	88,197	628,091	2,319,651	—
County charges	10,791	27,156	220,263	—	237,472	311,931	3,240,697
Court costs, fines and forfeitures	—	12,431	—	—	—	179,778	—
Interest	3,151	1,399	877	—	36	—	2,943
Contributions and other	—	—	36,570	—	4,795	28,157	—
Total revenues	<u>558,786</u>	<u>1,995,000</u>	<u>3,439,550</u>	<u>88,197</u>	<u>870,394</u>	<u>2,839,517</u>	<u>3,243,640</u>
Expenditures:							
Current:							
General government – administrative	—	—	—	—	—	—	—
General government – judicial	—	3,202,749	—	—	—	—	—
Public works and enterprises	180,962	—	—	—	—	—	—
Human services	—	—	3,629,633	146,452	832,219	3,340,669	3,079,857
Culture and recreation	—	—	—	—	—	—	—
Conservation and development	—	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—	—
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Capital outlay	121,113	—	22,329	—	3,435	6,073	—
Payments to other governments	4,844	—	—	—	—	—	1,171,696
Total expenditures	<u>306,919</u>	<u>3,202,749</u>	<u>3,651,962</u>	<u>146,452</u>	<u>835,654</u>	<u>3,346,742</u>	<u>4,251,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>251,867</u>	<u>(1,207,749)</u>	<u>(212,412)</u>	<u>(58,255)</u>	<u>34,740</u>	<u>(507,225)</u>	<u>(1,007,913)</u>
Other financing sources (uses):							
Transfers in	—	901,306	232,602	58,151	—	305,340	336,148
Transfers out	—	—	(35,457)	—	(286,914)	—	—
Total other financing sources (uses)	<u>—</u>	<u>901,306</u>	<u>197,145</u>	<u>58,151</u>	<u>(286,914)</u>	<u>305,340</u>	<u>336,148</u>
Net changes in fund balance	251,867	(306,443)	(15,267)	(104)	(252,174)	(201,885)	(671,765)
Fund balances, beginning of year	955,530	306,443	62,719	104	299,051	674,375	671,765
Fund balances, end of year	\$ <u>1,207,397</u>	<u>—</u>	<u>47,452</u>	<u>—</u>	<u>46,877</u>	<u>472,490</u>	<u>—</u>

(Continued)

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

Nonmajor Governmental Funds

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Special Revenue						
	Witness Assistance	ARD/DUI Program	Records Improvement	Recycling and Waste	Affordable Housing	Exit 44 Study	Hotel Tax
(Continued)							
Revenues:							
Taxes	\$ —	—	—	—	—	—	1,602,610
Grants	251,241	—	—	100,250	—	5,444	—
County charges	30,952	386,885	201,205	109,662	221,410	—	—
Court costs, fines and forfeitures	—	—	—	—	—	—	—
Interest	—	—	2,769	3,664	82	—	1,003
Contributions and other	1,525	—	—	—	—	—	—
Total revenues	<u>283,718</u>	<u>386,885</u>	<u>203,974</u>	<u>213,576</u>	<u>221,492</u>	<u>5,444</u>	<u>1,603,613</u>
Expenditures:							
Current:							
General government – administrative	—	—	94,446	—	39,197	—	—
General government – judicial	—	178,876	—	—	—	—	—
Public works and enterprises	—	—	—	576,487	—	—	—
Human services	470,691	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—	31,974
Conservation and development	—	—	—	—	—	5,444	—
Economic development and assistance	—	—	—	—	—	—	—
Debt service:							
Principal retirement	—	—	—	—	—	—	—
Debt interest	—	—	—	—	—	—	—
Capital outlay	—	2,178	53,954	4,854	—	—	—
Payments to other governments	—	—	—	—	183,600	—	—
Total expenditures	<u>470,691</u>	<u>181,054</u>	<u>148,400</u>	<u>581,341</u>	<u>222,797</u>	<u>5,444</u>	<u>31,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,973)</u>	<u>205,831</u>	<u>55,574</u>	<u>(367,765)</u>	<u>(1,305)</u>	<u>—</u>	<u>1,571,639</u>
Other financing sources (uses):							
Transfers in	191,522	—	—	—	—	—	—
Transfers out	—	(205,831)	—	—	—	—	(1,571,639)
Total other financing sources (uses)	<u>191,522</u>	<u>(205,831)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,571,639)</u>
Net changes in fund balance	4,549	—	55,574	(367,765)	(1,305)	—	—
Fund balances, beginning of year	39,486	—	923,002	1,462,670	35,585	—	—
Fund balances, end of year	<u>\$ 44,035</u>	<u>—</u>	<u>978,576</u>	<u>1,094,905</u>	<u>34,280</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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)	Special Revenue		Debt Service	Total
	CAEDC	Total		Nonmajor Governmental Funds
Revenues:				
Taxes	\$ —	1,602,610	—	1,602,610
Grants	22,426	9,095,998	—	9,095,998
County charges	280,554	5,278,978	—	5,278,978
Court costs, fines and forfeitures	—	192,209	—	192,209
Interest	23,377	39,301	—	39,301
Contributions and other	—	71,047	—	71,047
Total revenues	326,357	16,280,143	—	16,280,143
Expenditures:				
Current:				
General government – administrative	—	133,643	—	133,643
General government – judicial	—	3,381,625	—	3,381,625
Public works and enterprises	—	757,449	—	757,449
Human services	—	11,499,521	—	11,499,521
Culture and recreation	—	31,974	—	31,974
Conservation and development	—	5,444	—	5,444
Economic development and assistance	1,410,947	1,410,947	—	1,410,947
Debt service:				
Principal retirement	—	—	2,501,101	2,501,101
Debt interest	—	—	1,698,453	1,698,453
Capital outlay	65,618	279,554	—	279,554
Payments to other governments	—	1,360,140	—	1,360,140
Total expenditures	1,476,565	18,860,297	4,199,554	23,059,851
Excess (deficiency) of revenues over (under) expenditures	(1,150,208)	(2,580,154)	(4,199,554)	(6,779,708)
Other financing sources (uses):				
Transfers in	1,656,792	3,681,861	4,199,554	7,881,415
Transfers out	—	(2,099,841)	—	(2,099,841)
Total other financing sources (uses)	1,656,792	1,582,020	4,199,554	5,781,574
Net changes in fund balance	506,584	(998,134)	—	(998,134)
Fund balances, beginning of year	2,361,285	7,792,015	—	7,792,015
Fund balances, end of year	\$ 2,867,869	6,793,881	—	6,793,881

Nonmajor Governmental Fund Budgetary Schedules

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

Liquid Fuels Tax

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants:				
Liquid fuels tax	\$ 2,267,000	2,267,000	544,844	(1,722,156)
County charges	5,000	5,000	10,791	5,791
Interest	6,100	6,100	3,151	(2,949)
Total revenues	<u>2,278,100</u>	<u>2,278,100</u>	<u>558,786</u>	<u>(1,719,314)</u>
Expenditures:				
Current:				
Public works and enterprises	477,500	477,500	180,962	296,538
Capital outlay	2,016,000	2,015,000	121,113	1,893,887
Payments to other governments	4,000	5,000	4,844	156
Total expenditures	<u>2,497,500</u>	<u>2,497,500</u>	<u>306,919</u>	<u>2,190,581</u>
Excess (deficiency) of revenues over (under) expenditures	(219,400)	(219,400)	251,867	471,267
Fund balance, beginning of year	<u>1,062,504</u>	<u>1,062,504</u>	<u>955,530</u>	<u>(106,974)</u>
Fund balance, end of year	<u>\$ 843,104</u>	<u>843,104</u>	<u>1,207,397</u>	<u>364,293</u>

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

Domestic Relations Office

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 2,336,064	2,336,064	1,954,014	(382,050)
County charges	28,435	28,435	27,156	(1,279)
Court costs, fines, and forfeitures	13,100	13,100	12,431	(669)
Interest	1,000	1,000	1,399	399
Total revenues	<u>2,378,599</u>	<u>2,378,599</u>	<u>1,995,000</u>	<u>(383,599)</u>
Expenditures:				
Current:				
General government – judicial	<u>3,298,020</u>	<u>3,298,020</u>	<u>3,202,749</u>	<u>95,271</u>
Total expenditures	<u>3,298,020</u>	<u>3,298,020</u>	<u>3,202,749</u>	<u>95,271</u>
Deficiency of revenues under expenditures	<u>(919,421)</u>	<u>(919,421)</u>	<u>(1,207,749)</u>	<u>(288,328)</u>
Other financing sources:				
Transfers in	<u>919,421</u>	<u>919,421</u>	<u>901,306</u>	<u>(18,115)</u>
Total other financing sources	<u>919,421</u>	<u>919,421</u>	<u>901,306</u>	<u>(18,115)</u>
Net change in fund balance	—	—	(306,443)	(306,443)
Fund balance, beginning of year	<u>56,140</u>	<u>56,140</u>	<u>306,443</u>	<u>250,303</u>
Fund balance, end of year	<u>\$ 56,140</u>	<u>56,140</u>	<u>—</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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 3,414,159	3,414,159	3,436,686	22,527
County charges	170,690	170,690	157,356	(13,334)
Interest	1,700	1,700	1,063	(637)
Contributions and other	33,400	33,400	36,410	3,010
Total revenues	<u>3,619,949</u>	<u>3,619,949</u>	<u>3,631,515</u>	<u>11,566</u>
Expenditures:				
Current:				
Human services	4,117,554	4,069,054	3,846,671	222,383
Capital outlay	<u>5,000</u>	<u>22,500</u>	<u>22,329</u>	<u>171</u>
Total expenditures	<u>4,122,554</u>	<u>4,091,554</u>	<u>3,869,000</u>	<u>222,554</u>
Deficiency of revenues under expenditures	<u>(502,605)</u>	<u>(471,605)</u>	<u>(237,485)</u>	<u>234,120</u>
Other financing sources (uses):				
Transfers in	502,605	502,605	232,602	(270,003)
Transfers out	<u>—</u>	<u>(31,000)</u>	<u>(30,291)</u>	<u>709</u>
Total other financing sources	<u>502,605</u>	<u>471,605</u>	<u>202,311</u>	<u>(269,294)</u>
Net change in fund balance	—	—	(35,174)	(35,174)
Fund balance, beginning of year	<u>139,447</u>	<u>139,447</u>	<u>216,682</u>	<u>77,235</u>
Fund balance, end of year	<u>\$ 139,447</u>	<u>139,447</u>	<u>181,508</u>	<u>42,061</u>

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

Human Services Development

For the fiscal year ended June 30, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 193,500	193,500	137,116	(56,384)
Total revenues	193,500	193,500	137,116	(56,384)
Expenditures:				
Current:				
Human services	217,984	217,984	174,267	43,717
Capital outlay	348	348	—	348
Total expenditures	218,332	218,332	174,267	44,065
Deficiency of revenues over expenditures	(24,832)	(24,832)	(37,151)	(12,319)
Other financing sources (uses):				
Transfers in	25,000	25,000	37,151	12,151
Transfers out	(168)	(168)	—	168
Total other financing sources	24,832	24,832	37,151	12,319
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	104	104
Fund balance, end of year	\$ —	—	104	104

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

Food and Shelter

For the fiscal year ended June 30, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 725,912	725,912	627,162	(98,750)
County charges	227,820	338,320	233,126	(105,194)
Contributions and other	—	—	9,295	9,295
Interest	643	643	36	(607)
Total revenues	<u>954,375</u>	<u>1,064,875</u>	<u>869,619</u>	<u>(195,256)</u>
Expenditures:				
Current:				
Human services	1,089,925	988,200	847,050	141,150
Capital outlay	555	3,435	3,435	—
Total expenditures	<u>1,090,480</u>	<u>991,635</u>	<u>850,485</u>	<u>141,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,105)</u>	<u>73,240</u>	<u>19,134</u>	<u>(54,106)</u>
Other financing uses:				
Transfers out	<u>(160,000)</u>	<u>(369,344)</u>	<u>(323,702)</u>	<u>45,642</u>
Total other financing uses	<u>(160,000)</u>	<u>(369,344)</u>	<u>(323,702)</u>	<u>45,642</u>
Net change in fund balance	(296,105)	(296,104)	(304,568)	(8,464)
Fund balance, beginning of year	<u>452,000</u>	<u>452,000</u>	<u>407,604</u>	<u>(44,396)</u>
Fund balance, end of year	<u>\$ 155,895</u>	<u>155,896</u>	<u>103,036</u>	<u>(52,860)</u>

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

Drug and Alcohol

For the fiscal year ended June 30, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 2,064,247	2,235,165	2,141,449	(93,716)
County charges	204,684	336,313	339,466	3,153
Court costs, fines and forfeitures	172,186	166,224	175,154	8,930
Contributions and other	6,837	15,070	23,966	8,896
Total revenues	<u>2,447,954</u>	<u>2,752,772</u>	<u>2,680,035</u>	<u>(72,737)</u>
Expenditures:				
Current:				
Human services	3,034,137	3,426,990	3,111,474	315,516
Capital outlay	<u>13,000</u>	<u>6,073</u>	<u>6,073</u>	<u>—</u>
Total expenditures	<u>3,047,137</u>	<u>3,433,063</u>	<u>3,117,547</u>	<u>315,516</u>
Deficiency of revenues under expenditures	<u>(599,183)</u>	<u>(680,291)</u>	<u>(437,512)</u>	<u>242,779</u>
Other financing sources:				
Transfers in	<u>321,939</u>	<u>347,306</u>	<u>338,068</u>	<u>(9,238)</u>
Total other financing sources	<u>321,939</u>	<u>347,306</u>	<u>338,068</u>	<u>(9,238)</u>
Net change in fund balance	(277,244)	(332,985)	(99,444)	233,541
Fund balance, beginning of year	<u>591,228</u>	<u>591,228</u>	<u>591,229</u>	<u>1</u>
Fund balance, end of year	<u>\$ 313,984</u>	<u>258,243</u>	<u>491,785</u>	<u>233,542</u>

