

# **CAMBRIA COUNTY**

**Basic Financial Statements  
December 31, 2007**

**COUNTY OF CAMBRIA**

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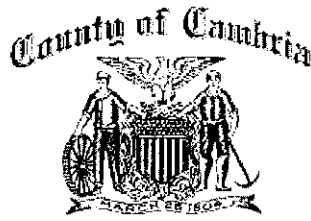
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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

This section of the County of Cambria's annual financial report provides the reader with an introduction to the basic financial statements and an analytical overview of the financial activities for the year ended December 31, 2007. It is best understood if read in conjunction with accompanying basic financial statements, notes to the financial statements, and supplementary information.

The Management Discussion and Analysis section of the financial report began with the implementation of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34). The intent of the Management Discussion and Analysis is to focus on the current year's activities and resulting changes in the County's financial position. It also includes currently known facts that may have a significant impact on the County's financial position.

GASB 34 establishes the required elements of the general purpose external financial report as:

- Management's Discussion and Analysis
- Basic Financial Statements
  - *Government-wide Financial Statements*
  - *Fund Financial Statements*
  - *Notes to the Financial Statements*
- Required Supplementary Information

## **FINANCIAL HIGHLIGHTS**

The following financial highlights are described in more detail in the analysis sections of the Management Discussion and Analysis:

- The General Fund reported an ending fund balance of \$2.27 million, which was an increase of \$362,180 from 2006.
- The General Fund unreserved, unrestricted fund balance was \$2.02 million, an increase of \$813,183 from 2006.
- Government-wide net assets (assets minus liabilities) at the end of the year were \$15.55 million, a decrease of \$2.75 million from 2006.
- The outstanding bonds payable was \$32.71 million, a decrease of \$1.26 million from 2006. The balance of outstanding notes and loans payable was \$12.19 million, a decrease of \$394,982 from 2006. The outstanding balance of obligations under capital leases was \$22.18 million, an increase of \$9.51 million from 2006.
- For calendar year 2007, the County's real property tax rate remained at 22.25 mills.

## **OVERVIEW OF THE FINANCIAL REPORT**

Cambria County's reporting entity is comprised of the primary government and its component units. Component units are legally separate organizations for which the County is financially accountable, or for which, there is a significant relationship.

### **Government-wide Financial Statements**

The government-wide financial statements provide information on governmental and business-type activities excluding fiduciary activities in a manner similar to the private sector. The statements are prepared using the accrual basis of accounting. Revenues and expenses are taken into account when earned or incurred regardless of when cash is received or paid.

Governmental and business-type activities are reported in separate columns which add to a total for the Primary Government. The government-wide financial statements also include segregated information for entities known as Component Units. Component Units are legally separate units for which the County has financial accountability. Cambria County has ten component units – Planning Commission, Redevelopment Authority, Library Association, Airport Authority, Transit Authority, Solid Waste Management Authority, Conservation and

Recreation Authority, Pennsylvania Highlands Community College, War Memorial Arena Authority, and Behavioral Health of Cambria County.

The statement of Net Assets reports all assets and liabilities, both current and non-current, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as one indicator of whether the County's financial position is improving or deteriorating. Additionally, non-financial factors, such as changes in the real estate tax base or the condition of County facilities, should be considered to assess the overall financial condition of the County.

The Statement of Activities shows the extent to which program revenues offset the expenses of governmental and business-type activities. This is intended to summarize and simplify users' analysis of the cost of various governmental services and/or subsidy to business-type activities. The statement also reports the change in net assets as a result of the fiscal year's revenue and expenses. The governmental activities included in the statement reflect Cambria County's basic services, including general government, judicial government, public safety, public works, human services, culture and recreation, conservation and development, and debt service. Taxes, charges for services, and intergovernmental revenues primarily finance these services. The primary government has four business-type activities – Laurel Crest Rehabilitation and Special Care Center, Laurel Crest D.M.E. Fund, Central Park Complex, and Cambria Connected. For Laurel Crest, the County operated nursing home, fees are charged directly or through third party billing to fund the cost of operating the facility. The Central Park Complex generates rental income from the agencies and tenants that occupy the building to help offset the operating costs. Cambria Connected, when operational, will collect fees from businesses, residents, schools, and municipalities for broadband internet access.

## **Fund Financial Statements**

Traditional users of governmental financial statements will find the fund financial statements more familiar. A fund is a separate fiscal and accounting entity that is used to segregate sources and uses of funding for specific purposes. Cambria County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the County are divided into three categories – governmental, proprietary, and fiduciary. Each category is reported using the measurement focus and basis of accounting required for that category.

### **Governmental Funds:**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide Statement of Activities. However, unlike the government-wide statements, the governmental fund statements focus on current sources and uses of expendable resources available at the end of the year.

Cambria County has thirty-one individual governmental funds. Of these funds, four have been identified as major funds based on minimum criteria set forth in GASB 34. The major governmental funds reported in the financial statements for the County are the General Fund, the Capital Projects Fund, the Mental Health/Mental Retardation Fund, and the 9-1-1 Emergency Communications Fund. The non-major funds reported in the financial statements are – Debt Service, Hotel Tax, Redevelopment Authority, Liquid Fuels Tax, Children & Youth Services Fund, Domestic Relations, Drug and Alcohol, Health Choices, Detention/Emergency Shelter, Juvenile Probation, Area Agency on Aging, Human Services, Foster Grandparents, Farmland Preservation, Driving Under the Influence, Substance Abuse, Jail/Detention, Affordable Housing, Chesapeake Bay, Dirt and Gravel Road, Prothonotary Automation, Clerk of Courts Automation, Register of Wills Automation, County Records Improvement, Hazardous Materials Emergency Response Account (HMER), Parks & Playgrounds, and Special Hazardous Assistance Response Team (SHARP).

### **Proprietary Funds:**

Proprietary funds (Enterprise Funds) are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Cambria County maintains four different types of proprietary funds that utilize the accrual basis of accounting. An enterprise fund is used to report the same functions as presented in a business-type activity in the government-wide financial statements. As stated before, the County has four enterprise funds – Laurel Crest Rehabilitation and Special Care Center, Laurel Crest DME, Central Park Complex, and Cambria Connected.

### **Fiduciary Funds:**

Fiduciary funds are used to account for resources held for the benefit of the parties outside of the government. Cambria County is responsible for ensuring that the assets of these funds are used for the intended purposes. The County is the trustee, or fiduciary, for the following funds – Retirement Trust, Non-AFDC IRS, Prison Resident, Prison Canteen, Recorder of Deeds, Register of Wills, Sheriff's Office, Office of the Prothonotary, Clerk of Courts, Domestic Relations Support, Intermediate Punishment Unit, and Workers' Compensation. Fiduciary activities are reported in a manner similar to proprietary funds in a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. Fiduciary funds are excluded from the government-wide financial statements because the assets of these funds are not available to support Cambria County's programs.

### **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 immediately follow the financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Government-wide Statement of Net Assets

The table below summarizes the Statement of Net Assets for the primary government as of December 31, 2006 and 2007.

Cambria County Primary Government Summary of Net Assets December 31, 2006 and 2007						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets:</b>						
Current Assets	\$24,143,744	\$18,627,832	\$7,028,923	\$6,892,369	\$31,172,667	\$25,520,201
Non-current Assets	52,548,405	53,164,998	29,841,519	20,001,074	82,389,924	73,312,780
<b>Total Assets</b>	<b>76,692,149</b>	<b>71,939,538</b>	<b>36,870,442</b>	<b>26,893,443</b>	<b>113,562,591</b>	<b>98,832,981</b>
<b>Liabilities:</b>						
Current Liabilities	20,815,739	15,763,687	8,877,513	4,336,487	29,693,252	20,100,174
Non-current Liabilities	40,338,650	41,332,742	27,979,802	19,104,301	68,318,452	60,437,043
<b>Total Liabilities</b>	<b>61,154,389</b>	<b>57,096,429</b>	<b>36,857,315</b>	<b>23,440,788</b>	<b>98,011,704</b>	<b>80,537,217</b>
<b>Net Assets:</b>						
Investments in Capital Assets, Net Of related Debt	11,707,258	10,963,838	2,573,170	2,469,586	14,280,428	13,433,424
Unrestricted	3,804,061	3,855,320	(2,560,043)	983,069	1,244,018	4,838,389
Restricted	26,441	23,951			26,441	23,951
<b>Total Net Assets</b>	<b>\$15,537,760</b>	<b>\$14,843,109</b>	<b>\$13,127</b>	<b>\$3,452,655</b>	<b>\$15,550,887</b>	<b>\$18,295,764</b>

**Total net assets:** Net assets of the County's governmental activities were \$15.54 million, an increase of \$694,651 from 2006. Of this amount, \$11.71 million represents investments in capital assets, net of related debt. The unrestricted net asset balance as of the end of the year was \$3.80 million, which represents a decrease of \$51,259 or 1.3% from 2006. The restricted net asset balance was \$26,441 an increase of \$2,490 from the prior year. The restrictions include a reserve for the Library for \$19,892 and a reserve for the Community College for \$6,549.

Net assets of the County's business-type activities were \$13,127, a decrease of \$3.44 million from 2006. The decrease is the result of a \$3.51 operating loss at Laurel Crest for 2007. Of the total net assets, \$2.57 million represents investments in capital assets, net of related debt. The unrestricted net asset balance at year-end was \$(2,560,043).



## Government-wide Statement of Activities

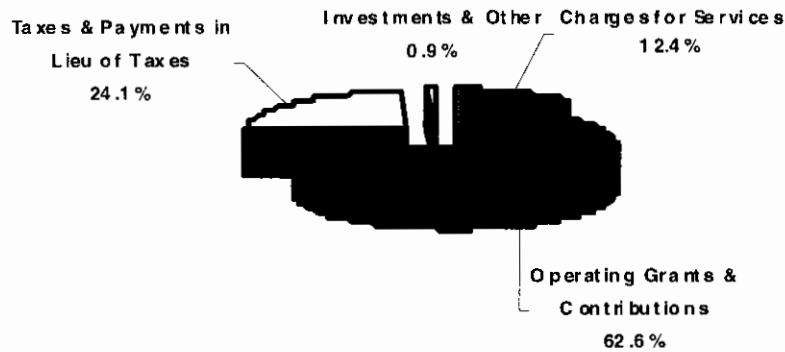
The table below summarizes the changes of net assets for the primary government for the period ended December 31, 2006 and 2007:

### Cambria County Primary Government Summary of Changes in Net Assets For the Years Ended December 31, 2007 and 2006

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$13,611,684	\$12,466,936	\$28,137,877	\$31,290,898	\$38,310,033	\$43,757,834
Operating Grants & Contributions	68,626,778	54,193,138			68,626,778	54,193,138
Capital Grants & Contributions	7,459				7,459	
General Revenues:						
Taxes & Payments in Lieu of Taxes	26,485,135	26,055,926			26,485,135	26,055,926
(Loss)/Gain from Sale of Assets	(9,322)	(90,450)			(9,322)	(90,450)
Unrestricted Investment Earnings	917,092	907,449	75,335	171,503	992,427	1,078,952
Other Revenues	121,234	217,243	1,873,188	6,132,968	1,994,422	6,350,211
<b>Total Revenues</b>	<b>109,760,060</b>	<b>93,750,242</b>	<b>30,086,400</b>	<b>37,595,369</b>	<b>139,846,460</b>	<b>131,345,611</b>
<b>Expenses:</b>						
General Government-Administrative	4,122,663	4,558,041			4,122,663	4,558,041
General Government-Judicial	6,544,293	8,425,820			6,544,293	8,425,820
Public Safety	10,647,548	9,195,155			10,647,548	9,195,155
Public Works	2,543,183	539,734			2,543,183	539,734
Human Services	66,322,664	50,442,599			66,322,664	50,442,599
Culture and Recreation	5,025	25,064			5,025	25,064
Conservation and Development	3,460,897	1,610,676			3,460,897	1,610,676
Emergency Communications Services	2,535,058	2,201,933			2,535,058	2,201,933
Employee Benefits	5,478,514	4,518,852			5,478,514	4,518,852
Debt Service	2,175,890	2,246,185			2,175,890	2,246,185
Unallocated Depreciation	2,872,547	2,482,680			2,872,547	2,482,680
Laurel Crest Manor			32,569,409	29,484,479	32,569,409	29,484,479
Laurel Crest D.M.E.			36,090	154,839	36,090	154,839
Central Park Complex			1,096,422	1,152,848	1,096,422	1,152,848
<b>Total Expenses</b>	<b>106,708,282</b>	<b>86,246,739</b>	<b>33,701,921</b>	<b>30,792,166</b>	<b>140,410,203</b>	<b>117,038,905</b>
Changes in Net Assets Transfers and Capital Contributions	3,051,778	7,503,503	(3,615,521)	6,803,203	(563,743)	14,306,706
Transfers in/(out) Primary Government	(175,993)	(200,059)	175,993	200,059	0	0
Transfers in/(out) Component Units	(2,742,703)	(2,392,659)			(2,742,703)	(2,392,659)
Capital Contributions						
Change in Net Assets	133,082	4,910,785	(3,439,528)	7,003,262	(3,306,446)	11,914,047
Net Assets – Beginning of Year, restated	15,404,678	9,932,324	3,452,655	(3,550,607)	18,857,333	6,381,717
Net Assets – End of Year	\$15,537,760	\$14,843,109	\$13,127	\$3,452,655	\$15,550,887	\$18,295,764

**Governmental activities revenues:** Revenues for Cambria County's governmental activities were \$109.8 million for the year ended December 31, 2007, an increase of 17.1% from 2006. The following pie chart reflects the sources of those revenues by percent:

Revenues by Source - Governmental Activities  
For the Year Ended December 31, 2007



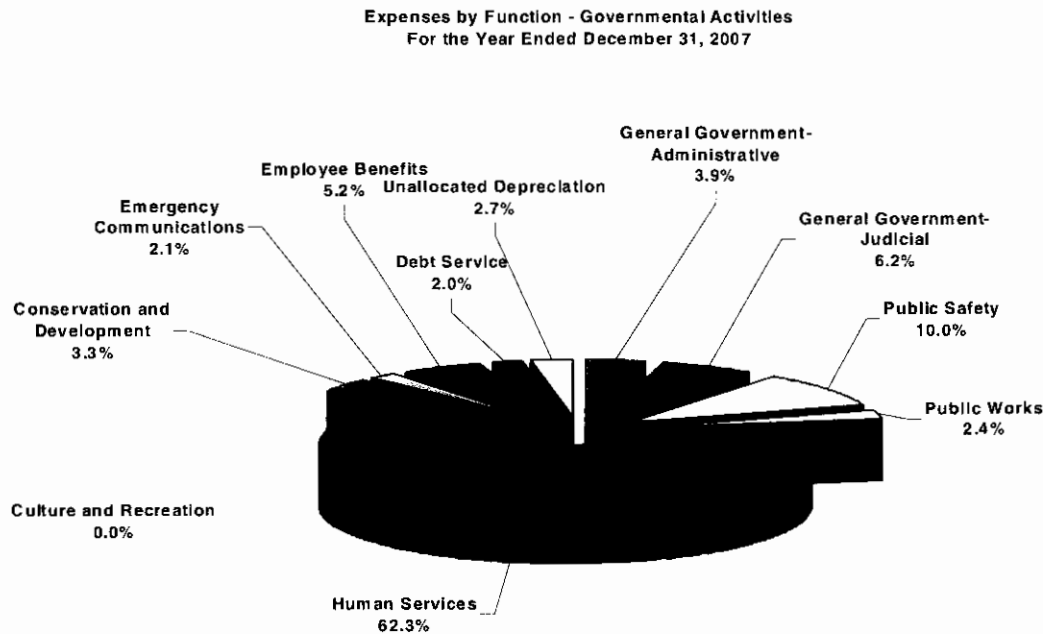
The largest source of governmental activities revenue is operating grants and contributions amounting to \$68.6 million or 62.6%. The Human Services agencies, including Mental Health/Mental Retardation, Children & Youth Services, Drug and Alcohol, Area Agency on Aging, Foster Grandparents, Human Services, and Health Choices receive the largest portion of operating grants and contributions at \$52.3 million or 76.2% of those revenues. For the most part, Human Services operating grants fund mandated services, which usually require that general fund revenue be used to fund a portion of the costs.

Taxes and payments in lieu of taxes provide the next largest source of governmental activities revenue at \$26.5 million or 24.1%. For 2007, the real estate tax rate remained at 22.25 mills. Of this amount, 16.5 mills was designated for general purposes, 4.0 mills for debt service, 0.75 mill for the Penn Highlands Community College, 0.5 mill for the Cambria County Library System, and 0.5 mill for parks and playgrounds. Real estate taxes generated \$25.9 million in governmental activities revenue in 2007. In addition, the County levies a 3% hotel lodging tax. Proceeds from the hotel tax are primarily used to assist in tourist promotional activities of the Cambria County Visitors and Convention Bureau. For the year ending 2007, the hotel tax receipts amounted to \$368,674. Cambria County also receives payments in lieu of taxes from various sources. The County received \$189,434 in payments in lieu of taxes in 2007.

Charges for services amounted to 12.4% or \$13.6 million of governmental activities funding sources. Charges for services include fees, fines, licenses, permits, 9-1-1 line charges, and housing revenues at the prison and the detention/shelter facility.

Investment earnings, loss from the sale of assets, capital grants and contributions, and other revenues amounted to \$1,036,463 or 0.9% of governmental activities revenue.

**Governmental activities expenses:** Expenses for Cambria County's governmental activities were \$106.7 million for the year ended December 31, 2007. The chart below reflects the uses of those expenses:



As indicated by the chart, the County's human services programs comprised the largest portion of governmental activities expenses. They amounted to 62.3% or \$66.3 million for 2007.

The general government-judicial is composed of the Court of Common Pleas, Magistrates, Constables, Driving Under the Influence Fund, Law Library, and Domestic Relations. Also included are the row offices that provide services to the courts, which include the District Attorney, Public Defender, Clerk of Courts, Prothonotary, Register of Wills, and Sheriff. Expenses for general government-judicial were \$6.5 million or 6.2% in 2007.

Public Safety includes Emergency Management, HMER, SHARP, Prison, Adult Probation, Juvenile Probation, and Detention/Shelter. Expenses in 2007 were 10.0% or \$10.7 million.

Employee Benefits were \$5.5 million or 5.2% of governmental activities expenses. This includes hospitalization, dental coverage, workers' compensation, life insurance, employer taxes, and unemployment.

General Government-Administrative expenses reflect costs associated with the administration of Cambria County government. These expenses were \$4.1 million or 3.9%.

Debt Service on the County's General Obligation Bonds, Lease Rental Indebtedness, and Notes were \$2.2 million or 2.0% of governmental activities expenses.

The remaining expenses of \$8.9 million or 8.3% were for Public Works, Culture and Recreation, Conservation and Development, and Unallocated Depreciation.

### **Funds Financial Analysis**

As noted previously, Cambria County uses fund accounting to comply with finance-related legal requirements.

**Governmental Funds:** The accounting focus of the County's governmental funds, which include the Major Funds of the General Fund, Capital Projects Fund, Mental Health/Mental Retardation Fund, and 911 Emergency Communications Fund, is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is valuable in assessing the County's financing requirements. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year.

At December 31, 2007, the General Fund reported a fund balance of \$2.3 million, which was an increase of \$362,180 or 19.0% from the prior year's fund balance of \$1.9 million. For 2007, revenues and other financing sources exceeded expenditures and other financing uses by \$362,180.

The Capital Projects Fund is utilized to track expenses related to certain capital projects within the County. The primary source of funds is loan proceeds and grants from federal or state agencies. The fund balance at the end of 2007 was \$1.0 million. This was a decrease of \$557,778 or 35.9% from December 31, 2006. During 2007, loan proceeds remaining from the County's 2003 financing were utilized to fund a 60-bed expansion to the prison.

The Mental Health/Mental Retardation (MH/MR) special revenue fund maintains no fund balance. Revenues in the MH/MR fund increased to \$26.2 million from \$24.8 million in 2006, an increase of \$1.4 million or 5.7%.

The 911 Emergency Communication Fund reported a fund balance of \$(216,663) on December 31, 2007. This was an increase of \$453,493 or 67.7% from 2006. The revenue for the 911 Emergency Communication Fund decreased \$1.5 million or 40.2% to \$2,279,269 in 2007. The decrease in revenue reflects a reduction in state funding for the 9-1-1 Wireless project during 2007.

