



# **COUNTY OF CAMBRIA**

**EBENSBURG, PENNSYLVANIA**

**BASIC FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

COMMISSIONERS

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PRESIDENT

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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, 2005. 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/(deficit) of \$2.92 million, which was an increase of \$574,403 from 2004.
- The General Fund unreserved, unrestricted fund balance/(deficit) was \$1.60 million, an increase of \$4.63 million from 2004.
- Government-wide net assets (assets minus liabilities) at the end of the year were \$(2.08) million, an increase of \$1.24 million from 2004.
- The outstanding bonds payable were \$40.29 million, a decrease of \$1.34 million from 2004. The balance of outstanding notes payable were \$7.59 million, a decrease of \$0.44 million from 2004. The outstanding balance of obligations under capital leases was \$13.01 million, an increase of \$0.17 million from 2004.
- For calendar year 2005, the County's real property tax rate increased 1.0 mill to 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 eight component units – Planning Commission, Redevelopment Authority, Library Association, Airport Authority, Transit Authority, Solid Waste Management Authority, Conservation and Recreation Authority, and the Pennsylvania Highlands Community College.

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 three business-type activities – Laurel Crest Rehabilitation and Special Care Center, Laurel Crest D.M.E. Fund, and the Central Park Complex. 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 (formerly the Glosser Building in Johnstown) generates rental income from the agencies and tenants that occupy the building to help offset the operating costs.

## **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 twenty-nine 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, Liquid Fuels Tax, Children & Youth Services Fund, Domestic Relations, Drug and Alcohol, 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, HMER, Parks & Playgrounds, and 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 three 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 three enterprise funds – Laurel Crest Rehabilitation and Special Care Center, Laurel Crest DME, and the Central Park Complex.

### **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, Intermediate Punishment, 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, 2004 and 2005.

Cambria County Primary Government Summary of Net Assets December 31, 2004 and 2005						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets:</b>						
Current Assets	\$16,048,125	\$14,812,034	\$5,097,768	\$4,906,762	\$21,145,893	\$19,718,796
Non-current Assets	40,331,616	41,651,060	14,150,199	13,650,671	54,481,815	55,301,731
<b>Total Assets</b>	<b>56,379,741</b>	<b>56,463,094</b>	<b>19,247,967</b>	<b>18,557,433</b>	<b>75,627,708</b>	<b>75,020,527</b>
<b>Liabilities:</b>						
Current Liabilities	12,231,686	12,182,286	3,115,762	3,068,356	15,347,448	15,250,642
Non-current Liabilities	42,674,962	43,677,442	19,682,812	19,412,041	62,357,774	63,089,483
<b>Total Liabilities</b>	<b>54,906,648</b>	<b>55,859,728</b>	<b>22,798,574</b>	<b>22,480,397</b>	<b>77,705,222</b>	<b>78,340,125</b>
<b>Net Assets:</b>						
Investments in Capital Assets, Net Of related Debt	(3,226,569)	(3,270,799)	(3,873,007)	(4,626,879)	(7,099,576)	(7,897,678)
Unrestricted	3,126,203	2,265,039	322,400	703,915	3,448,603	2,968,954
Restricted	1,573,459	1,609,126	-	-	1,573,459	1,609,126
<b>Total Net Assets</b>	<b>\$1,473,093</b>	<b>\$603,366</b>	<b>\$(3,550,607)</b>	<b>\$(3,922,964)</b>	<b>\$(2,077,514)</b>	<b>\$(3,319,598)</b>

**Total net assets:** Net assets of the County's governmental activities were \$1.47 million, an increase of \$0.87 million from 2004. Of this amount, \$(3.23) million represents investments in capital assets, net of related debt. The unrestricted net asset balance as of the end of the year was \$3,126,203, which represents an increase of \$0.86 million or 38.0% from 2004. The restricted net asset balance was \$1,573,459 a decrease of \$35,667 from the prior year. The restrictions include reserves equal to one year's debt service on the County's 2000 general obligation note and the 2003 capital lease in the amount of \$1.56 million, a reserve for the Library for \$10,898, and a reserve for the Community College for \$847. The reserves for the general obligation note and capital lease have subsequently been released following a refinancing of those debts in 2006.

Net assets of the County's business-type activities were \$(3.55) million, an increase of \$372,357 from 2004. The increase is primarily the result of a \$748,493 increase in net assets in the operation of Laurel Crest for 2005. Of the total net assets, \$(3.87) million represents investments in capital assets, net of related debt. The unrestricted net asset balance at year-end was \$322,400. Net assets for both governmental activities and business type activities were reduced with the recording of a prior period adjustment. The County established a policy during 2005 to allow employees to be paid for a portion of unused sick time upon their retirement. The liability on prior year net assets for governmental activities was \$533,650 and business-type activities was \$398,122.

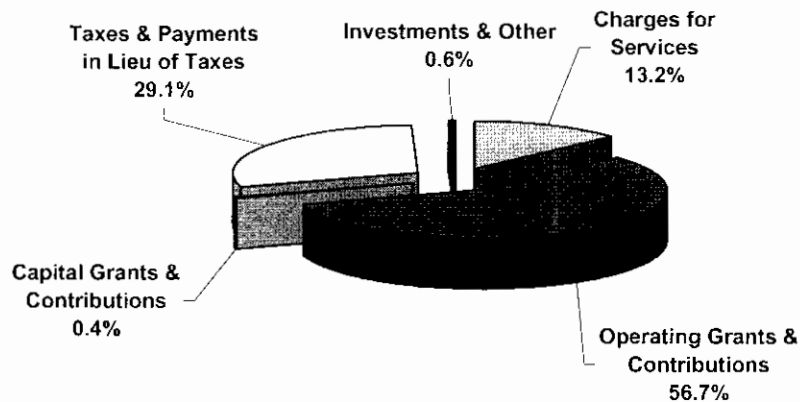
### Government-wide Statement of Activities

The table below summarizes the changes of net assets for the primary government for the period ended December 31, 2004 and 2005:

Cambria County Primary Government Summary of Changes in Net Assets For the Years Ended December 31, 2005 and 2004						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$11,647,355	\$12,235,198	\$31,074,119	\$28,922,595	\$42,721,474	\$41,157,793
Operating Grants & Contributions	50,283,445	51,763,947			50,283,445	51,763,947
Capital Grants & Contributions	350,884	1,144,925			350,884	1,144,925
General Revenues:						
Taxes & Payments in Lieu of Taxes	25,775,571	24,292,825			24,292,825	24,292,825
(Loss)/Gain from Sale of Assets	(64,934)	474,207			474,207	474,207
Unrestricted Investment Earnings	424,337	127,669	36,759	6,375	134,044	134,044
Other Revenues	156,595	126,290	512,266	7,039	133,329	133,329
<b>Total Revenues</b>	<b>88,573,253</b>	<b>90,165,061</b>	<b>31,623,144</b>	<b>28,936,009</b>	<b>119,101,070</b>	<b>119,101,070</b>
<b>Expenses:</b>						
General Government-Administrative	4,077,580	4,050,657			4,077,580	4,050,657
General Government-Judicial	8,294,572	8,906,160			8,294,572	8,906,160
Public Safety	9,766,553	7,307,184			9,766,553	7,307,184
Public Works	824,781	851,942			824,781	851,942
Human Services	51,062,728	51,969,220			43,639,700	51,969,220
Culture and Recreation	8,462	434,251			8,462	434,251
Conservation and Development	1,850,340	1,239,365			1,850,340	1,239,365
Emergency Communications Services	2,167,558	2,033,748			9,590,586	2,033,748
Employee Benefits	3,770,270	4,870,489			3,770,270	4,870,489
Debt Service	2,224,105	2,197,375			2,224,105	2,197,375
Unallocated Depreciation	2,098,558	1,997,629			2,098,558	1,997,629
Laurel Crest Manor			28,193,840	26,509,756	28,193,840	26,509,756
Laurel Crest D.M.E.			166,250	78,800	166,250	78,800
Central Park Complex			1,141,357	1,152,091	1,141,357	1,152,091
<b>Total Expenses</b>	<b>86,145,507</b>	<b>85,858,020</b>	<b>29,501,447</b>	<b>27,740,647</b>	<b>115,646,954</b>	<b>113,598,667</b>
Changes in Net Assets Transfers and						
Capital Contributions	2,427,746	4,307,041	2,121,697	1,195,362	4,549,443	5,502,403
Transfers in/(out) Primary Government	1,351,218	(220,724)	(1,351,218)	220,011		(713)
Transfers in/(out) Component Units	(2,375,588)	(2,398,913)			(2,375,588)	(2,398,913)
Capital Contributions		185,287				185,287
Change in Net Assets	1,403,376	1,872,691	770,479	1,415,373	2,173,855	3,288,064
Net Assets – Beginning of Year, restated	69,716	(1,269,325)	(4,321,086)	(5,338,337)	(4,251,370)	(6,607,662)
Net Assets – End of Year	<b>\$1,473,093</b>	<b>\$603,366</b>	<b>\$(3,550,607)</b>	<b>\$(3,922,964)</b>	<b>\$(2,077,514)</b>	<b>\$(3,319,598)</b>

**Governmental activities revenues:** Revenues for Cambria County's governmental activities were \$88.6 million for the year ended December 31, 2005, a decrease of 1.8% from 2004. The following pie chart reflects the sources of those revenues by percent:

Revenues by Source - Governmental Activities  
For the Year Ended December 31, 2005



The largest source of governmental activities revenue is operating grants and contributions amounting to \$50.3 million or 56.7%. The Human Services agencies, including Mental Health/Mental Retardation, Children & Youth Services, Drug and Alcohol, Area Agency on Aging, Foster Grandparents, and Human Services receive the largest portion of operating grants and contributions at \$37.8 million or 75.1% 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 \$25.8 million or 29.1%. For 2005, the real estate tax rate was increased 1 mill to 22.25 mills. Of this amount, 15.5 mills was designated for general purposes, 5.0 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 \$25.3 million in governmental activities revenue in 2005. 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

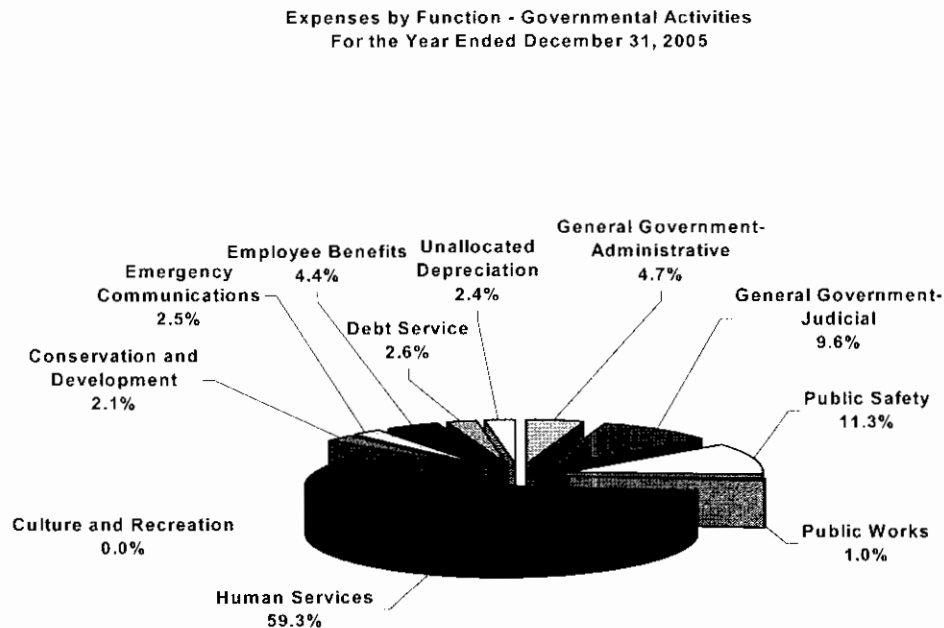


Bureau. For the year ending 2005, the hotel tax receipts amounted to \$308,364. Cambria County also receives payments in lieu of taxes from various sources. The County received \$164,692 in payments in lieu of taxes in 2005.

Charges for services amounted to 13.6% or \$12.2 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, gain from the sale of assets, and other revenues amounted to \$728,166 or 0.8% of governmental activities revenue.

**Governmental activities expenses:** Expenses for Cambria County's governmental activities were \$86.2 million for the year ended December 31, 2005. 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 59.3% or \$51.1 million for 2005.

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 \$8.3 million or 9.6% in 2005.

Public Safety includes Emergency Management, HMER, SHARP, Prison, Adult Probation, Juvenile Probation, and Detention/Shelter. Expenses in 2005 were 11.3% or \$9.8 million.

Employee Benefits were \$3.8 million or 4.4% 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 4.7%.

Debt Service on the County's General Obligation Bonds, Lease Rental Indebtedness, and Notes were \$2.2 million or 2.6% of governmental activities expenses.

The remaining expenses of \$4.8 million or 5.6% 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, 2005, the General Fund reported a fund balance of \$2.9 million, which was an increase of \$0.6 million or 24.5% from the prior year's fund balance of \$2.3 million. For 2005, revenues and other financing sources exceeded expenditures and other financing uses by \$79,916.

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 2005 was \$2.5 million. This was an increase of \$753,490 or 45.7% from December 31, 2004. During 2005, capital projects funded with grants and the loan proceeds

were the Act 57 energy savings project at the courthouse and the human services building, and the geographic information system (GIS) project.

The Mental Health/Mental Retardation (MH/MR) special revenue fund maintains no fund balance. Revenues in the MH/MR fund decreased slightly to \$23.4 million from \$23.5 million in 2004, a decrease of \$107,578 or 0.5%.

The 911 Emergency Communication Fund reported a fund balance of \$(480,799) on December 31, 2005. This was an increase of \$57,114 or 1.1% from 2004. The 911 Emergency Communication Fund revenue had a slight increase of \$25,686 or 0.2% to \$1,573,841 in 2005.