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

Fiscal Employer Agent

For the fiscal year ended June 30, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	2,601,920	2,910,580	3,055,920	145,340
Interest	—	—	3,335	3,335
Total revenues	<u>2,601,920</u>	<u>2,910,580</u>	<u>3,059,255</u>	<u>148,675</u>
Expenditures:				
Current:				
Human services	2,462,888	2,774,548	2,711,816	62,732
Capital outlay	3,000	—	—	—
Total expenditures	<u>2,465,888</u>	<u>2,774,548</u>	<u>2,711,816</u>	<u>62,732</u>
Excess of revenues over expenditures	<u>136,032</u>	<u>136,032</u>	<u>347,439</u>	<u>211,407</u>
Other financing sources:				
Transfers in	<u>34,871</u>	<u>34,871</u>	<u>291,532</u>	<u>256,661</u>
Total other financing sources:	<u>34,871</u>	<u>34,871</u>	<u>291,532</u>	<u>256,661</u>
Net change in fund balance	170,903	170,903	638,971	468,068
Fund balance, beginning of year	<u>366,479</u>	<u>366,479</u>	<u>554,251</u>	<u>187,772</u>
Fund balance, end of year	<u>\$ 537,382</u>	<u>537,382</u>	<u>1,193,222</u>	<u>655,840</u>

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

Witness Assistance

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 146,805	139,146	139,146	—
County charges	20,000	24,000	30,952	6,952
Contributions and other	250	250	1,525	1,275
Total revenues	<u>167,055</u>	<u>163,396</u>	<u>171,623</u>	<u>8,227</u>
Expenditures:				
Current:				
Human services	<u>198,147</u>	<u>256,600</u>	<u>221,278</u>	<u>35,322</u>
Total expenditures	<u>198,147</u>	<u>256,600</u>	<u>221,278</u>	<u>35,322</u>
Deficiency of revenues under expenditures	<u>(31,092)</u>	<u>(93,204)</u>	<u>(49,655)</u>	<u>43,549</u>
Other financing sources (uses):				
Transfers in	25,091	116,125	81,077	(35,048)
Transfers out	<u>—</u>	<u>(28,922)</u>	<u>(26,873)</u>	<u>2,049</u>
Total other financing sources (uses)	<u>25,091</u>	<u>87,203</u>	<u>54,204</u>	<u>(32,999)</u>
Net change in fund balance	(6,001)	(6,001)	4,549	10,550
Fund balance, beginning of year	<u>41,964</u>	<u>41,964</u>	<u>39,486</u>	<u>(2,478)</u>
Fund balance, end of year	<u>\$ 35,963</u>	<u>35,963</u>	<u>44,035</u>	<u>8,072</u>

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

Witness Assistance - VOCA

For the year ended June 30, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 131,332	80,550	80,550	—
Total revenues	131,332	80,550	80,550	—
Expenditures:				
Current:				
Human services	271,534	271,534	266,135	5,399
Total expenditures	271,534	271,534	266,135	5,399
Deficiency of revenues under expenditures	(140,202)	(190,984)	(185,585)	5,399
Other financing sources:				
Transfers in	140,202	190,984	185,585	(5,399)
Total other financing sources	140,202	190,984	185,585	(5,399)
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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	\$ 432,000	432,000	386,885	(45,115)
Total revenues	432,000	432,000	386,885	(45,115)
Expenditures:				
Current:				
General government – judicial	175,732	187,828	178,876	8,952
Capital outlay	—	2,178	2,178	—
Total expenditures	175,732	190,006	181,054	8,952
Excess of revenues over expenditures	256,268	241,994	205,831	(36,163)
Other financing uses:				
Transfers out	(256,268)	(241,994)	(205,831)	36,163
Total other financing uses	(256,268)	(241,994)	(205,831)	36,163
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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	\$ 183,000	183,000	201,205	18,205
Interest	4,550	4,550	2,769	(1,781)
Total revenues	<u>187,550</u>	<u>187,550</u>	<u>203,974</u>	<u>16,424</u>
Expenditures:				
Current:				
General government – administrative	185,077	220,659	94,446	126,213
Capital outlay	<u>105,000</u>	<u>411,200</u>	<u>53,954</u>	<u>357,246</u>
Total expenditures	<u>290,077</u>	<u>631,859</u>	<u>148,400</u>	<u>483,459</u>
Excess (deficiency) of revenues over (under) expenditures	(102,527)	(444,309)	55,574	499,883
Fund balance, beginning of year	<u>966,213</u>	<u>966,213</u>	<u>923,002</u>	<u>(43,211)</u>
Fund balance, end of year	<u>\$ 863,686</u>	<u>521,904</u>	<u>978,576</u>	<u>456,672</u>

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

Recycling and Waste

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 164,615	164,615	100,250	(64,365)
County charges	99,000	99,000	109,662	10,662
Interest	10,500	10,500	3,664	(6,836)
Total revenues	<u>274,115</u>	<u>274,115</u>	<u>213,576</u>	<u>(60,539)</u>
Expenditures:				
Current:				
Public works and enterprises	647,715	692,715	576,487	116,228
Capital outlay	5,582	5,582	4,854	728
Total expenditures	<u>653,297</u>	<u>698,297</u>	<u>581,341</u>	<u>116,956</u>
Deficiency of revenues under expenditures	(379,182)	(424,182)	(367,765)	56,417
Fund balance, beginning of year	<u>1,286,517</u>	<u>1,286,517</u>	<u>1,462,670</u>	<u>176,153</u>
Fund balance, end of year	<u>\$ 907,335</u>	<u>862,335</u>	<u>1,094,905</u>	<u>232,570</u>

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

Affordable Housing

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
County charges	\$ 225,000	225,000	221,410	(3,590)
Interest	350	350	82	(268)
Total revenues	<u>225,350</u>	<u>225,350</u>	<u>221,492</u>	<u>(3,858)</u>
Expenditures:				
Current:				
General government - administrative	33,803	41,303	39,197	2,106
Payments to other governments	<u>191,547</u>	<u>184,047</u>	<u>183,600</u>	<u>447</u>
Total expenditures	<u>225,350</u>	<u>225,350</u>	<u>222,797</u>	<u>2,553</u>
Deficiency of revenues under expenditures	—	—	(1,305)	(1,305)
Fund balance, beginning of year	<u>50,858</u>	<u>50,858</u>	<u>35,585</u>	<u>(15,273)</u>
Fund balance, end of year	<u><u>\$ 50,858</u></u>	<u><u>50,858</u></u>	<u><u>34,280</u></u>	<u><u>(16,578)</u></u>

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

Exit 44 Study

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ —	50,000	5,444	(44,556)
Total revenues	—	50,000	5,444	(44,556)
Expenditures:				
Current:				
Conservation and development	—	50,000	5,444	44,556
Total expenditures	—	50,000	5,444	44,556
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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Taxes	\$ 1,525,000	1,775,000	1,602,610	(172,390)
Interest	2,500	2,500	1,003	(1,497)
Total revenues	<u>1,527,500</u>	<u>1,777,500</u>	<u>1,603,613</u>	<u>(173,887)</u>
Expenditures:				
Current:				
Culture and recreation	30,500	35,500	31,974	3,526
Total expenditures	<u>30,500</u>	<u>35,500</u>	<u>31,974</u>	<u>3,526</u>
Excess of revenues over expenditures	<u>1,497,000</u>	<u>1,742,000</u>	<u>1,571,639</u>	<u>(170,361)</u>
Other financing uses:				
Transfers out	<u>(1,497,000)</u>	<u>(1,742,000)</u>	<u>(1,571,639)</u>	<u>170,361</u>
Total other financing uses	<u>(1,497,000)</u>	<u>(1,742,000)</u>	<u>(1,571,639)</u>	<u>170,361</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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Interest	\$ —	—	—	—
Total revenues	—	—	—	—
Expenditures:				
Debt service:				
Principal retirement	2,567,488	2,698,188	2,501,101	197,087
Debt interest	1,702,007	1,702,007	1,698,453	3,554
Total expenditures	4,269,495	4,400,195	4,199,554	200,641
Deficiency of revenues under expenditures	(4,269,495)	(4,400,195)	(4,199,554)	200,641
Other financing sources:				
Transfers in	4,269,495	4,400,195	4,199,554	(200,641)
Total other financing sources	4,269,495	4,400,195	4,199,554	(200,641)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	—	—	—

Other General Fund Budgetary Schedules

OTHER GENERAL FUND BUDGETARY SCHEDULES
DESCRIPTION OF FUNDS

Other General Fund Programs

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

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

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

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

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

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

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

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

Insurance Fraud Prevention Authority

For the fiscal year ended June 30, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Budget		Actual Amounts	Variance with Amended Budget
	Original	Amended		
Revenues:				
Grants	\$ 168,549	168,549	133,901	(34,648)
Interest	250	250	268	18
Total revenues	168,799	168,799	134,169	(34,630)
Expenditures:				
Current:				
Public safety	165,699	164,806	130,301	34,505
Capital outlay	—	623	498	125
Total expenditures	165,699	165,429	130,799	34,630
Excess of revenues over expenditures	3,100	3,370	3,370	—
Other financing uses:				
Transfers out	(3,100)	(3,370)	(3,370)	—
Total other financing uses	(3,100)	(3,370)	(3,370)	—
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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 365,617	384,143	319,884	(64,259)
County charges	2,393	1,453	3,026	1,573
Contributions and other	—	940	2,900	1,960
Total revenues	<u>368,010</u>	<u>386,536</u>	<u>325,810</u>	<u>(60,726)</u>
Expenditures:				
Current:				
Human services	439,887	468,667	416,225	52,442
Capital outlay	—	12,838	1,966	10,872
Total expenditures	<u>439,887</u>	<u>481,505</u>	<u>418,191</u>	<u>63,314</u>
Deficiency of revenues under expenditures	<u>(71,877)</u>	<u>(94,969)</u>	<u>(92,381)</u>	<u>2,588</u>
Other financing sources:				
Transfers in	<u>71,877</u>	<u>92,530</u>	<u>92,530</u>	<u>—</u>
Total other financing sources	<u>71,877</u>	<u>92,530</u>	<u>92,530</u>	<u>—</u>
Net change in fund balance	—	(2,439)	149	2,588
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>7,852</u>	<u>7,852</u>
Fund balance, end of year	<u>\$ —</u>	<u>(2,439)</u>	<u>8,001</u>	<u>10,440</u>

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

Offender Supervision

For the fiscal year ended June 30, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ —	—	848	848
County charges	550	550	5	(545)
Court costs, fines, and forfeitures	636,180	624,180	792,874	168,694
Total revenues	636,730	624,730	793,727	168,997
Expenditures:				
Current:				
Public safety	581,698	606,906	604,103	2,803
Total expenditures	581,698	606,906	604,103	2,803
Excess of revenues over expenditures	55,032	17,824	189,624	171,800
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	(19,968)	(57,176)	114,624	171,800
Fund balance, beginning of year	669,795	669,795	689,765	19,970
Fund balance, end of year	\$ 649,827	612,619	804,389	191,770

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

STOP Grant

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 125,000	125,000	125,000	—
County charges	—	—	2,547	2,547
Interest	—	—	6	6
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>127,553</u>	<u>2,553</u>
Expenditures:				
Current:				
Public safety	<u>302,537</u>	<u>302,537</u>	<u>293,360</u>	<u>9,177</u>
Total expenditures	<u>302,537</u>	<u>302,537</u>	<u>293,360</u>	<u>9,177</u>
Deficiency of revenues under expenditures	<u>(177,537)</u>	<u>(177,537)</u>	<u>(165,807)</u>	<u>11,730</u>
Other financing sources:				
Transfers in	<u>177,537</u>	<u>177,537</u>	<u>165,807</u>	<u>(11,730)</u>
Total other financing sources	<u>177,537</u>	<u>177,537</u>	<u>165,807</u>	<u>(11,730)</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

Human Services Administration

For the fiscal year ended June 30, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 1,900	1,900	1,887	(13)
Total revenues	1,900	1,900	1,887	(13)
Expenditures:				
Current:				
Human services	62,203	62,203	60,719	1,484
Total expenditures	62,203	62,203	60,719	1,484
Deficiency of revenues under expenditures	(60,303)	(60,303)	(58,832)	1,471
Other financing sources:				
Transfers in	60,303	60,303	58,832	(1,471)
Total other financing sources	60,303	60,303	58,832	(1,471)
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, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Amended Budget</u>
	<u>Original</u>	<u>Amended</u>		
Revenues:				
Grants	\$ 200	300	168	(132)
Total revenues	200	300	168	(132)
Expenditures:				
Current:				
General government - administrative	200	300	168	132
Total expenditures	200	300	168	132
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. The County’s Early Learning Center was closed mid-2012.