**Proprietary Funds:** Cambria County maintains four proprietary funds. Two of the funds relate to the operations of Laurel Crest Rehabilitation and Special Care Center. They are the Laurel Crest Manor fund and the Laurel Crest D.M.E. fund. The third proprietary fund is the Central Park Complex fund. Created in 2007, the fourth proprietary fund is the Cambria Connected fund. The fund financial statements for the business-type activity enterprise fund contain the same information as the government-wide statements but in greater detail.

On December 31, 2007, total net assets of the Laurel Crest Manor fund were \$(82,119), a decrease of \$3.5 million or 102.4%. The unrestricted net assets of this fund were \$(4.6) million and the investment in capital assets net of related debt was \$4.6 million. During 2007, Laurel Crest received \$1.8 million in grant funds of the \$8.6 million awarded for various capital improvement projects. The Laurel Crest D.M.E. fund total net assets amounted to \$95,246 on December 31, 2007. This reflects an increase in net assets in the amount of \$72,128 from the beginning of the year.

The net assets of the Central Park Complex (CPC) fund were \$0 on December 31, 2007. The net assets reflect that \$173,693 was unrestricted and \$(173,693) was invested in capital assets net of related debt netting to a zero balance in the fund. The county transferred \$246,731 from the CPC fund to the general fund for 2007.

The Cambria Connected fund was created to account for activities related to the County's multi-service communications network. The network will provide voice, video, and high-speed data communications to businesses, residents, educational institutions, and government. The net assets of the Cambria Connected fund were \$0 on December 31, 2007. The unrestricted net assets was \$1.8 million and the investment in capital assets net of related debt was \$(1.8) million.

### **General Fund Budgetary Highlights**

This section provides a summary of the major factors involved in the variances in the General Fund revenue and expenditure budgets. The summary provides a comparison between the original budget and the final amended budget. It also provides a comparison between the final amended budget and the actual amounts for the general fund. The following narrative should be read in conjunction with the Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-General Fund in the audit report.

The original budgeted general fund revenue was \$41.2 million in 2007 and \$39.6 million in 2006. The final budgeted general fund revenue was \$42.8 million in 2007 and \$41.6 million in 2006. The actual revenue received during 2007 was \$43.3 million. The following is a negative variance in final budgeted revenue to actual revenue during 2007: actual interest and investment income was \$68,420 or 15.8% less than budgeted. Actual real estate tax revenue exceeded the budgeted amount by \$139,036 or 0.5%. Other revenues had a positive variance of \$17,679 or 3.2% more than budgeted. Intergovernmental revenues and charges for services also had positive final budget variances of \$196,725 or 2.5% and \$183,444 or 2.2%, respectively.

The original budgeted general fund expenditure amounts were \$34.3 million in 2007 and \$33.0 million in 2006. The final budgeted general fund expenditure amounts were \$35.9 million in 2007 and \$34.9 in 2006. The actual expenditures were \$34.5 million for 2007. Positive variances were in general government-administrative for \$546,268 or 11.3%, culture and recreation for \$161,813 or 22.0%, conservation and development for \$572,964 or 36.0%, general government – judicial for \$152,839 or 2.4%, public safety for \$34,115 or 0.3%, employee benefits for \$324,141 or 6.2%, debt service for \$3,713 or 4.8%, and public works was at budget. A negative variance was in human services for \$370,825 or 6.8%.

The original budgeted operating transfers in were \$0.8 million in 2007 and \$1.7 million in 2006. The final budgeted operating transfers in were \$0.8 million in 2007 and \$1.7 million in 2006. For 2007, the actual operating transfers in were \$1.2 million or 47.1% over budget. The original budgeted operating transfers out were \$7.7 million in 2007 and \$8.3 million in 2006. The final budgeted operating transfers out were \$7.7 million in 2007 and \$8.4 million in 2006. The actual operating transfers out were \$9.6 million or 24.6% over budget in 2007.

Overall, the general fund had an excess of revenues and other financing sources over/(under) expenditures and other financing uses of \$362,180 for the year ending December 31, 2007.

### **Capital Assets and Debt Administration**

#### **Capital Assets:**

The County's investment in capital assets at December 31, 2007, net of accumulated depreciation, amounted to \$82.0 million. This was an increase of \$9.1 million or 12.4% from the previous year. The following table summarizes the County's investment in capital assets:

<b>Summary of Capital Assets</b>			
	Governmental Activities	Business-type Activities	Balance at December 31, 2007
Construction-in-progress	\$ 685,781	\$ 8,410,223	\$ 9,096,004
Land		383,046	383,046
Site/land improvements	3,039,769	734,000	3,773,769
Infrastructure	13,164,762		13,164,762
Building and permanent fixtures	49,779,430	37,277,587	87,057,017
Office furniture and equipment	1,274,515		1,274,515
General equipment	1,554,094		1,554,094
Machinery and equipment		5,086,248	5,086,248
Radio equipment	2,050,791		2,050,791
Computer hardware and software	6,564,392		6,564,392
Vehicles	2,885,406		2,885,406
Less accumulated depreciation	(28,588,609)	(22,296,070)	(50,884,679)
<b>Total</b>	<b>\$ 52,410,331</b>	<b>\$ 29,595,034</b>	<b>\$ 82,005,365</b>

Highlights of the amounts expended during 2007 for major capital assets include:

- In order to increase revenues from housing inmates, the County constructed a 60-bed addition to the prison in 2007. The \$573,691 addition was funded with loan proceeds from a previous financing.
- During 2007, the County began construction of network infrastructure to support public safety/9-1-1 communication needs and to provide broadband internet availability to businesses, residents, educational institutions, and government within the County. In addition, the network will have Wi-Fi capabilities at various locations throughout the County. Expenditures for this project amounted to \$8.3 million during 2007. Completion of the project is expected during 2008.
- In 2005, the County was awarded \$8.6 million in grant funding for improvements to Laurel Crest Rehabilitation and Special Care Center. The funding awarded through the County Commissioners Association of Pennsylvania (CCAP) using intergovernmental transfer funds, will be used for facility updates and additional acute care services. Construction began during 2006 and continued into 2008.

Additional detailed information on the County's capital assets can be found in Note 6 of the Notes to the Financial Statements.

## **Long-term Debt:**

The Commonwealth of Pennsylvania Local Government Unit Debt Act governs the amount of bonded indebtedness the County can incur. Under this act, the County can legally incur nonelectoral debt equal to three hundred percent of its borrowing base. The borrowing base is calculated as one third of total revenues for the past three years minus certain statutory deductions.

As of December 31, 2007, Cambria County had outstanding debt and capital lease obligations of \$67.1 million. During 2007, the County's general obligation bonds, notes and capital leases increased by \$7.9 million or 13.3%.

In June of 2007, the County entered into a sublease with the Cambria County Financing Authority to finance the equipment necessary for the network infrastructure to upgrade the public safety/9-1-1 communication system and to establish the broadband internet system. M&T Bank provided the \$10 million equipment lease at 4.356% for a term of 15 years.

Additional detailed information on the County's long-term debt can be found in Note 11 and the capital leases in Note 12 of the Notes to the Financial Statements.

## **Economic Factors and 2008 Budgets**

- On July 7, 2003, Standard & Poor's Ratings Services downgraded the County's bond rating from BBB- to B. Standard & Poor's cited various reasons for the downgrade including significant deterioration on the county's financial position and a limited economic base. Following a review of the County's finances and economic climate, a December 6, 2004 report from Standard & Poor's retained the 'B' rating, but revised the rating outlook to stable from negative. After another review of the County, Standard & Poor's September 6, 2005 report upgraded the County's bond rating to BB with a stable outlook. For 2006 and 2007, Standard & Poor's affirmed its 'BB' with a stable outlook underlying rating for the County during their annual review.
- As of April 2007, the County's unemployment rate was 6.1%, which was up from 4.6% in April 2006. The Commonwealth's rate was 5.0% and the national rate was 5.0% for April 2007.
- The County's taxable assessed value on real estate increased \$19.3 million or 1.7% from 2007 to 2008.



For fiscal year 2008, the County's real property tax rate increased one (1) mill to 23.25 mills. The tax rate for general purpose is 17.5 mills, debt service is 4 mills, parks and playgrounds purposes is 0.5 mill, and the community college and the library millage is 0.75 and 0.5, respectively. Beginning in 2005, the County changed the dates for the collection of real estate taxes with the discount period beginning March 1<sup>st</sup> from April 1<sup>st</sup>. For 2008, the County issued a Tax and Revenue Anticipation Note with First National Bank in the amount of \$7 million at 3.32% with a maturity date of June 30, 2008.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, investors, customers, and creditors with a general overview of Cambria County's finances. Questions regarding this report or requests for additional financial information should be directed to Michael Gelles, IV, Chief Clerk/Finance Director, County of Cambria, 200 S. Center St., Ebensburg, PA 15931.

## INDEPENDENT AUDITORS' REPORT

June 27, 2008

Board of Commissioners  
County of Cambria  
Ebensburg, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cambria, Pennsylvania, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Cambria, Pennsylvania's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component units, all of which are discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Cambria County Library Association, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cambria, Pennsylvania, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2008, on our consideration of the County of Cambria, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis beginning on page I and budgetary comparison information on pages 67 through 70, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Cambria, Pennsylvania's basic financial statements. The employee retirement plan analysis of funding and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The employee retirement plan analysis of funding has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
WESSEL & COMPANY  
Certified Public Accountants

COUNTY OF CAMBRIA  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents (Note 2)	\$ 8,126,234	\$ 595,439	\$ 8,721,673	\$ 5,526,919
Investments (Note 2)	-	-	-	974,620
Restricted cash (Note 3)	1,185,739	246,054	1,431,793	439
Restricted investments	-	5,063,739	5,063,739	4,477,386
Receivables (net of allowance for uncollectibles)				
Accounts	2,522,872	3,836,834	6,359,706	979,185
Taxes (Note 4)	2,852,423	-	2,852,423	-
Due from other governments (Note 5)	6,283,897	-	6,283,897	1,484,769
Prepaid expenses and other assets	320,464	138,972	459,436	453,259
Internal balances (Note 1I)	2,852,115	(2,852,115)	-	-
Inventory	-	-	-	545,381
<b>Total Current Assets</b>	<b>24,143,744</b>	<b>7,028,923</b>	<b>31,172,667</b>	<b>14,441,958</b>
<b>Non-Current Assets:</b>				
Deferred loan costs	138,074	246,485	384,559	150,907
Fixed assets net of accumulated depreciation (Note 6)	52,410,331	29,595,034	82,005,365	45,051,209
<b>Total Non-Current Assets</b>	<b>52,548,405</b>	<b>29,841,519</b>	<b>82,389,924</b>	<b>45,202,116</b>
<b>Total Assets</b>	<b>\$ 76,692,149</b>	<b>\$ 36,870,442</b>	<b>\$ 113,562,591</b>	<b>\$ 59,644,074</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 11,689,280	\$ 6,155,185	\$ 17,844,465	\$ 3,030,901
Deferred revenues (Note 1f)	3,891,325	-	3,891,325	1,938,387
Due to other governments (Note 5)	1,176,227	-	1,176,227	112,444
Custodial payable	229,017	246,054	475,071	-
Compensated absences (Note 11 and 14)	1,638,931	920,119	2,559,050	-
Notes payable (Note 11)	420,922	-	420,922	167,367
Bonds payable (Note 11)	1,113,762	196,238	1,310,000	-
Obligations under capital leases (Note 12)	23,548	965,938	989,486	747,079
Accrued interest	628,446	393,979	1,022,425	-
Other liabilities	4,281	-	4,281	-
<b>Total Current Liabilities</b>	<b>20,815,739</b>	<b>8,877,513</b>	<b>29,693,252</b>	<b>5,996,178</b>
<b>Non-Current Liabilities:</b>				
Compensated absences (Note 11 and 14)	544,472	319,820	864,292	-
Due to other governments (Note 5)	-	-	-	287,882
Notes payable (Note 11)	11,767,244	-	11,767,244	5,009,342
Bonds payable (Note 11)	26,700,192	4,704,808	31,405,000	-
Estimated workers' compensation claim (Note 9 and 11)	817,731	1,783,438	2,601,169	-
OPEB obligation (Note 8 and 11)	321,978	164,350	486,328	-
Obligations under capital leases (Note 12)	187,033	21,007,386	21,194,419	185,327
<b>Total Non-Current Liabilities</b>	<b>40,338,650</b>	<b>27,979,802</b>	<b>68,318,452</b>	<b>5,482,551</b>
<b>Total Liabilities</b>	<b>61,154,389</b>	<b>36,857,315</b>	<b>98,011,704</b>	<b>11,478,729</b>
<b>NET ASSETS:</b>				
Investments in capital assets, net of related debt	11,707,258	2,573,170	14,280,428	43,575,455
Unrestricted	3,804,061	(2,560,043)	1,244,018	2,379,883
Restricted - (Note 1n)	26,441	-	26,441	2,210,007
<b>Total Net Assets</b>	<b>15,537,760</b>	<b>13,127</b>	<b>15,550,887</b>	<b>48,165,345</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 76,692,149</b>	<b>\$ 36,870,442</b>	<b>\$ 113,562,591</b>	<b>\$ 59,644,074</b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Governmental Activities	
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General government - administrative	\$ 4,122,663	\$ 1,167,638	\$ -	\$ -	\$ (2,955,025)	\$ (2,955,025)
General government - judicial	6,544,293	3,713,436	2,533,801	-	(297,056)	(297,056)
Public safety	10,647,548	2,631,886	2,442,208	-	(5,573,454)	(5,573,454)
Public works	2,543,183	-	803,127	-	(1,740,056)	(1,740,056)
Human services	66,322,664	3,630,899	60,093,805	-	(2,597,960)	(2,597,960)
Culture and recreation	5,025	30,714	-	7,459	33,148	33,148
Conservation and development	3,460,897	975,033	2,004,753	-	(481,111)	(481,111)
Emergency communication services	2,535,058	1,462,078	749,084	-	(323,896)	(323,896)
Employee benefits	5,478,514	-	-	-	(5,478,514)	(5,478,514)
Debt service	2,175,890	-	-	-	(2,175,890)	(2,175,890)
Unallocated depreciation	2,872,547	-	-	-	(2,872,547)	(2,872,547)
Total Governmental Activities	106,708,282	13,611,684	68,626,778	7,459	(24,462,361)	(24,462,361)
<b>Business-type Activities:</b>						
Laurel Crest Manor	32,569,409	27,133,192	-	-	(5,436,217)	(5,436,217)
Laurel Crest D.M.E.	36,090	131,336	-	-	95,246	95,246
Central Park Complex	1,096,422	873,349	-	-	(223,073)	(223,073)
Cambria Connect	-	-	-	-	-	-
Total Business-type Activities	33,701,921	28,137,877	-	-	(5,564,044)	(5,564,044)
<b>Total Primary Government</b>	<b>\$ 140,410,203</b>	<b>\$ 41,749,561</b>	<b>\$ 68,626,778</b>	<b>\$ 7,459</b>	<b>\$ (24,462,361)</b>	<b>\$ (30,026,405)</b>
<b>General Revenues:</b>						
Taxes:						
Property Taxes, Levied for General Purposes					\$ 19,765,948	\$ 19,765,948
Property Taxes, Levied for Debt Retirement					4,709,149	4,709,149
Property Taxes, Levied for Community College					876,549	876,549
Property Taxes, Levied for County Library					575,381	575,381
Payments in Lieu of Taxes					189,434	189,434
County Hotel Lodging Taxes					368,674	368,674
(Loss) from Sale of Assets					(9,322)	(9,322)
Transfers in/(out) primary government					(175,993)	175,993
Transfers in/(out) component units					(2,742,703)	(2,742,703)
Unrestricted Investment Earnings					917,092	917,092
Other Revenues					121,234	1,994,422
Total General Revenues and Transfers					24,595,443	26,719,959
Change in Net Assets Before Capital Contributions					133,082	(3,306,446)
Capital Contributions					-	-
Total Change in Net Assets					133,082	(3,306,446)
Net Assets - Beginning of Year, as originally stated					14,843,109	18,295,764
Prior Period Adjustment (Note 20)					561,569	561,569
Net Assets - Beginning of Year, as restated					15,404,678	18,857,333
Net Assets - End of Year					\$ 15,537,760	\$ 15,550,887

COUNTY OF CAMBRIA  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2007

Component Units: Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Redevelopment Authority	\$ 2,585,599	\$ 230,869	\$ 2,311,421	\$ -	\$ (43,309)
Conservation and Recreation Authority	2,399,831	-	2,241,415	-	(158,416)
Library Association	2,038,794	58,162	1,346,863	-	(633,769)
<b>Total Component Unit Governmental Activities</b>	<b>7,024,224</b>	<b>289,031</b>	<b>5,899,699</b>	<b>-</b>	<b>(835,494)</b>
<b>Business-type Activities:</b>					
Planning Commission	726,955	676,344	-	-	(50,611)
Municipal Airport Authority	2,340,502	330,058	-	-	(2,010,444)
Transit Authority	9,212,533	969,519	5,851,800	-	(2,391,214)
Solid Waste Management Authority	333,426	3,869	62,420	-	(267,137)
Community College	12,131,748	3,089,353	7,757,636	-	(1,284,759)
War Memorial Arena Authority	1,847,898	1,720,454	-	-	(127,444)
<b>Total Component Unit Business-type Activities</b>	<b>26,593,062</b>	<b>6,789,597</b>	<b>13,671,856</b>	<b>-</b>	<b>(6,131,609)</b>
<b>Total Component Units</b>	<b>\$ 33,617,286</b>	<b>\$ 7,078,628</b>	<b>\$ 19,571,555</b>	<b>\$ -</b>	<b>\$ (6,967,103)</b>
	<b>General Revenues:</b>				
	Loss from Sale of Assets				\$ (8,629)
	Unrestricted Investment Earnings				111,667
	Other Revenues				1,893,892
	Transfers from Primary Government				2,842,941
	<b>Total General Revenues and Transfers</b>				<b>4,839,871</b>
	Change in Net Assets				(2,127,232)
	Capital Contributions				5,981,022
	Net Assets - Beginning of Year				44,525,012
	Prior Period Adjustment				(213,457)
	<b>Net Assets - Beginning of Year, as restated</b>				<b>44,311,555</b>
	Net Assets - End of Year				\$ 48,165,345

See Independent Auditor's Report and Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
(INCLUDING THE RECONCILIATION OF TOTAL GOVERNMENTAL  
FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES)  
DECEMBER 31, 2007

	Major Funds					Totals
	General	Capital Projects	MH/MR	911 Emergency Communication Fund	Other Nonmajor Governmental Funds	
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 1,817,602	\$ 299,217	\$ 2,188,220	\$ 580,068	\$ 3,241,127	\$ 8,126,234
Restricted cash	601,390	-	-	442,798	141,551	1,185,739
Receivables (net of allowance for uncollectibles)						
Accounts	1,459,792	-	830,455	117,977	114,648	2,522,872
Taxes	2,852,423	-	-	-	-	2,852,423
Due from other governments	73,094	-	-	-	6,205,559	6,278,653
Prepaid expenses and other assets	315,004	-	-	-	5,460	320,464
Due from other funds (Note 1)	4,459,846	751,017	2,741,873	-	1,158,396	9,111,132
Total Assets	<u>\$ 11,579,151</u>	<u>\$ 1,050,234</u>	<u>\$ 5,760,548</u>	<u>1,140,843</u>	<u>\$ 10,866,741</u>	<u>\$ 30,397,517</u>
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities	\$ 2,808,953	\$ -	\$ 2,143,387	157,526	\$ 6,592,106	\$ 11,701,972
Deferred revenues	2,232,118	55,020	2,472,781	442,798	902,179	6,104,896
Payable from restricted assets	229,017	-	-	-	-	229,017
Other liabilities	4,281	-	-	-	-	4,281
Due to other governments	-	-	1,144,380	-	31,847	1,176,227
Due to other funds (Note 1)	4,037,048	-	-	757,182	1,459,543	6,253,773
Total Liabilities	<u>9,311,417</u>	<u>55,020</u>	<u>5,760,548</u>	<u>1,357,506</u>	<u>8,985,675</u>	<u>25,470,166</u>
<b>FUND BALANCES</b>						
Unreserved fund balance/(deficit)	2,024,630	995,214	-	(216,663)	1,881,066	4,684,247
Restricted for:						
Penn Highlands Community College (Note 1m)	6,549	-	-	-	-	6,549
911 Emergency Communications (Note 1m)	216,663	-	-	-	-	216,663
Library (Note 1m)	19,892	-	-	-	-	19,892
Total Net Assets	<u>2,267,734</u>	<u>995,214</u>	<u>-</u>	<u>(216,663)</u>	<u>1,881,066</u>	<u>4,927,351</u>
Total Liabilities and Net Assets	<u>\$ 11,579,151</u>	<u>\$ 1,050,234</u>	<u>\$ 5,760,548</u>	<u>\$ 1,140,843</u>	<u>\$ 10,866,741</u>	<u>\$ 30,397,517</u>