**Proprietary Funds:** Cambria County maintains three 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. 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, 2005, total net assets of the Laurel Crest Manor Fund was \$(3.6) million, an increase of \$0.4 million. The unrestricted net assets of this fund was \$0.3 million and the investment in capital assets net of related debt was \$(3.9) million. The county transferred \$1,561,499 from the Laurel Crest Manor Fund to the General Fund for 2005. The transfer was done to recover the balance of operating transfers to Laurel Crest dating back to 1990. The \$1.6 million transfer reflects the difference between the \$11.5 million lease rental debt issued to recover operating transfers and the total operating transfers since 1990. The Laurel Crest D.M.E. Fund total net assets amounted to \$53,434 on December 31, 2005. This reflects an increase in net assets in the amount of \$19,809 from the beginning of the year.

The net assets of the Central Park Complex (CPC) Fund were \$0 on December 31, 2005. The net assets reflect that \$9,956 was unrestricted and \$(9,956) was invested in capital assets net of related debt netting to a zero balance in the fund. The county transferred \$202,479 from the CPC Fund to the General Fund for 2005.

### **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 \$38.3 million in 2005 and \$34.9 million in 2004. The final budgeted general fund revenue was \$38.6 million in 2005 and \$37.7 million in 2004. The actual revenue received during 2005 was \$39.2 million. The following is a negative variance in final budgeted revenue to actual revenue during 2005: actual charges for services were \$384,855 or 5.3% less than budgeted. Actual real estate tax revenue exceeded the budgeted amount by \$392,401 or 1.6%. Other revenues had a positive variance of \$221,550 or 42.2% more than budgeted. Intergovernmental revenues and interest and investment income also had positive final budget variances of \$222,885 or 3.8% and \$188,924 or 290.7%, respectively.

The original budgeted general fund expenditure amounts were \$31.3 million in 2005 and \$29.0 million in 2004. The final budgeted general fund expenditure amounts were \$31.5 million in 2005 and \$30.7 in 2004. The actual expenditures were \$31.3 million for 2005. Positive variances were in general government—administrative for \$13,981 or 0.3%, culture and recreation for \$144,414 or 19.7%, conservation and development for \$214,312 or 20.6%, and employee benefits for \$1,181,648 or 23.0%. Negative variances were in general government—judicial for \$241,209 or 4.2%, public safety for \$666,514 or 7.2%, public works for \$24,997 or 3.1%, human services for \$310,149 or 6.8%, and debt service for \$20,220 or 53.5%.

The original budgeted operating transfers in were \$1.4 million in 2005 and \$1.3 million in 2004. The final budgeted operating transfers in were \$1.4 million in 2005 and \$1.2 million in 2004. For 2005, the actual operating transfers in were \$2.7 million or 83.5% over budget. The original budgeted operating transfers out were \$8.4 million in 2005 and \$7.3 million in 2004. The final budgeted operating transfers out were \$8.5 million in 2005 and \$8.1 million in 2004. The actual operating transfers out were \$10.6 million or 24.2% over budget in 2005.

Overall, the general fund had an excess of revenues and other financing sources over expenditures and other financing uses of \$79,916 for the year ending December 31, 2005.

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

#### **Capital Assets:**

The County's investment in capital assets at December 31, 2005, net of accumulated depreciation, amounted to \$54.4 million. This was a decrease of \$0.8 million or 1.5% from the previous year. The following table summarizes the County's investment in capital assets:

Summary of Capital Assets			
	Governmental Activities	Business-type Activities	Balance at December 31, 2005
Construction-in-progress	\$ 670,627	\$ 760,643	\$ 1,431,270
Land		383,046	383,046
Site/land improvements	2,618,765	555,194	3,173,959
Building and permanent fixtures	48,358,258	28,252,232	76,610,490
Office furniture and equipment	1,615,604		1,615,604
General equipment	1,404,882		1,404,882
Machinery and equipment		4,566,168	4,566,168
Radio equipment	2,284,245		2,284,245
Computer hardware and software	2,507,645		2,507,645
Vehicles	2,502,420		2,502,420
Less accumulated depreciation	(21,630,830)	(20,495,663)	(42,126,493)
Total	\$ 40,331,616	\$ 14,021,620	\$ 54,353,236

Highlights of the amounts expended during 2005 for major capital assets include:

- In 2004, the County contracted with CLT Efficient Tech Group to install new lighting, chillers, air conditioning units, a laundry heat recovery system, and an energy management system at Laurel Crest. In addition, energy savings improvements were made at the courthouse and the human services building. Over ten years, \$1.6 million will be saved through energy savings. The project continued into 2005.
- The County received state grant through the Keystone Fund to assist in the roof replacement at the Cambria County Library System's Johnstown location. During 2005, \$74,287 was spent on this project. Of this amount, the grant funded 50% of the costs.
- 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. The anticipated result will be increased revenues to the facility.

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, 2005, Cambria County had outstanding debt and capital lease obligations of \$60.9 million. During 2005, the County's general obligation bonds, notes and capital leases decreased by \$1.6 million or 2.6%.

In February and March, 2006, Cambria County refinanced the Lease Rental Debt of 2000, Series A and B; the Lease Rental Debt of 2003; and the General Obligation Bonds, Series 1994. The refunding was done through a consortium of local banks with Somerset Trust Company as lead bank. The refinancing accomplished several goals of the County. The rate on the financing will be fixed for fifteen years at 5% with re-pricing set at 70% of Wall Street Journal Prime. In addition, clauses existing in previous lease rental debt were eliminated including the minimum bond rating requirement, the establishment of reserve accounts, and acceleration clauses.

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 2006 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. The County will continue to pursue an investment grade rating.
- As of May 2006, the County's unemployment rate was 5.6%, which was down from 5.8% in May 2005. The Commonwealth's rate was 4.8% and the national rate was 4.6% for May 2006. The county added 400 jobs between April and May 2006 according to the Center for Workforce Information and Analysis. They cited that this was the 15<sup>th</sup> consecutive month of over-the-year job growth in Cambria County.
- The County's taxable assessed value on real estate increased \$11.0 million or 1.0% from 2005 to 2006.

- On May 14, 2004, the County changed the predetermined tax assessment ratio from 50% to 100% of the fair market value effective for the tax year 2005 and thereafter.

For fiscal year 2006, the County's real property tax rate remained at 22.25 mills. The tax rate for general purpose is 15.5 mills, debt service is 5 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 2006, the County issued a Tax and Revenue Anticipation Note in the amount of \$4 million with a maturity date of June 30, 2006.

### **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.

# COUNTY OF CAMBRIA

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## INDEPENDENT AUDITORS' REPORT

June 23, 2006

Board of Commissioners  
County of Cambria  
Ebensburg, Pennsylvania

We have jointly 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, 2005, 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 joint audit. We did not jointly audit the financial statements of the component units, all of which are discretely presented component units. Those financial statements were audited by other auditors, including Wessel & Company and Barnes, Saly & Company, LLP, acting separately; whose reports thereon have been furnished to us, and our joint 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 joint 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 joint audit provides a reasonable basis for our opinions.

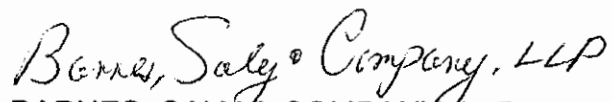
In our joint opinion, based on our joint audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cambria, Pennsylvania, as of December 31, 2005, 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 joint report dated June 23, 2006, 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 joint audit.

The management's discussion and analysis beginning on page 1 and budgetary comparison information on pages 67 through 69, 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 joint opinion on it.

Our joint 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 combining and individual nonmajor fund financial statements and employee retirement plan analysis of funding are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our joint opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The employee retirement plan analysis of funding and the component unit combining and individual fund financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no joint opinion on them.

  
WESSEL & COMPANY  
Certified Public Accountants

  
BARNES, SALY & COMPANY, LLP  
Certified Public Accountants

COUNTY OF CAMBRIA  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents (Note 2)	\$ 6,557,575	\$ 1,264,805	\$ 7,822,380	\$ 4,454,069
Investments (Note 2)	-	-	-	230,391
Restricted cash (Note 3)	1,996,691	197,648	2,194,339	43,363
Restricted investments	-	-	-	353,937
Receivables (net of allowance for uncollectibles)				
Accounts	1,315,718	3,727,013	5,042,731	1,012,003
Taxes (Note 4)	2,603,422	-	2,603,422	-
Due from other governments (Note 5)	3,044,649	-	3,044,649	1,168,097
Prepaid expenses and other assets	286,590	151,782	438,372	526,881
Internal balances (Note 11)	243,480	(243,480)	-	-
Inventory	-	-	-	512,054
<b>Total Current Assets</b>	<b>16,048,125</b>	<b>5,097,768</b>	<b>21,145,893</b>	<b>8,300,795</b>
<b>Non-Current Assets:</b>				
Deferred loan costs	-	128,579	128,579	-
Fixed assets net of accumulated depreciation (Note 6)	40,331,616	14,021,620	54,353,236	39,433,340
<b>Total Non-Current Assets</b>	<b>40,331,616</b>	<b>14,150,199</b>	<b>54,481,815</b>	<b>39,433,340</b>
<b>Total Assets</b>	<b>\$ 56,379,741</b>	<b>\$ 19,247,967</b>	<b>\$ 75,627,708</b>	<b>\$ 47,734,135</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 6,163,347	\$ 1,410,271	\$ 7,573,618	\$ 2,594,753
Deferred revenues (Note 1f)	1,659,926	-	1,659,926	1,003,156
Due to other governments (Note 5)	565,354	-	565,354	237,139
Custodial payable	87,930	197,648	285,578	-
Compensated absences (Note 11 and 14)	1,464,696	882,549	2,347,245	-
Notes payable (Note 11)	349,677	-	349,677	223,801
Bonds payable (Note 11)	1,219,491	185,509	1,405,000	-
Obligations under capital leases (Note 12)	21,375	439,785	461,160	166,378
Accrued interest	693,619	-	693,619	-
Other liabilities	6,271	-	6,271	-
<b>Total Current Liabilities</b>	<b>12,231,686</b>	<b>3,115,762</b>	<b>15,347,448</b>	<b>4,225,227</b>
<b>Non-Current Liabilities:</b>				
Compensated absences (Note 11 and 14)	528,094	387,760	915,854	-
Notes payable (Note 11)	7,240,050	-	7,240,050	994,651
Bonds payable (Note 11)	33,800,955	5,084,046	38,885,001	-
Estimated workers' compensation claim (Note 11)	872,845	1,897,140	2,769,985	-
Obligations under capital leases (Note 12)	233,018	12,313,866	12,546,884	341,784
<b>Total Non-Current Liabilities</b>	<b>42,674,962</b>	<b>19,682,812</b>	<b>62,357,774</b>	<b>1,336,435</b>
<b>Total Liabilities</b>	<b>54,906,648</b>	<b>22,798,574</b>	<b>77,705,222</b>	<b>5,561,662</b>
<b>NET ASSETS:</b>				
Investments in capital assets, net of related debt	(3,226,569)	(3,873,007)	(7,099,576)	37,706,726
Unrestricted	3,126,203	322,400	3,448,603	3,073,265
Restricted - (Note 1n)	1,573,459	-	1,573,459	1,392,482
<b>Total Net Assets</b>	<b>1,473,093</b>	<b>(3,550,607)</b>	<b>(2,077,514)</b>	<b>42,172,473</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 56,379,741</b>	<b>\$ 19,247,967</b>	<b>\$ 75,627,708</b>	<b>\$ 47,734,135</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, 2005

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		
				Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General government - administrative	\$ 4,077,580	\$ 1,020,961	\$ -	\$ (3,056,619)	\$ -	\$ (3,056,619)
General government - judicial	8,294,572	3,301,086	2,237,579	(2,755,907)	-	(2,755,907)
Public safety	9,766,553	1,843,032	1,227,592	(6,695,929)	-	(6,695,929)
Public works	824,781	-	980,049	155,268	-	155,268
Human services	51,062,728	4,529,542	36,744,332	(9,788,854)	-	(9,788,854)
Culture and recreation	8,462	28,325	-	370,747	-	370,747
Conservation and development	1,850,340	764,673	726,094	(359,573)	-	(359,573)
Emergency communication services	2,167,558	159,736	8,367,799	6,359,977	-	6,359,977
Employee benefits	3,770,270	-	-	(3,770,270)	-	(3,770,270)
Debt service	2,224,105	-	-	(2,224,105)	-	(2,224,105)
Unallocated depreciation	2,098,558	-	-	(2,098,558)	-	(2,098,558)
<b>Total Governmental Activities</b>	<b>86,145,507</b>	<b>11,647,355</b>	<b>50,283,445</b>	<b>(23,863,823)</b>	<b>-</b>	<b>(23,863,823)</b>
<b>Business-type Activities:</b>						
Laurel Crest Manor	28,193,840	29,976,953	-	-	1,783,113	1,783,113
Laurel Crest D.M.E.	166,250	219,684	-	-	53,434	53,434
Central Park Complex	1,141,357	877,482	-	-	(263,875)	(263,875)
<b>Total Business-type Activities</b>	<b>29,501,447</b>	<b>31,074,119</b>	<b>-</b>	<b>-</b>	<b>1,572,672</b>	<b>1,572,672</b>
<b>Total Primary Government</b>	<b>\$ 115,646,954</b>	<b>\$ 42,721,474</b>	<b>\$ 50,283,445</b>	<b>\$ (23,863,823)</b>	<b>\$ 1,572,672</b>	<b>\$ (22,291,151)</b>
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property Taxes, Levied for General Purposes				\$ 18,193,529	\$ -	\$ 18,193,529
Property Taxes, Levied for Debt Retirement				5,521,795	-	5,521,795
Property Taxes, Levied for Community College				1,003,126	-	1,003,126
Property Taxes, Levied for County Library				584,066	-	584,066
Payments in Lieu of Taxes				164,692	-	164,692
County Hotel Lodging Taxes				308,364	-	308,364
(Loss)/gain from Sale of Assets				(64,934)	-	(64,934)
Transfers in/(out) primary government				1,351,218	(1,351,218)	-
Transfers in/(out) component units				(2,375,588)	-	(2,375,588)
Unrestricted Investment Earnings				424,337	36,759	461,096
Other Revenues				156,595	512,266	668,861
<b>Total General Revenues and Transfers</b>				<b>25,267,200</b>	<b>(802,193)</b>	<b>24,465,007</b>
Change in Net Assets Before Capital Contributions				1,403,377	770,479	2,173,856
Capital Contributions				-	-	-
<b>Total Change in Net Assets</b>				<b>1,403,377</b>	<b>770,479</b>	<b>2,173,856</b>
Net Assets - Beginning of Year, as originally stated				603,366	(3,922,964)	(3,319,598)
Prior Period Adjustment (Note 20)				(533,650)	(398,122)	(931,772)
<b>Net Assets - Beginning of Year, as restated</b>				<b>69,716</b>	<b>(4,321,086)</b>	<b>(4,251,370)</b>
<b>Net Assets - End of Year</b>				<b>\$ 1,473,093</b>	<b>\$ (3,550,607)</b>	<b>\$ (2,077,514)</b>