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 POSITION
Nonmajor Enterprise Funds

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<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	209,922	—	64,455	274,377
Customer accounts receivable	4,976	447	—	5,423
Due from other governments	146,812	—	—	146,812
Prepaid items	1,479	—	—	1,479
Total current assets	<u>363,389</u>	<u>447</u>	<u>64,455</u>	<u>428,291</u>
Noncurrent assets:				
Capital assets, net of depreciation	985,860	—	108,688	1,094,548
Total noncurrent assets	<u>985,860</u>	<u>—</u>	<u>108,688</u>	<u>1,094,548</u>
Total assets	<u>1,349,249</u>	<u>447</u>	<u>173,143</u>	<u>1,522,839</u>
Current liabilities:				
Accounts payable	23,079	—	2,713	25,792
Accrued payroll	52,980	—	2,641	55,621
Due to other funds	—	447	—	447
Unearned revenue	34,508	—	36,427	70,935
Sick and vacation accrual	6,509	—	496	7,005
Total current liabilities	<u>117,076</u>	<u>447</u>	<u>42,277</u>	<u>159,800</u>
Noncurrent liabilities:				
Due in more than one year:				
Net OPEB obligation	20,001	—	779	20,780
Sick and vacation accrual	57,302	—	7,832	65,134
Total noncurrent liabilities	<u>77,303</u>	<u>—</u>	<u>8,611</u>	<u>85,914</u>
Total liabilities	<u>194,379</u>	<u>447</u>	<u>50,888</u>	<u>245,714</u>
Net position				
Net invested in capital assets	985,860	—	108,688	1,094,548
Unrestricted	169,010	—	13,567	182,577
Total net position	<u>\$ 1,154,870</u>	<u>—</u>	<u>122,255</u>	<u>1,277,125</u>

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

Nonmajor Enterprise Funds

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Transportation</u>	<u>Early Learning Center</u>	<u>Hazardous Materials</u>	<u>Totals</u>
Operating revenues:				
Charges for sales and services:				
County charges	\$ 1,011,978	251,875	45,518	1,309,371
Total operating revenues	<u>1,011,978</u>	<u>251,875</u>	<u>45,518</u>	<u>1,309,371</u>
Operating expenses:				
Patient/client services	2,357,738	316,571	148,233	2,822,542
Depreciation	290,648	9,169	44,483	344,300
Total operating expenses	<u>2,648,386</u>	<u>325,740</u>	<u>192,716</u>	<u>3,166,842</u>
Operating loss	<u>(1,636,408)</u>	<u>(73,865)</u>	<u>(147,198)</u>	<u>(1,857,471)</u>
Nonoperating revenues (expenses):				
Grants	977,015	8,753	39,015	1,024,783
Insurance recovery	16,418	—	—	16,418
Loss on sale of capital assets	(1,395)	(14,123)	—	(15,518)
Gain on sale of capital assets	4,437	—	—	4,437
Total net nonoperating revenues	<u>996,475</u>	<u>(5,370)</u>	<u>39,015</u>	<u>1,030,120</u>
Income (loss) before transfers and capital contributions	(639,933)	(79,235)	(108,183)	(827,351)
Capital contributions	449,718	—	1,011	450,729
Transfers in	343,206	55,943	54,230	453,379
Transfer out	—	(166,026)	—	(166,026)
Change in net position	<u>152,991</u>	<u>(189,318)</u>	<u>(52,942)</u>	<u>(89,269)</u>
Total net position, beginning of year	1,001,879	189,318	175,197	1,366,394
Total net position, ending of year	<u>\$ 1,154,870</u>	<u>—</u>	<u>122,255</u>	<u>1,277,125</u>

COMBINING STATEMENT OF CASH FLOWS

Nonmajor Enterprise Funds

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Transportation</u>	<u>Early Learning Center</u>	<u>Hazardous Materials</u>	<u>Totals</u>
Cash flows from operating activities:				
Cash received on county charges	\$ 1,009,413	252,074	45,518	1,307,005
Payments to vendors	(799,766)	(318,542)	(76,286)	(1,194,594)
Payments to employees	(1,543,302)	—	(70,460)	(1,613,762)
Net cash used in operating activities	<u>(1,333,655)</u>	<u>(66,468)</u>	<u>(101,228)</u>	<u>(1,501,351)</u>
Cash flows from noncapital financing activities:				
Subsidy from federal/state grants	1,029,336	10,696	36,427	1,076,459
Transfers from other funds	166,463	55,772	78,388	300,623
Net cash provided by noncapital financing activities	<u>1,195,799</u>	<u>66,468</u>	<u>114,815</u>	<u>1,377,082</u>
Cash flows from capital and related financing activities:				
Subsidy from federal/state grants	474,597	—	1,011	475,608
Insurance proceeds	82,092	—	—	82,092
Proceeds from sale of capital asset	4,437	—	—	4,437
Purchase of capital assets	(423,270)	—	(14,598)	(437,868)
Net cash provided by (used in) capital financing activities	<u>137,856</u>	<u>—</u>	<u>(13,587)</u>	<u>124,269</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	\$ (1,636,408)	(73,865)	(147,198)	(1,857,471)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	290,648	9,169	44,483	344,300
Changes in assets and liabilities in:				
Customer accounts receivable	15,344	199	—	15,543
Due from other governments	—	—	—	—
Prepaid items	(1,071)	—	—	(1,071)
Accounts payable	13,039	(1,971)	861	11,929
Accrued liabilities and withholdings	(1,457)	—	470	(987)
Unearned revenue	(585)	—	—	(585)
Net OPEB Obligation	4,160	—	156	4,316
Due to other funds	(17,325)	—	—	(17,325)
Total adjustments	<u>302,753</u>	<u>7,397</u>	<u>45,970</u>	<u>356,120</u>
Net cash used in operating activities	<u>\$ (1,333,655)</u>	<u>(66,468)</u>	<u>(101,228)</u>	<u>(1,501,351)</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 POSITION
Internal Service Funds

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Reimbursement</u> <u>Arrangement</u>	<u>Totals</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 378,491	—	378,491
Investments	1,028,950	—	1,028,950
Due from other funds	—	1,023,631	1,023,631
Customer accounts receivable	1,800	—	1,800
Total current assets	<u>1,409,241</u>	<u>1,023,631</u>	<u>2,432,872</u>
Total assets	<u>1,409,241</u>	<u>1,023,631</u>	<u>2,432,872</u>
Liabilities			
Current liabilities:			
Accounts payable	3,099	41,000	44,099
Self-insurance claims payable	262,841	—	262,841
Total current liabilities	<u>265,940</u>	<u>41,000</u>	<u>306,940</u>
Noncurrent liabilities:			
Due in more than one year:			
Self-insurance claims payable	721,583	—	721,583
Total noncurrent liabilities	<u>721,583</u>	<u>—</u>	<u>721,583</u>
Total liabilities	<u>987,523</u>	<u>41,000</u>	<u>1,028,523</u>
Net position			
Unrestricted	421,718	982,631	1,404,349
Total net position	<u>\$ 421,718</u>	<u>982,631</u>	<u>1,404,349</u>

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

Internal Service Funds

For the year ended December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<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	\$ 568,382	1,039,652	1,608,034
Total operating revenues	<u>568,382</u>	<u>1,039,652</u>	<u>1,608,034</u>
Operating expenses:			
Patient/client services	<u>589,019</u>	<u>980,959</u>	<u>1,569,978</u>
Total operating expenses	<u>589,019</u>	<u>980,959</u>	<u>1,569,978</u>
Operating income (loss)	(20,637)	58,693	38,056
Nonoperating revenues:			
Interest income	<u>33,887</u>	—	<u>33,887</u>
Total nonoperating revenues	<u>33,887</u>	—	<u>33,887</u>
Change in net position	13,250	58,693	71,943
Total net position, beginning of year	<u>408,468</u>	<u>923,938</u>	<u>1,332,406</u>
Total net position, end of year	<u>\$ 421,718</u>	<u>982,631</u>	<u>1,404,349</u>

STATEMENT OF CASH FLOWS**Internal Service Funds***For the year ended December 31, 2012*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Workers' Compensation	Health Reimbursement Arrangement	Totals
Cash flows from operating activities:			
Cash received on county charges	\$ 568,382	957,985	1,526,367
Payments to vendors	—	(957,985)	(957,985)
Payments to employees	(510,451)	—	(510,451)
Net cash provided by operating activities	<u>57,931</u>	<u>—</u>	<u>57,931</u>
Cash flows from investing activities:			
Purchase of investments	(1,028,950)	—	(1,028,950)
Investment income received	35,187	—	35,187
Net cash used by investing activities	<u>(993,763)</u>	<u>—</u>	<u>(993,763)</u>
Net decrease in cash and cash equivalents	(935,832)	—	(935,832)
Cash and cash equivalents, January 1	1,314,323	—	1,314,323
Cash and cash equivalents, December 31	<u>\$ 378,491</u>	<u>—</u>	<u>378,491</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (20,637)	58,693	38,056
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities in:			
Prepays	86,113	—	86,113
Due from other funds	—	(81,667)	(81,667)
Accounts payable	283	22,974	23,257
Self-insurance debt-claims payable	(7,828)	—	(7,828)
Total adjustments	<u>78,568</u>	<u>(58,693)</u>	<u>19,875</u>
Net cash provided by operating activities	<u>\$ 57,931</u>	<u>—</u>	<u>57,931</u>

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

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

Agency Fund Combining Statements

AGENCY FUNDS
DESCRIPTION OF FUNDS

Agency Funds

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

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

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

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

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

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

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

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

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Prison Work Release	Prison Inmate Accounts	Perry County Health- Choices	Clerk of Court	Prothonotary
Assets					
Cash and cash equivalents	\$ 7,062	17,598	33,156	339,110	524,954
Total assets	\$ 7,062	17,598	33,156	339,110	524,954
Liabilities					
Due to other governments	\$ —	—	—	90,634	6,100
Escrow and other liabilities	7,062	17,598	33,156	248,476	518,854
Total liabilities	\$ 7,062	17,598	33,156	339,110	524,954

December 31, 2012

(unaudited)

Recorder of Deeds	Treasurer	Register of Wills	Sheriff	District Attorney	Flexible Spending Account	Human Services Guardianship Accounts	Total
1,152,720	4,930	3,060	635,242	146,651	9,350	46,969	2,920,802
<u>1,152,720</u>	<u>4,930</u>	<u>3,060</u>	<u>635,242</u>	<u>146,651</u>	<u>9,350</u>	<u>46,969</u>	<u>2,920,802</u>
1,152,720	4,930	3,060	15,459	21,050	—	—	1,293,953
—	—	—	619,783	125,601	9,350	46,969	1,626,849
<u>1,152,720</u>	<u>4,930</u>	<u>3,060</u>	<u>635,242</u>	<u>146,651</u>	<u>9,350</u>	<u>46,969</u>	<u>2,920,802</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**All Agency Funds***For the year ended December 31, 2012***COUNTY OF CUMBERLAND, PENNSYLVANIA****(unaudited)**

	Balance, January 1, 2012	Additions	Deletions	Balance, December 31, 2012
Prison Work Release				
Assets				
Cash and cash equivalents	\$ 7,540	363,442	363,920	7,062
Liabilities				
Escrow	\$ 7,540	363,442	363,920	7,062
Total liabilities	\$ 7,540	363,442	363,920	7,062
Prison Inmate Accounts				
Assets				
Cash and cash equivalents	\$ 55,314	783,604	821,320	17,598
Liabilities				
Escrow	\$ 55,314	783,604	821,320	17,598
Total liabilities	\$ 55,314	783,604	821,320	17,598
Perry County HealthChoices				
Assets				
Cash and cash equivalents	\$ 24,726	436,814	428,384	33,156
Liabilities				
Escrow and other liabilities	\$ 24,726	436,814	428,384	33,156
Total liabilities	\$ 24,726	436,814	428,384	33,156

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2012*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2012	Additions	Deletions	Balance, December 31, 2012
(Continued)				
Clerk of Court				
Assets				
Cash and cash equivalents	\$ 492,574	2,142,664	2,296,128	339,110
Liabilities				
Due to other governments	\$ 136,827	1,392,549	1,438,742	90,634
Escrow	355,747	750,115	857,386	248,476
Total liabilities	\$ 492,574	2,142,664	2,296,128	339,110
Prothonotary				
Assets				
Cash and cash equivalents	\$ 949,516	268,188	692,750	524,954
Liabilities				
Due to other governments	\$ 7,357	88,517	89,774	6,100
Escrow	942,159	179,671	602,976	518,854
Total liabilities	\$ 949,516	268,188	692,750	524,954
Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 949,765	20,348,039	20,145,084	1,152,720
Liabilities				
Due to other governments	\$ 949,765	20,348,039	20,145,084	1,152,720
Total liabilities	\$ 949,765	20,348,039	20,145,084	1,152,720

(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2012*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2012	Additions	Deletions	Balance, December 31, 2012
(Continued)				
Treasurer				
Assets				
Cash and cash equivalents	\$ 4,541	149,297	148,908	4,930
Liabilities				
Due to other governments	\$ 4,541	149,297	148,908	4,930
Total liabilities	\$ 4,541	149,297	148,908	4,930
Register of Wills				
Assets				
Cash and cash equivalents	\$ 3,330	18,344,003	18,344,273	3,060
Liabilities				
Due to other governments	\$ 3,330	18,344,003	18,344,273	3,060
Total liabilities	\$ 3,330	18,344,003	18,344,273	3,060
Sheriff				
Assets				
Cash and cash equivalents	\$ 354,297	1,939,949	1,659,004	635,242
Liabilities				
Due to other governments	\$ 18,541	68,825	71,907	15,459
Escrow	335,756	1,871,124	1,587,097	619,783
Total liabilities	\$ 354,297	1,939,949	1,659,004	635,242

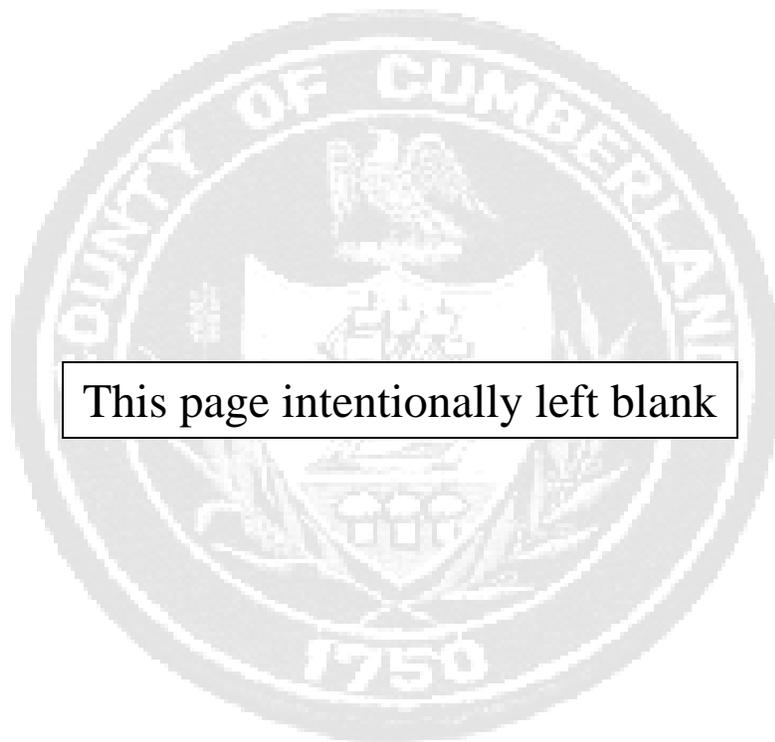
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
All Agency Funds *For the year ended December 31, 2012*