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

Long-term liabilities, including bonds payable, accrued interest on bonds and compensated absences are not due and payable in the current period and therefore are not reported as a fund liability  
The difference in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two methods

Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds  
Net assets of governmental activities

\$ (44,013,493)

2,213,571  
52,410,331  
\$ 15,537,760

See Independent Auditor's Report and Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Major Funds					Totals
	General	Capital Projects	MH/MR	911 Emergency Communication Fund	Other Nonmajor Governmental Funds	
<b>Revenues</b>						
Real estate taxes	\$ 25,913,276	\$ -	\$ -	\$ -	\$ -	\$ 25,913,276
Charges for services	8,395,774	-	1,797,309	1,462,078	1,875,073	13,530,234
Interest and investment income	365,580	27,849	271,293	68,107	184,263	917,092
Intergovernmental revenues	8,017,133	7,459	23,314,787	740,521	33,709,225	65,789,125
Other income	564,902	-	854,441	8,563	2,270,078	3,697,984
<b>Total Revenues</b>	<b>43,256,665</b>	<b>35,308</b>	<b>26,237,830</b>	<b>2,279,269</b>	<b>38,038,639</b>	<b>109,847,711</b>
<b>Expenditures</b>						
General government - administrative	4,293,850	36	-	-	-	4,293,886
General government - judicial	6,247,961	-	-	-	384,216	6,632,177
Public safety	10,662,692	-	-	-	-	10,662,692
Public works	826,438	-	-	-	2,916,553	3,742,991
Human services	5,851,721	-	26,590,548	-	35,578,228	68,020,497
Culture and recreation	574,554	-	-	-	-	574,554
Conservation and development	1,020,812	-	-	-	2,566,019	3,586,831
Employee benefits	4,948,761	-	-	-	-	4,948,761
Emergency communication services	-	-	-	2,525,776	-	2,525,776
Debt service	73,202	-	-	-	3,609,409	3,682,611
Capital projects	-	593,050	-	-	-	593,050
<b>Total Expenditures</b>	<b>34,499,991</b>	<b>593,086</b>	<b>26,590,548</b>	<b>2,525,776</b>	<b>45,054,425</b>	<b>109,263,826</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>8,756,674</b>	<b>(57,778)</b>	<b>(352,718)</b>	<b>(246,507)</b>	<b>(7,015,786)</b>	<b>583,885</b>
<b>Other Financing Sources/(Uses)</b>						
Operating transfers in	1,155,946	-	352,718	700,000	8,051,879	10,260,543
Operating transfers (out)	(9,550,440)	-	-	-	(886,096)	(10,436,536)
<b>Total Other Financing Sources/(Uses)</b>	<b>(8,394,494)</b>	<b>-</b>	<b>352,718</b>	<b>700,000</b>	<b>7,165,783</b>	<b>(175,993)</b>
<b>(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<b>362,180</b>	<b>(57,778)</b>	<b>-</b>	<b>453,493</b>	<b>149,997</b>	<b>407,892</b>
<b>Fund Balance/(Deficit) - Beginning of Year</b>	<b>1,905,554</b>	<b>1,552,992</b>	<b>-</b>	<b>(670,156)</b>	<b>1,731,069</b>	<b>4,519,459</b>
<b>Fund Balance/(Deficit) - End of Year</b>	<b>\$ 2,267,734</b>	<b>\$ 995,214</b>	<b>\$ -</b>	<b>\$ (216,663)</b>	<b>\$ 1,881,066</b>	<b>\$ 4,927,351</b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements



COUNTY OF CAMBRIA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2007

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

Net change in fund balance - total governmental funds (page 8)	\$ 407,892
The compensated absences portion of accrued wages and benefits in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(337,868)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of the differences in the treatment of long-term debt on the statement of activities	1,475,787
Accrued interest expense in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	22,300
The Other Post Employment Benefit (OPEB) obligation in the statement of activities do no require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(321,978)
The difference in the change in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two accounting methods	203,185
The net effect of various transactions involving capital assets, (i.e. purchases, disposals, etc.)	<u>(1,316,236)</u>
Change in net assets of governmental activities (page 5)	<u>\$ 133,082</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds				Total
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	Cambria Connected	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 591,249	\$ 256	\$ 3,934	\$ -	\$ 595,439
Restricted cash	246,054	-	-	-	246,054
Restricted investments	-	-	-	5,063,739	5,063,739
Accounts receivable	3,795,899	33,872	7,063	-	3,836,834
Prepaid expenses and other assets	63,030	-	75,942	-	138,972
Due from other funds	-	71,465	131,960	-	203,425
<b>Total Current Assets</b>	<b>4,696,232</b>	<b>105,593</b>	<b>218,899</b>	<b>5,063,739</b>	<b>10,084,463</b>
<b>Non-current Assets</b>					
Deferred loan costs	200,485	-	-	46,000	246,485
Fixed assets (net of accumulated depreciation and amortization)	16,366,826	-	4,822,276	8,405,932	29,595,034
<b>Total Assets</b>	<b>\$ 21,263,543</b>	<b>\$ 105,593</b>	<b>\$ 5,041,175</b>	<b>\$ 13,515,671</b>	<b>\$ 39,925,982</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	\$ 2,851,944	\$ 10,347	\$ 31,606	\$ 3,261,288	\$ 6,155,185
Accrued interest	44,673	-	94,923	254,383	393,979
Deferred revenue	-	-	-	-	-
Compensated absences	910,566	-	9,553	-	920,119
Custodial payable	246,054	-	-	-	246,054
Bonds payable	-	-	196,238	-	196,238
Obligation under capital lease	515,382	-	-	450,556	965,938
Due to other funds	3,054,795	-	745	-	3,055,540
<b>Total Current Liabilities</b>	<b>7,623,414</b>	<b>10,347</b>	<b>333,065</b>	<b>3,966,227</b>	<b>11,933,053</b>
<b>Non-current Liabilities</b>					
Compensated absences	316,518	-	3,302	-	319,820
Obligation under capital lease	11,457,942	-	-	9,549,444	21,007,386
OPEB obligation	164,350	-	-	-	164,350
Bonds payable	-	-	4,704,808	-	4,704,808
Estimated workers' compensation claims	1,783,438	-	-	-	1,783,438
<b>Total Liabilities</b>	<b>21,345,662</b>	<b>10,347</b>	<b>5,041,175</b>	<b>13,515,671</b>	<b>39,912,855</b>
<b>Net Assets</b>					
Investment in capital assets net of related debt	4,549,314	-	(173,693)	(1,802,451)	2,573,170
Unrestricted	(4,631,433)	95,246	173,693	1,802,451	(2,560,043)
<b>Total Net Assets</b>	<b>(82,119)</b>	<b>95,246</b>	<b>-</b>	<b>-</b>	<b>13,127</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,263,543</b>	<b>\$ 105,593</b>	<b>\$ 5,041,175</b>	<b>\$ 13,515,671</b>	<b>\$ 39,925,982</b>

See Independent Auditor's Report and  
 Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds				Total
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	Cambria Connected	
Operating Revenues:					
Net patient service revenue	\$ 27,133,192	\$ 131,336	\$ -	\$ -	\$ 27,264,528
Rental income	-	-	873,349	-	873,349
Total Operating Revenues	<u>27,133,192</u>	<u>131,336</u>	<u>873,349</u>	<u>-</u>	<u>28,137,877</u>
Operating Expenses:					
Patient care	31,109,943	36,090	-	-	31,146,033
Depreciation and amortization	854,841	-	223,795	-	1,078,636
Loss on sale of fixed asset	61	-	-	-	61
Maintenance and operating	-	-	614,784	-	614,784
Total Operating Expenses	<u>31,964,845</u>	<u>36,090</u>	<u>838,579</u>	<u>-</u>	<u>32,839,514</u>
Operating Income/(Loss)	(4,831,653)	95,246	34,770	-	(4,701,637)
Non-Operating Revenues/(Expenses):					
Investment income	74,762	-	573	-	75,335
Other income	1,849,799	-	23,389	-	1,873,188
Interest expense	(604,564)	-	(257,843)	-	(862,407)
Total Non-Operating Revenues/(Expenses)	<u>1,319,997</u>	<u>-</u>	<u>(233,881)</u>	<u>-</u>	<u>1,086,116</u>
Income/(Loss) Before Transfers	(3,511,656)	95,246	(199,111)	-	(3,615,521)
Other Financing Sources/(Uses):					
Operating transfers in	828,706	-	445,842	-	1,274,548
Operating transfers (out)	(828,706)	(23,118)	(246,731)	-	(1,098,555)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(23,118)</u>	<u>199,111</u>	<u>-</u>	<u>175,993</u>
Change in Net Assets	(3,511,656)	72,128	-	-	(3,439,528)
Net assets - Beginning of Year	<u>3,429,537</u>	<u>23,118</u>	<u>-</u>	<u>-</u>	<u>3,452,655</u>
Net Assets - End of Year	<u>\$ (82,119)</u>	<u>\$ 95,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,127</u>

See Independent Auditor's Report and  
Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds				Total
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	Cambria Connected	
<b>Cash Flows From Operating Activities</b>					
Cash received from patients	\$ 28,298,369	\$ 151,450	\$ -	\$ -	\$ 28,449,819
Cash received from customers	-	-	892,723	-	892,723
Net increase/(decrease) in interfund payables	3,413,379	(95,928)	(34,072)	-	3,283,379
Cash payments to employees for services	(15,162,119)	-	(180,843)	-	(15,342,962)
Cash payments to suppliers for goods and services	(15,386,686)	-	(529,490)	-	(15,916,176)
Cash payments for other operating expenses	-	(32,178)	-	-	(32,178)
<b>Net Cash Provided By Operating Activities</b>	<u>1,162,943</u>	<u>23,344</u>	<u>148,318</u>	<u>-</u>	<u>1,334,605</u>
<b>Cash Flows From Non-Capital Financing Activities</b>					
Transfers in from other funds	828,706	-	445,842	-	1,274,548
Transfers out to other funds	(828,706)	(23,118)	(246,731)	-	(1,098,555)
<b>Net Cash (Used For)/Provided By Non-Capital Financing Activities</b>	<u>-</u>	<u>(23,118)</u>	<u>199,111</u>	<u>-</u>	<u>175,993</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Note Proceeds	-	-	-	10,000,000	10,000,000
Purchase of property and equipment	(2,473,566)	-	-	(5,144,643)	(7,618,209)
Payment on debt (net)	(469,119)	-	(187,999)	-	(657,118)
Interest paid	(607,881)	-	(162,920)	254,383	(516,418)
Deferred loan costs	10,552	-	-	(46,000)	(35,448)
Proceeds from capital grant	1,818,435	-	-	-	1,818,435
<b>Net Cash (Used For) Capital and Related Financing Activities</b>	<u>(1,721,579)</u>	<u>-</u>	<u>(350,919)</u>	<u>5,063,740</u>	<u>2,991,242</u>
<b>Cash Flows From Investing Activities</b>					
Interest on cash equivalents	74,762	-	573	-	75,335
Purchase of Restricted Investments	-	-	-	(5,063,740)	(5,063,740)
<b>Net Cash Provided By Investing Activities</b>	<u>74,762</u>	<u>-</u>	<u>573</u>	<u>(5,063,740)</u>	<u>(4,988,405)</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(483,874)	226	(2,917)	-	(486,565)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>1,075,123</u>	<u>30</u>	<u>6,851</u>	<u>-</u>	<u>1,082,004</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 591,249</u>	<u>\$ 256</u>	<u>\$ 3,934</u>	<u>\$ -</u>	<u>\$ 595,439</u>

See Independent Auditor's Report and  
Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds				Total
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	Cambria Connect	
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities:</b>					
Operating Income	\$ (4,831,653)	\$ 95,246	\$ 34,770	\$ -	\$ (4,701,637)
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:					
Depreciation	854,841	-	223,795	-	1,078,636
Bad debt expense	237,497	-	-	-	237,497
Loss on disposal of fixed assets	61	-	-	-	61
Other revenue	-	-	23,389	-	23,389
Changes in assets and liabilities:					
Decrease/(Increase) in accounts receivable	956,675	20,114	(4,014)	-	972,775
(Increase) in restricted assets	(23,768)	-	-	-	(23,768)
Decrease/(Increase) in due from other funds	358,584	(71,465)	(34,072)	-	253,047
(Increase) in prepaid expense	(33,975)	-	-	-	(33,975)
Increase/(Decrease) in accounts payable	555,987	3,912	(95,626)	-	464,273
Increase in payable from restricted assets	23,768	-	-	-	23,768
Increase/(Decrease) in due to other funds	3,054,795	(24,463)	-	-	3,030,332
(Decrease)/Increase in accrued vacation	(109,297)	-	76	-	(109,221)
Increase in OPEB obligation	164,350	-	-	-	164,350
(Decrease) in estimated workers' compensation claims	(44,922)	-	-	-	(44,922)
Total Adjustments	<u>5,994,596</u>	<u>(71,902)</u>	<u>113,548</u>	<u>-</u>	<u>6,036,242</u>
Net Cash Provided By Operating Activities	<u>\$ 1,162,943</u>	<u>\$ 23,344</u>	<u>\$ 148,318</u>	<u>\$ -</u>	<u>\$ 1,334,605</u>

See Independent Auditor's Report and  
Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2007

	Non-AFDC IRS Fund	Prison Resident Fund	Prison Canteen Fund	Recorder of Deeds
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 11,355	\$ 95,108	\$ 38,526	\$ 262,985
Investments	-	-	15,203	-
Restricted assets:				
Cash	-	-	-	-
Investments	-	-	-	-
Accounts receivable	-	-	-	279
Total Assets	\$ 11,355	\$ 95,108	\$ 53,729	\$ 263,264
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Due to other governments	\$ -	\$ -	\$ -	\$ 192,294
Other liabilities	11,355	95,108	-	70,970
Due to other funds	-	-	-	-
Total Liabilities	11,355	95,108	-	263,264
Net Assets				
Held in trust for the prison canteen (Note 1m)	-	-	53,729	-
Held in trust for workers' compensation (Note 1m)	-	-	-	-
Held in trust for pension benefits (Note 1m)	-	-	-	-
Total Net Assets	-	-	53,729	-
Total Liabilities and Net Assets	\$ 11,355	\$ 95,108	\$ 53,729	\$ 263,264

See Independent Auditor's Report and  
Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2007

	<u>Registrar of Wills</u>	<u>Sheriff's Office</u>	<u>Office of the Prothonotary</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 59,270	\$ 286,228	\$ 823,572
Investments	-	-	
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	-
Total Assets	<u>\$ 59,270</u>	<u>\$ 286,228</u>	<u>\$ 823,572</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ 28,238	\$ 70,616	\$ 3,460
Other liabilities	31,032	215,612	820,112
Due to other funds	-	-	-
Total Liabilities	<u>59,270</u>	<u>286,228</u>	<u>823,572</u>
Net Assets			
Held in trust for the prison canteen (Note 1m)	-	-	-
Held in trust for workers' compensation (Note 1m)	-	-	-
Held in trust for pension benefits (Note 1m)	-	-	-
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 59,270</u>	<u>\$ 286,228</u>	<u>\$ 823,572</u>

See Independent Auditor's Report and  
Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2007

	<u>Clerk of Courts</u>	<u>Domestic Relations Support</u>	<u>Intermediate Punishment Unit</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 962,589	\$ 99,089	\$ 119,815
Investments	-	-	-
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	-
Total Assets	<u>\$ 962,589</u>	<u>\$ 99,089</u>	<u>\$ 119,815</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ 457,369	\$ -	\$ -
Other liabilities	505,220	99,089	119,815
Due to other funds	-	-	-
Total Liabilities	<u>962,589</u>	<u>99,089</u>	<u>119,815</u>
Net Assets			
Held in trust for the prison canteen (Note 1m)	-	-	-
Held in trust for workers' compensation (Note 1m)	-	-	-
Held in trust for pension benefits (Note 1m)	-	-	-
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 962,589</u>	<u>\$ 99,089</u>	<u>\$ 119,815</u>

See Independent Auditor's Report and  
Accompanying Notes to Financial Statements



COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2007

	<u>Workers' Compensation Trust Fund</u>	<u>Retirement Trust Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 2,758,537
Investments	-	175,430,500	175,445,703
Restricted assets:			
Cash	-	2,244,671	2,244,671
Investments	1,771,687	-	1,771,687
Accounts receivable	<u>21,277</u>	<u>396,219</u>	<u>417,775</u>
Total Assets	<u>\$ 1,792,964</u>	<u>\$ 178,071,390</u>	<u>\$ 182,638,373</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ -	\$ -	\$ 751,977
Other liabilities	-	435,180	2,403,493
Due to other funds	<u>-</u>	<u>5,244</u>	<u>5,244</u>
Total Liabilities	<u>-</u>	<u>440,424</u>	<u>3,160,714</u>
Net Assets			
Held in trust for the prison canteen (Note 1m)	-	-	53,729
Held in trust for workers' compensation (Note 1m)	1,792,964	-	1,792,964
Held in trust for pension benefits (Note 1m)	<u>-</u>	<u>177,630,966</u>	<u>177,630,966</u>
Total Net Assets	<u>1,792,964</u>	<u>177,630,966</u>	<u>179,477,659</u>
Total Liabilities and Net Assets	<u>\$ 1,792,964</u>	<u>\$ 178,071,390</u>	<u>\$ 182,638,373</u>

See Independent Auditor's Report and  
Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
WORKERS' COMPENSATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

Revenues	
Interest income	\$ 83,962
Net depreciation in fair value of investments	<u>44,801</u>
Total Revenues	<u>128,763</u>
Expenses	
Operating expenses	<u>6,441</u>
Total Expenses	<u>6,441</u>
Other Financing Sources/(Uses)	
Operating transfers in	<u>-</u>
Total Sources/(Uses)	<u>-</u>
Excess/(Deficiency) of Revenues Over Other Financing Sources/(Uses)	122,322
Net Assets Held in Trust for Specific Purposes - Beginning of Year	<u>1,670,642</u>
Net Assets Held in Trust for Specific Purposes - End of Year	<u><u>\$ 1,792,964</u></u>

See Independent Auditor's Report and  
Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
RETIREMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Additions</u>	
Contributions:	
Employer	\$ 806,997
Employee	<u>3,644,657</u>
Total Contributions	<u>4,451,654</u>
Investment Income:	
Interest	1,864,288
Dividends	1,998,036
Net appreciation in fair value of investments	<u>9,641,340</u>
	13,503,664
Less: Investment expense	<u>1,108,251</u>
Net investment income	<u>12,395,413</u>
Total Additions	<u>16,847,067</u>
<u>Deductions</u>	
Benefits	7,522,713
Administrative expenses	<u>54,686</u>
Total Deductions	<u>7,577,399</u>
Increase in Net Assets	9,269,668
Net Assets Held in Trust for Employee Pension Benefits:	
Beginning of Year	<u>168,361,298</u>
End of Year	<u><u>\$ 177,630,966</u></u>

See Independent Auditor's Report and  
Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Cambria (the "County") is a fourth class county that was formed on March 26, 1804, and operates under the direction of an elected Board of Commissioners, and provides the following services: general administrative services, tax assessment and collection, judicial, public improvements, public safety, conservation and development, and human services programs.

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County has elected to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements.

The following is a summary of significant accounting policies of the County of Cambria:

**a. Financial Reporting Entity**

The County follows the Statement of Governmental Accounting Standards Board No. 39, "Determining Whether Certain Organizations are Component Units." The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based on the aforementioned criteria, the County of Cambria has the following discretely presented component units:

### **Cambria County Planning Commission**

The members of the governing board of the Cambria County Planning Commission are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits. In addition, the County must approve any issuance of debt. The reporting period for the Cambria County Planning Commission is June 30, 2007.

### **Redevelopment Authority of Cambria County**

The members of the governing board of the Redevelopment Authority of Cambria County are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits. In addition, the County must approve any issuance of debt.

### **Cambria Library Association**

The County provides financial support through a tax levy which supplements State Library Aid and fees to fund operating expenditures. In addition, the County must approve any issuance of debt.

### **Johnstown-Cambria County Airport Authority**

The members of the governing board of the Johnstown-Cambria County Airport Authority are appointed by the Board of County Commissioners. The County provides financial support through appropriations and its obligation to fund deficits. In addition, the County must approve any issuance of debt.

### **Cambria County Transit Authority**

The members of the governing board of the Cambria County Transit Authority are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits. In addition, the County must approve any issuance of debt. The reporting period for the Cambria County Transit Authority is June 30, 2007.