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

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Component Units
<b>Governmental Activities:</b>					
Redevelopment Authority	\$ 1,957,735	\$ 353,396	\$ 1,553,768	\$ -	\$ (50,571)
Conservation and Recreation Authority	2,115,996	-	1,984,773	-	(131,223)
Library Association	1,726,197	70,640	1,000,049	-	(655,508)
<b>Total Component Unit Governmental Activities</b>	<b>5,799,928</b>	<b>424,036</b>	<b>4,538,590</b>	<b>-</b>	<b>(837,302)</b>
<b>Business-type Activities:</b>					
Planning Commission	331,416	269,677	-	-	(61,739)
Municipal Airport Authority	2,661,914	381,940	-	-	(2,279,974)
Transit Authority	8,899,110	867,524	5,589,257	-	(2,442,329)
Solid Waste Management Authority	393,604	72	200,000	-	(193,532)
Community College	10,972,601	2,818,011	7,361,532	-	(793,058)
<b>Total Component Unit Business-type Activities</b>	<b>23,258,645</b>	<b>4,337,224</b>	<b>13,150,789</b>	<b>-</b>	<b>(5,770,632)</b>
<b>Total Component Units</b>	<b>\$ 29,058,573</b>	<b>\$ 4,761,260</b>	<b>\$ 17,689,379</b>	<b>\$ -</b>	<b>\$ (6,607,934)</b>
<b>General Revenues:</b>					
Gain from Sale of Assets					\$ (210,427)
Unrestricted Investment Earnings					54,754
Other Revenues					581,788
Transfers from Primary Government					2,375,588
Total General Revenues and Transfers					2,801,703
Change in Net Assets					(3,806,231)
Capital Contributions					3,589,156
Net Assets - Beginning of Year					42,389,548
Net Assets - End of Year					\$ 42,172,473

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, 2005

	Major Funds				Other	
	General	Capital Projects	MH/MR	911 Emergency Communication Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 1,415,757	\$ 136,586	\$ 1,668,172	\$ 1,430,339	\$ 1,906,721	\$ 6,557,575
Restricted cash	1,259,735	736,956	-	-	-	1,996,691
Receivables (net of allowance for uncollectibles)						
Accounts	849,386	-	243,024	126,858	96,450	1,315,718
Taxes	2,603,422	-	-	-	-	2,603,422
Due from other governments	233,084	-	63,359	-	2,744,524	3,040,967
Prepaid expenses and other assets	272,832	-	-	-	13,758	286,590
Due from other funds (Note 1i)	2,413,020	1,583,595	430,007	-	362,964	4,789,586
<b>Total Assets</b>	<b>\$ 9,047,236</b>	<b>\$ 2,457,137</b>	<b>\$ 2,404,562</b>	<b>\$ 1,557,197</b>	<b>\$ 5,124,417</b>	<b>\$ 20,590,549</b>
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities	\$ 2,205,575	\$ 53,151	\$ 1,706,338	111,122	\$ 2,107,601	\$ 6,183,787
Deferred revenues	2,028,771	-	164,717	1,328,296	166,913	3,688,697
Payable from restricted assets	87,930	-	-	-	-	87,930
Other liabilities	6,273	-	-	-	-	6,273
Due to other governments	-	-	533,507	-	31,847	565,354
Due to other funds (Note 1i)	1,798,805	-	-	598,578	2,145,040	4,542,423
<b>Total Liabilities</b>	<b>6,127,354</b>	<b>53,151</b>	<b>2,404,562</b>	<b>2,037,996</b>	<b>4,451,401</b>	<b>15,074,464</b>
<b>FUND BALANCES</b>						
Unreserved fund balance/(deficit)	1,602,580	1,667,030	-	(480,799)	673,016	3,461,827
Restricted for:						
Loan covenants	824,758	736,956	-	-	-	1,561,714
Penn Highlands Community College (Note 1m)	847	-	-	-	-	847
911 Emergency Communications (Note 1m)	480,799	-	-	-	-	480,799
Library (Note 1m)	10,898	-	-	-	-	10,898
<b>Total Net Assets</b>	<b>2,919,882</b>	<b>2,403,986</b>	<b>-</b>	<b>(480,799)</b>	<b>673,016</b>	<b>5,516,085</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,047,236</b>	<b>\$ 2,457,137</b>	<b>\$ 2,404,562</b>	<b>\$ 1,557,197</b>	<b>\$ 5,124,417</b>	<b>\$ 20,590,549</b>

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

\$ (46,403,378)  
2,028,771  
40,331,615  
\$ 1,473,093

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Major Funds				Other	
	General	Capital Projects	MH/MR	911 Emergency Communication Fund	Nonmajor Governmental Funds	Totals
<b>Revenues</b>						
Real estate taxes	\$ 25,227,049	\$ -	\$ -	\$ -	\$ -	\$ 25,227,049
Charges for services	6,862,012	-	1,263,708	1,535,953	1,927,746	11,589,419
Interest and investment income	253,924	10,345	78,824	16,375	64,869	424,337
Intergovernmental revenues	6,153,431	613,882	21,979,356	3,500	19,321,435	48,071,604
Other income	746,470	-	46,778	18,013	2,875,437	3,686,698
<b>Total Revenues</b>	<b>39,242,886</b>	<b>624,227</b>	<b>23,368,666</b>	<b>1,573,841</b>	<b>24,189,487</b>	<b>88,999,107</b>
<b>Expenditures</b>						
General government - administrative	4,269,760	-	-	-	-	4,269,760
General government - judicial	5,965,584	-	-	-	2,342,038	8,307,622
Public safety	9,872,860	-	-	-	-	9,872,860
Public works	837,811	-	-	-	765,935	1,603,746
Human services	4,862,860	-	23,766,587	-	23,676,956	52,306,403
Culture and recreation	589,143	-	-	-	-	589,143
Conservation and development	825,829	-	-	-	1,137,757	1,963,586
Employee benefits	3,964,270	-	-	-	-	3,964,270
Emergency communication services	-	-	-	2,169,727	-	2,169,727
Debt service	57,991	-	-	-	3,792,787	3,850,778
Capital projects	-	462,567	-	-	-	462,567
<b>Total Expenditures</b>	<b>31,246,108</b>	<b>462,567</b>	<b>23,766,587</b>	<b>2,169,727</b>	<b>31,715,473</b>	<b>89,360,462</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>7,996,778</b>	<b>161,660</b>	<b>(397,921)</b>	<b>(595,886)</b>	<b>(7,525,986)</b>	<b>(361,355)</b>
<b>Other Financing Sources/(Uses)</b>						
Operating transfers in	2,649,477	-	397,921	653,000	9,069,034	12,769,432
Operating transfers (out)	(10,566,339)	-	-	-	(851,875)	(11,418,214)
<b>Total Other Financing Sources/(Uses)</b>	<b>(7,916,862)</b>	<b>-</b>	<b>397,921</b>	<b>653,000</b>	<b>8,217,159</b>	<b>1,351,218</b>
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	79,916	161,660	-	57,114	691,173	989,863
Fund Balance/(Deficit) - Beginning of Year, as originally stated	2,345,479	1,650,496	-	(537,913)	1,068,160	4,526,222
Prior Period Adjustment (Note 20)	494,487	591,830	-	-	(1,086,317)	-
Fund Balance/(Deficit) - Beginning of Year, as restated	2,839,966	2,242,326	-	(537,913)	(18,157)	4,526,222
Fund Balance/(Deficit) - End of Year	\$ 2,919,882	\$ 2,403,986	\$ -	\$ (480,799)	\$ 673,016	\$ 5,516,085

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, 2005

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

Net change in fund balance - total governmental funds (page 8)	\$ 989,863
 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	 129,124
 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	 1,343,819
 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	 19,856
 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	 240,159
 The net effect of various transactions involving capital assets, (i.e. purchases, disposals, etc.) is to increase net assets	 <u>(1,319,444)</u>
 Change in net assets of governmental activities (page 5)	 <u>\$ 1,403,377</u>

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

COUNTY OF CAMBRIA  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds			
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,264,555	\$ 30	\$ 220	\$ 1,264,805
Restricted cash	197,648	-	-	197,648
Accounts receivable	3,667,079	55,575	4,359	3,727,013
Prepaid expenses and other assets	66,416	-	85,366	151,782
Due from other funds	1,245,636	14,910	57,473	1,318,019
<b>Total Current Assets</b>	<b>6,441,334</b>	<b>70,515</b>	<b>147,418</b>	<b>6,659,267</b>
<b>Non-current Assets</b>				
Deferred loan costs	128,579	-	-	128,579
Fixed assets (net of accumulated depreciation and amortization)	8,762,021	-	5,259,599	14,021,620
<b>Total Assets</b>	<b>\$ 15,331,934</b>	<b>\$ 70,515</b>	<b>\$ 5,407,017</b>	<b>\$ 20,809,466</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,266,658	\$ 17,081	\$ 126,532	\$ 1,410,271
Compensated absences	874,162	-	8,387	882,549
Custodial payable	197,648	-	-	197,648
Bonds payable	-	-	185,509	185,509
Obligation under capital lease	439,785	-	-	439,785
Due to other funds	1,561,499	-	-	1,561,499
<b>Total Current Liabilities</b>	<b>4,339,752</b>	<b>17,081</b>	<b>320,428</b>	<b>4,677,261</b>
<b>Non-current Liabilities</b>				
Compensated absences	385,217	-	2,543	387,760
Obligation under capital lease	12,313,866	-	-	12,313,866
Bonds payable	-	-	5,084,046	5,084,046
Estimated workers' compensation claims	1,897,140	-	-	1,897,140
<b>Total Liabilities</b>	<b>18,935,975</b>	<b>17,081</b>	<b>5,407,017</b>	<b>24,360,073</b>
<b>Net Assets</b>				
Investment in capital assets net of related debt	(3,863,051)	-	(9,956)	(3,873,007)
Unrestricted	259,010	53,434	9,956	322,400
<b>Total Net Assets</b>	<b>(3,604,041)</b>	<b>53,434</b>	<b>-</b>	<b>(3,550,607)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,331,934</b>	<b>\$ 70,515</b>	<b>\$ 5,407,017</b>	<b>\$ 20,809,466</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, 2005

	Business-type Activities - Enterprise Funds			Total
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	
Operating Revenues:				
Net patient service revenue	\$ 29,976,953	\$ 219,684	\$ -	\$ 30,196,637
Rental income	-	-	877,482	877,482
Total Operating Revenues	<u>29,976,953</u>	<u>219,684</u>	<u>877,482</u>	<u>31,074,119</u>
Operating Expenses:				
Patient care	26,916,237	166,250	-	27,082,487
Depreciation and amortization	654,253	-	218,691	872,944
Loss on sale of fixed asset	132	-	-	132
Maintenance and operating	-	-	648,551	648,551
Total Operating Expenses	<u>27,570,622</u>	<u>166,250</u>	<u>867,242</u>	<u>28,604,114</u>
Operating Income/(Loss)	2,406,331	53,434	10,240	2,470,005
Non-Operating Revenues/(Expenses):				
Investment income	34,909	-	1,850	36,759
Other income	491,970	-	20,296	512,266
Interest expense	(623,218)	-	(274,115)	(897,333)
Total Non-Operating Revenues/(Expenses)	<u>(96,339)</u>	<u>-</u>	<u>(251,969)</u>	<u>(348,308)</u>
Income/(Loss) Before Transfers	2,309,992	53,434	(241,729)	2,121,697
Other Financing Sources/(Uses):				
Operating transfers in	795,699	-	446,385	1,242,084
Operating transfers (out)	(2,357,198)	(33,625)	(202,479)	(2,593,302)
Total Other Financing Sources/(Uses)	<u>(1,561,499)</u>	<u>(33,625)</u>	<u>243,906</u>	<u>(1,351,218)</u>
Change in Net Assets	748,493	19,809	2,177	770,479
Net Assets - Beginning of Year, as originally stated	(3,956,589)	33,625	-	(3,922,964)
Prior period adjustment (Note 20)	(395,945)	-	(2,177)	(398,122)
Net assets, Beginning of Year, as restated	<u>(4,352,534)</u>	<u>33,625</u>	<u>(2,177)</u>	<u>(4,321,086)</u>
Net Assets - End of Year	<u>\$ (3,604,041)</u>	<u>\$ 53,434</u>	<u>\$ -</u>	<u>\$ (3,550,607)</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, 2005

Business-type Activities - Enterprise Funds

	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	Total
<b>Cash Flows From Operating Activities</b>				
Cash received from patients	\$ 29,217,266	\$ 214,945	\$ -	\$ 29,432,211
Cash received from customers	-	-	970,500	970,500
Net increase/(decrease) in interfund payables	-	(85,199)	15,620	(69,579)
Cash payments to employees for services	-	-	(183,088)	(183,088)
Cash payments to suppliers for goods and services	-	-	(464,134)	(464,134)
Cash payments for other operating expenses	(27,283,135)	(96,091)	-	(27,379,226)
Net Cash Provided By/(Used In) Operating Activities	1,934,131	33,655	338,898	2,306,684
<b>Cash Flows From Non-Capital Financing Activities</b>				
Transfers in from other funds	-	-	446,385	446,385
Transfers out to other funds	-	(33,625)	(202,479)	(236,104)
Net Cash (Used For)/Provided By Non-Capital Financing Activities	-	(33,625)	243,906	210,281
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase of property and equipment	(910,995)	-	(135,114)	(1,046,109)
Proceeds from sale of fixed assets	-	-	-	-
Payment on debt	491,970	-	(172,270)	319,700
Interest paid	(623,677)	-	(277,049)	(900,726)
Repayment to county	(398,168)	-	-	(398,168)
Net Cash (Used For) Capital and Related Financing Activities	(1,440,870)	-	(584,433)	(2,025,303)
<b>Cash Flows From Investing Activities</b>				
Interest on cash equivalents	34,909	-	1,849	36,758
Net Cash Provided By Investing Activities	34,909	-	1,849	36,758
 Net Increase/(Decrease) in Cash and Cash Equivalents	 528,170	 30	 220	 528,420
Cash and Cash Equivalents Beginning of Year	736,385	-	-	736,385
Cash and Cash Equivalents at End of Year	\$ 1,264,555	\$ 30	\$ 220	\$ 1,264,805