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	Balance, January 1, 2012	Additions	Deletions	Balance, December 31, 2012
(Continued)				
District Attorney				
Assets				
Cash and cash equivalents	\$ 132,222	186,312	171,883	146,651
Liabilities				
Due to other governments	\$ 13,722	10,007	2,679	21,050
Escrow	118,500	176,305	169,204	125,601
Total liabilities	\$ 132,222	186,312	171,883	146,651
Flexible Spending Account				
Assets				
Cash and cash equivalents	\$ 13,940	77,970	82,560	9,350
Liabilities				
Escrow	\$ 13,940	77,970	82,560	9,350
Total liabilities	\$ 13,940	77,970	82,560	9,350
Human Services Guardianship Accounts				
Assets				
Cash and cash equivalents	\$ 237,405	289,975	480,411	46,969
Liabilities				
Escrow	\$ 237,405	289,975	480,411	46,969
Total liabilities	\$ 237,405	289,975	480,411	46,969
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 3,225,170	45,330,257	45,634,625	2,920,802
Liabilities				
Due to other governments	\$ 1,134,083	40,401,237	40,241,367	1,293,953
Escrow and other liabilities	2,091,087	4,929,020	5,393,258	1,626,849
Total liabilities	\$ 3,225,170	45,330,257	45,634,625	2,920,802



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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

FINANCIAL TRENDS
Net Position by Component

COUNTY OF CUMBERLAND, PENNSYLVANIA
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Net invested in capital assets	\$ 32,283,858	29,749,495	16,289,475	17,291,386
Restricted	-	-	8,747,231	15,555,829
Unrestricted	<u>11,877,472</u>	<u>19,864,718</u>	<u>9,977,088</u>	<u>5,547,482</u>
Total governmental activities net position	<u>\$ 44,161,330</u>	<u>49,614,213</u>	<u>35,013,794</u>	<u>38,394,697</u>
Business-type activities				
Net invested in capital assets	\$ 3,199,579	1,310,858	(857,994)	(1,304,478)
Restricted	-	-	-	-
Unrestricted	<u>1,622,191</u>	<u>3,087,151</u>	<u>5,326,223</u>	<u>7,920,167</u>
Total business-type activities net position	<u>\$ 4,821,770</u>	<u>4,398,009</u>	<u>4,468,229</u>	<u>6,615,689</u>
Primary government				
Net invested in capital assets	\$ 35,483,437	31,060,353	15,431,481	15,986,908
Restricted	-	-	8,747,231	15,555,829
Unrestricted	<u>13,499,663</u>	<u>22,951,869</u>	<u>15,303,311</u>	<u>13,467,649</u>
Total primary government net position	<u>\$ 48,983,100</u>	<u>54,012,222</u>	<u>39,482,023</u>	<u>45,010,386</u>

Last Ten Years as of December 31, 2012

(unaudited)

2007	2008	2009	2010	2011	2012
18,992,768	21,107,189	23,171,314	23,210,201	25,321,465	26,848,932
12,011,798	26,125,693	16,434,597	13,578,839	11,341,250	10,653,143
13,983,874	4,149,705	18,005,779	24,309,827	25,663,371	22,076,410
<u>44,988,440</u>	<u>51,382,587</u>	<u>57,611,690</u>	<u>61,098,867</u>	<u>62,326,086</u>	<u>59,578,485</u>
(1,495,109)	(1,301,131)	(403,424)	664,320	3,270,869	4,383,167
-	-	-	-	-	-
9,723,191	9,914,008	9,021,640	8,334,573	6,284,362	5,020,588
<u>8,228,082</u>	<u>8,612,877</u>	<u>8,618,216</u>	<u>8,998,893</u>	<u>9,555,231</u>	<u>9,403,755</u>
17,497,659	19,806,058	22,767,890	23,874,521	28,592,334	31,232,099
12,011,798	26,125,693	16,434,597	13,578,839	11,341,250	10,653,143
23,707,065	14,063,713	27,027,419	32,644,400	31,947,733	27,096,998
<u>53,216,522</u>	<u>59,995,464</u>	<u>66,229,906</u>	<u>70,097,760</u>	<u>71,881,317</u>	<u>68,982,240</u>

FINANCIAL TRENDS

Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA

(accrual basis of accounting)

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government - administrative	\$ 22,376,100	22,570,583	23,843,051	11,265,601
General government - judicial (1)	-	-	-	14,431,904
Public safety	13,287,128	13,630,646	14,342,433	15,368,282
Roads and bridge maintenance	861,335	651,093	1,125,543	1,472,466
Recycling and waste management	541,293	561,480	568,828	567,813
Human services:				
Mental health/intellectual and developmental disabilities	21,543,888	26,475,793	27,253,708	32,343,624
HealthChoices - Cumberland County	11,631,837	13,223,377	18,079,337	22,678,241
Children and youth	9,369,124	9,259,081	10,821,115	12,015,385
Food and shelter	2,978,327	3,408,828	3,995,395	4,379,791
Office of aging	2,928,172	3,068,634	3,391,598	4,485,342
Other	3,297,693	4,040,060	3,968,892	3,879,024
Culture and recreation	535,145	90,075	87,920	45,273
Conservation	541,665	381,570	418,545	711,848
Community redevelopment and housing	400,693	387,356	266,693	379,553
Economic development and assistance	913,960	2,244,217	2,380,343	4,437,310
Interest on long-term debt	354,504	482,719	470,589	661,412
Indirect expenses	(309,825)	(334,128)	(363,597)	(393,955)
Total governmental activities expenses	<u>91,251,039</u>	<u>100,141,384</u>	<u>110,650,393</u>	<u>128,728,914</u>
Business-type activities:				
County nursing home	18,386,131	19,494,048	20,509,268	21,604,381
Early Learning Center	294,183	359,885	407,655	456,022
Emergency telephone	4,275,821	4,221,403	6,342,878	4,817,157
Hazardous materials protection	112,576	135,713	177,854	223,403
Transportation services	1,530,755	1,647,303	1,722,524	1,889,158
Indirect expenses	309,825	334,128	363,597	393,955
Total business-type activities expenses	<u>24,909,291</u>	<u>26,192,480</u>	<u>29,523,776</u>	<u>29,384,076</u>
Total primary government expenses	<u>\$ 116,160,330</u>	<u>126,333,864</u>	<u>140,174,169</u>	<u>158,112,990</u>
Program revenues				
Governmental activities:				
Charges for services				
General government - administrative	\$ 6,703,034	6,126,041	6,715,978	3,687,016
General government - judicial (1)	-	-	-	2,108,136
Public safety	1,846,768	2,242,796	2,595,561	2,512,689
Roads and bridge maintenance	-	8,580	4,597	6,680
Recycling and waste management	568,435	667,116	91,690	1,037,382
Human services	786,998	1,207,541	1,232,531	2,230,349
Culture and recreation	-	11,935	9,466	12,426
Conservation	61,481	33,595	14,233	61,522
Community redevelopment and housing	400,325	320,335	305,800	294,109
Economic development and assistance	400	5,218	2,826	63,418
Operating grants and contributions				
General government - administrative	2,783,458	2,494,905	2,369,485	1,090,729
General government - judicial	-	438,072	336,127	2,413,569
Public safety	2,126,353	1,879,190	1,765,008	1,738,660
Roads and bridge maintenance	1,256,450	746,501	1,107,146	1,469,833

Last Ten Years as of December 31, 2012

(unaudited)

2007	2008	2009	2010	2011	2012
12,084,842	12,914,833	12,627,406	13,814,789	14,046,596	14,280,937
14,884,695	15,300,757	16,100,981	16,658,597	17,814,045	18,528,473
16,554,754	16,524,566	17,366,885	19,253,729	20,794,098	21,611,054
952,524	479,261	855,299	672,542	387,359	281,498
535,267	449,387	514,416	380,137	458,016	586,934
33,099,088	35,708,717	27,708,562	18,141,649	16,928,959	17,257,878
21,728,030	22,892,241	27,042,052	28,601,028	27,491,594	28,363,948
12,559,788	13,327,513	12,839,074	12,342,876	13,417,768	13,813,083
4,298,143	4,554,398	4,726,775	3,137,335	936,619	810,200
4,176,758	4,585,368	4,889,623	4,785,973	3,915,211	3,425,700
4,196,473	4,248,998	3,973,504	5,051,374	6,143,289	8,338,934
81,430	106,326	227,443	108,217	67,799	138,045
882,688	1,047,706	531,424	423,928	386,490	432,798
245,888	217,028	218,714	212,555	220,815	222,796
3,026,549	3,870,456	4,093,769	3,992,708	3,877,944	3,539,001
846,026	1,130,803	1,280,716	1,320,663	1,323,974	1,687,988
(432,428)	(494,329)	(531,008)	(613,073)	(635,931)	(641,105)
<u>129,720,515</u>	<u>136,864,029</u>	<u>134,465,635</u>	<u>128,285,027</u>	<u>127,574,645</u>	<u>132,678,162</u>
21,715,212	22,463,389	23,833,449	24,806,003	25,737,338	24,610,308
487,679	516,737	483,456	479,681	532,003	339,864
5,163,736	5,277,951	5,329,529	9,481,575	6,505,960	5,969,320
278,299	258,893	247,389	194,317	228,067	192,719
2,122,585	2,305,882	2,360,459	2,331,954	2,611,077	2,502,154
432,428	494,329	531,008	613,073	635,931	641,105
<u>30,199,939</u>	<u>31,317,181</u>	<u>32,785,290</u>	<u>37,906,603</u>	<u>36,250,376</u>	<u>34,255,470</u>
<u>159,920,454</u>	<u>168,181,210</u>	<u>167,250,925</u>	<u>166,191,630</u>	<u>163,825,021</u>	<u>166,933,632</u>
4,034,692	3,861,945	4,325,427	3,952,398	3,972,749	4,464,773
3,760,691	4,182,989	3,895,465	4,021,584	3,878,412	4,610,779
2,697,819	3,155,752	2,951,887	3,055,916	3,359,727	3,125,837
53,110	29,729	-	7,272	49,773	10,791
266,099	128,166	114,998	116,498	145,302	109,662
1,417,763	1,811,103	6,215,264	5,377,369	6,420,238	6,999,960
10,537	10,942	11,052	11,300	11,193	11,397
139,365	59,533	35,915	54,341	26,799	30,282
265,108	227,398	235,154	214,505	197,915	221,410
198,360	146,409	98,884	130,752	143,883	93,888
76,132	245,575	110,861	217,232	567,219	574,441
2,531,381	2,497,334	2,650,047	2,883,864	2,943,449	2,657,904
1,327,598	1,243,092	1,235,751	1,856,181	1,637,737	1,405,009
2,392,227	951,691	529,854	589,234	557,169	445,570

FINANCIAL TRENDS

Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA

(accrual basis of accounting)

	2003	2004	2005	2006
Program revenues (continued)				
Recycling and waste management	\$ 437,668	99,131	127,997	93,749
Human services:				
Mental health/intellectual and developmental disabilities	21,230,866	25,981,948	26,481,739	31,325,889
HealthChoices - Cumberland County	11,631,837	13,220,841	18,069,073	22,660,910
Children and youth	7,751,800	7,648,535	8,907,164	9,688,684
Food and shelter	3,030,019	3,132,715	3,870,511	3,840,332
Office of aging	2,894,113	2,874,807	3,185,237	3,851,537
Other	2,894,200	3,609,467	3,538,699	3,296,947
Culture and recreation	(6,199)	-	-	-
Conservation	78,631	46,439	27,421	57,060
Community redevelopment and housing	1,551	-	-	-
Economic development and assistance	75,829	951,372	1,400,894	3,000,109
Capital grants and contributions				
General government - administrative	21,979	64,728	40,927	-
General government - judicial	-	-	-	-
Public safety	11,000	9,263	14,197	16,527
Roads and bridge maintenance	-	-	-	2,581
Recycling and waste management	-	54,180	-	-
Conservation	249,592	1,726,193	-	149,604
Total governmental activities program revenues	<u>66,836,588</u>	<u>75,601,444</u>	<u>82,214,307</u>	<u>96,710,447</u>
Business-type activities:				
Charges for services				
County nursing home	18,528,173	20,934,388	22,182,781	21,414,687
Early Learning Center	186,471	279,112	321,779	369,206
Emergency telephone	2,190,387	2,098,908	2,016,473	1,971,210
Hazardous materials protection	24,425	43,733	49,880	50,901
Transportation services	42,856	866,164	825,904	841,716
Operating grants and contributions				
County nursing home	62,554	4,086	12,449	7,410
Early Learning Center	13,021	6,312	7,975	13,020
Emergency telephone	-	-	53,540	1,799,540
Hazardous materials protection	42,739	18,705	21,553	27,834
Transportation services	1,333,209	641,052	711,810	845,171
Capital grants and contributions				
Early Learning Center	-	-	5,630	-
Emergency telephone	221,898	-	-	-
Hazardous materials protection	-	-	361,514	-
Transportation services	288,923	2,471	385,840	76,263
Total business-type activities program revenues	<u>22,934,656</u>	<u>24,894,931</u>	<u>26,957,128</u>	<u>27,416,958</u>
Total primary government program revenues	<u>\$ 89,771,244</u>	<u>100,496,375</u>	<u>109,171,435</u>	<u>124,127,405</u>
Net expense:				
Governmental activities	\$ (24,414,451)	(24,539,940)	(28,436,086)	(32,018,467)
Business-type activities	(1,974,635)	(1,297,549)	(2,566,648)	(1,967,118)
Total primary government net expense	<u>\$ (26,389,086)</u>	<u>(25,837,489)</u>	<u>(31,002,734)</u>	<u>(33,985,585)</u>