### **Cambria County Solid Waste Management Authority**

The members of the governing board of the Cambria County Solid Waste Management Authority are appointed by the Board of County Commissioners. The County provides financial support through appropriations. In addition, the County must approve any issuance of debt.

### **Cambria County Conservation and Recreation Authority**

The members of the governing board of the Cambria County Conservation and Recreation Authority are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits.

### **Pennsylvania Highlands Community College**

The members of the governing board of the Pennsylvania Highlands Community College are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits. In addition, the County must approve any issuance of debt. The reporting period for the Pennsylvania Highlands Community College is June 30, 2007.

### **Cambria County War Memorial Arena Authority**

The County provides financial support through its obligation to fund deficits. In addition, the County must approve any issuance of debt. The reporting period for the Cambria County War Memorial Arena Authority is June 30, 2007.

### **Behavioral Health of Cambria County**

The members of the governing board of Behavioral Health of Cambria County are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits. This component unit commenced operations on July 1, 2007 and therefore, no financial information is available for the reporting period.

Complete financial statements of the individual Component Units can be obtained from their respective administrative offices.

### **Administrative Offices:**

Cambria County Planning Commission  
PO Box 89  
Ebensburg, PA 15931

Redevelopment Authority of Cambria County  
401 Candlelight Drive, Suite 209  
Ebensburg, PA 15931

Cambria Library Association  
248 Main Street  
Johnstown, PA 15901

Johnstown-Cambria County Airport Authority  
479 Airport Road, Suite 1  
Johnstown, PA 15904

Cambria County Transit Authority  
726 Central Avenue  
Johnstown, PA 15931

Cambria County Solid Waste Management Authority  
PO Box 445  
507 Manor Drive  
Ebensburg, PA 15931

Cambria County Conservation and Recreation Authority  
401 Candlelight Drive, Suite 234  
Ebensburg, PA 15931

Pennsylvania Highlands Community College  
PO Box 68  
Johnstown, PA 15901

Cambria County War Memorial Arena Authority  
326 Napoleon Street  
Johnstown, PA 15901

Behavioral Health of Cambria County  
411 Main Street  
Johnstown, PA 15901

### **Related Organizations**

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for these organizations generally does not extend beyond making the appointments. These organizations include:

- Cambria County Hospital Development Authority
- Cambria County Industrial Development Authority
- Cambria County Industrial Development Corporation
- Cambria County Child Development Corp.
- Cambria Somerset Authority

**b. Basis of Presentation**

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

**Fund Financial Statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**c. Fund Accounting**

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.



## **Governmental Funds**

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the County's major governmental funds:

### General Fund

The General Fund is the general operating fund of the County used to account for all financial resources, except those required to be accounted for in another fund. General tax revenues of the County, as well as other resources received and not designated for a specific purpose, are accounted for in the General Fund.

### Mental Health/Mental Retardation Fund

The Mental Health and Mental Retardation programs both receive the majority of their funding from the PA Department of Welfare. This funding is both state and federal monies. The Mental Health program provides mental health services such as outpatient, partial hospitalization, and residential to Cambria County residents. The Mental Retardation program provides services mental retardation clients through residential placement.

### Capital Projects Fund

The Capital Projects fund is utilized to track the expense of certain capital projects within the County. The projects are approved by the County Commissioners at public meetings. The funding of these projects comes from Bond or Loan proceeds or state or federal grants.

### 911 Emergency Communications Fund

The 911 fund is funded by a \$1.25 charge per phone line in the County. The fee is collected by each local telephone company and remitted monthly to the County net of the telephone company's admin fee. The admin fee cannot exceed 2% of total fees. The fund also collects fees for tower rentals, alarm monitoring, and dispatching. In addition, the county funds a portion of the overall cost of running the facility not covered by the per line fee. The fees are used to run the entire emergency communications including 911 call answering, dispatch, etc.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and payment of debt; and the acquisition or construction of major capital facilities.

### **Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The County's proprietary funds may be used to account for any activity for which a fee is charged to external users for goods or services.

The following are the County's major proprietary funds:

#### Laurel Crest Manor Fund

This facility serves the elderly residents of Cambria County by providing long-term and short-term health services. The facility is funded through state and federal monies from Medicare/Medicaid and also private insurance reimbursements.

#### Laurel Crest D.M.E. Fund

This fund is used for the Eternal Nutrition feeding program which is a tube feeding program for residents. The program costs include product cost (nutrition supplement), pump rental, and server costs (company administering program). The cost of the feedings is reimbursed by Medicare-Part B, and secondarily by private insurance.

#### Central Park Complex Fund

The County owns the building called "Central Park Complex" in downtown Johnstown. The county collects rents from tenants in the building (e.g. Pennsylvania Highlands Community College and Human Services Programs such as Area Agency on Aging, Mental Health/Mental Retardation, Children & Youth, and Drug & Alcohol) and leases the first floor space to Johnstown Business District Coalition. The rental income is used to maintain the building and pay the related utility bills for the building.

#### Cambria Connected

Cambria Connected is a multi-service communications network that will provide voice, video and high speed data communications to all participating public safety agencies. The network will provide businesses, education and all levels of government with these services. In most cases, Cambria Connected will bring technologically advanced communications capabilities to all of Cambria County, even in areas that have been unable to receive services.

## **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The County's investment trust fund accounts for the external portion of the cash management pool, which represents resources that belong to legally separate entities. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

### **d. Measurement Focus and Basis of Accounting**

#### **Government-Wide Financial Statements**

The government-wide financial statements, component unit financial statements, and fund financial statements for proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the balance sheet and the operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounts, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of timing of related cash flows.

In accordance with GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the County and its component units apply all GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

#### **Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

## **Proprietary Fund Financial Statements**

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

Proprietary funds separate all activity into two categories: operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and non-capital financing activities and investing activities.

### **e. Basis of Accounting for Component Units**

#### **Cambria County Planning Commission**

The Cambria County Planning Commission's financial statements are presented on the full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). The Commission applies all Governmental Accounting Standards Board (GASB) pronouncements. The financial statements include the implementation of GASB No. 34. All activities of the Commission are accounted for within a single proprietary (enterprise) fund.

#### **Redevelopment Authority of Cambria County**

For the year ended December 31, 2007 the Redevelopment Authority of Cambria County complied with GASB No. 34. The accounts of the Authority are maintained in general and special revenue funds. The government-wide statements are prepared using the accrual basis of accounting. The fund financial statements are prepared on the modified accrual basis of accounting.

### **Cambria Library Association**

The financial statements of the Cambria Library Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The financial statement preparation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the library is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

### **Johnstown-Cambria County Airport Authority**

The operations of the Johnstown-Cambria County Airport Authority are accounted for through a single enterprise fund. An enterprise fund is used to account for operations, which are financed and operated in a manner similar to private business, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The financial statements include the implementation of GASB No. 34.

### **Cambria County Transit Authority**

The financial statements of the Cambria County Transit Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The operations of the Authority are accounted for through a single proprietary (enterprise) fund. The enterprise fund is accounted for on a flow of economic resources measurement focus. The financial statements include the implementation of GASB No. 34.

### **Cambria County Solid Waste Management Authority**

The financial statements of the Cambria County Solid Waste Management Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The operations of the Authority are accounted for through a single proprietary (enterprise) fund. The enterprise fund is accounted for on a flow of economic resources measurement focus. The financial statements include the implementation of GASB No. 34.

### **Cambria County Conservation and Recreation Authority**

The Cambria County Conservation and Recreation Authority maintains its books on the modified accrual basis of accounting. Under this method revenues are recognized when received, unless they are susceptible to accrual, and expenses are recognized when incurred. For the year ended December 31, 2007 the Authority complied with GASB No. 34. The accounts of the Authority are maintained in general and special revenue funds.

### **Pennsylvania Highlands Community College**

The Pennsylvania Highlands Area Community College's financial statements are presented on the full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). The College applies all Governmental Accounting Standards Board (GASB) pronouncements. The financial statements include the implementation of GASB No. 34. All activities of the College are accounted for within a single proprietary (enterprise) fund.

### **Cambria County War Memorial Arena Authority**

The Cambria County War Memorial Arena Authority's financial statements are presented on the full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements. The financial statements include the implementation of GASB No. 34. All activities of the Authority are accounted for within a single proprietary (enterprise) fund.

### **Behavioral Health of Cambria County**

Behavioral Health of Cambria County's financial statements are currently unavailable due the first year of operations commencing on July 1, 2007. The initial audit will be conducted for the period ending June 30, 2008 and the financial statements of the discretely presented component unit will be incorporated into the County of Cambria's financial statement for the year ending December 31, 2008. All activity that passed through the County of Cambria to Behavioral Health of Cambria County is reflected within the Health Choices fund.

#### **f. Deferred Revenues**

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2007, but were levied to finance 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

**g. Investments**

Investments of all funds are stated at fair value.

**h. Budgets and Budgetary Accounting**

Commonwealth of Pennsylvania statutes require that County Governments establish budgetary systems and adopt annual operating budgets. The County's annual budget includes the General Fund and Certain Special Revenue Funds, and is based on estimates of revenues and expenditures approved by the Commissioners. The County of Cambria follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the department heads submit to the County Commissioners proposed operating budgets for the fiscal year which commences on January 1.
2. The Commissioners then interview all department heads to discuss their budgets as submitted and allow them to substantiate projected expenditures at public hearings.
3. Subsequently, the County chief clerk's office assembles the preliminary projections of revenues and expenditures into a formal budget incorporating any revisions or adjustments resulting from the Commissioners' review.
4. Public hearings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
5. After the 20-day inspection period, but prior to December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.
6. The formal budgetary process is employed as a planning device. The adopted budget is on a basis consistent with GAAP. Budget amounts are as originally adopted, or as formally amended by the County Commissioners at a public meeting.

**i. Cash and Cash Equivalents**

The County considers all unrestricted highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**j. Receivables**

Enterprise Fund Treatment of Unbilled Service Receivables

The Laurel Crest Manor Fund bills the Pennsylvania Department of Public Welfare for Medical Assistance services provided to its residents. Residents that have not been approved for Medical Assistance are recorded as an unbilled receivable on the Laurel Crest Manor Fund records. At December 31, 2007, the amount of unbilled receivables was \$72,143 and is included in the accounts receivable amount in the accompanying financial statements.

**k. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Infrastructure assets are reported in the business-type and governmental activities columns. Infrastructure in the business-type activities columns is classified as improvements other than buildings and consists of water and sewer lines. Infrastructure reported in the governmental activities column consists of County bridges constructed after 1980.

The County depreciates assets on a straight line basis using the following estimated useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Infrastructure	50 years
Site Improvements	15-30 years
Office Furniture & Equipment	8-15 years
Building & Permanent Fixtures	20-40 years
General Equipment	10-15 years
Radio Equipment	10 years
Computer Hardware & Software	5 years
Vehicles	8 years



## Capital Assets and Depreciation – Component Units

The component units record assets at cost. The assets are depreciated on the straight-line method using 5 to 30 year estimated useful lives. Upon retirement, asset cost and related depreciation are removed from the books. Repairs and maintenance are expensed when incurred.

### I. Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “Interfund Receivables/Payables.” Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as “Internal Balances.”

Balances at December 31, 2007 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Governmental Fund Types</u>		
<b>General Fund</b>	\$ <u>4,459,846</u>	\$ <u>4,037,048</u>
<b>Special Revenue Funds</b>		
Domestic Relations	---	367,637
Juvenile Probation	---	270,564
Detention/Shelter	25,831	---
Farmland Preservation	16,511	---
911 Emergency Communications	---	757,182
County Records Improvement	---	8,959
Area Agency on Aging	112	37,433
Foster Grandparents	683	2,839
Children and Youth	457,285	9,656
Drug and Alcohol	---	4,669
Human Services	---	1,567
Liquid Fuels	---	8
Prothonotary Automation	---	315
Register of Will Automation	---	500
Mental Health/Mental Retardation	2,741,873	---
Parks and Playgrounds	<u>---</u>	<u>755,396</u>
<b>Total Special Revenue Funds</b>	<u>3,242,295</u>	<u>2,216,725</u>
<b>Debt Service Fund</b>	<u>657,974</u>	<u>---</u>
<b>Capital Projects Fund</b>	<u>751,017</u>	<u>---</u>

Total Governmental Fund Types	<u>9,111,132</u>	<u>6,253,773</u>
<u>Proprietary Fund Types</u>		
Central Park Complex	131,960	745
Laurel Crest Manor	---	3,054,796
Laurel Crest DME	<u>71,465</u>	<u>---</u>
Total Proprietary Fund Types	<u>203,425</u>	<u>3,055,541</u>
<u>Fiduciary Fund Types</u>		
Retirement Trust Fund	<u>---</u>	<u>5,243</u>
Total Fiduciary Fund Types	<u>---</u>	<u>5,243</u>
Total Interfunds	<u>\$ 9,314,557</u>	<u>\$ 9,314,557</u>

**m. Fund Balance Reserves**

The County reserves those portions of governmental fund balances which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for:

**General Fund**

Reserved for Library \$ 19,892

This reserve represents restrictions for real estate tax revenues to be used to fund the Cambria Library Association.

Reserved for 911 Emergency Communications \$ 216,663

This reserve represents amounts restricted to cover a Fund Deficit in the County's 911 Emergency Communications Fund.

Reserved for Community College \$ 6,549

This reserve represents restrictions for real estate tax revenues to be used to fund the Pennsylvania Highlands Community College.

**Fiduciary Funds**

Retirement Trust Fund \$177,630,966

This reserve represents funds restricted to retirement fund use for the future payment of members' benefits.

Workers' Compensation Trust \$ 1,792,964

This reserve represents funds restricted to fund workers' compensation claims.

Prison Canteen/Resident \$ 53,729

This reserve represents funds restricted for the welfare of prison inmates.

**Component Units**

Cambria Library Association \$ 388,111

This reserve has been established to segregate donor restricted funds or reserves otherwise not available for general operation purposes.

Airport Authority \$ 439

This reserve has been established to segregate funds received for future capital additions or improvements.

Transit Authority \$ 1,821,457

This reserve has been established to segregate state grant money received for future capital additions or improvements under PA Act 26 and Act 3.

**n. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The following is a summary of the County's restricted net assets as of December 31, 2007:

Reserved for Library	\$ 19,892
Reserved for Community College	<u>6,549</u>
Total Restricted Net Assets	\$ <u>26,441</u>

**o. Property Tax Revenues**

Property taxes collected within 60 days subsequent to December 31 are recognized as revenue for the year ending December 31 in accordance with applicable GASB standards. County policy is to establish a reserve for uncollectible real estate taxes, which are generally defined as those in excess of two years past due, unless unusual circumstances exist.

**p. Interfund Transfers**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**q. Indirect Costs, Maintenance in Lieu of Rent, Allocated Costs**

Indirect costs, maintenance in lieu of rent, and allocated costs are charged to various state and federal programs based on a formal plan developed annually by the County. These costs are reflected as expenditures/expenses in those funds benefiting from the services provided and as a reduction of expenditures in the General Fund which provides the services. These costs are recorded on a full absorption basis in order to reflect the total cost of operations of the various funds.

r. **Bond Issuance Costs**

Bond Issuance Costs are being amortized over the lives of the related bonds issued using the straight-line method. Amortization expense for December 31, 2007 totaled \$23,897. Of this balance \$4,711 was for the Central Park Complex Fund, \$10,552 was for Laurel Crest Manor Fund and \$8,634 was recognized for governmental activities at the entity wide statements.

s. **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

t. **Joint Venture**

The County of Cambria participates in a joint venture with Somerset County, Pennsylvania. This joint venture, Cambria Somerset Authority and Combined Affiliates, is described as follows:

**Reporting Entity and Nature of Activities**

The combined financial statements present the accounts and transactions of the Cambria Somerset Authority ("CSA") and its Combined Affiliates ("the Authority"), CSA Nonprofit, Inc. ("Nonprofit") and Manufacturer's Water Company ("MWC"). All significant inter-company transactions have been eliminated in the combination.

CSA was incorporated by the counties of Cambria and Somerset on June 9, 1999, under the Municipalities Act of 1945 as amended in order to acquire the operations of MWC, an entity owned by Bethlehem Steel Corporation ("Bethlehem"). MWC owns and operates five dams in the counties of Cambria and Somerset. The common stock of MWC was actually acquired by the Nonprofit, with CSA having complete control over the Nonprofit. Together, all three of these entities (CSA, Nonprofit and MWC) comprise the Cambria Somerset Authority and Combined Affiliates (the "Authority").

**Financial Information**

Selected financial information from the most recently issued reports of the Authority is presented below. Complete financial statements are available from the Authority's offices at 244 Walnut Street, Johnstown, Pennsylvania 15901.

	<u>Year Ended</u> <u>December 31, 2007</u>
Current Assets	\$ 430,199
Total Assets	15,682,574
Current Liabilities	704,960
Total Liabilities	10,575,323
Net Assets	5,407,251
Operating Revenues	767,219
Operating Expenses	1,168,499
Non-Operating Revenues	534,666
Non-Operating Expenses	164,357
Capital Contribution	370,309
Change in Net Assets	(204,155)

Financial Reporting Relationship between Cambria County and Cambria Somerset Authority

Cambria County has provided a guaranty agreement in which the County guarantees the payment of \$3,232,500 of the Authority's Tax Exempt Revenue Note, Series of 2001. Subsequent to year end, a portion of these bonds were refinanced.

**NOTE - 2 CASH AND INVESTMENTS**

Under Section 1706 of the County Code of the Commonwealth of Pennsylvania, the County is authorized to invest its funds in the following:

- United States Treasury Bills.
- Short-term obligations of the United States Government or its agencies or instrumentalities.
- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation ("FDIC") or other like insurance.
- Obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States, the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- Certificates of deposit purchased from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania, which are insured by the FDIC or other like insurance. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of deposit may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets net of its liabilities.
- Commercial paper and prime commercial paper meeting certain requirements.
- Repurchase agreements, which are fully collateralized by obligations of the United States of America.

In addition, the County Code provides that the Retirement Trust Fund may make any investment authorized by 20 P.A.A. Ch. 7302b (relating to fiduciaries' investments).

For all deposits above the insured maximum, assets are pledged as collateral under Subsection (c)(3), to be pooled in accordance with the Act of August 6, 1971 (P.L. 281, No. 72).

It is the policy of the County to invest funds under the County's control principally in certificates of deposit, repurchase agreements, U.S. Government Securities, and money market mutual funds. Funds under the County's direct control exclude monies in the Retirement Trust Fund, Capital Projects Funds, and Workmen's Compensation Trust Fund.

As of December 31, 2007, cash balances, unrestricted and restricted, were covered by the FDIC or by pledged collateral held by the financial institutions' trust departments or custodial agents for the benefit of the County.

Cash and investments as of December 31, 2007 are classified in the accompanying financial statements as follows:

Statements of net assets:	
Cash and investments	\$ 8,721,673
Restricted cash and investments	6,495,532
Fiduciary funds:	
Cash and investments	178,204,240
Restricted cash and investments	<u>4,016,358</u>
 Total Cash and Investments	 <u>\$197,437,803</u>

Cash and investments as of December 31, 2007 consist of the following:

Cash on hand	\$ 32,060
Deposits with financial institutions	15,124,614
Investments	<u>182,281,129</u>
 Total Cash and Investments	 <u>\$ 197,437,803</u>

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the County's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

<u>Type</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Fixed Income Securities	<u>\$ 1,348,761</u>	<u>\$16,454,885</u>	<u>\$25,424,147</u>	<u>\$24,210,262</u>



## Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistically rating organization. Presented below is the actual rating as of year end for each investment type:

Type	AAA	AA	A	BAA
Government:				
Treasury	\$ 11,241,924	\$ -	\$ -	\$ -
Agency	21,937,599	-	-	-
Corporate:				
Industrial	1,281,323	991,339	3,479,804	195,570
Utility	1,834,315	-	-	1,921,985
Finance	-	4,572,300	1,638,745	-
Transportation	-	1,820,827	377,653	330,446
Mortgage:				
FHLMC	4,343,011	-	-	-
FNMA	<u>3,533,754</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 44,171,926</u>	<u>\$ 7,384,466</u>	<u>\$ 5,496,202</u>	<u>\$ 2,448,001</u>

## Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Pennsylvania Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Pennsylvania Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: As of December 31, 2007, County investments by the following investment types were uncollateralized, which includes deposits collateralized by securities held by the pledging financial institution or by its trust department or agent, but not in the County's name. County investments subject to this risk include investments in the pension trust fund and the worker's compensation fund.