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, 2005

	Business-type Activities - Enterprise Funds			
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	Total
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities:</b>				
Operating Income	\$ 2,406,331	\$ 53,434	\$ 10,240	\$ 2,470,005
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:				
Depreciation	654,253	-	218,692	872,945
Bad debt expense	135,676	57,392	-	193,068
Loss on disposal of fixed assets	132	-	-	132
Other revenue	-	-	20,296	20,296
Changes in assets and liabilities:				
(Increase)/Decrease in accounts receivable	(895,363)	(4,739)	72,723	(827,379)
Decrease in restricted assets	11,746	-	-	11,746
(Increase)/Decrease in due from other funds	(576,872)	(14,910)	130,388	(461,394)
(Increase) in prepaid expense	40,222	-	-	40,222
Increase/(Decrease) in accounts payable	(49,043)	12,767	1,500	(34,776)
(Decrease) in payable from restricted assets	(11,746)	-	-	(11,746)
(Decrease)/Increase in due to other funds	-	(70,289)	(114,768)	(185,057)
Increase/(Decrease) in accrued vacation	23,638	-	(173)	23,465
(Decrease) in estimated workers' compensation claims	195,157	-	-	195,157
Total Adjustments	<u>(472,200)</u>	<u>(19,779)</u>	<u>328,658</u>	<u>(163,321)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,934,131</u>	<u>\$ 33,655</u>	<u>\$ 338,898</u>	<u>\$ 2,306,684</u>

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

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2005

	Non-AFDC IRS Fund	Prison Resident Fund	Prison Canteen Fund	Recorder of Deeds
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 9,793	\$ 11,761	\$ 21,950	\$ 252,736
Investments	-	-	14,158	-
Restricted assets:				
Cash	-	-	-	-
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Total Assets	<u>\$ 9,793</u>	<u>\$ 11,761</u>	<u>\$ 36,108</u>	<u>\$ 252,736</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Due to other governments	\$ -	\$ -	\$ -	\$ 239,610
Other liabilities	9,793	11,761	-	13,126
Due to other funds	-	-	-	-
Judgments payable	-	-	-	-
Total Liabilities	<u>9,793</u>	<u>11,761</u>	<u>-</u>	<u>252,736</u>
Net Assets				
Held in trust for the prison canteen	-	-	36,108	-
Held in trust for workers' compensation	-	-	-	-
Held in trust for pension benefits	-	-	-	-
Total Net Assets	<u>-</u>	<u>-</u>	<u>36,108</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 9,793</u>	<u>\$ 11,761</u>	<u>\$ 36,108</u>	<u>\$ 252,736</u>

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2005

	<u>Registrar of Wills</u>	<u>Sheriff's Office</u>	<u>Office of the Prothonotary</u>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 59,535	\$ 268,498	\$ 443,774
Investments	-	-	
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	-
<b>Total Assets</b>	<u><u>\$ 59,535</u></u>	<u><u>\$ 268,498</u></u>	<u><u>\$ 443,774</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>Liabilities</b>			
Due to other governments	\$ 30,331	\$ 71,480	\$ 22,848
Other liabilities	29,204	197,018	420,926
Due to other funds	-	-	-
Judgments payable	-	-	-
<b>Total Liabilities</b>	<u><u>59,535</u></u>	<u><u>268,498</u></u>	<u><u>443,774</u></u>
<b>Net Assets</b>			
Held in trust for the prison canteen	-	-	-
Held in trust for workers' compensation	-	-	-
Held in trust for pension benefits	-	-	-
<b>Total Net Assets</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 59,535</u></u>	<u><u>\$ 268,498</u></u>	<u><u>\$ 443,774</u></u>

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

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2005

	Clerk of Courts	Domestic Relations Support	Intermediate Punishment Unit
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 838,112	\$ 27,752	\$ 50,155
Investments	-	-	-
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	-
Total Assets	<u>\$ 838,112</u>	<u>\$ 27,752</u>	<u>\$ 50,155</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ 432,324	\$ -	\$ -
Other liabilities	405,788	27,752	50,155
Due to other funds	-	-	-
Judgments payable	-	-	-
Total Liabilities	<u>838,112</u>	<u>27,752</u>	<u>50,155</u>
Net Assets			
Held in trust for the prison canteen	-	-	-
Held in trust for workers' compensation	-	-	-
Held in trust for pension benefits	-	-	-
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 838,112</u>	<u>\$ 27,752</u>	<u>\$ 50,155</u>

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



COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2005

	Workers' Compensation Trust Fund	Retirement Trust Fund	Total
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 1,984,066
Investments	-	148,442,652	148,456,810
Restricted assets:			
Cash	-	6,131,818	6,131,818
Investments	1,586,905	-	1,586,905
Accounts receivable	18,869	538,107	556,976
Total Assets	<u>\$ 1,605,774</u>	<u>\$ 155,112,577</u>	<u>\$ 158,716,575</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ -	\$ -	\$ 796,593
Other liabilities	-	208,427	1,373,950
Due to other funds	-	3,683	3,683
Judgments payable	-	-	-
Total Liabilities	<u>-</u>	<u>212,110</u>	<u>2,174,226</u>
Net Assets			
Held in trust for the prison canteen	-	-	36,108
Held in trust for workers' compensation	1,605,774	-	1,605,774
Held in trust for pension benefits	-	154,900,467	154,900,467
Total Net Assets	<u>1,605,774</u>	<u>154,900,467</u>	<u>156,542,349</u>
Total Liabilities and Net Assets	<u>\$ 1,605,774</u>	<u>\$ 155,112,577</u>	<u>\$ 158,716,575</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, 2005

Revenues	
Interest income	\$ 72,277
Net depreciation in fair value of investments	<u>(35,109)</u>
Total Revenues	<u>37,168</u>
Expenses	
Operating expenses	<u>5,876</u>
Total Expenses	<u>5,876</u>
Other Financing Sources/(Uses)	
Operating transfers in	<u>-</u>
Total Sources/(Uses)	<u>-</u>
Excess/(Deficiency) of Revenues Over Other Financing Sources/(Uses)	31,292
Net Assets Held in Trust for Specific Purposes - Beginning of Year	<u>1,574,482</u>
Net Assets Held in Trust for Specific Purposes - End of Year	<u>\$ 1,605,774</u>

See Independent Auditor's Report and  
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COUNTY OF CAMBRIA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
RETIREMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

Additions

Contributions:	
Plan members	\$ 3,857,756
Investment Income:	
Interest	3,464,086
Dividends	1,393,394
Net appreciation in fair value of investments	3,845,147
	8,702,627
Less: Investment expense	973,467
Net investment income	7,729,160
Total Additions	11,586,916

Deductions

Benefits	6,513,387
Administrative expenses	54,749
Total Deductions	6,568,136
Increase in Net Assets	5,018,780
Net Assets Held in Trust for Employee Pension Benefits:	
Beginning of Year	149,881,687
End of Year	\$ 154,900,467

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

COUNTY OF CAMBRIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**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. 14, "The Financial Reporting Entity." 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, as set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards, 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, 2005.

### **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, 2005.

### **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.

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

### **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, formerly the Cambria County Area Community College, is June 30, 2005.

### **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

### **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 War Memorial 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.

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.

#### 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.

#### **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.

### **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, 2005 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, 2005 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.

**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, 2005, but were levied to finance 2005 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, 2005, the amount of unbilled receivables was \$276,076 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 roads and bridges.

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

<u>Description</u>	<u>Estimated Lives</u>
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, 2005 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Governmental Fund Types</u>		
<b>General Fund</b>	\$ <u>2,413,020</u>	\$ <u>1,798,805</u>
<b>Special Revenue Funds</b>		
Domestic Relations	---	485,647
Juvenile Probation	---	388,926
Detention/Shelter	1,303	21,899
Farmland Preservation	19,994	---
Driving Under the Influence	21,749	---
911 Emergency Communications	---	598,578
County Records Improvement	20,077	---
Area Agency on Aging	226,294	38,078
Foster Grandparents	14,712	---
Children and Youth	---	239,347
Drug and Alcohol	28,588	---
Human Services	30,247	---
Liquid Fuels	---	4
Chesapeake Bay	---	---
Prothonotary Automation	---	---
Hotel Tax	---	352
Mental Health/Mental Retardation	430,007	---
Parks and Playgrounds	---	946,096
Total Special Revenue Funds	<u>792,971</u>	<u>2,718,928</u>
<b>Debt Service Fund</b>	---	<u>24,690</u>
<b>Capital Projects Fund</b>	<u>1,583,595</u>	---
Total Governmental Fund Types	<u>4,789,586</u>	<u>4,542,423</u>
<u>Proprietary Fund Types</u>		
Central Park Complex	57,473	---
Laurel Crest Manor	1,245,636	1,561,499
Laurel Crest DME	14,910	---
Total Proprietary Fund Types	<u>1,318,019</u>	<u>1,561,499</u>
<u>Fiduciary Fund Types</u>		
<b>Trust Funds</b>		
Retirement Trust Fund	---	3,683
Total Trust Funds	---	<u>3,683</u>
Total Fiduciary Fund Types	---	<u>3,683</u>
Total Interfunds	\$ <u>6,107,605</u>	\$ <u>6,107,605</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 \$ 10,898

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

Reserved for 911 Emergency Communications \$ 480,799

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

Reserved for Community College \$ 847

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

**Fiduciary Funds**

Retirement Trust Fund \$ 154,900,467

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

Workers' Compensation Trust \$ 1,605,774

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

Prison Canteen/Resident \$ 36,108

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

### **Component Units**

Cambria Library Association \$ 353,937

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

Airport Authority \$ 19,488

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

Transit Authority \$ 1,018,938

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

Conservation and Recreation \$ 119

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

### **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, 2005:

Reserved for Loan Covenants	\$ 1,561,714
Reserved for Library	10,898
Reserved for Community College	<u>847</u>
Total Restricted Net Assets	\$ <u>1,573,459</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, 2005, was \$4,711 for the Central Park Complex Fund.

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").

**County Appropriations and Loan**

During the current fiscal year the County loaned the Authority \$200,000 for various cash needs of the Authority. The loan did not bear interest and was repaid subsequent to year end. Additionally, the County contributed \$60,000 to the Authority to reimburse capital and project expenditures.

**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, 2005</u>
Current Assets	\$ 1,437,444
Total Assets	15,877,907
Current Liabilities	2,065,839
Total Liabilities	9,822,936
Net Assets	6,045,971
Operating Revenues	744,091
Operating Expenses	1,073,501
Non-Operating Revenues	1,254,840
Non-Operating Expenses	330,149
Change in Net Assets	595,281

1

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 PA.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, 2005, 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, 2005 are classified in the accompanying financial statements as follows:

Statements of net assets:	
Cash and investments	\$ 7,822,380
Restricted cash and investments	2,194,339
Fiduciary funds:	
Cash and investments	150,440,876
Restricted cash and investments	<u>7,718,723</u>
Total Cash and Investments	<u>\$168,176,318</u>

Cash and investments as of December 31, 2005 consist of the following:

Cash on hand	\$ 31,360
Deposits with financial institutions	18,101,243
Investments	<u>150,043,715</u>
Total Cash and Investments	<u>\$ 168,176,318</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:

Type	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Asset-Backed	\$ -	\$ -	\$ 82,755	\$ 2,082,835
Bank	58,272	-	1,202,629	265,025
Finance	-	397,392	2,522,701	2,008,067
Industrial	507,978	455,799	1,062,246	3,013,403
FNMA	371,616	1,163,730	2,514,989	4,459,935
FHLMC	-	-	1,891,625	2,643,035
FHLMC Mortgage Pool	-	-	318,600	393,175
Miscellaneous	474,588	-	1,350,813	1,919,093
Other Mortgage Pool	-	-	-	2,330,848
Transportation	-	-	163,259	1,078,443
US Treasury Bond, Note, or Bill	1,453,886	1,985,514	666,615	6,678,869
US Agency	-	1,313,530	-	7,694,912
Communications Utility	-	-	301,199	1,137,528
Electric Utility	240,202	753,579	684,039	464,971
Gas Utility	160,453	-	-	-
Totals	<u>\$ 3,266,995</u>	<u>\$ 6,069,544</u>	<u>\$ 12,761,470</u>	<u>\$36,170,139</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:

<u>Type</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BAA</u>	<u>Not Rated</u>
Asset-Backed	\$ 1,910,820	\$ -	\$ -	\$ -	\$ 254,771
Bank	-	1,064,530	403,125	-	58,272
Finance	-	1,671,375	2,218,468	780,968	257,350
Industrial	836,030	786,193	1,634,908	1,782,294	-
FNMA	-	-	-	-	8,510,270
FHLMC	-	-	-	-	4,534,661
FHLMC Mortgage Pool	711,775	-	-	-	-
Miscellaneous	572,628	-	-	-	3,171,865
Other Mortgage Pool	559,736	-	-	-	1,771,112
Transportation	-	598,748	-	642,954	-
US Treasury Bond, Note, Bill	-	-	-	-	10,784,883
US Agency	9,008,441	-	-	-	-
Communications Utility	-	-	510,291	928,436	-
Electric Utility	774,561	-	-	1,368,230	-
Gas Utility	-	-	160,453	-	-
Totals	<u>\$ 14,373,991</u>	<u>\$ 4,120,846</u>	<u>\$ 4,927,245</u>	<u>\$ 5,502,882</u>	<u>\$29,343,184</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, 2005, 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	\$ 31,096,966
Municipal Obligations	574,995
Corporate Obligations	24,609,440
Stocks	46,098,410
Mutual Funds	28,078,837
Mutual Fund Small Cap	17,978,781
Workers Comp Investment	1,586,905
Temporary Investment - Cash	<u>6,137,031</u>
	<u>\$ 156,161,365</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:

<u>Country</u>	<u>Currency</u>	<u>Amount</u>
Brazil	Real	\$ 718,885
Canada	Dollars	410,791
France	Francs	1,055,384
Germany	Deutsche Marks	2,840,578
Hong Kong	Dollars	124,548
Italy	Lira	865,284
Japan	Yen	5,377,433
Mexico	Pesos	382,386
Netherlands	Guilders	2,687,624
New Zealand	Dollars	253,467
Portugal	Escudo	301,538
Singapore	Dollars	563,746
South Korea	Won	828,138
Spain	Pesetas	900,245
Switzerland	Francs	1,350,367
United Kingdom	Pounds	3,148,672
Venezuela	Bolivar	<u>34,961</u>
Total		<u>\$21,844,047</u>

## 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>\$9,826,993</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	\$ 434,977	\$ ---	\$ 434,977
General Fund:			
Cash held by the County reserved for loan covenants (1)	824,758	---	824,758
Capital Projects Fund:			
Cash held by the County reserved for loan covenants (1)	<u>736,956</u>	<u>---</u>	<u>736,956</u>
Total Governmental Activities	<u>\$ 1,996,691</u>	<u>\$ ---</u>	<u>\$ 1,996,691</u>
<b>Business-Type Activities:</b>			
Proprietary Fund:			
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>197,648</u>	\$ <u>---</u>	\$ <u>197,648</u>
Total Business-Type Activities	<u>\$ 197,648</u>	<u>\$ ---</u>	<u>\$ 197,648</u>

**Fiduciary Funds:**

## Trust Funds:

Amount established to provide for Pension contribution and offset by a reserve for balance for pension benefits	\$6,131,818	\$ ---	\$ 6,131,818
Amount established to provide source of funds for workers' compensation claims and offset by a reserve in fund balance for workers' compensation	---	<u>1,586,905</u>	<u>1,586,905</u>
Total Fiduciary Funds	<u>\$ 6,131,818</u>	<u>\$ 1,586,905</u>	<u>\$ 7,718,723</u>

(1) In February of 2006, subsequent to year end, the loans that the \$824,758 and the \$736,956 restriction relates to were refinanced. This event eliminated the restriction.