Last Ten Years as of December 31, 2012

(unaudited)

2007	2008	2009	2010	2011	2012
57,033	470,419	160,115	75,312	67,821	100,250
32,062,709	34,853,233	26,936,260	17,436,659	14,306,924	14,750,083
21,707,823	22,881,948	27,040,563	28,634,245	27,489,782	28,354,028
10,225,414	10,642,965	10,658,021	9,927,394	10,726,676	10,745,739
4,149,274	4,486,184	689,254	920,238	703,688	632,886
4,033,513	4,336,567	3,934,097	4,001,745	3,445,930	3,218,411
3,414,422	3,104,052	2,953,656	2,796,894	2,777,210	2,715,633
-	45,119	163,881	-	-	-
77,726	165,986	430,053	70,146	49,269	289,545
-	-	-	-	-	-
1,606,690	2,226,010	2,535,722	2,308,941	1,994,012	1,632,160
-	-	-	571,757	638,503	44,185
54,953	6,832	-	-	-	-
12,465	65,745	22,749	27,099	21,602	23,339
272,199	96,987	-	8,752	61,649	104,717
-	-	-	-	-	-
64,901	-	-	-	-	-
<u>96,910,004</u>	<u>101,933,705</u>	<u>97,934,930</u>	<u>89,267,628</u>	<u>86,194,631</u>	<u>87,372,679</u>
22,729,768	22,536,429	23,592,054	25,259,305	25,276,933	24,669,038
400,963	399,429	406,814	414,613	429,812	251,875
2,062,474	1,944,338	1,835,550	1,761,860	1,714,758	1,647,432
49,690	50,708	58,096	50,500	47,450	45,518
1,002,810	1,100,062	1,051,045	1,044,212	1,049,685	1,012,670
7,732	10,718	22,612	23,045	159,868	9,265
22,493	34,016	32,355	39,215	43,492	8,753
1,395,121	3,002,387	2,470,344	6,410,484	3,891,927	2,637,325
28,349	30,112	33,361	71,630	23,548	39,015
955,443	1,134,124	1,139,457	1,050,365	1,156,134	979,680
14,975	1,283	-	-	-	-
-	-	-	-	-	-
895	3,505	3,427	1,673	200,000	1,011
249,923	198,638	433,123	13,585	611,271	449,718
<u>28,920,636</u>	<u>30,445,749</u>	<u>31,078,238</u>	<u>36,140,487</u>	<u>34,604,878</u>	<u>31,751,300</u>
<u>125,830,640</u>	<u>132,379,454</u>	<u>129,013,168</u>	<u>125,408,115</u>	<u>120,799,509</u>	<u>119,123,979</u>
(32,810,511)	(34,930,324)	(36,530,705)	(39,017,399)	(41,380,014)	(45,305,483)
(1,279,303)	(871,432)	(1,707,052)	(1,766,116)	(1,645,498)	(2,504,170)
<u>(34,089,814)</u>	<u>(35,801,756)</u>	<u>(38,237,757)</u>	<u>(40,783,515)</u>	<u>(43,025,512)</u>	<u>(47,809,653)</u>

FINANCIAL TRENDS

Changes in Net Position

COUNTY OF CUMBERLAND, PENNSYLVANIA

(accrual basis of accounting)

	2003	2004	2005	2006
(continued)				
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Real estate taxes	\$ 27,012,527	28,798,851	30,954,255	35,211,322
Per capita taxes	657,253	674,458	660,792	610,226
Hotel taxes	833,060	844,569	923,487	950,036
Grants and contributions not restricted to specific programs	10,609	-	-	-
Unrestricted investment earnings	213,170	481,053	1,183,081	2,403,031
Transfers	(594,338)	(806,108)	(2,414,420)	(3,770,245)
Total governmental activities	<u>28,132,281</u>	<u>29,992,823</u>	<u>31,307,195</u>	<u>35,404,370</u>
Business-type activities:				
Grants and contributions not restricted to specific programs	4,933	-	-	-
Unrestricted investment earnings	55,492	67,680	222,448	344,333
Transfers	594,338	806,108	2,414,420	3,770,245
Total business-type activities	<u>654,763</u>	<u>873,788</u>	<u>2,636,868</u>	<u>4,114,578</u>
Total primary government	<u>\$ 28,787,044</u>	<u>30,866,611</u>	<u>33,944,063</u>	<u>39,518,948</u>
Changes in Net Position				
Governmental activities	\$ 3,717,830	5,452,883	2,871,109	3,385,903
Business-type activities	(1,319,872)	(423,761)	70,220	2,147,460
Total primary government	<u>\$ 2,397,958</u>	<u>5,029,122</u>	<u>2,941,329</u>	<u>5,533,363</u>

Notes:

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

Last Ten Years as of December 31, 2012

(unaudited)

2007	2008	2009	2010	2011	2012
37,534,225	38,319,951	41,366,554	41,788,709	42,140,921	42,385,600
729,222	638,640	639,342	629,068	677,729	650,909
1,057,801	1,345,191	1,192,707	1,518,194	1,502,072	1,602,610
-	-	-	-	-	-
2,642,631	1,897,431	1,106,743	652,760	422,986	222,193
(2,559,625)	(876,742)	(1,545,538)	(2,084,155)	(2,136,475)	(2,303,430)
<u>39,404,254</u>	<u>41,324,471</u>	<u>42,759,808</u>	<u>42,504,576</u>	<u>42,607,233</u>	<u>42,557,882</u>
-	-	-	-	-	-
332,071	379,485	166,853	62,638	65,361	49,264
2,559,625	876,742	1,545,538	2,084,155	2,136,475	2,303,430
<u>2,891,696</u>	<u>1,256,227</u>	<u>1,712,391</u>	<u>2,146,793</u>	<u>2,201,836</u>	<u>2,352,694</u>
<u>42,295,950</u>	<u>42,580,698</u>	<u>44,472,199</u>	<u>44,651,369</u>	<u>44,809,069</u>	<u>44,910,576</u>
6,593,743	6,394,147	6,229,103	3,487,177	1,227,219	(2,747,601)
1,612,393	384,795	5,339	380,677	556,338	(151,476)
<u>8,206,136</u>	<u>6,778,942</u>	<u>6,234,442</u>	<u>3,867,854</u>	<u>1,783,557</u>	<u>(2,899,077)</u>

FINANCIAL TRENDS
Fund Balances of Governmental Funds

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

	2003	2004	2005	2006
General fund				
Reserved	\$ 964,346	3,777,740	3,902,719	3,862,538
Unreserved	8,699,315	12,062,306	13,871,446	16,231,782
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	-	-	-	-
Marcellus Shale	-	-	-	-
Unrestricted:				
Assigned:				
Future budgetary requirements	-	-	-	-
Capital projects	-	-	-	-
Risk liability	-	-	-	-
Farmland preservation	-	-	-	-
Prison canteen	-	-	-	-
Criminal justice planning	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 9,663,661</u>	<u>15,840,046</u>	<u>17,774,165</u>	<u>20,094,320</u>
All other governmental funds				
Reserved	\$ -	-	-	-
Unreserved, reported in:				
Special revenue funds	6,330,164	5,861,350	6,458,575	7,611,520
Capital projects fund	481,527	560,210	496,303	4,848,593
Debt service fund	637	631	-	2,323
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Roads and bridge maintenance	-	-	-	-
Judicial services	-	-	-	-
Human services	-	-	-	-
Public safety	-	-	-	-
Row office automation	-	-	-	-
Conservation	-	-	-	-
Marcellus shale	-	-	-	-
Economic development and housing	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unrestricted:				
Assigned:				
Capital projects	-	-	-	-
Human services	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 6,812,328</u>	<u>6,422,191</u>	<u>6,954,878</u>	<u>12,462,436</u>

Note:

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

Last Ten Years as of December 31, 2012

(unaudited)

2007	2008	2009	2010	2011	2012
1,592,623	2,092,339	1,332,001	-	-	-
20,679,184	22,766,147	29,270,507	-	-	-
-	-	-	170,321	227,426	296,853
-	-	-	488,858	418,540	347,522
-	-	-	1,092,655	825,164	714,300
-	-	-	564,467	564,847	681,358
-	-	-	229,803	203,802	338,460
-	-	-	67,200	69,450	71,250
-	-	-	49,499	68,905	68,634
-	-	-	16,723	16,256	15,812
-	-	-	174,701	190,587	218,242
-	-	-	-	-	199,719
-	-	-	-	10,920,515	6,551,207
-	-	-	3,725,000	3,725,000	3,725,000
-	-	-	250,000	250,000	250,000
-	-	-	446,367	560,825	595,009
-	-	-	66,732	177,895	226,059
-	-	-	5,885	7,297	7,081
-	-	-	24,316,110	11,144,830	10,856,757
<u>22,271,807</u>	<u>24,858,486</u>	<u>30,602,508</u>	<u>31,664,321</u>	<u>29,371,339</u>	<u>25,163,263</u>
-	-	-	-	-	-
6,994,029	7,426,419	6,865,274	-	-	-
4,042,418	17,738,683	8,569,764	-	-	-
-	-	-	-	-	-
-	-	-	23,649	235,485	330,154
-	-	-	635,004	955,530	1,207,397
-	-	-	55,920	287,665	-
-	-	-	952,567	1,474,155	726,499
-	-	-	35,758	33,156	38,502
-	-	-	1,005,582	923,002	972,248
-	-	-	1,670,258	1,461,610	1,093,589
-	-	-	-	-	335,543
-	-	-	1,920,788	2,190,163	2,597,397
-	-	-	9,870	-	-
-	-	-	1,948,613	15,751,272	3,818,123
-	-	-	-	500,082	500,000
-	-	-	891,930	297,941	55,409
-	-	-	(83,661)	4,694	(12,150)
<u>11,036,447</u>	<u>25,165,102</u>	<u>15,435,038</u>	<u>9,066,278</u>	<u>24,114,755</u>	<u>11,662,711</u>

FINANCIAL TRENDS

Changes in Fund Balances of Governmental Funds

COUNTY OF CUMBERLAND, PENNSYLVANIA

(modified accrual basis of accounting)

	2003	2004	2005	2006
Revenues:				
Taxes	\$ 28,612,909	30,170,342	32,611,992	36,496,600
Licenses and permits	91,648	103,297	102,300	109,045
Grants	55,838,634	64,758,123	70,627,628	84,474,545
County charges	8,127,915	9,290,235	9,055,568	10,587,280
Court, costs, fines and forfeitures	1,378,298	1,080,181	1,325,488	1,369,036
Interest	544,154	481,053	1,183,081	2,403,030
Payment in lieu of taxes	-	-	-	83,160
Contributions and other	1,487,794	407,466	822,642	1,155,695
Total revenues	96,081,352	106,290,697	115,728,699	136,678,391
Expenditures:				
Current:				
General government - administrative	7,691,366	8,094,990	8,491,678	8,841,723
General government - judicial	14,872,711	13,517,419	14,084,783	15,050,890
Public safety	9,852,449	11,476,018	12,576,249	13,733,295
Public works and enterprises	872,618	913,625	827,474	827,067
Human services:				
Mental health/intellectual and developmental disabilities	21,727,526	26,638,694	27,372,787	32,499,919
Children and youth	9,558,371	9,374,020	10,918,122	12,147,306
HealthChoices - Cumberland County	11,631,837	13,223,377	18,079,337	22,678,241
Food and shelter	3,069,346	3,397,619	3,969,006	4,392,767
Office of aging	3,104,919	3,141,073	3,499,844	4,587,396
Drug and alcohol	2,660,145	3,064,262	3,173,267	3,058,490
Fiscal Employer Agent	-	-	-	-
General fund	862,989	640,136	568,944	573,640
Witness assistance	498,073	434,286	356,673	375,099
Human services development	166,718	360,165	253,609	301,727
Capital projects	-	-	-	-
Other	-	-	-	-
Culture and recreation	1,642,857	931,061	142,459	63,177
Conservation and development	3,072,916	601,109	1,154,439	1,580,505
Economic development and assistance	-	1,314,077	2,244,756	4,330,084
Other	11,148	-	-	-
Debt service:				
Principal retirement	853,718	1,805,980	1,092,112	1,433,738
Debt interest	349,205	463,500	470,229	479,186
Debt issuance costs	-	128,612	21,653	137,369
Capital Outlay	1,627,768	3,731,920	2,938,157	7,200,628
Payments to other governments	-	496,264	358,666	713,158
Total expenditures	94,126,680	103,748,207	112,594,244	135,005,405
Excess (deficiency) of revenues over (under) expenditures	1,954,672	2,542,490	3,134,455	1,672,986
Other financing sources (uses):				
Transfers in	5,532,246	6,880,060	6,949,292	7,861,282
Transfers out	(6,126,583)	(7,686,168)	(9,363,713)	(11,599,563)
Debt issued	715,000	7,824,917	1,698,615	9,900,000
Payment to refund bonds	-	(3,775,051)	-	-
Bond premium (discount)	-	-	3,227	(52,511)

Last Ten Years as of December 31, 2012

(unaudited)