<u>Investment</u>	<u>Reported Amount</u>
Government and Agencies	\$ 33,179,523
Corporate Obligations	18,444,308
Domestic Equity	76,739,610
Mortgage Backed	7,876,765
International Equity	29,014,301
Temporary Investment - Cash	<u>1,744,589</u>
	<u>\$ 166,999,096</u>

### **Foreign Currency**

Foreign currency risk is the risk the changes in foreign exchange rates will adversely affect the fair value of an investment. The County has the following investments subject to foreign currency risk \$ 29,014,301.

### **Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The County's investments (including investments held by bond trustees) include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

<u>Highly Sensitive Investments</u>	<u>Fair Value at Year End</u>
Mortgage Backed Securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$7,876,765</u>

**NOTE 3 - RESTRICTED ASSETS**

Assets whose use is limited to a specific purpose have been classified as restricted in the Statement of Net Assets. Restricted cash is composed of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General Fund:			
Tax Claim Department amounts received from tax sales which ultimately will be distributed to other tax authorities. The aggregate amount is offset with a corresponding General Fund liability captioned payable from restricted assets	\$ 601,390	\$ ---	\$ 601,390
Health Choices Fund:			
Grant revenue restricted for program uses and is offset by a liability to subrecipient providers in vouchers payable.	141,551	---	144,551
911 Fund:			
Wireless grant revenue received to aid in implementation of wireless technology and offset by deferred revenue.	<u>442,798</u>	<u>---</u>	<u>442,798</u>
<b>Total Governmental Activities</b>	<b><u>\$ 1,185,739</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ 1,185,739</u></b>
<b>Business-Type Activities:</b>			
Proprietary Fund:			
Cambria Connected:			
Investments restricted for purchase of capital assets.	\$ ---	<u>\$ 5,063,739</u>	<u>\$ 5,063,739</u>
Laurel Crest Manor Fund:			
Patient accounts comprising funds held by Laurel Crest Manor in escrow for residents and offset by a corresponding liability captioned payable from restricted assets.	<u>246,054</u>	<u>---</u>	<u>246,054</u>
<b>Total Business-Type Activities</b>	<b><u>\$ 246,054</u></b>	<b><u>\$ 5,063,739</u></b>	<b><u>\$ 5,309,793</u></b>

**Fiduciary Funds:**

Trust Funds:

Amount established to provide for Pension contribution and offset by a reserve for balance for pension benefits

\$ 2,244,671	\$ ---	\$ 2,244,671
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Amount established to provide source of funds for workers' compensation claims and offset by a reserve in fund balance for workers' compensation

---	<u>1,771,687</u>	<u>1,771,687</u>
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Total Fiduciary Funds

\$ <u>2,244,671</u>	\$ <u>1,771,687</u>	\$ <u>4,016,358</u>
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**NOTE 4 - REAL ESTATE TAXES**

Real estate taxes attach an enforceable lien on property on January 1. Taxes are billed on or about March 1, payable under the following terms: 2% discount, March 1 through April 30; face amount, May 1 through June 30, and 10% penalty after July 1. The County bills these taxes, which are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities. Real estate tax revenues are recognized in the period in which they become susceptible to accrual, that is, when they become both measurable and available.

The rate of taxation in 2007 was 22.25 mills, of which 4 mills were designated for debt service, .75 mills were designated for community college purposes, .50 mills were designated for county library purposes, .50 mills for parks and playgrounds purposes, and the remaining 16.5 mills for general purposes.

The County, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. The net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when collected.

Taxes Receivable:

**Fund Financial Statement**

Taxes receivable in the amount of \$2,852,423 as stated on the Governmental Funds Balance Sheet, are actual legal claims of lien properties. The County has deferred \$2,232,118 in taxes receivable on the fund level financial statements, to comply with GASB No. 22, reported on the modified accrual basis of accounting.

## Government-Wide Financial Statement

In addition to the taxes receivable noted above, the Statement of Net Assets includes taxes receivable from years 2007 and prior that are summarized as follows:

	<u>Gross Taxes Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Estimated to be Collectible</u>
Property taxes	<u>\$ 3,279,366</u>	<u>(\$ 426,943)</u>	<u>\$ 2,852,423</u>

### NOTE 5 - DUE FROM / DUE TO OTHER GOVERNMENTS

Amounts due from other governments are generally comprised of amounts due from Federal, State, and Local governmental units for reimbursement due under the grant programs at December 31, 2007. Amounts due to other governments are generally comprised of interest earned on state grants required to be returned to the state for which program expenditures have not occurred at December 31, 2007.

### NOTE 6 - FIXED ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

<b>Government activities:</b>	<u>Balance 12/31/06</u>	<u>Additions</u>	<u>Disposal</u>	<u>Balance 12/31/07</u>
Capital assets not being depreciated:				
Construction-in-progress	<u>\$ 2,885,091</u>	<u>\$ 27,646</u>	<u>(\$ 2,226,956)</u>	<u>\$ 685,781</u>
Total capital assets not being depreciated	<u>2,885,091</u>	<u>27,646</u>	<u>( 2,226,956)</u>	<u>685,781</u>
Other capital assets:				
Site improvements	2,756,852	282,917	---	3,039,769
Infrastructure	12,484,834	679,928	---	13,164,762
Building and permanent fixtures	49,232,251	830,096	( 282,917)	49,779,430
Office furniture and equipment	1,282,154	40,166	( 47,805)	1,274,515
General equipment	1,517,815	36,279	---	1,554,094
Radio equipment	2,050,791	---	---	2,050,791

Computer hardware and software	4,269,867	2,316,460	( 21,935)	6,564,392
Vehicles	<u>2,625,458</u>	<u>421,687</u>	( <u>161,739</u> )	<u>2,885,406</u>
Total capital assets, at cost	<u>76,220,022</u>	<u>4,607,533</u>	( <u>514,396</u> )	<u>80,313,159</u>
Less accumulated depreciation for:				
Site improvements	( 915,195)	( 129,265)	---	( 1,044,460)
Infrastructure	( 2,783,784)	( 263,903)	---	( 3,047,687)
Building and permanent fixtures	( 13,829,848)	( 1,183,898)	---	( 15,013,746)
Office furniture and equipment	( 960,943)	( 81,487)	45,993	( 996,437)
General equipment	( 1,151,967)	( 113,700)	---	( 1,265,667)
Radio equipment	( 2,036,606)	( 3,183)	---	( 2,039,789)
Computer hardware and software	( 2,472,761)	( 874,399)	13,725	( 3,333,435)
Vehicles	( <u>1,789,011</u> )	( <u>214,082</u> )	<u>155,705</u>	( <u>1,847,388</u> )
Total accumulated Depreciation	( <u>25,940,115</u> )	( <u>2,863,917</u> )	<u>215,423</u>	( <u>28,588,609</u> )
Governmental activities capital assets, net	<u>\$ 53,164,998</u>	<u>\$ 1,771,262</u>	<u>(\$2,525,929)</u>	<u>\$ 52,410,331</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 383,046	\$ ---	\$ --	\$ 383,046
Construction-in-progress	<u>7,039,386</u>	<u>10,144,486</u>	( <u>8,773,649</u> )	<u>8,410,223</u>
Total capital assets not being depreciated	<u>7,422,432</u>	<u>10,144,486</u>	( <u>8,773,649</u> )	<u>8,793,269</u>
Other Capital assets:				
Land improvements	555,194	178,806	---	734,000
Buildings and permanent fixtures	28,409,075	8,868,512	---	37,277,587
Machinery & equipment	<u>4,754,064</u>	<u>458,003</u>	( <u>125,819</u> )	<u>5,086,248</u>
Total capital assets at cost	<u>33,718,333</u>	<u>9,505,321</u>	( <u>125,819</u> )	<u>43,097,835</u>

Less accumulated depreciation for:

Land improvements	( 452,379)	( 21,193)	---	( 473,572)
Buildings and permanent fixtures	( 16,990,932)	( 870,081)		(17,861,013)
Machinery & equipment	( 3,907,416)	( 172,770)	118,701	( 3,961,485)
Total accumulated depreciation	( 21,350,727)	( 1,064,044)	118,701	(22,296,070)
Business-type activities capital assets, net	<u>\$ 19,790,038</u>	<u>\$18,585,763</u>	<u>(\$ 8,780,767)</u>	<u>\$29,595,034</u>

**COMPONENT UNITS:**

Summaries of the component units' fixed assets as of December 31, 2007 follow:

	Balance 12/31/06	Additions	Disposal	Balance 12/31/07
<b>Planning Commission:</b>				
Equipment	\$ 26,366	\$ ---	\$ ---	\$ 26,363
Equipment under capital lease	---	---	---	---
Less: Accumulated depreciation	( 23,863)	( 636)	---	( 24,496)
Total capital assets, net	<u>\$ 2,503</u>	<u>(\$ 636)</u>	<u>\$ ---</u>	<u>\$ 1,867</u>
<b>Redevelopment Authority:</b>				
Furniture & equipment	\$ 19,362	\$ 333	(\$ 292)	\$ 19,493
Total capital assets at cost	19,362	333	292	19,493
Less: Accumulated depreciation	( 15,873)	( 855)	292	( 16,526)
Total capital assets, net	<u>\$ 3,489</u>	<u>(\$ 522)</u>	<u>\$ ---</u>	<u>\$ 2,967</u>
<b>Library Association:</b>				
Books & audio visual	\$ 1,285,352	\$ 103,037	(\$ 10,944)	\$ 1,377,445
Improvements	183,898	6,240	---	190,138
Furniture & equipment	57,449	---	---	57,449
Software	121,752	---	---	121,752
Computer equipment	358,954	9,417	---	368,371
Capital Leases	26,242	---	---	26,242
Total capital assets at cost	<u>2,033,647</u>	<u>118,694</u>	<u>( \$10,944)</u>	<u>2,141,397</u>
Less: Accumulated depreciation	<u>(1,281,329)</u>	<u>(129,189)</u>	<u>10,944</u>	<u>( 1,399,574)</u>
Total capital assets, net	<u>\$ 752,318</u>	<u>\$ (10,495)</u>	<u>\$ ---</u>	<u>\$ 741,823</u>

**Municipal Airport Authority:**

Land	\$ 1,347,048	\$ ---	\$ ---	\$ 1,347,048
Construction-in-progress	4,595,924	649,748	---	5,245,672
Improvements	30,558,630	---	---	30,558,630
Building & improvements	3,741,167	407,113	---	4,148,280
Vehicles & equipment	<u>2,174,483</u>	<u>---</u>	<u>( 69,488)</u>	<u>2,104,995</u>
Total capital assets at cost	<u>42,417,252</u>	<u>1,056,861</u>	<u>( 69,488)</u>	<u>43,404,625</u>
Less: Accumulated depreciation	<u>( 25,428,639)</u>	<u>(1,635,734)</u>	<u>18,790</u>	<u>( 27,045,283)</u>
Total capital assets, net	<u>\$ 16,988,613</u>	<u>\$( 578,873)</u>	<u>\$( 50,698)</u>	<u>\$ 16,359,042</u>

**Transit Authority:**

Land – Inclined Plane	\$ 516,712	\$ ---	\$ ---	\$ 516,712
Right-of-ways	335,709	---	---	335,709
Passenger vehicles	10,036,616	2,809,946	( 15,453)	12,831,109
Buildings & equipment- Inclined Plane	9,373,290	47,120	---	9,420,410
Buildings	7,974,959	119,006	---	8,093,965
Shop equipment	821,450	11,832	---	833,282
Office equipment	600,417	16,298	---	616,715
Miscellaneous equipment	553,686	7,744	---	561,430
Service equipment	591,630	---	---	591,630
Shelters, signs, & bus stops	506,053	672	---	506,725
Safety program	200,056	---	( 52,937)	147,119
Penn fix program	<u>37,196</u>	<u>---</u>	<u>---</u>	<u>37,196</u>
Total capital assets at cost	<u>31,547,774</u>	<u>3,012,618</u>	<u>( 68,390)</u>	<u>34,492,002</u>
Less: Accumulated depreciation	<u>( 15,975,417)</u>	<u>(1,577,813)</u>	<u>(61,552)</u>	<u>(17,491,678)</u>
Total capital assets, net	<u>\$ 15,572,357</u>	<u>\$ 1,434,805</u>	<u>\$( 6,838)</u>	<u>\$ 17,000,324</u>

**Solid Waste Management Authority:**

Furniture & fixtures	\$ 19,098	\$ ---	\$ ---	\$ 19,098
Equipment	896,364	173,314	( 253,056)	816,622
Improvements	<u>9,611</u>	<u>---</u>	<u>---</u>	<u>9,611</u>
	<u>925,073</u>	<u>173,314</u>	<u>( 253,056)</u>	<u>845,331</u>



Total capital assets at cost				
Less: Accumulated depreciation	( 349,517)	( 50,616)	115,093	( 285,040)
Total capital assets, net	\$ 575,556	\$ 122,698	\$ ( 137,963)	\$ 560,291

**Conservation & Recreation Authority:**

Land	\$ 4,554,202	\$ 1,938,100	\$ ---	\$ 6,492,302
Construction-In-Progress	1,713,733	---	(1,713,733)	---
Building	---	1,034,796	---	1,034,796
Equipment	<u>31,248</u>	<u>---</u>	<u>---</u>	<u>31,248</u>
Total capital assets at cost	<u>6,299,183</u>	<u>2,972,896</u>	<u>(1,713,733)</u>	<u>7,558,346</u>
Less: Accumulated depreciation	<u>(7,239)</u>	<u>( 23,715)</u>	<u>---</u>	<u>( 30,954)</u>
Total capital assets, net	\$ <u>6,291,944</u>	\$ <u>2,949,181</u>	\$ <u>1,713,733</u>	\$ <u>7,527,392</u>

**Pennsylvania Highlands Community College:**

Equipment	\$ 2,437,782	\$ 241,446	\$ (105,322)	\$ 2,573,906
Construction-In-Progress	303,336	1,282,630	---	1,585,966
Leasehold improvements	60,359	---	---	60,359
Computer software	<u>636,315</u>	<u>---</u>	<u>---</u>	<u>636,315</u>
Total capital assets at cost	<u>3,437,792</u>	<u>1,524,076</u>	<u>( 105,322)</u>	<u>4,856,546</u>
Less: Accumulated depreciation	<u>( 2,424,041)</u>	<u>( 258,679)</u>	<u>105,322</u>	<u>( 2,577,398)</u>
Total capital assets, net	\$ <u>1,013,751</u>	\$ <u>1,265,397</u>	\$ <u>---</u>	\$ <u>2,279,148</u>

**War Memorial Arena Authority:**

Equipment	\$ 402,367	\$ 23,284	\$ ---	\$ 425,651
Leasehold improvements	<u>388,130</u>	<u>56,300</u>	<u>---</u>	<u>444,430</u>
Total capital assets at cost	<u>790,497</u>	<u>79,584</u>	<u>---</u>	<u>870,081</u>
Less: Accumulated depreciation	<u>( 236,309)</u>	<u>( 55,417)</u>	<u>---</u>	<u>( 291,726)</u>
Total capital assets, net	\$ <u>554,188</u>	\$ <u>24,167</u>	\$ <u>---</u>	\$ <u>578,355</u>

**Total Component Unit Capital Assets at December 31, 2007** \$ 45,051,209

## NOTE 7 - EMPLOYEE RETIREMENT TRUST PLAN

### Plan Description

The County of Cambria provides a single-employer defined benefit pension plan that is administered by the County Retirement Board. All employees working over 1,000 hours per year are required to enter the plan, and County elected officials have the option of enrolling in the plan. The plan is included in the financial statements of the County of Cambria as a retirement trust fund. The plan provides retirement, disability and death benefits to plan members and their beneficiaries pursuant to Act 96 of 1971 of the Commonwealth of Pennsylvania (County Pension Law), which may be amended by the General Assembly of the Commonwealth of Pennsylvania. Cost-of-living adjustments are provided at the discretion of the County Retirement Board.

### Basis of Accounting

The financial statements of the retirement trust fund are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

### Valuation of Investments

All investments of the retirement trust fund are reported at fair value.

### Membership

Membership of the plan consisted of the following at January 1, 2008, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	700
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	87
Active Plan Members	<u>1,265</u>
	<u>2,052</u>

### Contributions

Plan members are required to contribute 9% of their salaries and may contribute up to 19%. The County contributions are determined as part of an annual actuarial valuation. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs of the plan are financed through investment earnings.

### Actuarial Valuation Information

The County has an actuarial valuation prepared on an annual basis. The following methods and assumptions were used to prepare the valuation:

Actuarial Cost Method:	Aggregate Actuarial Cost
Asset Valuation Method:	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.5% (Including 3% Inflation)
Projected Salary Increases	3.75% -4.5% (Including 3% Inflation)
No Postretirement Benefit Increases	

### Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2007, was determined as part of the January 1, 2007, actuarial valuation. The County's annual pension cost, annual required contribution and net pension obligation to the Cambria County Employee's Retirement System were \$806,997 for 2007. The County uses the aggregate actuarial cost method, which does not identify or separately amortize unfunded actuarial liabilities.

### Annual Pension Cost - Three-year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2005	\$535,208	108%	\$ ---
December 31, 2006	\$625,536	100%	\$ ---
December 31, 2007	\$809,059	100%	\$ ---

## **NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) UNDER GASB 45**

### Plan Description

Cambria County sponsors a single-employer post retirement medical plan. The plan provides medical and death benefits to eligible retirees and their spouses.

### Funding Policy

The County intends to fully fund any annual short-fall between OPEB annual required contribution and actual pay-go expense into a legally executed trust fund. The trust fund will be invested as a long-term pension trust, using an appropriately balanced portfolio of equities and debt instruments, to prudently maximize long-term investment returns.

### Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-retirement benefit (OPEB) cost (Expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB Obligation.

### Components of Net OPEB Obligation

Annual Required Contribution	\$2,425,470
Interest on Net OPEB Obligation	---
Adjustment to Annual Required Contribution	---
Annual OPEB Cost (Expense)	<u>2,425,470</u>
Contributions Made or Accrued	<u>(1,939,142)</u>
Increase in Net Obligation	486,328
Net OPEB Obligation 1/1/07	---
Net OPEB Obligation 12/31/07	<u>\$ 486,328</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost</u>	<u>Net OPEB Obligation</u>
12/31/07	\$2,425,470	79.9%	\$486,328

### Funded Status and Funding Progress

As of January 1, 2007, the most recent actuarial date, the plan was 0% funded. The actuarial accrued liability for benefits was \$27,636,000 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$27,636,000. The covered payroll (annual payroll of active employees covered by the plan) was \$15,952,000 and the ratio of the UAAL to the covered payroll was 173%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

## Actuarial Methods and Assumptions

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

In the January 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after three years. The actuarial value of assets was determined using a standard balance portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at January 1, 2008 was 30 years.

## **NOTE 9 - RISK MANAGEMENT**

The County is exposed to risk of loss related to self-insurance activities for workers' compensation. Laurel Crest Manor Enterprise Fund and the General Long-Term Debt Account Group account for the risk associated with the workers' compensation.

The County is self-insured for workers' compensation. The County has excess workers' compensation insurance with a self-insured retention per occurrence of \$325,000, and a maximum indemnity per occurrence of \$1,000,000.

As required by the Pennsylvania Department of Labor and Industry, the County has established an Expendable Trust Fund for workers' compensation. The purpose of the fund is to provide a source of funds for claimants entitled to benefits under Article III Section 305 of the Pennsylvania Workers' Compensation Act.

The County maintains workers' compensation reserves for claims incurred and claims incurred but not reported in the funds to which, per the County's estimate, they apply. The majority of the reserves are recorded in the Laurel Crest Manor Fund, an Enterprise Fund. The remainder is recorded in the General Long-Term Debt Account Group.

The accrued liability for workers' compensation is determined by an actuary in accordance with actuarial principles; such claims are not discounted. There have been no changes in insurance coverages, retention limits or excess

loss policies from the prior year. The amounts of settlements for the past three fiscal years did not exceed excess loss insurance coverages.

All accrued workers' compensation self-insurance liabilities at December 31, 2007 are summarized as follows:

<u>Laurel Crest Manor Enterprise Fund</u>	<u>Long-Term Obligation</u>	<u>Total</u>
<u>\$ 1,783,438</u>	<u>\$ 817,731</u>	<u>\$ 2,601,169</u>

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2007 and 2006:

<u>Year</u>	<u>January 1, Liability</u>	<u>Incurred Claims</u>	<u>Payments</u>	<u>December 31, Liability</u>
2007	<u>\$ 2,438,316</u>	<u>\$ 801,397</u>	<u>\$ 638,544</u>	<u>\$ 2,601,169</u>
2006	<u>\$ 2,769,985</u>	<u>\$ 518,821</u>	<u>\$ 850,490</u>	<u>\$ 2,438,316</u>

## **NOTE 10 - CAPITAL CONTRIBUTIONS**

### **Component Units**

Summaries of the component units' capital contributions as of December 31, 2007 follow:

#### **Municipal Airport Authority**

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the FAA, with certain matching funds provided by the State and the Authority, or from various State allocations or grant programs. Capital assets purchased with funds contributed by federal and state governments through airport improvement grants are recorded at cost. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for capital asset acquisition, facility development and rehabilitation and eligible long-term planning studios are reported in the Statement of Revenues, Expenses, and Changes in Net Assets, after non-operating revenues and expenses as capital contributions which amounted to \$697,905 at December 31, 2007.