**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 2005 was 22.25 mills, of which 5 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 15.5 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 \$2,603,422, as stated on the Governmental Funds Balance Sheet, are actual legal claims of lien properties. The County has deferred \$2,028,771 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 2005 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>\$ 3,617,446</u>	<u>(\$ 1,014,024)</u>	<u>\$ 2,603,422</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, 2005. 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, 2005.

## NOTE 6 - FIXED ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance 12/31/04	Additions	Disposal	Balance 12/31/05
<b>Government activities:</b>				
Capital assets not being depreciated:				
Construction-in-progress	\$ 471,056	\$ 199,571	(\$ ---)	\$ 670,627
Total capital assets not being depreciated	<u>471,056</u>	<u>199,571</u>	( ---)	<u>670,627</u>
Other capital assets:				
Site improvements	2,618,765	---	( ---)	2,618,765
Building and permanent fixtures	47,961,914	396,344	( ---)	48,358,258
Office furniture and equipment	1,680,260	---	( 64,656)	1,615,604
General equipment	1,456,848	722	( 52,688)	1,404,882
Radio equipment	2,284,245	---	( ---)	2,284,245
Computer hardware and software	2,439,411	101,635	( 33,401)	2,507,645
Vehicles	<u>2,615,862</u>	<u>147,196</u>	<u>( 260,638)</u>	<u>2,502,420</u>
Total capital assets, at cost	<u>61,057,305</u>	<u>645,897</u>	<u>( 411,383)</u>	<u>61,291,819</u>
Less accumulated depreciation for:				
Site improvements	( 644,886)	( 66,415)	---	( 711,301)
Building and permanent fixtures	( 11,435,624)	(1,224,762)	---	(12,660,386)
Office furniture and equipment	( 1,262,336)	( 103,137)	57,597	( 1,307,876)
General equipment	( 945,261)	( 126,881)	37,783	( 1,034,359)
Radio equipment	( 2,236,518)	( 13,741)	---	( 2,250,259)

Computer hardware and software	( 1,653,570)	( 354,136)	29,823	( 1,977,883)
Vehicles	( 1,699,103)	( 209,485)	219,822	( 1,688,766)
Total accumulated depreciation	<u>(\$ 19,877,298)</u>	<u>( 2,098,557)</u>	<u>345,025</u>	<u>(21,630,830)</u>
Governmental activities capital assets, net	<u>\$ 41,651,063</u>	<u>(\$1,253,089)</u>	<u>(\$ 66,358)</u>	<u>\$ 40,331,616</u>

**Business-type activities:**

Capital assets not being depreciated:

Land	\$ 383,046	\$ ---	\$ ---	\$ 383,046
Construction-in-progress	<u>1,637,155</u>	<u>760,643</u>	<u>(1,637,155)</u>	<u>760,643</u>
Total capital assets not being depreciated	<u>2,020,201</u>	<u>760,643</u>	<u>(1,637,155)</u>	<u>1,143,689</u>

Other Capital assets:

Land improvements	443,477	111,717	---	555,194
Buildings and permanent fixtures	26,179,657	2,072,575	---	28,252,232
Machinery & equipment	<u>4,510,896</u>	<u>60,114</u>	<u>( 4,842)</u>	<u>4,566,168</u>
Total capital assets at cost	<u>31,134,030</u>	<u>2,244,406</u>	<u>( 4,842)</u>	<u>33,373,594</u>

Less accumulated depreciation for:

Land improvements	( 424,881)	( 10,530)	---	( 435,411)
Buildings and permanent fixtures	( 15,512,599)	( 714,895)	---	( 16,227,494)
Machinery & equipment	<u>( 3,700,250)</u>	<u>( 137,217)</u>	<u>4,709</u>	<u>( 3,832,758)</u>
Total accumulated depreciation	<u>( 19,637,730)</u>	<u>( 862,642)</u>	<u>4,709</u>	<u>( 20,495,663)</u>

Business-type activities capital assets, net	<u>\$ 13,516,501</u>	<u>\$2,142,407</u>	<u>(\$1,637,288)</u>	<u>\$ 14,021,620</u>
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**COMPONENT UNITS:**

Summaries of the component units' fixed assets as of December 31, 2005 follow:

	<u>Balance 12/31/04</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/05</u>
<b>Planning Commission:</b>				
Equipment	\$ 31,186	\$ 3,676	\$ ---	\$ 34,862
Equipment under capital lease	<u>3,461</u>	( <u>3,461</u> )	<u>---</u>	<u>---</u>
Total capital assets at cost	<u>34,647</u>	<u>215</u>	<u>---</u>	<u>34,862</u>
Less:				
Accumulated depreciation	( <u>32,994</u> )	( <u>1,193</u> )	<u>---</u>	( <u>34,187</u> )
Total capital assets, net	<u>\$ 1,653</u>	( <u>\$ 978</u> )	<u>\$ ---</u>	<u>\$ 675</u>
<b>Redevelopment Authority:</b>				
Furniture & equipment	\$ <u>29,011</u>	\$ <u>101</u>	( \$ <u>9,106</u> )	\$ <u>20,006</u>
Total capital assets at cost	<u>29,011</u>	<u>101</u>	( <u>9,106</u> )	<u>20,006</u>
Less:				
Accumulated depreciation	( <u>23,882</u> )	( <u>971</u> )	<u>8,889</u>	( <u>15,964</u> )
Total capital assets, net	<u>\$ 5,129</u>	<u>\$ (870)</u>	<u>\$ (217)</u>	<u>\$ 4,042</u>
<b>Library Association:</b>				
Books & audio visual	\$ 1,146,337	\$ 114,578	( \$ 31,716 )	\$ 1,229,199
Improvements	144,645	---	---	144,645
Furniture & equipment	46,611	1,293	---	47,904
Software	121,121	631	---	121,752
Computer equipment	350,526	4,718	---	355,244
Capital Leases	<u>42,597</u>	<u>---</u>	( <u>16,355</u> )	<u>26,242</u>
Total capital assets at cost	<u>1,851,837</u>	<u>121,220</u>	( <u>48,071</u> )	<u>1,924,986</u>
Less:				
Accumulated depreciation	( <u>1,082,527</u> )	( <u>104,332</u> )	<u>---</u>	( <u>1,186,859</u> )
Total capital assets, net	<u>\$ 769,310</u>	<u>\$ 16,888</u>	<u>\$ (48,071)</u>	<u>\$ 738,127</u>



**Municipal Airport Authority:**

Land	\$ 1,347,048	\$ ---	\$ ---	\$ 1,347,048
Construction-in-progress	2,938,318	2,587,013	(1,708,998)	3,816,333
Improvements	27,508,764	1,708,998	---	29,217,762
Building & improvements	3,506,167	160,000	---	3,666,167
Vehicles & equipment	<u>1,788,166</u>	<u>---</u>	<u>---</u>	<u>1,788,166</u>
Total capital assets at cost	<u>37,088,463</u>	<u>4,456,011</u>	<u>( 1,708,998)</u>	<u>39,835,476</u>
Less:				
Accumulated depreciation	( <u>21,576,004</u> )	( <u>1,995,883</u> )	<u>---</u>	( <u>23,571,887</u> )
Total capital assets, net	\$ <u>15,512,459</u>	\$ <u>2,460,128</u>	\$ ( <u>1,708,998</u> )	\$ <u>16,263,589</u>

**Transit Authority:**

Land – Inclined Plane	\$ 516,712	\$ ---	\$ ---	\$ 516,712
Right-of-ways	335,709	---	---	335,709
Passenger vehicles	9,738,412	334,236	---	10,072,648
Buildings & equipment- Inclined Plane	8,117,473	1,207,525	---	9,324,998
Buildings	8,511,354	301,463	(799,093)	8,013,724
Shop equipment	924,096	9,524	---	933,620
Office equipment	700,317	35,226	---	735,543
Miscellaneous equipment	563,189	5,089	---	568,278
Service equipment	542,437	3,255	---	545,692
Shelters, signs, & bus stops	499,319	6,734	---	506,053
Safety program	186,854	---	(1,040)	185,814
Penn fix program	<u>36,490</u>	<u>478</u>	<u>---</u>	<u>36,968</u>
Total capital assets at cost	<u>30,672,362</u>	<u>1,903,530</u>	<u>( 800,133)</u>	<u>31,775,759</u>
Less:				
Accumulated depreciation	( <u>14,549,412</u> )	( <u>1,620,564</u> )	<u>588,976</u>	( <u>15,581,000</u> )
Total capital assets, net	\$ <u>16,122,950</u>	\$ <u>282,966</u>	\$ <u>(211,157)</u>	\$ <u>16,194,759</u>

**Solid Waste Management Authority:**

Furniture & fixtures	\$ 19,098	\$ ---	\$ ---	\$ 19,098
Equipment	882,696	---	---	882,696
Improvements	<u>9,611</u>	<u>---</u>	<u>---</u>	<u>9,611</u>
Total capital assets at cost	<u>911,405</u>	<u>---</u>	<u>---</u>	<u>911,405</u>
Less:				
Accumulated depreciation	( <u>235,288</u> )	( <u>70,178</u> )	<u>---</u>	( <u>305,466</u> )
Total capital assets, net	\$ <u>676,117</u>	( \$ <u>70,178</u> )	\$ <u>---</u>	\$ <u>605,939</u>

**Conservation & Recreation Authority:**

Land	\$ 4,554,202	\$ ---	\$ ---	\$ 4,554,202
Equipment	<u>7,960</u>	<u>---</u>	<u>---</u>	<u>7,960</u>
Total capital assets at cost	<u>4,562,162</u>	<u>---</u>	<u>---</u>	<u>4,562,162</u>
Less:				
Accumulated depreciation	( <u>531</u> )	( <u>1,592</u> )	<u>---</u>	( <u>2,123</u> )
Total capital assets, net	\$ <u>4,561,631</u>	( \$ <u>1,592</u> )	<u>---</u>	\$ <u>4,560,039</u>

**Pennsylvania Highlands Community College:**

Equipment	\$ 2,348,070	\$ 336,713	\$ (75,470)	\$ 2,609,313
Signage	15,061	---	(15,061)	---
Leasehold improvements	33,083	17,276	---	50,359
Computer software	<u>617,631</u>	<u>---</u>	<u>---</u>	<u>617,631</u>
Total capital assets at cost	<u>3,013,845</u>	<u>353,989</u>	<u>(90,531)</u>	<u>3,277,303</u>
Less:				
Accumulated depreciation	( <u>1,813,493</u> )	( <u>488,171</u> )	<u>90,531</u>	( <u>2,211,133</u> )
Total capital assets, net	\$ <u>1,200,352</u>	\$ <u>(134,182)</u>	\$ <u>---</u>	\$ <u>1,066,170</u>

**Total Component Unit Capital Assets at December 31, 2005**\$39,433,340

## 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, 2006, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	655
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	85
Active Plan Members	<u>1,251</u>
	<u>1,991</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	4.5% (Including 3% Inflation)
No Postretirement Benefit Increases	

### Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2005, was determined as part of the January 1, 2005, actuarial valuation. The County's annual pension cost, annual required contribution and net pension obligation to the Cambria County Employee's Retirement System were \$579,165 for 2005. 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, 2003	\$ 11,704	100%	\$ ---
December 31, 2004	\$715,840	101%	\$ ---
December 31, 2005	\$534,896	108%	\$ ---

## **NOTE 8 - POSTEMPLOYMENT HEALTH CARE BENEFITS**

In addition to the pension benefits described in Note 6, the County provides post employment health care benefits in accordance with the requirements of the members' respective bargaining unit and in accordance with the requirements set forth by the Retirement Board of Cambria County. The post employment health care benefits apply to all employees who retire from the County and who qualify for either normal retirement or early retirement. The County reimburses the retiree for the cost incurred in connection with the Medicare Premium - Part B and all retirees are provided a \$5,000 life insurance policy.

Expenditures for post employment health care benefits were financed on a pay-as-you-go basis. Currently, 381 retirees and their spouses meet those eligibility requirements. During the year ended December 31, 2005, expenditures of \$1,993,318 were recognized for post employment health care.