2007	2008	2009	2010	2011	2012
39,174,148	40,270,517	43,016,438	43,972,939	44,249,273	44,610,906
104,440	101,762	115,886	96,872	104,492	122,829
83,870,461	88,045,118	79,570,052	72,033,160	67,782,498	67,258,482
10,569,865	11,086,953	15,477,114	14,386,937	15,507,346	16,183,605
1,724,379	1,851,223	1,970,159	1,968,327	2,182,893	2,435,785
2,642,631	1,897,431	1,106,741	652,759	422,986	222,194
143,355	116,614	141,168	128,664	128,359	130,142
308,366	331,004	670,539	441,878	397,790	454,101
<u>138,537,645</u>	<u>143,700,622</u>	<u>142,068,097</u>	<u>133,681,536</u>	<u>130,775,637</u>	<u>131,418,044</u>
9,536,444	10,071,676	9,470,786	10,419,194	10,779,834	10,851,620
15,652,556	16,251,512	16,858,261	16,598,749	17,837,905	18,623,142
15,032,388	15,165,158	15,525,396	18,098,141	19,313,626	19,595,172
934,188	680,216	1,167,927	863,974	686,114	757,449
33,248,461	35,964,303	27,883,589	18,367,330	17,226,078	17,460,022
12,710,692	13,525,507	12,975,471	12,492,268	13,605,024	14,064,911
21,728,030	22,892,242	27,042,053	28,601,026	27,491,595	28,363,948
4,389,777	4,644,898	4,821,488	3,219,164	962,539	832,219
4,264,224	4,755,060	5,047,609	4,968,161	4,098,978	3,629,633
3,230,289	3,286,072	3,043,704	3,012,234	2,844,349	3,340,669
-	-	-	1,250,455	2,453,634	3,079,857
721,015	740,773	705,617	643,881	744,325	710,743
392,197	403,120	406,683	420,078	438,939	470,691
267,292	291,959	274,963	230,470	209,799	146,452
-	-	211,299	-	-	-
-	21,000	-	-	-	-
102,070	136,569	243,647	135,125	92,871	170,073
1,064,321	726,504	525,300	433,154	379,522	384,628
2,900,074	3,711,259	3,972,265	3,888,847	3,949,724	3,408,129
-	-	-	-	-	-
1,468,327	1,615,330	1,423,447	1,907,615	1,780,187	2,501,101
957,841	967,808	1,250,182	1,363,595	1,220,283	1,698,453
-	119,291	145,207	115,388	197,724	-
6,122,633	6,574,648	14,029,489	9,574,735	7,766,720	14,259,834
588,243	715,601	289,677	424,159	370,994	1,592,960
<u>135,311,062</u>	<u>143,260,506</u>	<u>147,314,060</u>	<u>137,027,743</u>	<u>134,450,764</u>	<u>145,941,706</u>
3,226,583	440,116	(5,245,963)	(3,346,207)	(3,675,127)	(14,523,662)
9,290,911	10,006,158	8,849,334	10,011,522	12,367,178	11,980,877
(11,850,346)	(10,876,498)	(10,394,752)	(12,097,520)	(14,498,394)	(14,269,435)
-	17,121,750	9,656,482	9,850,000	18,000,000	152,100
-	-	(7,108,829)	(9,877,630)	-	-
-	(34,507)	92,084	152,888	561,838	-

Changes in Fund Balances of Governmental Funds

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
(Continued)				
Other financing sources (uses):				
Sale of assets	\$ -	-	-	-
Insurance recovery	-	-	-	-
Capital leases	-	-	44,930	50,519
Total other financing sources (uses)	<u>120,663</u>	<u>3,243,758</u>	<u>(667,649)</u>	<u>6,159,727</u>
Net change in fund balances	<u>\$ 2,075,335</u>	<u>5,786,248</u>	<u>2,466,806</u>	<u>7,832,713</u>
Debt service as a percentage of noncapital expenditures	1.30	2.27	1.42	1.50

Last Ten Years as of December 31, 2012

(unaudited)

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
-	300	-	-	-	-
-	33,680	165,602	-	-	-
84,350	24,335	-	-	-	-
<u>(2,475,085)</u>	<u>16,275,218</u>	<u>1,259,921</u>	<u>(1,960,740)</u>	<u>16,430,622</u>	<u>(2,136,458)</u>
<u>751,498</u>	<u>16,715,334</u>	<u>(3,986,042)</u>	<u>(5,306,947)</u>	<u>12,755,495</u>	<u>(16,660,120)</u>
1.88	1.89	2.01	2.57	2.37	3.19

REVENUE CAPACITY

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Fiscal Year		Residential Property	Commercial Property	Agricultural	Recreation	Total Taxable Assessed Value	Utility & Tax Exempt Property	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Value as a Percentage of Actual Value (5)
2003	(1) \$	9,141,838,220	\$ 3,726,763,850	\$ 596,577,690	\$ 27,998,970	\$ 13,493,178,730	\$ 1,783,006,990	2.149	\$ 14,143,793,218	95.4
2004	(1)	9,412,693,650	3,803,587,230	600,635,420	27,910,060	13,844,826,360	1,793,680,360	2.352	15,315,073,407	90.4
2005	(2)	10,487,126,920	4,332,597,620	668,547,100	29,008,730	15,517,280,370	2,015,198,460	2.186	15,517,280,370	100.0
2006	(2)	10,801,168,820	4,440,201,950	673,647,300	30,065,890	15,945,083,960	2,349,724,010	2.377	18,160,687,882	87.8
2007	(2)	11,129,659,300	4,574,598,980	700,313,470	29,406,010	16,433,977,760	2,374,030,750	2.465	20,041,436,292	82.0
2008	(2)	11,441,197,970	4,669,758,070	715,304,350	28,548,970	16,854,809,360	2,453,087,320	2.465	21,254,488,474	79.3
2009	(2)	11,704,349,810	4,788,918,720	725,187,210	28,470,540	17,246,926,280	2,961,390,860	2.579	21,803,852,313	79.1
2010	(2)	11,907,901,590	4,919,759,440	740,578,380	28,279,280	17,596,518,690	2,972,923,890	2.579	21,968,188,127	80.1
2011	(3)	15,418,759,500	5,975,550,800	994,539,200	44,311,900	22,433,161,400	3,751,613,300	2.045	22,433,161,400	100.0
2012	(3)	15,594,896,200	6,048,035,100	991,535,600	43,960,200	22,678,427,100	3,767,043,200	2.045	22,543,168,091	100.6

Notes:

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

	<u>County</u>	<u>Library</u>	<u>Total</u>	
2003	2.046	0.103	2.149	
2004	2.149	0.203	2.352	
2005	2.006	0.18	2.186	
2006	2.197	0.18	2.377	
2007	2.285	0.18	2.465	
2008	2.285	0.18	2.465	
2009	2.399	0.18	2.579	
2010	2.399	0.18	2.579	
2011	1.902	0.143	2.045	* Millage adjustment due to 5% cap for reassessment
2012	1.902	0.143	2.045	

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

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

Source: County Board of Assessment

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

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Year Taxes Are Payable</u>									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County Direct Rates										
General	2.046	2.149	2.006	2.197	2.285	2.285	2.399	2.399	1.902	1.902
Library	0.103	0.203	0.18	0.18	0.18	0.18	0.18	0.18	0.143	0.143
Total Direct Rate	2.149	2.352	2.186	2.377	2.465	2.465	2.579	2.579	2.045	2.045
School Districts										
Big Spring	11.3	12.217	12.375	13.365	14.194	14.72	15.455	16.072	12.098	12.364
Camp Hill	11.92	12.76	12.03	12.77	13.39	14.22	14.8	16.21	12.9577	13.1622
Carlisle Area	11.95	12.7	12.0	12.58	13.1	13.8	14.33	14.83	12.2606	12.3706
Cumberland Valley	9.188	10.202	9.554	9.554	9.554	9.721	9.964	10.252	8.57	8.715
East Pennsboro	12.08	12.82	11.78	11.78	12.25	12.899	12.899	12.899	10.309	10.5254
Mechanicsburg	12.05	13.41	12.83	12.83	13.26	13.73	14.29	14.7	12.168	12.289
Shippensburg Area	10.55	12.05	11.33	12.4	12.75	13.08	13.21	13.55	10.01	10.22
South Middleton	11.10	11.9	11.15	11.15	11.38	11.38	11.38	11.55	8.9245	8.9245
West Shore Area	10.1	10.2	9.6	9.9	10.2	10.5	10.6	10.61	9	9.3
Municipalities										
Camp Hill	2.124	2.124	1.881	1.881	3.88	3.881	3.881	3.881	3.022	3.022
Carlisle	2.95	3.1	2.81	2.81	2.81	2.81	3.08	3.57	3.058	3.058
Cooke	1.0	1.0	0.968	1.5	1.5	1.5	1.5	2	1.4	1.5
Dickinson	0.03	0.03	0.02857	0.02857	0.02857	0.02857	**0.22	**0.22	.084**	.084**
East Pennsboro	0.888	0.888	0.79	0.79	1.09	1.09	1.19	1.19	0.957	0.957
Hampden	0.2	0.2	0.18	0.18	0.18	0.18	0.18	0.18	0.156	0.156
Hopewell	-	-	-	-	-	-	-	-	-	-
Lemoyne	1.33	1.99	1.99	1.99	1.99	1.99	2.5	2.5	2.1	2.1
Lower Allen	1.50	2.0	1.9	1.9	2.0	2.0	2.5	2.5	1.23	2.05
Lower Frankford	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.0807	0.1211
Lower Mifflin	-	-	-	-	-	-	-	-	-	-
Mechanicsburg	1.45	2.45	2.23	2.23	2.23	3.0	3.0	3.25	2.58	2.58
Middlesex	0.99	0.99	0.87	0.87	0.87	0.87	0.87	1.2	0.998	1.22
Monroe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.595	0.169	0.525
Mt. Holly Springs	2.03	2.03	1.67	1.83	1.83	1.8	1.944	1.966	1.374	1.613
Newburg	0.125	0.125	0.121*	0.121	0.121	1.0	1.0	1.0	0.7	1.0
New Cumberland	2.5	3.0	2.6	2.6	2.6	2.6	2.6	3.6	2.9	3.9
Newville	1.6657	1.6657	1.6657	1.6657	1.6657	1.6657	1.6657	2.0657	1.358	2.434
North Middleton	0.981	0.981	0.889	0.889	0.889	0.889	0.889	0.889	0.694	0.694
North Newton	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.1	-
Penn	0.065	0.065	0.061	0.061	0.061	0.061	0.061	0.061	0.0414	0.0414
Shippensburg Borough	3.11	3.11	2.85	2.85	2.85	2.85	2.85	3.6	2.26	2.6
Shippensburg Twp.	1.0	1.0	0.95	0.95	0.95	0.95	0.95	0.95	0.675	0.675
Shiremanstown	1.75	1.75	1.68	1.75	2.0	2.0	2.2	2.35	1.9	2.1

REVENUE CAPACITY
Direct and Overlapping Property Tax Rates

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	<u>Year Taxes Are Payable</u>									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Municipalities (continued)										
Silver Spring	0.656	0.656	0.584	0.584	0.584	1.034	1.034	1.034	0.8045	0.8045
Southampton	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
South Middleton	-	-	-	0.16	**0.22	**0.22	**0.22	**0.22	0.17**	0.17**
South Newton	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.0933	0.0933
Upper Allen	0.244	0.244	0.23	1.25	1.25	1.25	1.25	1.532	1.2918	1.4
Upper Frankford	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.21128	0.16095	0.16095
Upper Mifflin	-	-	-	-	-	-	-	-	-	-
West Pennsboro	0.225	0.225	0.2135	0.2135	0.2135	0.2135	0.2135	0.35	0.2576	0.5076
Wormleysburg	1.639	2.328	1.986	2.586	2.586	2.678	3.678	3.678	3.065	3.065

Notes:

(1) * Mill rate decreased in 2005 for Newburg due to 5% revenue cap from 2004 reassessment.

(2) ** South Middleton and Dickinson rate is a fire tax

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

The following districts have multiple tax rates which are represented as a total:

- Lower Allen
- Lower Frankford
- Monroe
- Mt. Holly Springs
- Newville
- Shippensburg Borough
- West Pennsboro

Source: County Board of Assessment

**REVENUE CAPACITY
Principal Property Taxpayers**

2003 and 2012 Tax Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2003			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
<u>Taxpayer</u>						
Prologis NA3 PA LP				\$ 123,560,500	1	0.54 %
Carlisle HMA Inc.				76,561,900	2	0.34
PR CC Limited Partnership	\$ 31,901,230	6	0.24 %	74,923,100	3	0.33
Pennsylvania Blue Shield	54,996,200	1	0.41	72,584,100	4	0.32
Allen Distribution	52,216,830	2	0.39	66,424,400	5	0.29
LIT Industrial LP				64,167,000	6	0.28
Cedar - Camp Hill LLC				61,766,800	7	0.27
KTR PA Cent LLC				60,300,000	8	0.27
Pancal 954 Centerville (Unit B) LLC				47,957,000	9	0.21
BIT Investment LP				40,378,700	10	0.18
Prologis-Macquarie Penna Trust	29,541,370	9	0.22			
E.H. Realty	41,572,480	3	0.31			
Morris Haimowitz LLC	33,814,490	4	0.25			
PHICO Insurance Co.	30,365,800	7	0.23			
Keystone Lemoyne Partners	29,771,530	8	0.22			
Lancaster Development Company	32,333,510	5	0.24			
New York Life Insurance Co.	25,796,950	10	0.19			
Totals	\$ <u>362,310,390</u>		<u>2.69 %</u>	\$ <u>688,623,500</u>		<u>3.03 %</u>

Notes:

(1) Percentage based on total County taxable assessed valuation for 2003:

\$13,494,301,030

(2) Percentage based on total County taxable assessed valuation for 2012:

\$22,678,427,100

Source: County Board of Assessment

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

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Year Ended December 31	Total Tax Levy for Year (1) (4)	Subsequent Adjustments to Tax Levy for Year	Collected within the Year the Levy		of Collections in Subsequent Years (3)	Total Collections to Date	
			Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 26,873,618	\$ 114,320	\$ 26,197,470	97.49%	\$ 790,329	\$ 26,987,799	100.00%
2004	28,785,495	83,116	28,040,824	97.41	827,483	28,868,307	100.00%
2005	31,038,004	91,946	30,237,652	97.42	892,186	31,129,838	100.00%
2006	35,006,702	121,975	34,036,121	97.23	1,092,433	35,128,554	100.00%
2007	37,433,426	129,740	36,343,186	97.09	1,219,814	37,563,000	100.00%
2008	38,340,545	142,544	37,074,433	96.70	1,406,628	38,481,061	99.99%
2009	41,143,956	195,734	39,890,816	96.95	1,423,328	41,314,144	99.94%
2010	41,704,856	166,211	40,291,169	96.61	1,549,848	41,841,017	99.93%
2011	41,994,227	180,173	40,629,283	96.75	1,090,363	41,719,646	98.92%
2012	42,213,193	N/A	40,680,881	96.37	N/A	40,680,881	96.37%