### Transit Authority

Capital grant contributions from federal and state governments amounted to \$3,668,567 for the Transit Authority at December 31, 2007.

### Community College

Capital contributions in the amount of \$49,637 were donated to the College.

### Solid Waste Management Authority

Capital grant contributions from federal and state governments amounted to \$310,750 for the Authority at December 31, 2007.

### Cambria County Conservation and Recreation Authority

Capital grant contributions from federal and state governments amounted to \$1,254,163 for the Authority at December 31, 2007.

## NOTE 11 – LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2007, was as follows:

	<u>Balance 12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/07</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds and Notes Payable:					
1998 General Obligation Bonds	\$28,880,955	\$ ---	\$(1,067,002)	\$27,813,953	\$1,113,762
2006 General Obligation Notes	5,013,242	---	(227,667)	4,785,575	243,745
2006 Tax Exempt Bank Loan	7,569,907	---	(167,319)	7,402,588	177,176
Other Liabilities:					
Accrued Vacation	1,527,727	98,512	---	1,626,239	1,626,239
Accrued Sick Pay	525,583	18,889	---	544,472	12,380
OPEB Obligation	---	321,978	---	321,978	---
Estimated Workers' Compensation Liability	<u>609,956</u>	<u>207,775</u>	<u>---</u>	<u>817,731</u>	<u>---</u>
Governmental Activities Long-term Liabilities	<u>\$44,127,370</u>	<u>\$ 647,154</u>	<u>\$(1,461,988)</u>	<u>\$43,312,536</u>	<u>\$3,173,302</u>

	<u>Balance 12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/07</u>	<u>Amounts Due Within One Year</u>
<b>Business-type Activities:</b>					
Bonds and Notes Payable:					
1998 General Obligation Bonds	\$ 5,089,046	\$ ---	\$ (188,000)	\$4,901,046	\$196,238
Other Liabilities:					
Accrued Vacation Pay	947,721	---	(30,802)	916,919	916,919
Accrued Sick Pay	401,439	---	(78,420)	323,019	3,200
OPEB Obligation	---	164,350	---	164,350	---
Estimated Workers' Compensation Liability	<u>1,828,360</u>	<u>---</u>	<u>(44,922)</u>	<u>1,783,438</u>	<u>---</u>
Business-type Activities Long-term Liabilities	<u>\$ 8,266,566</u>	<u>\$ 164,350</u>	<u>\$ (342,144)</u>	<u>\$8,088,772</u>	<u>\$1,116,357</u>

### **Description of Debt**

Pertinent information regarding general obligation debt outstanding is presented below:

#### **General Obligation Bonds, Series of 1998**

The County issued \$40,835,000 in General Obligation Bonds in 1998 to partially advance refund the 1994 General Obligation Bond issue and finance capital improvements and renovations to certain County facilities. The balance outstanding amounted to \$32,715,000 at December 31, 2007 (final maturity in 2023).

#### **General Obligation Notes, Series of 2006:**

In February 2006, the County issued \$5,202,356 in General Obligation Notes to advance refund the General Obligation Bonds in 1994. The 1994 General Obligation Notes were originally incurred to purchase certain equipment of the County and renovate the War Memorial Building. The balance outstanding at December 31, 2007 amounted to \$4,785,575 (final maturity in 2021).

The interest rate for the 2006 General Obligation Notes is fixed at 5.00% for a period of 15 years and then the interest rate is renewable at 70% of the Wall Street Journal Prime Rate. The maximum allowable interest rate is 10.00%

#### **Tax Exempt Bank Loan, Series of 2006**

In February 2006, the County issued \$7,706,846 in a Tax Exempt Bank Loan to advance refund the 2000 General Obligation Notes. The General Obligation Notes in 2000 were incurred for the purpose of providing funds to pay for the lease rental debt with Cambria County Industrial Development Authority



for capital projects. The balance outstanding amounted to \$7,402,588 (final maturity in 2030).

The interest rate for the 2006 Tax Exempt Bank Loan is fixed at 5.00% for the life of the loan.

**Debt Maturity**

An analysis of debt service requirements to maturity on these obligations follows with the exception of accrued vacation pay and estimated workers' compensation liabilities.

	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
<b>1998 General Obligation Bonds</b>			
<u>Years Ending December 31:</u>			
2008	1,310,000	1,689,780	2,999,780
2009	1,380,000	1,624,280	3,004,280
2010	---	1,560,800	1,560,800
2011	---	1,481,600	1,481,600
2012	---	1,398,000	1,398,000
2013-2017	11,910,000	5,565,225	17,475,225
2018-2022	---	2,848,500	2,848,500
2023	<u>18,115,000</u>	<u>167,500</u>	<u>18,282,500</u>
	<u>\$ 32,715,000</u>	<u>\$ 16,335,685</u>	<u>\$ 49,050,685</u>
To be Retired by:			
Business-Type Activities	\$ 4,901,046	\$ 2,447,086	\$ 7,348,132
Governmental Activities	<u>27,813,954</u>	<u>13,888,599</u>	<u>41,702,553</u>
	<u>\$ 32,715,000</u>	<u>\$ 16,335,685</u>	<u>\$ 49,050,685</u>
	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
<b>2006 General Obligation Notes</b>			
<u>Years Ending December 31:</u>			
2008	243,745	236,158	479,903
2009	253,125	223,853	476,978
2010	267,156	211,022	478,178
2011	279,436	197,510	476,946
2012	296,395	183,327	479,722
2013-2017	1,719,466	676,178	2,395,644
2018-2021	<u>1,726,252</u>	<u>200,044</u>	<u>1,926,296</u>
	<u>\$ 4,785,575</u>	<u>\$ 1,928,092</u>	<u>\$ 6,713,667</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>4,785,575</u>	<u>1,928,092</u>	<u>6,713,667</u>
	<u>\$ 4,785,575</u>	<u>\$ 1,928,092</u>	<u>\$ 6,713,667</u>

	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
<b>2006 Tax Exempt Bank Loans</b>			
<u>Years Ending December 31:</u>			
2008	177,176	367,713	544,889
2009	186,146	358,744	544,890
2010	195,570	349,320	544,890
2011	205,470	339,420	544,890
2012	215,872	329,018	544,890
2013-2017	1,254,783	1,469,666	2,724,449
2018-2022	1,606,229	1,118,221	2,724,450
2023-2027	2,056,108	668,341	2,724,449
2028-2030	<u>1,505,234</u>	<u>129,437</u>	<u>1,634,671</u>
	<u>\$ 7,402,588</u>	<u>\$ 5,129,880</u>	<u>\$ 12,532,468</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>7,402,588</u>	<u>5,129,880</u>	<u>12,532,468</u>
	<u>\$ 7,402,588</u>	<u>\$ 5,129,880</u>	<u>\$ 12,532,468</u>

## **NOTE 12 - CAPITAL LEASE**

### Upper Yoder Township Authority

In June 2003, the County of Cambria and Upper Yoder Township Authority entered into an agreement for the Authority to purchase the County owned nursing home facility known as Laurel Crest Nursing and Special Care.

In connection with the purchase, the Authority entered into debt agreements with Somerset Trust Company in December 2003. The debt between the Authority and Somerset Trust Company consists of a "Bank Qualified Tax Exempt Guaranteed Lease Revenue Note" in the principal amount of \$9,500,000 and a "Taxable Guaranteed Lease Revenue Note" in the principal amount of \$2,000,000 over a term of 300 months, with monthly payments commencing on January 1, 2004. The current terms of the debt agreements call for monthly payments of \$66,308 to commence on January 1, 2004 through December 1, 2008.

In connection with the financing arrangements, a Guaranty Agreement was entered into between the County, Authority and Somerset Trust Company as of December 2003. The purpose of the guarantee agreement was to provide for the unconditional guarantee by the County of the timely payment of the principal of, and interest on, the \$11,500,000 debt between the Authority and Somerset Trust Company.

In order for the County to continue to operate the nursing facility, an "Agreement of Lease" was entered into between the County and Authority dated as of December 2003 that allows the County to continue to occupy the nursing facility. The term of the lease is from December 10, 2003 through November 30, 2028. The County shall pay to the Authority the minimum net annual rental due being an amount equal to the annual debt service requirements with respect to the Authority's \$11,500,000 debt with Somerset Trust Company.

Under the terms of the "Agreement of Lease", at any time the County will have the option of purchasing the facility from the Authority for \$1.00 plus the amount, if any, required to defease the lien of the \$11,500,000 debt with Somerset Trust Company.

#### Series 2006A and 2006B Lease Revenue Notes

In February 2006, the County refinanced the Bank Qualified Tax Exempt Guaranteed Lease Revenue Note of 2003 with the Series 2006A Lease Revenue Note in the amount of \$9,128,264. The revised agreement calls for 45 semi-annual payments beginning June 1, 2006 through June 1, 2028. The current terms of the loan agreement call for semi-annual payments of \$341,910 after June 1, 2006. The Bank Qualified Tax Exempt Guaranteed Lease Revenue Note was originally incurred to lease back the Laurel Crest nursing home facility.

In addition to the Series 2006A Lease Revenue Note, the County refinanced their Taxable Guaranteed Lease Revenue Note of 2003 with the Series 2006B Lease Revenue Note in the amount of \$1,954,857. The revised agreement calls for 46 semi-annual payments beginning June 1, 2006 through December 1, 2028. The current terms of the loan agreement call for semi-annual payments of \$72,443 after June 1, 2006. The Taxable Guaranteed Lease Revenue Note was originally incurred to lease back the Laurel Crest nursing home facility.

#### CLT Efficient Tech Group

In 2004, the County signed a contract with CLT Efficient Tech Group (CLT). The contract entailed having CLT install new lighting, chillers, air condition units, a laundry heat recovery system and an energy management system at Laurel Crest Manor for a total cost of \$1,606,989. The contract guarantees Laurel Crest Manor will save at least the amount of the total contract in energy savings over the next ten years or CLT will refund the difference. The project was funded under a capital lease, which requires a monthly payment of \$17,336, beginning November 15, 2004 for 114 months. The capital lease has an effective interest rate of approximately 4.5%. During 2005, the County leased additional equipment costing \$579,091 through a capital lease, which requires monthly payments of \$6,100 for 120 months. The capital lease has an effective interest rate of approximately 4.5%. Equipment valued at \$316,093 was for Laurel Crest Manor and \$262,998 was for the courthouse. The required principal and interest payments will be paid back by the Laurel Crest Manor Fund and the Debt Service Fund based on the percentage of equipment allocated to Laurel Crest Manor and the General Fund.

The required principal payments on the above two (2) leases for the next five years are as follows.

2008	\$ 515,382
2009	540,642
2010	567,142
2011	594,943
2012	624,110
Thereafter	<u>9,341,686</u>
	<u>\$ 12,183,905</u>

Cambria County General Financing Authority

In June of 2007, the County of Cambria entered into a sublease agreement with the Cambria County General Financing Authority, whereby the County of Cambria will make payments directly to a local financial institution equal to the amount of principal and interest payments due under a lease agreement between the local financial institution and the Cambria County General Financing Authority. The lease agreement between the Cambria County General Financing Authority and the local financial institution is for the lease of equipment constituting the network infrastructure supporting public safety/911 communications needs, traditional internet connectivity among school districts within the County, and the expansion of the availability of high speed broadband internet access to education institutions and municipalities within the County, and providing for the payment of rent by the Authority in an amount equal to principal and interest on the aggregate cost of the equipment financed pursuant to the agreement and related issuance costs. The total value of the leased equipment amounted to \$10,000,000. The term of the lease is for 15 years with an effective interest rate of 4.356% with payments to commence on January 1, 2008. Under the terms of the lease, the County of Cambria is obligated for the following principal payments:

2008	\$ 450,556
2009	507,775
2010	530,134
2011	553,479
2012	577,851
Thereafter	<u>7,380,205</u>
	<u>\$ 10,000,000</u>

## **NOTE 13 - COMMITMENTS AND CONTINGENCIES**

### Cambria Connected Wi-Fi Project Completion

The County of Cambria is committed to the completion of the 911 Communication Equipment Project. As of December 31, 2007 the total amount of contracts committed amounted to \$10,800,846. Expenditures through December 31, 2007 amounted to \$8,254,950. Depreciation of the constructed assets will begin when the assets are placed in service.

### Laurel Crest Pharmacy Contract

Laurel Crest is currently under contract with Grane Supply, Inc. to provide pharmacy services and consultation to Laurel Crest and its residents. This contract will automatically renew on October 1, 2008, unless terminated prior. Management has not approved a final decision regarding the termination of this agreement, but believes that termination of this agreement would be in the best interest of Laurel Crest and the County. If the agreement is terminated prior to October 1, 2008, Laurel Crest would pay Grane Supply the outstanding balance of the agreement which totals \$228,543. As of December 31, 2007, the outstanding balance of this liability amounts to \$249,969.

### Component Units

#### **Cambria County Redevelopment Authority**

##### Guarantees of Indebtedness

The Redevelopment Authority of Cambria County, as a lending agent, is acting as a guarantee of indebtedness in the Economic Development Partnership Loan Program. Under this program, the Department of Commerce loaned UMF Holding Company, Inc. of Cambria County an amount of \$800,000 to be repaid to the Department over a fifteen-year period at two percent. The loan is to be used for expansion of current operations within the Company. In the event of default, the Redevelopment Authority as guarantor will be responsible for payments to the Department of Commerce. The balance of the loan as of December 31, 2007, was \$303,001.

#### **Penn Highlands Community College**

##### Guarantees of Indebtedness

In 2006, the State Public School Building Authority issued College Revenue Bonds, Series of 2006, in the amount of \$4,800,000. The bonds are being issued by the Authority on behalf of Pennsylvania highlands Community College to finance a project consisting of the design, construction, improvement, and equipping of a portion of a building which is owned by the Richland School District and is to be leased to the College and which will be used by the College as its main campus.

The bonds will also be used in paying the costs and expenses of issuing and insuring the 2006 Bonds. In connection with the issuance of the 2006 Bonds, the Authority will enter into the loan agreement with the College, which requires the College to make loan repayments to the Authority in amounts sufficient to pay the debt service payments on the 2006 Bonds. The long-term debt is the general obligation of the College. In the event of default, Cambria County will be responsible for payments to the State Public School Building Authority. The balance of the loan as of June 30, 2007 was \$4,405,000.

**NOTE 14 - COMPENSATED ABSENCES**

County policy applicable to vacation and sick pay for employees is as follows:

Vacation Pay

Time accrues at various rates based on length of service. Employees are encouraged to utilize earned vacation time by December 31, of each period.

Sick Pay

County employees may accumulate their unused sick days up to a maximum of 150 days to be taken in any given year. Upon retirement, sick days do vest and employees are reimbursed for a portion of their accrued sick time.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. The noncurrent portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

**NOTE 15 - EXPENDITURES IN EXCESS OF BUDGET**

For the year ended December 31, 2007, the following funds' expenditures exceeded budget by the following amounts:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 433,060
Dirt & Gravel	14,850
Hotel Tax	68,612
Foster Grandparents	4,332
Human Services	40,220
Mental Health/Mental Retardation	1,364,593
Debt Service	209,045
Central Park Complex	356,629
Laurel Crest	1,421,973

Additional unbudgeted sources of general and intergovernmental revenue received in the current year or appropriations in the subsequent year provide the authority for these over expenditures.

**NOTE 16 - ACCOUNTABILITY**

The following funds had deficit fund balances or retained deficits as of December 31, 2007.

<u>Fund</u>	<u>Amount</u>
911 Emergency Communications	\$ 216,633
Parks and Playground Fund	755,396

**NOTE 17 - RELATED PARTY TRANSACTIONS**

**County Appropriations to Component Units:**

The County provides appropriations to several of its Component Units that are disclosed in Note 1A of the financial statements.

Cambria County Planning Commission	\$ <u>50,000</u>
Cambria Library Association	\$ <u>577,241</u>
Cambria County Municipal Airport Authority	\$ <u>175,100</u>
Cambria County Transit Authority	\$ <u>450,362</u>
Cambria County Solid Waste Management Authority	\$ <u>250,000</u>
Cambria County Conservation and Recreation Authority	\$ <u>75,000</u>
Pennsylvania Highlands Community College	\$ <u>1,165,000</u>
Cambria County War Memorial Authority	\$ <u>100,238</u>

**County Appropriations to Related Organizations:**

Cambria County Child Development Corp.	\$ <u>4,552,138</u>
Cambria County Industrial Development Authority	\$ <u>51,000</u>
Upper Yoder Township Authority	\$ <u>828,706</u>

## Pennsylvania Highlands Community College

During fiscal year ending June 30, 2007, the College incurred costs of \$112,326 representing lease expense.

## Cambria Library Association

The main library occupies a building owned by the County. The Association is not charged for the use of the facility and no value representing the rental value of the facility has been determined.

### **NOTE 18 - LITIGATION**

The County is involved in various lawsuits arising in the ordinary course of its municipal activities. The County Solicitor and County management believe that the resolution of these actions is not expected to have a material adverse effect on the financial statements of the County.

### **NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The Enterprise Funds provide health care services (Laurel Crest Manor Fund and Laurel Credit D.M.E. Fund), building space for various human service agencies and third parties (Central Park Complex Fund), and providing network infrastructure supporting public safety/911 communications needs (Cambria Connected). Segment information applicable to these Enterprise Funds as of and for the year ended December 31, 2007, is as follows:

	<u>Laurel Crest Manor Fund</u>	<u>Laurel Crest D.M.E.</u>	<u>Central Park Complex</u>	<u>Cambria Connected</u>	<u>Total</u>
Operating Revenues	\$27,133,192	\$ 131,336	\$ 873,349	\$ ---	\$ 28,137,877
Depreciation and Amortization Expense	854,851	---	223,795	---	1,078,636
Operating Income/(Loss)	(4,831,653)	95,246	34,770	---	(4,701,637)
Net Income (Loss)	(3,511,656)	72,128	---	---	(3,439,528)
Fixed Asset Additions	2,470,226	---	---	8,405,932	10,876,158
Fixed Asset Deletions	113,354	---	---	---	113,354
Total Assets	21,263,543	105,593	5,041,175	13,515,671	39,925,982
Capital Leases	11,973,324	---	---	---	11,973,324
Bonds	---	---	4,704,808	---	4,704,808
Total Net Assets/(Deficit)	(82,119)	95,246	---	---	13,127



## NOTE 20 - PRIOR PERIOD ADJUSTMENT

It was discovered that additional infrastructure assets relating to Governmental Activities were not recorded or recognized at December 31, 2006. To properly reflect the additional infrastructure assets, net assets were restated as follows:

Governmental Activities, Net Assets at December 31, 2006, as originally stated	\$ 14,843,109
Plus: Additional Infrastructure Assets	<u>561,569</u>
Governmental Activities, Net Assets at December 31, 2006, as restated	<u>\$ 15,404,678</u>

## NOTE 21 - SUBSEQUENT EVENT

### Tax Anticipation Note

In January, 2008, the County issued a tax and revenue anticipation note of \$7,000,000 with an interest rate of 3.32%. The note will be due on June 30, 2008.