## 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, 2005 are summarized as follows:

<u>Laurel Crest Manor Enterprise Fund</u>	<u>Long-Term Obligation</u>	<u>Total</u>
\$ <u>1,897,140</u>	\$ <u>872,845</u>	\$ <u>2,769,985</u>

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2005 and 2004:

<u>Year</u>	<u>January 1, Liability</u>	<u>Incurred Claims</u>	<u>Payments</u>	<u>December 31, Liability</u>
2005	\$ <u>2,768,828</u>	\$ <u>495,431</u>	\$ <u>494,274</u>	\$ <u>2,769,985</u>
2004	\$ <u>2,885,186</u>	\$ <u>375,176</u>	\$ <u>491,534</u>	\$ <u>2,768,828</u>

## **NOTE 10 - CAPITAL CONTRIBUTIONS**

### **Component Units**

Summaries of the component units' capital contributions as of December 31, 2005 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 studies 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 \$2,599,902 at December 31, 2005.

#### **Transit Authority**

Capital grant contributions from federal and state governments amounted to \$921,671 for the Transit Authority at December 31, 2005.

#### **Community College**

Capital contributions in the amount of \$84,886 were recognized for land that was donated to the College.

## NOTE 11 – LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2005, was as follows:

	<u>Balance 12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/05</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds and Notes Payable:					
1994 General Obligation Bonds (1)	\$ 5,300,000	\$ ---	(\$ 185,000)	\$5,115,000	\$ 195,000
1998 General Obligation Bonds	30,883,176	---	(977,731)	29,905,445	1,024,491
2000 General Obligation Notes (1)	8,025,207	---	(435,480)	7,589,727	349,677
Other Liabilities:					
Accrued Vacation	1,373,824	1,444,256	(1,373,824)	1,444,256	1,444,256
Accrued Sick Pay	533,650	14,884	---	548,534	20,440
Estimated Workers' Compensation Liability	<u>1,066,845</u>	<u>---</u>	<u>(194,000)</u>	<u>872,845</u>	<u>---</u>
Governmental Activities Long-term Liabilities	<u>\$47,182,702</u>	<u>\$1,459,140</u>	<u>(\$ 3,166,035)</u>	<u>\$45,475,807</u>	<u>\$3,033,864</u>
	<u>Balance 12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/05</u>	<u>Amounts Due Within One Year</u>
<b>Business-type Activities:</b>					
Bonds and Notes Payable:					
1998 General Obligation Bonds	\$ 5,441,825	\$ ---	(\$ 172,270)	\$ 5,269,555	\$ 185,509
Other Liabilities:					
Accrued Vacation Pay	848,722	882,549	(848,722)	882,549	882,549
Accrued Sick Pay	398,122	---	(10,362)	387,760	---
Estimated Workers' Compensation Liability	<u>1,701,983</u>	<u>195,157</u>	<u>---</u>	<u>1,897,140</u>	<u>---</u>
Business-type Activities Long-term Liabilities	<u>\$ 8,390,652</u>	<u>\$ 1,077,706</u>	<u>(\$ 1,031,354)</u>	<u>\$ 8,437,004</u>	<u>\$ 1,068,058</u>

## **Description of Debt**

Pertinent information regarding general obligation debt outstanding is presented below:

### **General Obligation Bonds, Series of 1994:**

The County issued \$37,385,000 in General Obligation Bonds in 1994 to advance refund the 1991 General Obligation Bond issue and refund the 1993A and 1993B General Obligation Notes and finance the costs of certain capital projects of the County. The 1991 General Obligation Bonds were originally incurred to purchase certain equipment of the County. The 1993B General Obligation note was originally incurred to renovate the War Memorial Building. The balance outstanding at December 31, 2005 amounted to \$5,115,000 (final maturity in 2022).

### **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 \$35,175,000 at December 31, 2005 (final maturity in 2023).

### **General Obligation Notes, Series of 2000**

The County issued \$9,500,000 in General Obligation Notes in 2000 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 \$7,589,727 (final maturity in 2030).

Interest rates on the above obligations range from 3.518% to 6.625% for the general obligation bonds and lease rental debt. The County has pledged its taxing power as security for general obligation and lease rental debt.

The principal amount outstanding relative to defeased debt at December 31, 2005, amounted to \$24,345,000.



### 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>1994 General Obligation Bonds</b>			
<u>Years Ending December 31:</u>			
2006	\$ 195,000	\$ 319,905	\$ 514,905
2007	205,000	308,449	513,449
2008	220,000	296,405	516,405
2009	230,000	283,480	513,480
2010	245,000	269,680	514,680
2011-2015	1,495,000	1,082,467	2,577,467
2016-2020	2,030,000	545,550	2,575,550
2021-2022	<u>495,000</u>	<u>30,960</u>	<u>525,960</u>
	<u>\$ 5,115,000</u>	<u>\$ 3,136,896</u>	<u>\$ 8,251,896</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>5,115,000</u>	<u>3,136,896</u>	<u>8,251,896</u>
	<u>\$ 5,115,000</u>	<u>\$ 3,136,896</u>	<u>\$ 8,251,896</u>
<b>1998 General Obligation Bonds</b>			
<u>Years Ending December 31:</u>			
2006	\$ 1,205,000	\$ 1,799,275	\$ 3,004,275
2007	1,255,000	1,746,255	3,001,255
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
2011-2015	---	6,524,150	6,524,150
2016-2020	11,910,000	3,988,175	15,898,175
2021-2023	<u>18,115,000</u>	<u>948,500</u>	<u>19,063,500</u>
	<u>\$ 35,175,000</u>	<u>\$ 19,881,215</u>	<u>\$ 55,056,215</u>
To be Retired by:			
Business-Type Activities	\$ 5,269,555	\$ 2,978,206	\$ 8,247,421
Governmental Activities	<u>29,905,445</u>	<u>16,903,009</u>	<u>46,808,794</u>
	<u>\$ 35,175,000</u>	<u>\$ 19,881,215</u>	<u>\$ 55,056,215</u>

	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
<b>2000 General Obligation Notes</b>			
<u>Years Ending December 31:</u>			
2006	\$ 349,677	\$ 363,913	\$ 713,590
2007	366,842	346,748	713,590
2008	384,849	328,740	713,589
2009	403,740	309,849	713,589
2010	423,560	290,030	713,590
2011-2015	2,450,853	1,117,095	3,567,948
2016-2019	<u>3,210,206</u>	<u>453,529</u>	<u>3,663,734</u>
	<u>\$ 7,589,727</u>	<u>\$ 3,209,904</u>	<u>\$ 10,799,630</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>7,589,727</u>	<u>3,209,903</u>	<u>10,799,630</u>
	<u>\$ 7,589,727</u>	<u>\$ 3,209,903</u>	<u>\$ 10,799,630</u>

(1) In February 2006, subsequent to year end, the series of 2000 \$9,500,000 General Obligation Notes were refinanced with a \$7,706,846 Revenue Notes of 2006. Additionally, the series of 1994 \$37,385,000 General Obligation Bonds were refinanced with a \$5,202,356 General Obligation Notes of 2006.

## **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.

#### 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.

2006	\$ 461,160
2007	483,283
2008	506,032
2009	530,811
2010	556,326
Thereafter	<u>10,470,432</u>
	<u>\$ 13,008,044</u>

In February and March 2006, subsequent to year end, the \$9,500,000 "Bank Qualified Tax Exempt Guaranteed Lease Revenue Note" and the \$2,000,000 "Taxable Guaranteed Lease Revenue Note" were refinanced with a \$9,128,264 Lease Revenue Note of 2006 A and a \$1,954,857 Lease Revenue Note of 2006 B.

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

### **Component Units**

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

##### **Guarantees of Indebtness**

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, 2005, was \$303,001.

## **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. This amounted to \$20,440 at December 31, 2005. 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 - LEGAL COMPLIANCE

For the year ended December 31, 2005, the following funds' expenditures exceeded appropriations by the following amounts:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 1,766,469
Hotel Tax	28,588
Foster Grandparents	48,735

Additional unbudgeted sources of 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, 2005.

<u>Fund</u>	<u>Amount</u>
Laurel Crest Manor Fund	\$ 3,604,041
911 Emergency Communications	480,799
Parks and Playground Fund	946,096

## 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>49,000</u>
Cambria Library Association	\$ <u>585,912</u>
Cambria County Municipal Airport Authority	\$ <u>197,280</u>
Cambria County Transit Authority	\$ <u>476,200</u>
Cambria County Solid Waste Management Authority	\$ <u>105,485</u>
Cambria County Conservation and Recreation Authority	\$ <u>65,000</u>
Pennsylvania Highlands Community College	\$ <u>896,711</u>

### **County Appropriations to Related Organizations:**

Cambria County Child Development Corp.	\$ <u>3,598,328</u>
Cambria County Industrial Development Authority	\$ <u>95,000</u>
Upper Yoder Township Authority	\$ <u>795,699</u>

### **Pennsylvania Highlands Community College**

During fiscal year ending June 30, 2005, the College incurred costs of \$123,806 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 Crest D.M.E. Fund) and building space for various human service agencies and third parties (Central Park Complex Fund). Segment information applicable to these Enterprise Funds as of and for the year ended December 31, 2005, is as follows:

	<u>Laurel Crest Manor Fund</u>	<u>Laurel Crest D.M.E.</u>	<u>Central Park Complex</u>	<u>Total</u>
Operating Revenues	\$ 29,976,953	\$ 219,684	\$ 877,482	\$ 31,074,119
Depreciation and Amortization Expense	654,253	---	218,691	872,944
Operating Income/(Loss)	2,406,331	53,434	10,240	2,470,005
Net Income (Loss)	2,309,992	53,434	(241,729)	2,121,697
Fixed Asset Additions	2,869,935	---	135,113	3,005,048
Fixed Asset Deletions	4,841	---	---	4,841
Total Assets	15,331,934	70,515	5,407,017	20,809,466
Capital Leases	12,313,866	---	---	12,835,726
Bonds	---	---	5,084,046	5,441,824
Total Net Assets/(Deficit)	(3,604,041)	53,434	---	(3,154,662)

The Laurel Crest Manor Fund reported a retained earnings deficit of \$3,956,589 at December 31, 2005.

## NOTE 20 - PRIOR PERIOD ADJUSTMENT

### Accrued Sick Leave

During the 2005 fiscal year, the County adopted a policy which allowed employees to be reimbursed for a portion of their accrued sick time upon retirement. Prior to this, any unused sick time was forfeited upon retirement. The net effect of this liability on prior year net assets is as follows:

Governmental Activities	\$ 533,650
Business-type Activities	<u>398,122</u>
	<u>\$ 931,772</u>

### Parks and Playground Fund

During the 2005 fiscal year, the County established a new fund to account for real estate tax millage dedicated to parks and playgrounds. As a result, expenditures from prior years related to parks and playgrounds were reclassified out of their respective funds. The net effect of reclassing these expenditures on Governmental Fund Balance is as follows:

General Fund	\$ 494,487
Capital Projects Fund	591,830
Parks and Playgrounds Fund	<u>(1,086,317)</u>
	<u>\$ ---</u>

## NOTE 21 - SUBSEQUENT EVENT

### Tax Anticipation Note

In January, 2006, the County issued a tax and revenue anticipation note of \$4,000,000. The note will be paid off in 2006.

### Senior Center Transactions

Subsequent to year end, the County entered into an agreement to pay off the balance of four mortgages for senior centers with the title of the building to be transferred to the County from Senior Activities Center of Cambria County, Inc. The buildings are located in South Fork, Johnstown, Northern Cambria and Ebensburg, Pennsylvania. The total balance on all four mortgages is \$1,010,496.



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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final	Amounts	
<b>Revenues</b>				
Real estate taxes	24,834,648	\$ 24,834,648	\$ 25,227,049	\$ 392,401
Charges for services	7,215,367	7,246,867	6,862,012	(384,855)
Interest and investment income	65,000	65,000	253,924	188,924
Intergovernmental revenues	5,660,919	5,930,546	6,153,431	222,885
Other	524,920	524,920	746,470	221,550
<b>Total Revenues</b>	<b>38,300,854</b>	<b>38,601,981</b>	<b>39,242,886</b>	<b>640,905</b>
<b>Expenditures</b>				
General government - Administrative	4,874,671	4,283,741	4,269,760	13,981
General government - Judicial	5,594,176	5,724,375	5,965,584	(241,209)
Public safety	8,730,331	9,206,346	9,872,860	(666,514)
Public works	808,614	812,814	837,811	(24,997)
Human services	4,491,500	4,552,711	4,862,860	(310,149)
Culture and recreation	687,215	733,557	589,143	144,414
Conservation and development	971,431	1,040,141	825,829	214,312
Employee benefits	5,145,918	5,145,918	3,964,270	1,181,648
Debt service	37,600	37,771	57,991	(20,220)
<b>Total Expenditures</b>	<b>31,341,456</b>	<b>31,537,374</b>	<b>31,246,108</b>	<b>291,266</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>6,959,398</b>	<b>7,064,607</b>	<b>7,996,778</b>	<b>932,171</b>
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	1,439,000	1,444,000	2,649,477	1,205,477
Operating transfers (out)	(8,398,398)	(8,508,607)	(10,566,339)	(2,057,732)
<b>Total Other Financing Sources/(Uses)</b>	<b>(6,959,398)</b>	<b>(7,064,607)</b>	<b>(7,916,862)</b>	<b>(852,255)</b>
<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>79,916</b>	<b>79,916</b>
<b>Fund Balances - Beginning of Year - adjusted</b>	<b>-</b>	<b>-</b>	<b>2,839,966</b>	<b>2,839,966</b>
<b>Fund Balances - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,919,882</b>	<b>\$ 2,919,882</b>

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, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
Revenues				
Intergovernmental revenues	\$ -	\$ 613,000	\$ 613,882	\$ 882
Charges for services	-	-	-	-
Interest and investment income	200	200	10,345	10,145
Other income	-	-	-	-
Total Revenues	200	613,200	624,227	11,027
Expenditures				
Capital Projects	750,000	1,363,000	462,567	900,433
Total Expenditures	750,000	1,363,000	462,567	900,433
(Deficiency)/Excess of Revenue Over/(Under)				
Expenditures	(749,800)	(749,800)	161,660	911,460
Other Financing Sources/(Uses)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	-	-	-	-
Excess of Revenues and Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	(749,800)	(749,800)	161,660	911,460
Fund Balance - Beginning of Year - adjusted	-	-	2,242,326	2,242,326
Fund Balance - End of Year	\$ (749,800)	\$ (749,800)	\$ 2,403,986	\$ 3,153,786