Notes:

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

Source: County Board of Assessment and Collections

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

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Year Ended December 31	Total Tax Levy for Year (1)	Subsequent Adjustments to Tax Levy for Year	Collected within the Year of the Levy		Collections in Subsequent Years (3)	Total Collections to Date	
			Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 1,352,904	\$ 5,941	\$ 1,318,864	97.48%	\$ 39,970	\$ 1,358,834	100.00%
2004	2,719,168	7,305	2,648,830	97.41	77,595	2,726,425	100.00
2005	2,785,074	9,687	2,714,995	97.48	79,707	2,794,702	100.00
2006	2,868,081	10,137	2,789,226	97.25	88,872	2,878,098	100.00
2007	2,948,801	11,046	2,864,527	97.14	95,308	2,959,835	100.00
2008	3,020,262	11,228	2,950,187	96.68	81,143	3,031,330	100.00
2009	3,087,088	14,909	2,993,205	96.96	106,847	3,100,052	99.94
2010	3,129,169	12,481	3,022,092	96.58	116,455	3,138,547	99.90
2011	3,157,081	21,040	3,054,797	96.76	87,873	3,142,670	98.88
2012	3,173,665	N/A	3,058,563	96.37	N/A	3,058,563	96.37

Notes:

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

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

Source: County Board of Assessment and Collections

DEBT CAPACITY
Ratio of Outstanding Debt by Type

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Total Personal Income	Per Capita
	General Obligation Bonds	General Obligation Notes	Capital Leases	General Obligation Bonds	General Obligation Notes	Capital Leases			
2003	\$ 8,872,954	1,615,000	34,763	24,617,452	-	41,026	35,181,195	0.48	% \$ 160.40
2004	12,061,985	715,000	12,747	23,884,119	-	30,999	36,704,850	0.47	166.10
2005	10,986,001	2,413,615	41,549	10,503,999	13,691,385	20,139	37,656,688	0.47	168.85
2006	19,593,108	2,296,756	68,082	10,106,892	13,038,244	8,378	45,111,460	0.53	199.50
2007	18,273,838	2,175,725	40,055	3,221,162	18,974,275	-	42,685,055	0.47	187.41
2008	33,931,267	2,050,520	38,587	4,188,733	18,239,480	-	58,448,587	0.62	253.76
2009	32,831,602	4,425,315	16,974	3,503,398	17,089,685	-	57,866,974	0.62	248.91
2010	31,636,153	4,079,401	722	2,663,847	15,904,064	-	54,284,187	0.56	230.60
2011	48,222,774	3,713,316	258,279	1,797,226	14,671,789	-	68,663,384	0.68	288.63
2012	46,032,187	3,468,101	345,000	902,813	13,388,688	-	64,136,789	*	268.79

Note:

* Personal income information is not yet available

DEBT CAPACITY
Ratios of General Bonded Debt Outstanding

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

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
2003	\$ 33,490,406	1,615,000	9	35,105,397	0.25 %	\$ 160.05
2004	35,946,104	715,000	-	36,661,104	0.24	165.91
2005	21,490,000	16,105,000	-	37,595,000	0.24	168.57
2006	29,700,000	15,335,000	2,323	45,032,677	0.25	199.16
2007	21,495,000	21,150,000	-	42,645,000	0.21	187.23
2008	38,120,000	20,290,000	-	58,410,000	0.27	253.59
2009	36,335,000	21,515,000	-	57,850,000	0.27	248.84
2010	34,300,000	19,983,465	9,870	54,273,595	0.25	230.55
2011	50,020,000	18,385,105	-	68,405,105	0.30	287.55
2012	46,935,000	16,856,789	-	63,791,789	0.28	267.34

DEBT CAPACITY
Direct and Overlapping Governmental Activities Debt

December 31, 2012

COUNTY OF CUMBERLAND, PENNSYLVANIA

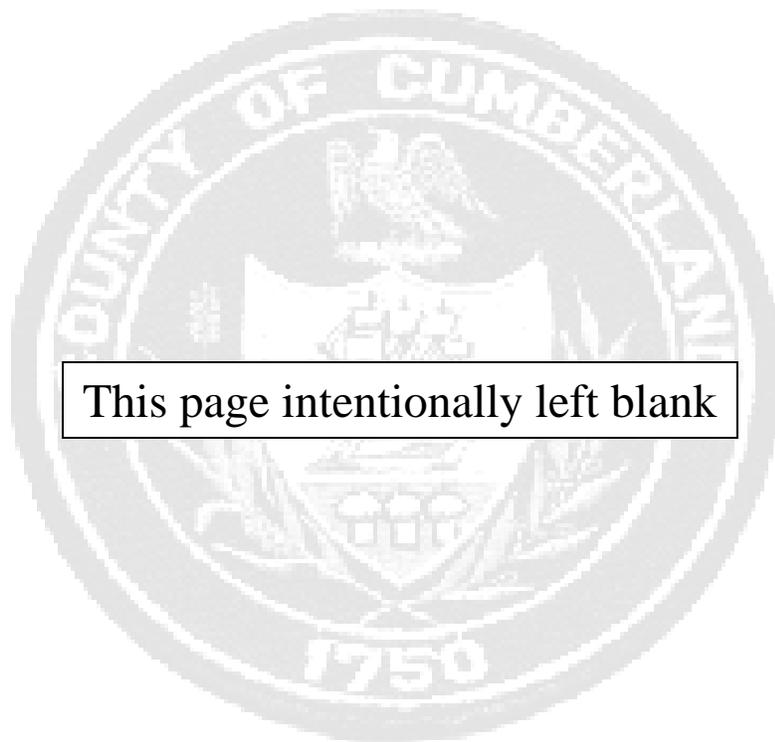
(unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
School Districts:			
Big Spring	\$ 35,657,269	100%	\$ 35,657,269
Camp Hill	22,365,000	100	22,365,000
Carlisle Area	74,200,000	100	74,200,000
Cumberland Valley	96,707,113	100	96,707,113
East Pennsboro	23,562,000	100	23,562,000
Mechanicsburg	54,380,000	100	54,380,000
*Shippensburg Area	34,195,000	61	*
South Middleton	22,191,125	100	22,191,125
*West Shore Area	56,445,000	55	*
Total school districts			<u>380,966,207</u>
Municipalities:			
Camp Hill Borough	19,710,000	100	19,710,000
Carlisle Borough	27,449,999	100	27,449,999
East Pennsboro Township	30,833,314	100	30,833,314
Hampden Township	48,564,401	100	48,564,401
Lemoyne Borough	250,000	100	250,000
Lower Allen Township	10,710,000	100	10,710,000
Mechanicsburg Borough	1,495,000	100	1,495,000
Middlesex Township	3,019,100	100	3,019,100
Monroe Township	1,165,100	100	1,165,100
New Cumberland Borough	10,000,000	100	10,000,000
Newville Borough	2,100,552	100	2,100,552
Shippensburg Township	809,693	100	809,693
Silver Spring Township	9,590,170	100	9,590,170
South Middleton Township	3,310,000	100	3,310,000
South Newton Township	57,595	100	57,595
Upper Allen Township	27,975,000	100	27,975,000
Wormleysburg Borough	2,618,165	100	2,618,165
Total municipalities			<u>199,658,089</u>
Subtotal overlapping debt			580,624,296
Total direct debt - County			<u>49,697,836</u>
Total direct and overlapping debt			<u>\$ 630,322,132</u>

Source: Confirmation with school districts and municipalities

Notes:

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



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DEBT CAPACITY
Legal Debt Margin Information

COUNTY OF CUMBERLAND, PENNSYLVANIA

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 290,182,953	348,158,757	379,373,394	420,628,703
Total net-debt applicable to limit	<u>35,250,000</u>	<u>40,106,964</u>	<u>40,238,452</u>	<u>45,035,000</u>
Net nonelectoral debt limit	<u>\$ 254,932,953</u>	<u>308,051,793</u>	<u>339,134,942</u>	<u>375,593,703</u>
Total net debt applicable to the limit as a percentage of debt limit	12.15 %	11.52	10.61	10.71

Last Ten Years

(unaudited)

2007	2008	2009	2010	2011	2012
453,522,334	481,210,536	489,555,684	483,492,830	471,646,512	462,737,838
42,645,000	58,410,000	57,850,000	54,283,464	68,405,105	63,791,789
<u>410,877,334</u>	<u>422,800,536</u>	<u>431,705,684</u>	<u>429,209,366</u>	<u>403,241,407</u>	<u>398,946,049</u>
9.40	12.14	11.82	11.23	14.50	13.79

Legal Debt Margin Calculation for year ending 2012

Borrowing base revenue:

2010	\$ 153,666,294
2011	153,475,154
2012	<u>155,596,390</u>
Total revenue (1)	<u>\$ 462,737,838</u>

Debt Limit for General Obligation Debt

Average borrowing base revenues	\$ 154,245,946
Debt limit percentage	<u>300%</u>
Debt limit	462,737,838
Total amount of debt applicable to debt limit	<u>63,791,789</u>
Legal debt margin	<u>\$ 398,946,049</u>

Debt Limit for General Obligation Debt and Lease Rental Debt

Average borrowing base revenues	\$ 154,245,946
Debt limit percentage	<u>400%</u>
Debt limit	616,983,784
Total amount of debt applicable to debt limit	<u>63,791,789</u>
Legal debt margin	<u>\$ 553,191,995</u>

Note:

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

Source: Annual Reports of Cumberland County Controller

DEMOGRAPHIC AND ECONOMIC INFORMATION
Demographic and Economic Information

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

<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>
2003	219,336	7,396,006	33,697	49,077	33,100	4.2%
2004	220,974	7,785,388	35,206	50,733	33,183	3.9
2005	223,017	8,068,585 (B)	36,225 (B)	55,429 (A)	33,689	3.7
2006	226,117	8,518,771 (B)	37,697 (B)	56,426 (A)	34,308	3.3
2007	227,762 (A)	9,086,255 (B)	39,894 (B)	58,268 (A)	34,720	3.2
2008	230,329 (A)	9,460,602 (B)	40,892 (B)	60,285 (A)	34,726	4.3
2009	232,483 (A)	9,298,115 (B)	39,751 (B)	60,400 (A)	35,352	6.6
2010	235,406 (C)	9,644,155 (B)	40,735 (B)	60,219 (A)	32,771	7.1
2011	236,749 (A)	10,122,876 (B)	42,552 (B)	60,832 (A)	32,610	6.7
2012	238,614 (A)	*	*	*	32,443	6.5

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

2003 and 2012 Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

Employer	2003			2012		
	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	6,605 (1)	1	7%	5,930 (1)	1	5 %
Highmark Blue Shield	4,188	2	5	3,017	2	3
Holy Spirit Hospital	2,989	3	2	2,878	3	2
Giant Foods	2,824	4	2	2,335 *	4	2
Commonwealth of Pennsylvania	1,758 (2)	5	2	1,714 (2)	5	1
Cumberland Valley School District	-	-	-	1,500	6	1
Cumberland County Government	1,268	7	-	1,292	7	1
Fry Communications	1,239	8	2	1,200	8	1
Excel Logistics	-	-	-	1,000	9	1
Dickinson College	-	-	-	951	10	1
Electronic Data Systems Corp.	1,100	10	2	-	-	-
JFC Temps Inc.	1,653	6	3	-	-	-
Roadway	1,200	9	-	-	-	-
Total	24,824		25%	21,817		18 %

Notes:

(1) Includes SPCC, DDRE and other Agencies at that location.

(2) Excluding Pennsylvania State University, Department of Higher Education

(3) Percentages based on Cumberland County labor force total furnished by the Pennsylvania Department of Labor and Industry

* Prior year reported information

Source: An initial listing of the top employers was furnished by the Pennsylvania Department of Labor and Industry.