### Laurel Crest Operating License Status

Effective August 17, 2007, Laurel Crest received a six-month provisional operating license from the PA Department of Health. Following a Revisit Survey and State Monitoring Survey by the Department of Health, inspectors determined that Laurel Crest is operating in compliance with the PA Department of Health's regulations. Regular status was restored to Laurel Crest's operating license effective January 10, 2008.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Real estate taxes	\$ 25,774,240	\$ 25,774,240	\$ 25,913,276	\$ 139,036
Charges for services	8,213,039	8,212,330	8,395,774	183,444
Interest and investment income	434,000	434,000	365,580	(68,420)
Intergovernmental revenues	6,197,887	7,820,408	8,017,133	196,725
Other	533,345	547,223	564,902	17,679
<b>Total Revenues</b>	<b>41,152,511</b>	<b>42,788,201</b>	<b>43,256,665</b>	<b>468,464</b>
<b>Expenditures</b>				
General government - Administrative	5,294,790	4,840,118	4,293,850	546,268
General government - Judicial	6,330,001	6,400,800	6,247,961	152,839
Public safety	9,714,717	10,696,807	10,662,692	34,115
Public works	826,438	826,438	826,438	-
Human services	4,647,700	5,480,896	5,851,721	(370,825)
Culture and recreation	712,561	736,367	574,554	161,813
Conservation and development	1,469,682	1,593,776	1,020,812	572,964
Employee benefits	5,212,888	5,272,902	4,948,761	324,141
Debt service	76,000	76,915	73,202	3,713
<b>Total Expenditures</b>	<b>34,284,777</b>	<b>35,925,019</b>	<b>34,499,991</b>	<b>1,425,028</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>6,867,734</u>	<u>6,863,182</u>	<u>8,756,674</u>	<u>1,893,492</u>
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	786,000	786,000	1,067,264	281,264
Operating transfers (out)	(7,653,734)	(7,666,734)	(9,461,758)	(1,795,024)
<b>Total Other Financing Sources/(Uses)</b>	<u>(6,867,734)</u>	<u>(6,880,734)</u>	<u>(8,394,494)</u>	<u>(1,513,760)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>-</u>	<u>(17,552)</u>	<u>362,180</u>	<u>379,732</u>
Fund Balance/(Deficit) - Beginning of Year	<u>-</u>	<u>-</u>	<u>1,905,554</u>	<u>1,905,554</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (17,552)</u>	<u>\$ 2,267,734</u>	<u>\$ 2,285,286</u>

See Independent Auditor's Report

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 7,459	\$ 7,459
Charges for services	-	-	-	-
Interest and investment income	16,000	16,000	27,849	11,849
Other income	-	-	-	-
<b>Total Revenues</b>	<b>16,000</b>	<b>16,000</b>	<b>35,308</b>	<b>19,308</b>
<b>Expenditures</b>				
General government - administrative	-	-	36	36
Capital Projects	1,150,000	1,150,000	593,050	556,950
<b>Total Expenditures</b>	<b>1,150,000</b>	<b>1,150,000</b>	<b>593,086</b>	<b>556,914</b>
<b>(Deficiency)/Excess of Revenue Over/(Under)</b>				
Expenditures	(1,134,000)	(1,134,000)	(557,778)	576,222
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<b>(1,134,000)</b>	<b>(1,134,000)</b>	<b>(557,778)</b>	<b>576,222</b>
<b>Fund Balance/(Deficit) - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>1,552,992</b>	<b>1,552,992</b>
<b>Fund Balance - End of Year</b>	<b>\$ (1,134,000)</b>	<b>\$ (1,134,000)</b>	<b>\$ 995,214</b>	<b>\$ 2,129,214</b>

See Independent Auditor's Report

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - MH/MR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ 23,200,955	\$ 23,200,955	\$ 23,314,787	\$ 113,832
Charges for services	1,435,000	1,435,000	1,797,309	362,309
Interest and investment income	-	-	271,293	271,293
Other income	90,000	90,000	854,441	764,441
<b>Total Revenues</b>	<b>24,725,955</b>	<b>24,725,955</b>	<b>26,237,830</b>	<b>1,511,875</b>
<b>Expenditures</b>				
Human services	25,225,955	25,225,955	26,590,548	(1,364,593)
<b>Total Expenditures</b>	<b>25,225,955</b>	<b>25,225,955</b>	<b>26,590,548</b>	<b>(1,364,593)</b>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(500,000)	(500,000)	(352,718)	147,282
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	500,000	500,000	352,718	(147,282)
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>500,000</b>	<b>500,000</b>	<b>352,718</b>	<b>(147,282)</b>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balance/(Deficit) - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

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COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL -911 EMERGENCY COMMUNICATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	722,538	\$ 722,538	\$ 740,521	\$ 17,983
Charges for services	1,579,000	1,579,000	1,462,078	(116,922)
Interest and investment income	4,000	4,000	68,107	64,107
Other income	12,713	12,713	8,563	(4,150)
<b>Total Revenues</b>	<b>2,318,251</b>	<b>2,318,251</b>	<b>2,279,269</b>	<b>(38,982)</b>
<b>Expenditures</b>				
Human services	2,952,356	2,952,356	2,525,776	426,580
<b>Total Expenditures</b>	<b>2,952,356</b>	<b>2,952,356</b>	<b>2,525,776</b>	<b>426,580</b>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(634,105)	(634,105)	(246,507)	387,598
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	700,000	700,000	700,000	-
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>700,000</b>	<b>700,000</b>	<b>700,000</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<b>65,895</b>	<b>65,895</b>	<b>453,493</b>	<b>387,598</b>
<b>Fund Balance/(Deficit) - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>(670,156)</b>	<b>(670,156)</b>
<b>Fund Balance - End of Year</b>	<b>\$ 65,895</b>	<b>\$ 65,895</b>	<b>\$ (216,663)</b>	<b>\$ (282,558)</b>

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SUPPLEMENTARY  
INFORMATION

COUNTY OF CAMBRIA  
 EMPLOYEE RETIREMENT PLAN -  
 SUPPLEMENTARY INFORMATION  
 ANALYSIS OF FUNDING  
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule of Employer Contributions - Six Year Supplementary Information

<u>Year Ended</u>	<u>Annual Required Contribution ("ARC")</u>	<u>Percentage of ARC Contributed</u>
December 31, 2002	\$ ---	N/A
December 31, 2003	\$ 11,704	100%
December 31, 2004	\$ 715,840	101%
December 31, 2005	\$ 534,896	108%
December 31, 2006	\$ 623,387	100%
December 31, 2007	\$ 806,997	100%

The Cambria County Employee's Retirement System uses the aggregate actuarial cost method, therefore a schedule of funding progress is not presented as required supplementary information pursuant to GASB Statements No. 25 and No. 27. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.



## COUNTY OF CAMBRIA NONMAJOR FUNDS

The following are the County's nonmajor funds, for the year ending December 31, 2007:

### DEBT SERVICE 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, interest, and related costs.

### SPECIAL REVENUE FUNDS:

**HOTEL TAX FUND:** Each hotel in Cambria County is responsible for collecting a 3% room tax on each room rented on a non-permanent basis. Each hotel remits their collections to the County and the County uses these proceeds for promoting tourism in the area.

**REDEVELOPMENT AUTHORITY:** This fund receives funds from the state and passes them through to the Redevelopment Authority of Cambria County.

**LIQUID FUELS TAX FUND:** The County receives grants from the state and federal government to repair or replace county owned bridges. In addition, the County receives a portion of the overall state's liquid fuels tax. The County reallocates a portion of these amounts to all municipalities within Cambria County based upon their requests and final decision of the County Commissioners. The remaining liquid fuels monies are used for bridge repair and maintenance.

**CHILDREN AND YOUTH FUND:** The PA Department of Welfare provides the majority of the funding for this program. This funding is comprised of both state and federal monies. These monies are used to provide protective children services to the age of 21, through counseling, in-home and residential services.

**DOMESTIC RELATIONS OFFICE FUND:** The PA Department of Welfare provides IV-D monies. These monies are comprised of both state and federal funding. The department uses the funds to provide citizens of Cambria County with domestic relations support. This primarily entails establishment and enforcement of child support orders.

**DRUG & ALCOHOL FUND:** The PA Department of Health and the PA Department of Welfare provide the majority of the funding for this program. This funding is comprised of both state and federal monies. The program provides drug and alcohol treatment programs, prevention programs, counseling and in-home service to Cambria County residents.

**HEALTH CHOICES:** This fund receives funds from the Department of Public Welfare and passes them through to Behavioral Health of Cambria County.

**DETENTION/SHELTER FUND:** This program is funded by contracts with 19 counties, including Cambria County, to house delinquent children. In addition, the program receives monies under the Federal School Lunch program. The Detention Home is a 24-hour maximum security facility for youth ages 10-18. The Shelter is a 24-hour staff security facility for youth ages 10-18 with a 30 day limit. The school lunch program provides nutrition funding for breakfast and lunch for all residents.

**JUVENILE PROBATION FUND:** The PA Department of Welfare (state and federal monies), PA Commission on Crime and Delinquency (state and federal monies), and the Juvenile Court Judges Commission (state monies) along with County monies provide the funding to run the Juvenile Probation Office. The funds are used to administer the entire Juvenile Court process.

**JAIL/DETENTION FUND:** The purpose of this fund is to segregate the jail/detention charges aspect of the Driving Under the Influence fund into a separate fund.

**PARKS & PLAYGROUNDS:** The Parks & Playgrounds Fund is used to account for the accumulation of resources for, and the payment of, operational and capital expenditures of County owned parks and playgrounds.

**AREA AGENCY ON AGING FUND:** The PA Department of Aging provides the majority of the funding for this program. This funding is comprised of both state and federal monies. The agency uses these monies to benefit any Cambria County citizen over age 55 (e.g. Meals on Wheels, Senior Centers).

**HUMAN SERVICES FUND:** The PA Department of Welfare provides the majority of the funding for this program. This funding is comprised of all state monies. The fund is used to fill in the gaps of the Human Services agencies (i.e. Aging, Children & Youth, Drug & Alcohol, and Mental Health/Mental Retardation).

**FOSTER GRANDPARENT FUND:** The Foster Grandparent program receives federal funding through the National Senior Service Corporation. The program is made up of individuals 60 years and older who volunteer 20 hours a week and receive a small stipend. These individuals work with children with special needs at head starts, schools, day care centers, emergency shelters, and hospitals.

**SUBSTANCE ABUSE FUND:** The purpose of this fund is to segregate the substance abuse aspect of the Driving Under the Influence fund into a separate fund.

**FARMLAND PRESERVATION FUND:** The PA Department of Agriculture funds this program along with a contribution from Cambria County. The program's purpose is to buy easement rights or development rights to local farms. By doing so, the farms will remain as farms forever. If a farmer wants to be considered for the program, an appraisal must be performed. The farmer will pay a \$1,500 appraisal security deposit. If the farmer opts into the program, the \$1,500 deposit is returned. If refused, the \$1,500 deposit is kept to cover the appraisal fee.

**DRIVING UNDER THE INFLUENCE FUND:** The Cambria County Clerk of Courts collects court ordered fees monthly and deposits it to the DUI Fund. The fees include CRN (Court Related Network), Tuition (regular or ARD), and Breathalyzer. The fees are used as approved by President Judge Long for court-related imprisonment issues such as drug and alcohol education, or help with the detention home, jail, or prisoners.

**AFFORDABLE HOUSING FUND:** The Recorder of Deeds for the County collects a \$13 fee for each deed or mortgage recorded. This fee is remitted to the County at the end of each month. The funds are used paid out to the Cambria County Redevelopment Authority on an as needed basis for assisting Cambria County citizens with affordable housing.

**REGISTER OF WILLS AUTOMATION FUND:** The Office of the Register of Wills collects a fee for services provided. This money may be used to improve the Register of Wills automation (e.g. purchase of computers, printers, computer systems or installation of new wiring).

**CHESAPEAKE BAY FUND:** The PA Department of Environmental Protection funds this program to the County Conservation District. The funds are used for soil and water conservation on local farms to protect the Chesapeake Bay Watershed in Cambria County (40% of the County is in the watershed) and a small portion of Indiana County.

**DIRT & GRAVEL ROAD FUND:** The State Conservation Commission apportions the Dirt and Gravel Maintenance fund to the County Conservation District. The funds are used to fund “environmentally sound” maintenance of unpaved roadways that have been identified as sources of dust and sediment pollution.

**PROTHONOTARY AUTOMATION FUND:** The Office of Prothonotary collects a \$5 fee per new item recorded (e.g. divorce, custody agreement, etc). This money may be used to improve the Prothonotary’s Office automation (e.g. purchase of computers, printers, computer systems, or installation of new wiring).

**CLERK OF COURTS AUTOMATION FUND:** The Clerk of Courts office collects a \$5 fee per new case. This money may be used to improve the Clerk of Courts Office automation (e.g. purchase of computers, printers, computer systems, or installation of new wiring).

**COUNTY RECORDS IMPROVEMENT FUND:** The Cambria County Recorder of Deeds collects a \$2 fee on each recorded deed. One dollar of the fee can be used by the County to maintain and improve the retention of County records. The second dollar is to be used exclusively by the Recorder of Deeds office to maintain and improve their records retention.

**HAZARDOUS MATERIALS EMERGENCY RESPONSE ACCOUNT FUND (HMER):** The main source of revenue for this fund comes from Company assessment fees. These fees are charged to businesses, e.g., Agway, on an annual basis that use, manufacture or transport hazardous chemicals or materials. The HMER agency sends an invoice to a business asking for composition and fee calculation for all hazardous materials on-sight, the fee amounting to \$75 per each hazardous material. In addition an annual \$100 fee is charged for the agency developing an emergency response plan for any occurrence of an accidental release of hazardous materials, such as a road spill or a release into the atmosphere. The State matches the Company assessments dollar for dollar, subject to funds availability, and forwards the matching to this agency which deposits these monies into this fund.

**SPECIAL HAZARDOUS ASSISTANCE RESPONSE TEAM FUND (SHARP):** This fund is related to the HMER fund discussed above in that the SHARP fund is comprised of volunteers who are paged to respond to emergency situations. These individuals operate a HAZMAT (hazardous materials) truck (a self-contained response truck) which aids in the assistance of responding to and cleaning up an accident site. After this team has responded to an accident, this agency will send out a billing to the responsible party for the rendered services. If the team was assisted by another unit, such as a fire company, in taking care of an accident, this agency will make certain that the assisting unit will receive its proper share of the billing.

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	<u>Debt Service Fund</u>	<u>Hotel Tax Fund</u>	<u>Redevelopment Authority</u>	<u>Liquid Fuels Tax Fund</u>
<b><u>ASSETS</u></b>				
Assets				
Cash and cash equivalents	\$ 31,100	\$ 13,138	\$ -	\$ 311,043
Restricted Cash	-	-	-	-
Accounts receivable	-	52,952	-	-
Due from other governments	-	-	-	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	<u>657,974</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 689,074</u>	<u>\$ 66,090</u>	<u>\$ -</u>	<u>\$ 311,043</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 66,090	\$ -	\$ -
Deferred revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>
Total Liabilities	<u>-</u>	<u>66,090</u>	<u>-</u>	<u>8</u>
Fund Balance				
Unreserved	<u>689,074</u>	<u>-</u>	<u>-</u>	<u>311,035</u>
Total Fund Balance	<u>689,074</u>	<u>-</u>	<u>-</u>	<u>311,035</u>
Total Liabilities and Fund Balance	<u>\$ 689,074</u>	<u>\$ 66,090</u>	<u>\$ -</u>	<u>\$ 311,043</u>

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COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	<u>Children and Youth Fund</u>	<u>Domestic Relations Office Fund</u>	<u>Drug and Alcohol Fund</u>	<u>Health Choices Fund</u>
<b><u>ASSETS</u></b>				
Assets				
Cash and cash equivalents	\$ 40,930	\$ 123	\$ 213,411	\$ -
Restricted Cash	-	-	-	141,551
Accounts receivable	-	-	-	-
Due from other governments	318,959	463,481	-	4,581,019
Prepaid expenses and other assets	5,460	-	-	-
Due from other funds	457,285	-	-	-
	<u>457,285</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 822,634</u>	 <u>\$ 463,604</u>	 <u>\$ 213,411</u>	 <u>\$4,722,570</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities				
Accounts payable and accrued liabilities	\$ 781,131	\$ 95,967	\$ 190,605	\$4,722,570
Deferred revenues	-	-	18,137	-
Due to other governments	31,847	-	-	-
Due to other funds	9,656	367,637	4,669	-
	<u>9,656</u>	<u>367,637</u>	<u>4,669</u>	<u>-</u>
 Total Liabilities	 <u>822,634</u>	 <u>463,604</u>	 <u>213,411</u>	 <u>4,722,570</u>
 Fund Balance				
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Fund Balance	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total Liabilities and Fund Balance	 <u>\$ 822,634</u>	 <u>\$ 463,604</u>	 <u>\$ 213,411</u>	 <u>\$4,722,570</u>

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COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	Detention/ Shelter Fund	Juvenile Probation Fund	Jail/ Detention Fund	Parks & Playgrounds Fund
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 25,225	\$ -
Restricted Cash	-	-	-	-
Accounts receivable	-	-	2,016	-
Due from other governments	42,980	449,337	-	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	25,831	-	-	-
	<u>68,811</u>	<u>449,337</u>	<u>27,241</u>	<u>-</u>
Total Assets	<u>\$ 68,811</u>	<u>\$ 449,337</u>	<u>\$ 27,241</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 68,811	\$ 178,773	\$ -	\$ -
Deferred revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	270,564	-	755,396
	<u>68,811</u>	<u>449,337</u>	<u>-</u>	<u>755,396</u>
Total Liabilities	<u>68,811</u>	<u>449,337</u>	<u>-</u>	<u>755,396</u>
Fund Balance				
Unreserved	-	-	27,241	(755,396)
	<u>-</u>	<u>-</u>	<u>27,241</u>	<u>(755,396)</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>27,241</u>	<u>(755,396)</u>
Total Liabilities and Fund Balance	<u>\$ 68,811</u>	<u>\$ 449,337</u>	<u>\$ 27,241</u>	<u>\$ -</u>

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COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	Area Agency on Aging Fund	Human Services Fund	Foster Grand- Parents Fund	Substance Abuse Fund
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 881,454	\$ 82,743	\$ 39,919	\$ 242,763
Restricted Cash	-	-	-	-
Accounts receivable	-	-	-	14,674
Due from other governments	308,391	-	-	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	112	-	683	-
	<u>\$ 1,189,957</u>	<u>\$ 82,743</u>	<u>\$ 40,602</u>	<u>\$ 257,437</u>
Total Assets				
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 390,112	\$ 54,949	\$ 17,030	\$ 500
Deferred revenues	762,412	26,227	20,733	-
Due to other governments	-	-	-	-
Due to other funds	37,433	1,567	2,839	-
	<u>1,189,957</u>	<u>82,743</u>	<u>40,602</u>	<u>500</u>
Total Liabilities				
Fund Balance				
Unreserved	-	-	-	256,937
	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,937</u>
Total Fund Balance				
Total Liabilities and Fund Balance	<u>\$ 1,189,957</u>	<u>\$ 82,743</u>	<u>\$ 40,602</u>	<u>\$ 257,437</u>

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COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	Farmland Preservation Fund	Driving Under the Influence Fund	Affordable Housing Fund	Register of Wills Automation Fund
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 1,621	\$ 605,860	\$ 263,210	\$ 4,824
Restricted Cash	-	-	-	-
Accounts receivable	-	44,591	-	415
Due from other governments	1,230	-	9,831	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	16,511	-	-	-
	<u>19,362</u>	<u>650,451</u>	<u>273,041</u>	<u>5,239</u>
Total Assets	<u>\$ 19,362</u>	<u>\$ 650,451</u>	<u>\$ 273,041</u>	<u>\$ 5,239</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 1,763	\$ 4,260	\$ -	\$ 1,878
Deferred revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	500
	<u>1,763</u>	<u>4,260</u>	<u>-</u>	<u>2,378</u>
Total Liabilities	<u>1,763</u>	<u>4,260</u>	<u>-</u>	<u>2,378</u>
Fund Balance				
Unreserved	17,599	646,191	273,041	2,861
	<u>17,599</u>	<u>646,191</u>	<u>273,041</u>	<u>2,861</u>
Total Fund Balance	<u>17,599</u>	<u>646,191</u>	<u>273,041</u>	<u>2,861</u>
Total Liabilities and Fund Balance	<u>\$ 19,362</u>	<u>\$ 650,451</u>	<u>\$ 273,041</u>	<u>\$ 5,239</u>

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COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	Chesapeake Bay Fund	Dirt and Gravel Road Fund	Prothonotary Automation Fund	Clerk of Courts Automation Fund
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 24,545	\$ 50,134	\$ 56,135	\$ 21,527
Restricted Cash	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	1,460	963
Prepaid expenses and other assets	-	-	-	-
Due from other funds	-	-	-	-
 Total Assets	 <u>\$ 24,545</u>	 <u>\$ 50,134</u>	 <u>\$ 57,595</u>	 <u>\$ 22,490</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 9	\$ 7,599	\$ -
Deferred revenues	24,545	50,125	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	315	-
 Total Liabilities	 <u>24,545</u>	 <u>50,134</u>	 <u>7,914</u>	 <u>-</u>
Fund Balance				
Unreserved	-	-	49,681	22,490
 Total Fund Balance	 <u>-</u>	 <u>-</u>	 <u>49,681</u>	 <u>22,490</u>
 Total Liabilities and Fund Balance	 <u>\$ 24,545</u>	 <u>\$ 50,134</u>	 <u>\$ 57,595</u>	 <u>\$ 22,490</u>