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COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - MH/MR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
Revenues				
Intergovernmental revenues	\$ 22,449,477	\$ 22,449,477	\$ 21,979,356	\$ 88,708
Charges for services	1,175,000	1,175,000	1,263,708	78,824
Interest and investment income	-	-	78,824	(470,121)
Other income	-	-	46,778	46,778
Total Revenues	23,624,477	23,624,477	23,368,666	(255,811)
Expenditures				
Human services	24,024,477	24,024,477	23,766,587	257,890
Total Expenditures	24,024,477	24,024,477	23,766,587	257,890
(Deficiency)/Excess of Revenue Over/(Under)				
Expenditures	(400,000)	(400,000)	(397,921)	2,079
Other Financing Sources/(Uses)				
Operating transfers in	400,000	400,000	397,921	(2,079)
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	400,000	400,000	397,921	(2,079)
Excess of Revenues and Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	-	-	-	-
Fund Balance - Beginning of Year - adjusted	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

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, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
Revenues				
Intergovernmental revenues	\$ 40,000	\$ 705,900	\$ 3,500	\$ (43,567)
Charges for services	1,579,520	1,579,520	1,535,953	14,375
Interest and investment income	2,000	2,000	16,375	(702,400)
Other income	12,713	12,713	18,013	5,300
Total Revenues	1,634,233	2,300,133	1,573,841	(726,292)
Expenditures				
Human services	2,198,021	2,863,921	2,169,727	694,194
Total Expenditures	2,198,021	2,863,921	2,169,727	694,194
(Deficiency)/Excess of Revenue Over/(Under)				
Expenditures	(563,788)	(563,788)	(595,886)	(32,098)
Other Financing Sources/(Uses)				
Operating transfers in	653,000	653,000	653,000	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	653,000	653,000	653,000	-
Excess of Revenues and Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	89,212	89,212	57,114	(32,098)
Fund Balance - Beginning of Year - adjusted	-	-	(537,913)	(537,913)
Fund Balance - End of Year	\$ 89,212	\$ 89,212	\$ (480,799)	\$ (570,011)

See Independent Auditor's Report

SUPPLEMENTARY  
INFORMATION

COUNTY OF CAMBRIA  
EMPLOYEE RETIREMENT PLAN -  
SUPPLEMENTARY INFORMATION  
ANALYSIS OF FUNDING  
FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2000	\$ ---	N/A
December 31, 2001	\$ ---	N/A
December 31, 2002	\$ ---	N/A
December 31, 2003	\$ 11,704	100%
December 31, 2004	\$ 715,840	101%
December 31, 2005	\$ 534,896	108%

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, 2005:

**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.

**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.

**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-site, 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, 2005

	Debt Service Fund	Hotel Tax Fund	Liquid Fuels Tax Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 28,195	\$ 16,449	\$ 396,073
Accounts receivable	-	55,093	-
Due from other governments	-	-	-
Prepaid expenses and other assets	-	-	-
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 28,195</u>	<u>\$ 71,542</u>	<u>\$ 396,073</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 147	\$ 71,190	\$ 71,334
Deferred revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	24,690	352	4
	<u>24,690</u>	<u>352</u>	<u>4</u>
Total Liabilities	<u>24,837</u>	<u>71,542</u>	<u>71,338</u>
Fund Balance			
Unreserved	3,358	-	324,735
	<u>3,358</u>	<u>-</u>	<u>324,735</u>
Total Fund Balance	<u>3,358</u>	<u>-</u>	<u>324,735</u>
Total Liabilities and Fund Balance	<u>\$ 28,195</u>	<u>\$ 71,542</u>	<u>\$ 396,073</u>

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COUNTY OF CAMBRIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	Children and Youth Fund	Domestic Relations Office Fund	Drug and Alcohol Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	14,489	\$ 554	\$ 17,779
Accounts receivable	-	-	-
Due from other governments	1,194,538	551,484	279,730
Prepaid expenses and other assets	13,758	-	-
Due from other funds	-	-	28,588
	<u>-</u>	<u>-</u>	<u>28,588</u>
Total Assets	<u>\$ 1,222,785</u>	<u>\$ 552,038</u>	<u>\$ 326,097</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable and accrued liabilities	951,591	\$ 66,391	\$ 326,097
Deferred revenues	-	-	-
Due to other governments	31,847	-	-
Due to other funds	239,347	485,647	-
	<u>239,347</u>	<u>485,647</u>	<u>-</u>
Total Liabilities	<u>1,222,785</u>	<u>552,038</u>	<u>326,097</u>
Fund Balance			
Unreserved	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,222,785</u>	<u>\$ 552,038</u>	<u>\$ 326,097</u>

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COUNTY OF CAMBRIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	Detention/ Shelter Fund	Juvenile Probation Fund	Jail/ Detention Fund	Parks & Playgrounds Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ 41,734	\$ -
Accounts receivable	-	-	2,401	-
Due from other governments	53,775	541,948	-	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	1,303	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 55,078</u>	<u>\$ 541,948</u>	<u>\$ 44,135</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 55,078	\$ 153,021	\$ 970	\$ -
Deferred revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	<u>          </u>	388,927	21,899	946,096
	<u>55,078</u>	<u>541,948</u>	<u>22,869</u>	<u>946,096</u>
Total Liabilities	<u>55,078</u>	<u>541,948</u>	<u>22,869</u>	<u>946,096</u>
Fund Balance				
Unreserved	<u>-</u>	<u>-</u>	21,266	(946,096)
	<u>-</u>	<u>-</u>	<u>21,266</u>	<u>(946,096)</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>21,266</u>	<u>(946,096)</u>
Total Liabilities and Fund Balance	<u>\$ 55,078</u>	<u>\$ 541,948</u>	<u>\$ 44,135</u>	<u>\$ -</u>

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COUNTY OF CAMBRIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	Area Agency on Aging Fund	Human Services Fund	Foster Grand- Parents Fund	Substance Abuse Fund
	<u>ASSETS</u>			
Cash and cash equivalents	\$ 27,943	\$ 78,360	\$ 203	\$ 124,792
Accounts receivable	-	-	-	5,917
Due from other governments	89,725	-	-	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	226,294	30,247	14,712	-
	<u>226,294</u>	<u>30,247</u>	<u>14,712</u>	<u>-</u>
Total Assets	<u>\$ 343,962</u>	<u>\$ 108,607</u>	<u>\$ 14,915</u>	<u>\$ 130,709</u>
	<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities				
Accounts payable and accrued liabilities	\$ 305,884	\$ 49,001	\$ 5,588	\$ 5,000
Deferred revenues	-	59,606	9,327	-
Due to other governments				
Due to other funds	38,078	-	-	-
	<u>38,078</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>343,962</u>	<u>108,607</u>	<u>14,915</u>	<u>5,000</u>
Fund Balance				
Unreserved	-	-	-	125,709
	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,709</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,709</u>
Total Liabilities and Fund Balance	<u>\$ 343,962</u>	<u>\$ 108,607</u>	<u>\$ 14,915</u>	<u>\$ 130,709</u>

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COUNTY OF CAMBRIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	<u>Farmland Preservation Fund</u>	<u>Driving Under the Influence Fund</u>	<u>Affordable Housing Fund</u>	<u>Register of Wills Automation Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,473	\$ 267,617	\$ 399,450	\$ 4,315
Accounts receivable	-	32,584	-	455
Due from other governments	806	-	12,177	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	19,994	21,749	-	-
	<u>24,273</u>	<u>321,950</u>	<u>411,627</u>	<u>4,770</u>
Total Assets	<u>\$ 24,273</u>	<u>\$ 321,950</u>	<u>\$ 411,627</u>	<u>\$ 4,770</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 2,206	\$ 24,276	\$ -	\$ 500
Deferred revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
	<u>2,206</u>	<u>24,276</u>	<u>-</u>	<u>500</u>
Total Liabilities	<u>2,206</u>	<u>24,276</u>	<u>-</u>	<u>500</u>
Fund Balance				
Unreserved	22,067	297,674	411,627	4,270
	<u>22,067</u>	<u>297,674</u>	<u>411,627</u>	<u>4,270</u>
Total Fund Balance	<u>22,067</u>	<u>297,674</u>	<u>411,627</u>	<u>4,270</u>
Total Liabilities and Fund Balance	<u>\$ 24,273</u>	<u>\$ 321,950</u>	<u>\$ 411,627</u>	<u>\$ 4,770</u>

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COUNTY OF CAMBRIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	Chesapeake Bay Fund	Dirt and Gravel Road Fund	Prothonotary Automation Fund	Clerk of Courts Automation Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ 53,467	\$ 44,762	\$ 40,973	\$ 10,258
Accounts receivable	-	-	-	-
Due from other governments	-	-	1,110	937
Prepaid expenses and other assets	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	<u>\$ 53,467</u>	<u>\$ 44,762</u>	<u>\$ 42,083</u>	<u>\$ 11,195</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 249	\$ -	\$ 315	\$ -
Deferred revenues	53,218	44,762	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>53,467</u>	<u>44,762</u>	<u>315</u>	<u>-</u>
Fund Balance				
Unreserved	-	-	41,768	11,195
Total Fund Balance	<u>-</u>	<u>-</u>	<u>41,768</u>	<u>11,195</u>
Total Liabilities and Fund Balance	<u>\$ 53,467</u>	<u>\$ 44,762</u>	<u>\$ 42,083</u>	<u>\$ 11,195</u>

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COUNTY OF CAMBRIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	County Records Improvement Fund	HMER Fund	SHARP Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 242,240	\$ 78,646	\$ 14,949	\$ 1,906,721
Accounts receivable	-	-	-	96,450
Due from other governments	8,030	10,264	-	2,744,524
Prepaid expenses and other assets	-	-	-	13,758
Due from other funds	20,077	-	-	362,964
Total Assets	<u>\$ 270,347</u>	<u>\$ 88,910</u>	<u>\$ 14,949</u>	<u>\$ 5,124,417</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 9,450	\$ 9,313	\$ -	\$ 2,107,601
Deferred revenues	-	-	-	166,913
Due to other governments	-	-	-	31,847
Due to other funds	-	-	-	2,145,040
Total Liabilities	<u>9,450</u>	<u>9,313</u>	<u>-</u>	<u>4,451,401</u>
Fund Balance				
Unreserved	<u>260,897</u>	<u>79,597</u>	<u>14,949</u>	<u>673,016</u>
Total Fund Balance	<u>260,897</u>	<u>79,597</u>	<u>14,949</u>	<u>673,016</u>
Total Liabilities and Fund Balance	<u>\$ 270,347</u>	<u>\$ 88,910</u>	<u>\$ 14,949</u>	<u>\$ 5,124,417</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, 2005

	Debt Service Fund	Hotel Tax Fund	Liquid Fuels Tax Fund
Revenues			
Intergovernmental revenues	\$ -	\$ -	\$ 858,130
Charges for services	-	-	-
Interest and investment income	1,715	419	8,424
Other income	-	308,364	15,264
Total Revenues	1,715	308,783	881,818
Expenditures			
Human services	-	-	-
General government - Judicial	-	-	-
Public works	-	-	765,935
Emergency communication services	-	-	-
Debt service	3,792,787	-	-
Conservation and development	-	302,607	-
Total Expenditures	3,792,787	302,607	765,935
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(3,791,072)	6,176	115,883
Other Financing Sources/(Uses)			
Operating transfers in	5,161,704	-	-
Operating transfers (out)	(795,699)	(6,176)	-
Total Other Financing Sources/ (Uses)	4,366,005	(6,176)	-
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	574,933	-	115,883
Fund Balance - Beginning of Year	(571,575)	-	208,852
Prior Period Adjustment (Note 20)	-	-	-
Fund Balance - Beginning of Year, as restated	(571,575)	-	208,852
Fund Balance - End of Year	\$ 3,358	\$ -	\$ 324,735

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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, 2005

	Children and Youth Fund	Domestic Relations Office Fund	Drug and Alcohol Fund
<b>Revenues</b>			
Intergovernmental revenues	\$ 8,367,799	\$ 1,369,199	\$ 1,888,268
Charges for services	159,736	38,629	-
Interest and investment income	186	721	4,745
Other income	-	-	279,323
<b>Total Revenues</b>	<u>8,527,721</u>	<u>1,408,549</u>	<u>2,172,336</u>
<b>Expenditures</b>			
Human services	9,592,755	-	2,212,336
General government - Judicial	-	2,013,054	-
Public works	-	-	-
Emergency communication services	0	-	-
Debt service	-	-	-
Conservation and development	-	-	-
<b>Total Expenditures</b>	<u>9,592,755</u>	<u>2,013,054</u>	<u>2,212,336</u>
(Deficiency)/Excess of Revenue (Under) Expenditures	<u>(1,065,034)</u>	<u>(604,505)</u>	<u>(40,000)</u>
<b>Other Financing Sources/(Uses)</b>			
Operating transfers in	1,065,034	604,505	40,000
Operating transfers (out)	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<u>1,065,034</u>	<u>604,505</u>	<u>40,000</u>
(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of Year, as originally stated	-	-	-
Prior Period Adjustment (Note 20)	-	-	-
Fund Balance - Beginning of Year, as restated	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ -</u></u>	<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, 2005

	Detention/ Shelter Fund	Juvenile Probation Fund	Jail/ Detention Fund	Parks & Playgrounds Fund
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 1,232,612	\$ -	-
Charges for services	1,079,318	-	-	-
Interest and investment income	-	-	960	-
Other income	500	1,267,441	26,005	-
<b>Total Revenues</b>	<b>1,079,818</b>	<b>2,500,053</b>	<b>26,965</b>	<b>-</b>
<b>Expenditures</b>				
Human services	1,346,264	3,208,930	31,156	-
General government - Judicial	-	-	-	-
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	390,083
<b>Total Expenditures</b>	<b>1,346,264</b>	<b>3,208,930</b>	<b>31,156</b>	<b>390,083</b>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(266,446)	(708,877)	(4,191)	(390,083)
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	266,446	708,877	-	530,304
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>266,446</b>	<b>708,877</b>	<b>-</b>	<b>530,304</b>
<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>(4,191)</b>	<b>140,221</b>
<b>Fund Balance - Beginning of Year, as originally stated</b>	<b>-</b>	<b>-</b>	<b>25,457</b>	<b>-</b>
Prior Period Adjustment (Note 20)	-	-	-	(1,086,317)
<b>Fund Balance - Beginning of Year, as restated</b>	<b>-</b>	<b>-</b>	<b>25,457</b>	<b>(1,086,317)</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,266</b>	<b>\$ (946,096)</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, 2005