OPERATING INFORMATION

Full-Time Equivalent County Employees by Function/Program

COUNTY OF CUMBERLAND, PENNSYLVANIA

Functions/Programs	2003	2004	2005	2006
Primary Government:				
Governmental Activities:				
General Government-Administrative:				
Commissioners	8	9	8	8
Solicitors	3	4	3	3
Elections	6	6	5	5
Controller	17	16	16	16
Finance	9	8	10	10
Tax Claims	3	3	2	2
Treasurer	5	5	5	5
Tax collector administration	18	18	18	18
Human resources	5	6	5	5
Tax assessment	24	26	21	22
Recorder of deeds	10	10	9	9
Administrative services	1	1	3	5
Information management and technology	11	11	11	14
Enterprise resource management	5	5	3	3
Geographic information systems	2	2	2	2
Human service fiscal operations	3	3	2	2
Grant administration	2	2	2	2
County buildings	15	16	14	15
Planning	2	4	1	2
Domestic Relations	39	39	39	37
General Government-Judicial				
Building security	9	9	9	9
Courts	34	35	32	35
District judges	36	36	36	35
Clerk of court	11	12	12	11
Coroner	5	5	5	5
Public defender	13	13	12	13
District attorney (2)	32	32	26	24
District attorney-central processing (1)	20	19	-	-
Prothonotary	8	9	9	9
Register of wills	7	8	7	6
Sheriff	37	36	34	34
Public safety				
District attorney-criminal investigation (2)	-	-	6	5
District attorney-forensic lab	1	1	2	2
Victim witness services	10	9	8	8
Prison (1)	93	90	95	99
Adult probation	28	27	28	33
Juvenile probation	27	26	26	26
Emergency management & communications	9	9	8	8
Vector control	3	3	3	3
Recycling and waste	3	3	3	3
Human services:				
Mental health/intellectual and developmental disabilities	47	46	47	47
Children and youth	51	56	55	57
Office of aging	30	27	29	25
Community services	8	9	10	9
Drug and alcohol	17	17	15	17
Veteran's affairs	2	2	2	2
Culture and recreation	13	14	13	15
Conservation and development	7	7	8	9
Business-type Activities:				
County nursing home	311	301	280	287
Emergency telephone	42	43	45	45
Hazardous materials protection	1	1	1	1
Transportation services	24	25	23	25
Total Primary Government	1127	1124	1068	1092
Component Unit:				
Conservation district	8	8	8	8

Source: County payroll records

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

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

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

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

Last Ten Years

(unaudited)

2007	2008	2009	2010	2011	2012
7	8	8	8	9	8
3	3	3	4	4	3
7	6	7	6	6	6
16	16	16	16	16	15
10	10	10	10	10	10
2	2	2	2	2	2
5	4	4	3	4	5
17	17	17	17	17	17
4	5	7	6	6	7
20	22	23	22	19	20
8	8	7	7	7	8
4	3	2	3	3	3
15	17	17	17	15	16
3	3	3	3	3	3
2	3	2	2	2	1
2	2	2	2	2	2
3	3	3	2	2	2
16	16	15	22	21	21
2	5	4	6	6	6
38	39	39	39	38	39
9	8	7	7	6	7
34	40	39	41	43	40
38	37	39	39	38	38
12	11	12	12	11	13
6	5	4	4	6	7
15	13	13	13	12	15
25	23	25	25	27	27
-	-	-	-	-	-
9	8	8	9	8	9
7	6	6	7	7	8
33	35	34	35	34	35
4	4	4	4	4	5
2	2	2	2	3	3
9	9	9	9	9	8
100	101	106	115	115	115
34	32	36	36	37	37
25	27	27	27	26	26
9	7	7	6	7	7
3	3	3	2	3	3
3	3	3	3	3	3
47	49	50	48	47	47
57	59	58	62	62	63
29	30	32	31	29	26
9	11	11	11	9	8
18	19	18	16	20	20
2	2	2	2	2	2
15	15	15	14	15	15
9	7	7	6	6	6
292	303	295	304	282	283
45	45	44	44	43	45
1	1	1	1	1	1
28	26	25	28	24	27
1113	1133	1133	1160	1131	1143
8	9	8	8	8	8

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental - type:										
General Government-administrative										
<i>Fiscal affairs</i>										
Property transfers recorded	7,749	7,764	7,643	7,385	6,625	5,864	5,592	5,280	4,889	5,801
Subdivision plans filed	285	258	248	273	275	206	192	152	141	115
<i>Administration</i>										
General election information										
Registered voters	132,508	144,727	134,349	137,564	139,288	252,349	147,650	150,533	152,249	158,190
Votes cast	42,885	106,687	44,506	50,284	39,620	114,499	34,432	81,873	35,313	111,381
Percent of votes cast	32%	74%	33%	37%	28%	45%	23%	54%	23%	70%
General Government-judicial										
<i>Court services:</i>										
Criminal cases filed	2,778	3,088	3,169	3,360	3,377	3,370	3,478	3,720	3,651	3,629
Summary appeals	N/A	221	249	207	281	256	272	267	231	234
Juvenile delinquency	N/A	N/A	N/A	N/A	N/A	153	179	284	245	241
Juvenile dependency	N/A	N/A	N/A	N/A	N/A	120	168	112	144	210
Marriage license applications	1,223	1,171	1,232	1,163	1,173	1,139	1,203	1,143	1,169	1,203
Estates and wills probated	992	1,083	1,034	1,056	1,096	1,202	1,112	1,198	1,277	1,257
Orphans' court cases filed	86	115	93	110	78	87	105	84	108	87
Adoption cases	N/A	N/A	139	143	126	134	119	114	106	91
<i>Court administration:</i>										
Guilty pleas (and sentenced)	1,480	1,246	N/A	N/A	N/A	N/A	N/A	N/A	1,767	N/A
Nonjury criminal trials	40	43	75	67	76	37	N/A	N/A	26	N/A
Criminal jury trials	50	44	35	53	41	56	N/A	N/A	40	N/A
Criminal appointment of counsel	270	327	374	419	406	368	408	479	433	479
Hearings by domestic relations conference officers	3,787	3,459	3,227	2,754	3,202	3,315	3,556	3,403	2,843	2,729
Civil cases tried by jury	18	18	11	10	9	19	12	9	17	8
Civil cases tried without jury	32	36	19	17	12	6	19	10	35	N/A
<i>Sheriff:</i>										
Prisoner transports	N/A	3,716	3,632	3,635	3,994	3,647	3,671	3,790	3,949	3,817

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
<i>County prison:</i>										
Average daily population	332	343	350	350	351	370	377	394	399	381
Commitments to prison	2,460	2,600	2,808	2,802	2,784	2,991	3,077	3,174	3,387	3,098
Releases from prison	2,452	2,603	2,778	2,786	2,799	2,768	3,044	3,218	3,346	3,141
<i>Adult probation:</i>										
Average caseload	1,384	1,579	1,868	1,732	1,836	2,004	2,452	2,685	2,476	2,475
DUI-Intermediate Punishment Program										
Bed Days Saved at County Prison	N/A	N/A	N/A	N/A	4,861	13,896	12,856	11,422	8,813	7,263
Accelerated Rehabilitative Disposition/DUI Program	N/A	N/A	672	639	690	701	707	679	774	868
<i>Day Reporting Center:</i>										
Bed Days Saved at County Prison	N/A	N/A	N/A	N/A	9,243	10,315	7,704	6,967	6,957	6,469
 Human services										
<i>Children and youth</i>										
Number of referrals	732	829	752	981	849	1,159	992	1,236	1,232	1,182
Clients receiving in-home services	829	198	272	286	262	391	434	343	370	392
Clients requiring placement	139	107	128	154	270	196	193	219	211	229
<i>Mental health services:</i>										
Emergency/crisis treatment:										
Number of out-patient hours	12,982	12,877	11,744	9,755	7,731	9,272	9,217	9,976	13,646	12,493
Number of out-patient consumers	705	879	783	614	557	531	502	538	596	567
In-patient days	344	1,297	981	823	493	611	520	585	687	274
Number of in-patient consumers	54	145	106	88	67	113	79	39	26	15
Residential days	14,887	16,674	17,274	16,214	16,992	19,435	23,665	51,619	55,626	54,193
Number of residential consumers	80	119	170	167	216	202	188	216	205	210
<i>HealthChoices:</i>										
In-patient psychiatric treatment										
Number of in-patient consumers	107	141	195	260	257	288	290	345	380	309
Number of in-patient days	1,150	1,961	2,205	3,550	4,925	5,976	5,215	5,609	6,248	5,027
Out-patient psychiatric treatment										
Number of out-patient consumers	887	1,452	1,976	2,483	2,613	2,910	2,823	3,219	3,455	3,132
Number of out-patient units	19,710	44,836	52,021	57,811	63,144	60,673	35,412	41,749	40,601	30,614

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Children's residential and behavioral health rehabilitation										
Number of consumers	374	584	707	846	756	956	812	1,013	1,034	1,034
Number of units	173,709	318,030	400,983	390,303	385,586	604,857	811,357	780,442	792,721	640,808
Targeted case management										
Number of consumers	266	336	347	405	434	483	492	487	491	452
Number of units	32,404	61,482	66,454	81,065	90,029	92,050	89,652	92,796	89,232	61,605
Crisis Intervention										
Number of consumers	117	350	364	412	527	562	614	634	696	386
Number of units	1,787	7,486	6,869	6,963	8,788	9,274	9,265	8,909	8,247	3,930
<i>Mental retardation services:</i>										
Number of consumers served	1,085	1,144	1,169	1,267	1,379	1,759	1,517	1,139	1,140	1,093
Number of transportation units	91,191	95,259	108,715	116,581	115,597	72,433	275,993	15,612	9,130	4,986
Number of residential units	56,354	56,062	65,730	66,721	79,021	*4,224	3,534	2,380	1,899	1,922
Number of workshop/vocational units	33,522	33,320	*195,836	194,688	250,844	*566,260	624,149	71,641	48,572	44,039
<i>Office of aging:</i>										
Senior transportation trips	56,700	N/A	51,386	52,000	48,253	50,152	48,628	46,442	46,950	47,740
Information and assistance contracts	3,274	N/A	4,958	8,900	12,206	12,849	13,938	16,879	16,800	13,014
Congregate meals served	45,898	N/A	36,671	35,500	32,969	33,611	33,102	33,082	30,873	31,260
Adult day care days provided	3,514	N/A	5,041	5,265	4,544	5,029	4,765	4,945	4,508	2,907
Home delivered meals served	9,919	N/A	12,051	8,863	7,255	7,153	6,855	5,780	4,480	3,960
Maintenance/modification of homes	367	N/A	208	213	244	268	227	171	207	152
<i>Drug and alcohol:</i>										
Community-based outpatient treatment (in hours unless otherwise noted)										
Assessment/evaluations	N/A	1,285	1,062	912	969	1,133	965	708	707	700
Individual counseling	2,471	2,925	2,483	2,659	2,781	4,257	4,653	4,681	3,978	4,003
Intensive outpatient group	5,303	3,454	3,048	4,942	4,705	4,365	5,585	9,039	6,700	5,824
Group	959	1,029	731	1,091	1,266	2,223	2,532	2,520	2,640	2,350
Methadone maintenance (weeks)	-	133	121	118	60	76	97	180	121	754
Prison-based treatment and intervention service hours	1,607	1,752	1,657	2,029	2,050	1,812	1,237	3,474	2,481	1,508
Inpatient non-hospital treatment (days)										
Inpatient non-hospital treatment	8,411	4,940	4,458	4,862	6,368	6,178	4,213	4,664	3,372	3,858
Halfway house facility days	441	979	515	725	1,421	690	891	365	306	276
Specialized treatment	2,418	2,695	2,262	2,885	4,035	3,652	3,707	2,870	2,166	1,186

(Continued)

OPERATING INFORMATION
Operating Indicators by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002
Case management services										
Average caseload	50	47	46	54	54	76	65	91	97	98
Assessments completed	283	276	239	264	245	228	185	276	276	253
Number of clients served	257	242	177	213	214	217	148	274	302	257
Intensive case management services										
Average caseload	11	10	8	6	9	9	7	7	7	6
Number of clients served	19	24	15	16	25	21	12	12	5	7
Capital Region Maternal Assistance Program:										
Intensive case management										
service clients	152	154	147	137	105	88	44	70	71	74
Drug and alcohol treatment clients	82	66	65	64	51	45	17	41	71	74
Business - type:										
Transportation:										
One way trips	140,286	146,634	146,858	150,825	149,448	151,872	150,270	144,827	145,398	143,590
Mileage	620,270	645,076	660,227	725,046	716,705	746,368	728,131	723,666	748,410	757,171

Notes:

Source: Cumberland County departmental statistics and annual reports.

N/A - not available

* Change in unit definition

(Continued)

OPERATING INFORMATION
Capital Asset Statistics by Function

Last Ten Years

COUNTY OF CUMBERLAND, PENNSYLVANIA

(unaudited)

(Continued)

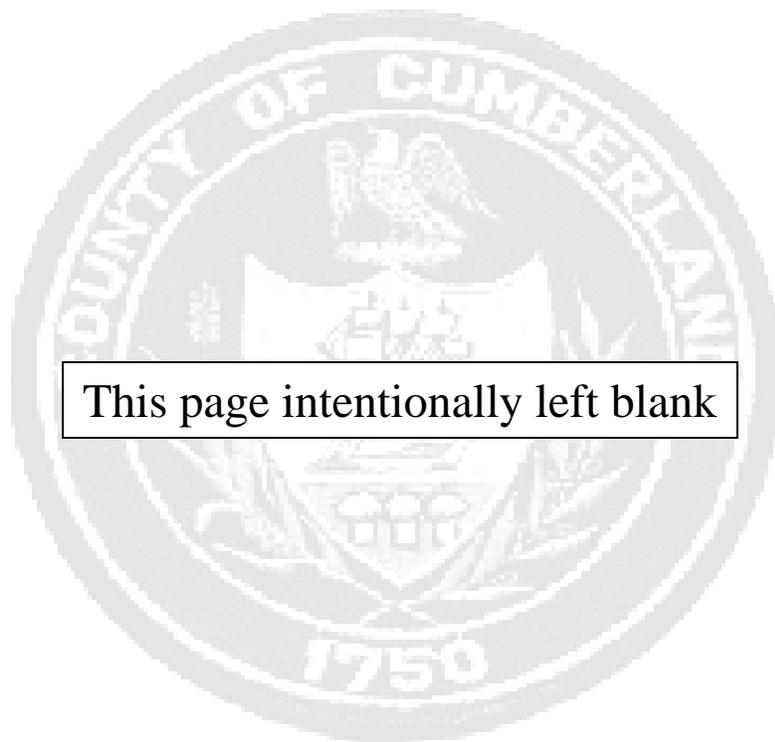
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Human Services										
Square footage of human services building (including parking garage)	42,400	42,400	42,400	42,400	42,400	42,400	47,844	47,844	47,844	47,844
Square footage of Aging/Community Services	N/A	8,024	8,024	8,024						
Business-type activities:										
Nursing home										
Square footage of the nursing home	169,751	169,751	169,751	169,751	164,951	164,951	164,951	164,951	164,951	164,951
Maximum resident capacity	290	290	290	290	290	290	290	290	290	290
Emergency telephone center										
Square footage of the 911 center	10,024	10,024	10,024	10,024	10,024	10,024	10,024	10,024	24,233	24,233
Transportation services										
Buses and other vehicles	32	32	32	32	35	33	33	33	33	29

Note:

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

Sources:

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



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