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COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	County Records Improvement Fund	HMER Fund	SHARP Fund	Total
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 258,931	\$ 53,293	\$ 19,198	\$ 3,241,127
Restricted Cash	-	-	-	141,551
Accounts receivable	-	-	-	114,648
Due from other governments	6,915	20,993	-	6,205,559
Prepaid expenses and other assets	-	-	-	5,460
Due from other funds	-	-	-	1,158,396
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 265,846</u>	<u>\$ 74,286</u>	<u>\$ 19,198</u>	<u>\$ 10,866,741</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 6,204	\$ 3,855	\$ -	\$ 6,592,106
Deferred revenues	-	-	-	902,179
Due to other governments	-	-	-	31,847
Due to other funds	8,959	-	-	1,459,543
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>15,163</u>	<u>3,855</u>	<u>-</u>	<u>8,985,675</u>
Fund Balance				
Unreserved	<u>250,683</u>	<u>70,431</u>	<u>19,198</u>	<u>1,881,066</u>
Total Fund Balance	<u>250,683</u>	<u>70,431</u>	<u>19,198</u>	<u>1,881,066</u>
Total Liabilities and Fund Balance	<u>\$ 265,846</u>	<u>\$ 74,286</u>	<u>\$ 19,198</u>	<u>\$ 10,866,741</u>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Debt Service Fund	Hotel Tax Fund	Redevelopment Authority	Liquid Fuels Tax Fund
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 1,458,532	\$ 718,790
Charges for services	-	-	-	-
Interest and investment income	6,969	838	-	14,818
Other income	-	368,674	-	6,476
<b>Total Revenues</b>	<b>6,969</b>	<b>369,512</b>	<b>1,458,532</b>	<b>740,084</b>
<b>Expenditures</b>				
Human services	-	-	-	-
General government - Judicial	-	-	-	-
Public works	-	-	-	726,453
Emergency communication services	-	-	-	-
Debt service	3,609,409	-	-	-
Conservation and development	-	362,122	1,458,532	-
<b>Total Expenditures</b>	<b>3,609,409</b>	<b>362,122</b>	<b>1,458,532</b>	<b>726,453</b>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(3,602,440)	7,390	-	13,631
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	4,194,392	-	-	-
Operating transfers (out)	(828,706)	(7,390)	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>3,365,686</b>	<b>(7,390)</b>	<b>-</b>	<b>-</b>
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(236,754)	-	-	13,631
Fund Balance - Beginning of Year	925,828	-	-	297,404
Fund Balance - End of Year	<u>\$ 689,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,035</u>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Children and Youth Fund	Domestic Relations Office Fund	Drug and Alcohol Fund	Health Choices Fund
<b>Revenues</b>				
Intergovernmental revenues	\$ 7,470,680	\$ 1,459,543	\$ 1,294,216	13,756,649
Charges for services	228,562	41,483	-	-
Interest and investment income	1,486	2,790	9,255	-
Other income	-	-	211,872	-
<b>Total Revenues</b>	<u>7,700,728</u>	<u>1,503,816</u>	<u>1,515,343</u>	<u>13,756,649</u>
<b>Expenditures</b>				
Human services	8,682,648	-	1,555,343	13,756,649
General government - Judicial	-	-	-	-
Public works	-	2,190,100	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	-
<b>Total Expenditures</b>	<u>8,682,648</u>	<u>2,190,100</u>	<u>1,555,343</u>	<u>13,756,649</u>
(Deficiency)/Excess of Revenue (Under) Expenditures	<u>(981,920)</u>	<u>(686,284)</u>	<u>(40,000)</u>	<u>-</u>
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	981,920	686,284	40,000	-
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<u>981,920</u>	<u>686,284</u>	<u>40,000</u>	<u>-</u>
(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Detention/ Shelter Fund	Juvenile Probation Fund	Jail/ Detention Fund	Parks & Playgrounds Fund
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 1,007,265	\$ -	\$ -
Charges for services	1,016,794	-	-	-
Interest and investment income	-	-	1,300	-
Other income	-	540,376	25,701	-
<b>Total Revenues</b>	<b>1,016,794</b>	<b>1,547,641</b>	<b>27,001</b>	<b>-</b>
<b>Expenditures</b>				
Human services	1,448,040	2,670,297	27,599	-
General government - Judicial	-	-	-	-
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	549,878
<b>Total Expenditures</b>	<b>1,448,040</b>	<b>2,670,297</b>	<b>27,599</b>	<b>549,878</b>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(431,246)	(1,122,656)	(598)	(549,878)
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	431,246	1,122,656	-	575,381
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>431,246</b>	<b>1,122,656</b>	<b>-</b>	<b>575,381</b>
<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>(598)</b>	<b>25,503</b>
<b>Fund Balance - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>27,839</b>	<b>(780,899)</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,241</b>	<b>\$ (755,396)</b>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Area Agency on Aging Fund	Human Services Fund	Foster Grand- Parent Fund	Substance Abuse Fund
<b>Revenues</b>				
Intergovernmental revenues	\$ 5,287,706	\$ 760,183	\$ 434,434	\$ -
Charges for services	472,272	-	-	-
Interest and investment income	59,565	9,030	3,223	9,890
Other income	9,330	-	217,203	186,135
<b>Total Revenues</b>	<b>5,828,873</b>	<b>769,213</b>	<b>654,860</b>	<b>196,025</b>
<b>Expenditures</b>				
Human services	5,828,873	769,213	654,860	-
General government - Judicial	-	-	-	93,968
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	-
<b>Total Expenditures</b>	<b>5,828,873</b>	<b>769,213</b>	<b>654,860</b>	<b>93,968</b>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	-	-	-	102,057
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,057</b>
Fund Balance - Beginning of Year	-	-	-	154,880
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,937</u>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Farmland Preservation Fund	Driving Under the Influence Fund	Affordable Housing Fund	Register of Wills Automation Fund
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	260	27,579	11,972	211
Other income	3,334	519,872	140,704	7,590
<b>Total Revenues</b>	<b>3,594</b>	<b>547,451</b>	<b>152,676</b>	<b>7,801</b>
Expenditures				
Human services	-	-	-	-
General government - Judicial	-	268,636	-	7,222
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	26,232	-	154,417	-
<b>Total Expenditures</b>	<b>26,232</b>	<b>268,636</b>	<b>154,417</b>	<b>7,222</b>
Excess of Revenue Over/(Under) Expenditures	(22,638)	278,815	(1,741)	579
Other Financing Sources/(Uses)				
Operating transfers in	20,000	-	-	-
Operating transfers (out)	-	(50,000)	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>20,000</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,638)	228,815	(1,741)	579
Fund Balance - Beginning of Year	20,237	417,376	274,782	2,282
Fund Balance - End of Year	<u>\$ 17,599</u>	<u>\$ 646,191</u>	<u>\$ 273,041</u>	<u>\$ 2,861</u>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Chesapeake Bay Fund	Dirt and Gravel Road Fund	Prothonotary Automation Fund	Clerk of Courts Automation Fund
<b>Revenues</b>				
Intergovernmental revenues	\$ 13,594	\$ 26,640	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	1,244	3,367	2,461	874
Other income	-	-	16,485	9,742
<b>Total Revenues</b>	<b>14,838</b>	<b>30,007</b>	<b>18,946</b>	<b>10,616</b>
<b>Expenditures</b>				
Human services	-	30,007	-	-
General government - Judicial	-	-	10,978	3,412
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	14,838	-	-	-
<b>Total Expenditures</b>	<b>14,838</b>	<b>30,007</b>	<b>10,978</b>	<b>3,412</b>
Excess of Revenue Over/(Under) Expenditures	-	-	7,968	7,204
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	7,968	7,204
Fund Balance - Beginning of Year	-	-	41,713	15,286
Fund Balance - End of Year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,681</b>	<b>\$ 22,490</b>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	County Records Improvement Fund	HMER Fund	SHARP Fund	Total
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 20,993	\$ -	\$ 33,709,225
Charges for services	98,516	17,446	-	1,875,073
Interest and investment income	13,161	3,047	923	184,263
Other income	-	-	6,584	2,270,078
<b>Total Revenues</b>	<b>111,677</b>	<b>41,486</b>	<b>7,507</b>	<b>38,038,639</b>
<b>Expenditures</b>				
Human services	113,094	37,794	3,811	35,578,228
General government - Judicial	-	-	-	384,216
Public works	-	-	-	2,916,553
Emergency communication services	-	-	-	-
Debt service	-	-	-	3,609,409
Conservation and development	-	-	-	2,566,019
<b>Total Expenditures</b>	<b>113,094</b>	<b>37,794</b>	<b>3,811</b>	<b>45,054,425</b>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(1,417)	3,692	3,696	(7,015,786)
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	-	-	-	8,051,879
Operating transfers (out)	-	-	-	(886,096)
<b>Total Other Financing Sources/ (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,165,783</b>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,417)	3,692	3,696	149,997
Fund Balance - Beginning of Year	252,100	66,739	15,502	1,731,069
Fund Balance - End of Year	<u>\$ 250,683</u>	<u>\$ 70,431</u>	<u>\$ 19,198</u>	<u>1,881,066</u>

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COMPONENT UNIT COMBINING  
AND  
INDIVIDUAL FUND  
FINANCIAL STATEMENTS

COUNTY OF CAMBRIA  
COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS  
DECEMBER 31, 2007

	Planning Commission	Redevelopment Authority	Library Association	Municipal Airport Authority	Transit Authority
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 8,490	\$ 309,819	\$ 390,909	\$ 280,082	\$ 1,998,815
Restricted cash	-	-	-	439	-
Investments	-	-	674,620	300,000	-
Restricted investments	-	-	388,111	-	-
Accounts receivable	173,426	-	61,666	237,592	174,206
Due from other governments	-	262,572	-	-	431,468
Inventory	-	-	-	-	371,034
Prepaid expenses and other assets	1,607	134,957	36,404	-	176,199
Total current assets	<u>183,523</u>	<u>707,348</u>	<u>1,551,710</u>	<u>818,113</u>	<u>3,151,722</u>
<b>Non-current assets</b>					
Fixed assets (net of accumulated depreciation)	1,867	2,967	741,823	16,359,042	17,000,324
Deferred Costs	-	-	-	-	-
Total non-current assets	<u>1,867</u>	<u>2,967</u>	<u>741,823</u>	<u>16,359,042</u>	<u>17,000,324</u>
Total Assets	<u>\$ 185,390</u>	<u>\$ 710,315</u>	<u>\$ 2,293,533</u>	<u>\$ 17,177,155</u>	<u>\$ 20,152,046</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 125,778	\$ 516,578	\$ 67,731	\$ 76,326	\$ 563,329
Deferred revenue	-	134,957	167,558	800,068	261,149
Due to other governments	-	21,882	-	-	-
Notes payable	-	-	-	44,860	-
Obligation under capital lease	-	-	5,391	-	-
Total current liabilities	<u>125,778</u>	<u>673,417</u>	<u>240,680</u>	<u>921,254</u>	<u>824,478</u>
<b>Non-current liabilities</b>					
Due to other governments	-	-	-	-	-
Notes payable	-	-	-	498,488	-
Obligation under capital lease	-	-	6,551	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>6,551</u>	<u>498,488</u>	<u>-</u>
Total Liabilities	<u>125,778</u>	<u>673,417</u>	<u>247,231</u>	<u>1,419,742</u>	<u>824,478</u>
<b>NET ASSETS</b>					
Investment in fixed assets, net of related debt	1,867	2,967	729,881	15,815,694	17,000,324
Restricted (Note 1m)	-	-	388,111	439	1,821,457
Unrestricted	57,745	33,931	928,310	(58,720)	505,787
Total Net Assets	<u>59,612</u>	<u>36,898</u>	<u>2,046,302</u>	<u>15,757,413</u>	<u>19,327,568</u>
Total Liabilities and Net Assets	<u>\$ 185,390</u>	<u>\$ 710,315</u>	<u>\$ 2,293,533</u>	<u>\$ 17,177,155</u>	<u>\$ 20,152,046</u>

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COUNTY OF CAMBRIA  
COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS  
DECEMBER 31, 2007

	Solid Waste Management Authority	Conservation and Recreation Authority	Community College	War Memorial Arena Authority	Totals
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 111,589	\$ 490,682	\$ 1,879,101	\$ 57,432	\$ 5,526,919
Restricted cash	-	-	-	-	439
Investments	-	-	-	-	974,620
Restricted investments	-	-	4,089,275	-	4,477,386
Accounts receivable	32,805	4,400	276,478	18,612	979,185
Due from other governments	88,825	625,574	76,330	-	1,484,769
Inventory	-	-	108,651	65,696	545,381
Prepaid expenses and other assets	33	-	97,425	6,634	453,259
<b>Total current assets</b>	<u>233,252</u>	<u>1,120,656</u>	<u>6,527,260</u>	<u>148,374</u>	<u>14,441,958</u>
<b>Non-current assets</b>					
Fixed assets (net of accumulated depreciation)	560,291	7,527,392	2,279,148	578,355	45,051,209
Deferred Costs	-	-	150,907	-	150,907
<b>Total non-current assets</b>	<u>560,291</u>	<u>7,527,392</u>	<u>2,430,055</u>	<u>578,355</u>	<u>45,202,116</u>
<b>Total Assets</b>	<u>\$ 793,543</u>	<u>\$ 8,648,048</u>	<u>\$ 8,957,315</u>	<u>\$ 726,729</u>	<u>\$ 59,644,074</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 17,490	\$ 250,693	\$ 1,207,412	205,564	\$ 3,030,901
Deferred revenue	-	273,534	300,936	185	1,938,387
Due to other governments	32,135	-	58,427	-	112,444
Notes payable	-	-	-	122,507	167,367
Obligation under capital lease	-	605,961	135,727	-	747,079
<b>Total current liabilities</b>	<u>49,625</u>	<u>1,130,188</u>	<u>1,702,502</u>	<u>328,256</u>	<u>5,996,178</u>
<b>Non-current liabilities</b>					
Due to other governments	-	-	287,882	-	287,882
Notes payable	-	-	4,405,000	105,854	5,009,342
Obligation under capital lease	-	-	178,776	-	185,327
<b>Total non-current liabilities</b>	<u>-</u>	<u>-</u>	<u>4,871,658</u>	<u>105,854</u>	<u>5,482,551</u>
<b>Total Liabilities</b>	<u>49,625</u>	<u>1,130,188</u>	<u>6,574,160</u>	<u>434,110</u>	<u>11,478,729</u>
<b>NET ASSETS</b>					
Investment in fixed assets, net of related debt	560,291	6,921,431	1,964,645	578,355	43,575,455
Restricted (Note 1m)	-	-	-	-	2,210,007
Unrestricted	183,627	596,429	418,510	(285,736)	2,379,883
<b>Total Net Assets</b>	<u>743,918</u>	<u>7,517,860</u>	<u>2,383,155</u>	<u>292,619</u>	<u>48,165,345</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 793,543</u>	<u>\$ 8,648,048</u>	<u>\$ 8,957,315</u>	<u>\$ 726,729</u>	<u>\$ 59,644,074</u>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN NET ASSETS - GOVERNMENTAL TYPE COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Redevelopment Authority	Library Association	Conservation and Recreation Authority	Total
Revenues:				
Intergovernmental revenues	\$ 2,311,421	\$ 1,346,863	\$ 2,241,415	\$ 5,899,699
County appropriations	-	577,241	75,000	652,241
Charges for services	230,869	58,162	-	289,031
Interest and investment income	-	49,014	13,590	62,604
Realized gain on investments	-	16,115	-	16,115
Unrealized (loss) on investments	-	(7,126)	-	(7,126)
Other	42,783	304,340	71,522	418,645
<b>Total Revenues</b>	<b><u>2,585,073</u></b>	<b><u>2,344,609</u></b>	<b><u>2,401,527</u></b>	<b><u>7,331,209</u></b>
Expenditures:				
Conservation and development	2,585,599	-	2,399,831	4,985,430
Culture and recreation	-	2,038,794	-	2,038,794
<b>Total Expenditures</b>	<b><u>2,585,599</u></b>	<b><u>2,038,794</u></b>	<b><u>2,399,831</u></b>	<b><u>7,024,224</u></b>
Change in Net Assets	(526)	305,815	1,696	306,985
Capital Contributions	-	-	1,254,163	1,254,163
Net Assets - Beginning of Year	<u>37,424</u>	<u>1,740,487</u>	<u>6,262,001</u>	<u>8,039,912</u>
Net Assets - End of Year	<b><u>\$ 36,898</u></b>	<b><u>\$ 2,046,302</u></b>	<b><u>\$ 7,517,860</u></b>	<b><u>\$ 9,601,060</u></b>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 FOR BUSINESS-TYPE ACTIVITY COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Planning Commission	Municipal Airport Authority	Transit Authority
Operating Revenues:			
Charges for services	\$ 676,344	\$ 330,058	\$ 969,519
Intergovernmental revenues	-	-	729,599
Other	1,061	15,978	343,339
<b>Total Operating Revenues</b>	<b>677,405</b>	<b>346,036</b>	<b>2,042,457</b>
Operating Expenses:			
Public works	726,319	684,875	7,634,720
Education and general	-	-	-
Depreciation	636	1,635,734	1,577,813
<b>Total Operating Expenses</b>	<b>726,955</b>	<b>2,320,609</b>	<b>9,212,533</b>
Operating (Loss)	<u>(49,550)</u>	<u>(1,974,573)</u>	<u>(7,170,076)</u>
Non-Operating Revenues/(Expenses):			
Investment income	118	24,382	19,702
Gain/(loss) on sale of assets	-	(1,790)	(6,839)
Federal appropriations	-	-	2,427,540
State appropriations	-	-	2,694,661
County appropriations	50,000	175,100	450,362
Other non-operating revenue/(expense)	-	476,126	-
Interest expense	-	(19,893)	-
<b>Total Non-Operating Revenues/ (Expenses)</b>	<b>50,118</b>	<b>653,925</b>	<b>5,585,426</b>
Change in Net Assets	568	(1,320,648)	(1,584,650)
Capital contributions	-	697,905	3,668,567
Net Assets Beginning of Year	59,044	16,455,651	17,243,651
Prior Period Adjustment	-	(75,495)	-
Net Assets Beginning of Year, as restated	<u>59,044</u>	<u>16,380,156</u>	<u>17,243,651</u>
Net Assets - End of Year	<u>\$ 59,612</u>	<u>\$ 15,757,413</u>	<u>\$ 19,327,568</u>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 FOR BUSINESS-TYPE ACTIVITY COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Solid Waste Management Authority	Community College	War Memorial Arena Authority	Total
Operating Revenues:				
Charges for services	\$ 3,869	\$ 3,089,353	\$1,720,454	\$ 6,789,597
Intergovernmental revenues	62,420	4,110,789	-	4,902,808
Other	-	705,513	-	1,065,891
<b>Total Operating Revenues</b>	<b>66,289</b>	<b>7,905,655</b>	<b>1,720,454</b>	<b>12,758,296</b>
Operating Expenses:				
Public works	282,810	-	-	9,328,724
Education and general	-	11,863,385	1,792,876	13,656,261
Depreciation	50,616	256,174	55,022	3,575,995
<b>Total Operating Expenses</b>	<b>333,426</b>	<b>12,119,559</b>	<b>1,847,898</b>	<b>26,560,980</b>
Operating (Loss)	(267,137)	(4,213,904)	(127,444)	(13,802,684)
Non-Operating Revenues/(Expenses):				
Investment income	1,951	-	2,910	49,063
Gain/(loss) on sale of assets	-	-	-	(8,629)
Federal appropriations	-	-	-	2,427,540
State appropriations	-	3,646,847	-	6,341,508
County appropriations	250,000	1,165,000	100,238	2,190,700
Other non-operating revenue/(expense)	(178,487)	102,728	-	400,367
Interest expense	-	(12,189)	-	(32,082)
<b>Total Non-Operating Revenues/ (Expenses)</b>	<b>73,464</b>	<b>4,902,386</b>	<b>103,148</b>	<b>11,368,467</b>
Change in Net Assets	(193,673)	688,482	(24,296)	(2,434,217)
Capital contributions	310,750	49,637	-	4,726,859
Net Assets Beginning of Year	764,803	1,645,036	316,915	36,485,100
Prior Period Adjustment	(137,962)	-	-	(213,457)
Net Assets Beginning of Year, as restated	626,841	1,645,036	316,915	36,271,643
<b>Net Assets - End of Year</b>	<b>\$ 743,918</b>	<b>\$ 2,383,155</b>	<b>\$ 292,619</b>	<b>\$ 38,564,285</b>

See Independent Auditor's Report