	Area Agency on Aging Fund	Human Services Fund	Foster Grand- Parent Fund	Substance Abuse Fund
Revenues				
Intergovernmental revenues	\$ 4,471,684	\$ 659,667	\$ 401,000	\$ -
Charges for services	508,350	-	-	-
Interest and investment income	6,458	1,790	1,552	2,985
Other income	54,271	-	296,183	77,865
Total Revenues	5,040,763	661,457	698,735	80,850
Expenditures				
Human services	5,655,590	718,794	698,735	-
General government - Judicial	-	-	-	56,703
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	-
Total Expenditures	5,655,590	718,794	698,735	56,703
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(614,827)	(57,337)	-	24,147
Other Financing Sources/(Uses)				
Operating transfers in	614,827	57,337	-	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	614,827	57,337	-	-
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	-	24,147
Fund Balance - Beginning of Year, as originally stated	-	-	-	101,562
Prior Period Adjustment (Note 20)	-	-	-	-
Fund Balance - Beginning of Year, as restated	-	-	-	101,562
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ 125,709

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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, 2005

	Farmland Preservation Fund	Driving Under the Influence Fund	Affordable Housing Fund	Register of Wills Automation Fund
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	142	8,482	12,097	175
Other income	1,409	360,223	155,636	8,030
<b>Total Revenues</b>	<b>1,551</b>	<b>368,705</b>	<b>167,733</b>	<b>8,205</b>
<b>Expenditures</b>				
Human services	-	-	-	-
General government - Judicial	-	250,596	-	8,375
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	6,279	-	429,442	-
<b>Total Expenditures</b>	<b>6,279</b>	<b>250,596</b>	<b>429,442</b>	<b>8,375</b>
<b>Excess of Revenue Over/(Under) Expenditures</b>	<b>(4,728)</b>	<b>118,109</b>	<b>(261,709)</b>	<b>(170)</b>
<b>Other Financing Sources/(Uses)</b>				
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>
<b>(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<b>15,272</b>	<b>68,109</b>	<b>(261,709)</b>	<b>(170)</b>
<b>Fund Balance - Beginning of Year, as originally stated</b>	<b>6,795</b>	<b>229,565</b>	<b>673,336</b>	<b>4,440</b>
<b>Prior Period Adjustment (Note 20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Beginning of Year, as restated</b>	<b>6,795</b>	<b>229,565</b>	<b>673,336</b>	<b>4,440</b>
 <b>Fund Balance - End of Year</b>	 <b>\$ 22,067</b>	 <b>\$ 297,674</b>	 <b>\$ 411,627</b>	 <b>\$ 4,270</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, 2005

	Chesapeake Bay Fund	Dirt and Gravel Road Fund	Prothonotary Automation Fund	Clerk of Courts Automation Fund
Revenues				
Intergovernmental revenues	\$ 8,330	\$ 24,128	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	1,016	1,363	1,072	322
Other income	-	-	13,980	9,162
Total Revenues	<u>9,346</u>	<u>25,491</u>	<u>15,052</u>	<u>9,484</u>
Expenditures				
Human services	-	25,491	-	-
General government - Judicial	-	-	3,780	9,530
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	9,346	-	-	-
Total Expenditures	<u>9,346</u>	<u>25,491</u>	<u>3,780</u>	<u>9,530</u>
Excess of Revenue Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>11,272</u>	<u>(46)</u>
Other Financing Sources/(Uses)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>11,272</u>	<u>(46)</u>
Fund Balance - Beginning of Year, as originally stated	-	-	30,496	11,241
Prior Period Adjustment (Note 20)	-	-	-	-
Fund Balance - Beginning of Year, as restated	<u>-</u>	<u>-</u>	<u>30,496</u>	<u>11,241</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,768</u>	<u>\$ 11,195</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, 2005

	County Records Improvement Fund	HMER Fund	SHARP Fund	Total
Revenues				
Intergovernmental revenues	\$ 15,554	\$ 25,064	\$ -	\$ 19,321,435
Charges for services	124,588	17,125	-	1,927,746
Interest and investment income	7,820	1,985	440	64,869
Other income	-	-	1,781	2,875,437
Total Revenues	147,962	44,174	2,221	24,189,487
Expenditures				
Human services	149,867	35,833	1,205	23,676,956
General government - Judicial	-	-	-	2,342,038
Public works	-	-	-	765,935
Emergency communication services	-	-	-	-
Debt service	-	-	-	3,792,787
Conservation and development	-	-	-	1,137,757
Total Expenditures	149,867	35,833	1,205	31,715,473
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(1,905)	8,341	1,016	(7,525,986)
Other Financing Sources/(Uses)				
Operating transfers in	-	-	-	9,069,034
Operating transfers (out)	-	-	-	(851,875)
Total Other Financing Sources/ (Uses)	-	-	-	8,217,159
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,905)	8,341	1,016	691,173
Fund Balance - Beginning of Year, as originally stated	262,802	71,256	13,933	1,068,160
Prior Period Adjustment (Note 20)	-	-	-	(1,086,317)
Fund Balance - Beginning of Year, as restated	262,802	71,256	13,933	(18,157)
Fund Balance - End of Year	\$ 260,897	\$ 79,597	\$ 14,949	673,016

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COUNTY OF CAMBRIA  
COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS  
DECEMBER 31, 2005

	Planning Commission	Redevelopment Authority	Library Association
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 27,953	\$ 487,351	\$ 495,381
Restricted cash	-	-	-
Investments	-	-	230,391
Restricted investments	-	-	353,937
Accounts receivable	78,450	-	31,202
Due from other governments	-	358,644	-
Inventory	-	-	-
Prepaid expenses and other assets	1,091	206,000	40,372
Total current assets	<u>107,494</u>	<u>1,051,995</u>	<u>1,151,283</u>
<b>Non-current assets</b>			
Fixed assets (net of accumulated depreciation)	675	4,042	738,127
Total non-current assets	<u>675</u>	<u>4,042</u>	<u>738,127</u>
Total Assets	<u>\$ 108,169</u>	<u>\$ 1,056,037</u>	<u>\$ 1,889,410</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 57,125	\$ 793,039	\$ 70,325
Deferred revenue	-	206,000	115,845
Due to other governments	-	2,518	-
Notes payable	-	-	-
Obligation under capital lease	-	-	5,001
Total current liabilities	<u>57,125</u>	<u>1,001,557</u>	<u>191,171</u>
<b>Non-current liabilities</b>			
Due to other governments	-	-	-
Notes payable	-	-	-
Obligation under capital lease	-	-	17,135
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>17,135</u>
Total Liabilities	<u>57,125</u>	<u>1,001,557</u>	<u>208,306</u>
<b>NET ASSETS</b>			
Investment in fixed assets, net of related debt	675	4,042	715,991
Restricted	-	-	353,937
Unrestricted	50,369	50,438	611,176
Total Net Assets	<u>51,044</u>	<u>54,480</u>	<u>1,681,104</u>
Total Liabilities and Net Assets	<u>\$ 108,169</u>	<u>\$ 1,056,037</u>	<u>\$ 1,889,410</u>

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Municipal Airport Authority	Transit Authority	Solid Waste Management Authority	Conservation and Recreation Authority	Community College	Totals
\$ 682,199	\$ 1,419,838	\$ 140,548	\$ 365,500	\$ 835,299	\$ 4,454,069
43,363	-	-	-	-	43,363
-	-	-	-	-	230,391
-	-	-	-	-	353,937
300,478	141,835	9,712	28,047	422,279	1,012,003
-	42,431	88,505	371,071	307,446	1,168,097
-	385,404	-	-	126,650	512,054
-	187,077	33	-	92,308	526,881
<u>1,026,040</u>	<u>2,176,585</u>	<u>238,798</u>	<u>764,618</u>	<u>1,783,982</u>	<u>8,300,795</u>
 16,263,589	 16,194,759	 605,939	 4,560,039	 1,066,170	 39,433,340
<u>16,263,589</u>	<u>16,194,759</u>	<u>605,939</u>	<u>4,560,039</u>	<u>1,066,170</u>	<u>39,433,340</u>
 \$ 17,289,629	 \$ 18,371,344	 \$ 844,737	 \$ 5,324,657	 \$ 2,850,152	 \$ 47,734,135
<u>\$ 17,289,629</u>	<u>\$ 18,371,344</u>	<u>\$ 844,737</u>	<u>\$ 5,324,657</u>	<u>\$ 2,850,152</u>	<u>\$ 47,734,135</u>
 \$ 289,708	 \$ 406,616	 \$ 17,958	 \$ 399,341	 \$ 560,641	 \$ 2,594,753
-	250,090	-	281,308	149,913	1,003,156
-	-	-	-	234,621	237,139
223,801	-	-	-	-	223,801
-	-	-	-	161,377	166,378
<u>513,509</u>	<u>656,706</u>	<u>17,958</u>	<u>680,649</u>	<u>1,106,552</u>	<u>4,225,227</u>
 -	 -	 -	 -	 -	 -
962,251	-	-	32,400	-	994,651
-	-	-	-	324,649	341,784
<u>962,251</u>	<u>-</u>	<u>-</u>	<u>32,400</u>	<u>324,649</u>	<u>1,336,435</u>
 1,475,760	 656,706	 17,958	 713,049	 1,431,201	 5,561,662
<u>1,475,760</u>	<u>656,706</u>	<u>17,958</u>	<u>713,049</u>	<u>1,431,201</u>	<u>5,561,662</u>
 15,077,537	 16,194,759	 605,939	 4,527,639	 580,144	 37,706,726
19,488	1,018,938	-	119	-	1,392,482
716,844	500,941	220,840	83,850	838,807	3,073,265
<u>15,813,869</u>	<u>17,714,638</u>	<u>826,779</u>	<u>4,611,608</u>	<u>1,418,951</u>	<u>42,172,473</u>
 \$ 17,289,629	 \$ 18,371,344	 \$ 844,737	 \$ 5,324,657	 \$ 2,850,152	 \$ 47,734,135
<u>\$ 17,289,629</u>	<u>\$ 18,371,344</u>	<u>\$ 844,737</u>	<u>\$ 5,324,657</u>	<u>\$ 2,850,152</u>	<u>\$ 47,734,135</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, 2005

	Redevelopment Authority	Library Association	Conservation and Recreation Authority	Total
Revenues:				
Intergovernmental revenues	\$ 1,553,768	\$ 1,000,049	\$ 1,984,773	\$ 4,538,590
County appropriations	-	585,912	65,000	650,912
Charges for services	353,396	70,640	-	424,036
Interest and investment income	-	31,114	2,695	33,809
Endowment fund contributions	-	-	-	-
Realized (loss) on investments	-	(3,734)	-	(3,734)
Unrealized (loss) on investments	-	6,851	-	6,851
Other	19,820	76,030	64,892	160,742
Total Revenues	1,926,984	1,766,862	2,117,360	5,811,206
Expenditures:				
Conservation and development	1,957,735	-	2,115,996	4,073,731
Culture and recreation	-	1,726,197	-	1,726,197
Total Expenditures	1,957,735	1,726,197	2,115,996	5,799,928
Change in Net Assets	(30,751)	40,665	1,364	11,278
Capital Contributions	-	-	-	-
Net Assets - Beginning of Year	85,231	1,640,439	4,610,244	6,335,914
Net Assets - End of Year	\$ 54,480	\$ 1,681,104	\$ 4,611,608	\$ 6,347,192

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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, 2005

	Planning Commission	Municipal Airport Authority	Transit Authority
<b>Operating Revenues:</b>			
Charges for services	\$ 269,677	\$ 381,940	\$ 867,524
Intergovernmental revenues	-	-	508,634
Other	906	1,291	331,464
Total Operating Revenues	270,583	383,231	1,707,622
<b>Operating Expenses:</b>			
Public works	330,216	646,381	7,278,546
Education and general	-	-	-
Depreciation	1,190	1,995,883	1,620,564
Total Operating Expenses	331,406	2,642,264	8,899,110
Operating (Loss)	(60,823)	(2,259,033)	(7,191,488)
<b>Non-Operating Revenues/(Expenses):</b>			
Investment income	54	5,668	14,101
Gain/(loss) on sale of assets	-	730	(211,157)
Federal appropriations	-	-	1,555,348
State appropriations	-	-	3,525,275
County appropriations	49,000	197,280	476,200
Other non-operating revenue	-	47,510	-
Interest expense	(10)	(19,650)	-
Total Non-Operating Revenues/ (Expenses)	49,044	231,538	5,359,767
Change in Net Assets	(11,779)	(2,027,495)	(1,831,721)
Capital contributions	-	2,599,902	921,671
Net Assets Beginning of Year	62,823	15,241,462	18,624,688
Net Assets - End of Year	\$ 51,044	\$ 15,813,869	\$ 17,714,638

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Solid Waste Management Authority	Community College	Total
\$ 72	\$ 2,818,011	\$ 4,337,224
200,000	4,586,285	5,294,919
9,110	-	342,771
<u>209,182</u>	<u>7,404,296</u>	<u>9,974,914</u>
323,426	-	8,578,569
-	10,467,000	10,467,000
70,178	488,167	4,175,982
<u>393,604</u>	<u>10,955,167</u>	<u>23,221,551</u>
<u>(184,422)</u>	<u>(3,550,871)</u>	<u>(13,246,637)</u>
1,122	-	20,945
-	-	(210,427)
-	-	1,555,348
-	2,775,247	6,300,522
105,485	896,711	1,724,676
-	27,648	75,158
-	(17,434)	(37,094)
<u>106,607</u>	<u>3,682,172</u>	<u>9,429,128</u>
(77,815)	131,301	(3,817,509)
(17,303)	84,886	3,589,156
<u>921,897</u>	<u>1,202,764</u>	<u>36,053,634</u>
<u>\$ 826,779</u>	<u>\$ 1,418,951</u>	<u>\$ 35,825,281</u>