



Wambra County

Basic Financial Statements

December 31, 2006

COUNTY OF CAMBRIA
EBENSBURG, PENNSYLVANIA

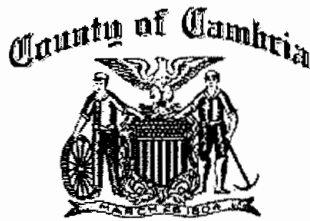
Basic Financial Statements

December 31, 2006

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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, 2006. 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 \$1.91 million, which was a decrease of \$1.01 million from 2005.
- The General Fund unreserved, unrestricted fund balance/(deficit) was \$1.21 million, a increase of \$391,113 from 2005.
- Government-wide net assets (assets minus liabilities) at the end of the year were \$18.3 million, an increase of \$8.4 million from 2005.
- The outstanding bonds payable was \$33.97 million, a decrease of \$6.32 million from 2005. The balance of outstanding notes and loans payable was \$12.58 million, an increase of \$4.99 million from 2005. The outstanding balance of obligations under capital leases was \$12.68 million, a decrease of \$0.33 million from 2005.
- For calendar year 2006, the County's real property tax rate remained at 22.25 mills.

OVERVIEW OF THE FINANCIAL REPORT

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

Government-wide Financial Statements

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

Governmental and business-type activities are reported in separate columns which add to a total for the Primary Government. The government-wide financial statements also include segregated information for entities known as Component Units. Component Units are legally separate units for which the County has financial accountability. Cambria County has 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 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, Hazardous Materials Emergency Response Account (HMER), Parks & Playgrounds, and Special Hazardous Assistance Response Team (SHARP).

Proprietary Funds:

Proprietary funds (Enterprise Funds) are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Cambria County maintains 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, 2006 and 2005.

Cambria County Primary Government Summary of Net Assets December 31, 2006 and 2005						
		Governmental Activities		Business-type Activities		Total
		2006	2005	2006	2005	
Assets:						
	Current Assets	\$18,627,832	\$16,048,125	\$6,892,369	\$5,097,768	\$25,520,201
	Non-current Assets	53,164,998	40,331,616	20,001,074	14,150,199	73,312,780
	Total Assets	71,939,538	56,379,741	26,893,443	19,247,967	98,832,981
Liabilities:						
	Current Liabilities	15,763,687	12,231,686	4,336,487	3,115,762	20,100,174
	Non-current Liabilities	41,332,742	42,674,962	19,104,301	19,682,812	60,437,043
	Total Liabilities	57,096,429	54,906,648	23,440,788	22,798,574	80,537,217
Net Assets:						
	Investments in Capital Assets, Net Of related Debt	10,963,838	(3,226,569)	2,469,586	(3,873,007)	13,433,424
	Unrestricted	3,855,320	3,126,203	983,069	322,400	4,838,389
	Restricted	23,951	1,573,459			23,951
	Total Net Assets	\$14,843,109	\$1,473,093	\$3,452,655	\$(3,550,607)	\$9,700,222

Total net assets: Net assets of the County's governmental activities were \$14.84 million, an increase of \$13.30 million from 2005. Of this amount, \$11.0 million represents investments in capital assets, net of related debt. The unrestricted net asset balance as of the end of the year was \$3,855,320, which represents an increase of \$0.73 million or 23.3% from 2005. The restricted net asset balance was \$23,951 a decrease of \$1.55 million from the prior year. The restrictions include a reserve for the Library for \$17,241 and a reserve for the Community College for \$6,710. The reduction in the restricted net assets is the result of a refinancing of general obligation notes and capital leases during 2006 that eliminated a reserve requirement in the financings.

Net assets of the County's business-type activities were \$3.45 million, an increase of \$7.00 million from 2005. The increase is the result of a \$7.03 increase in net assets in the operation of Laurel Crest for 2006. Of the total net assets, \$2.47 million represents investments in capital assets, net of related debt. The unrestricted net asset balance at year-end was \$983,069.

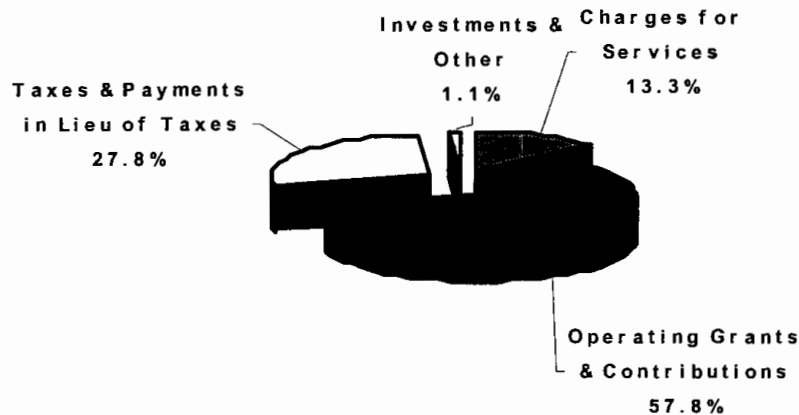
Government-wide Statement of Activities

The table below summarizes the changes of net assets for the primary government for the period ended December 31, 2006 and 2005:

Cambria County Primary Government Summary of Changes in Net Assets For the Years Ended December 31, 2006 and 2005						
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$12,466,936	\$11,647,355	\$31,290,898	\$31,074,119	\$43,757,834	\$42,721,474
Operating Grants & Contributions	54,193,138	50,283,445			54,193,138	50,283,445
Capital Grants & Contributions		350,884				350,884
General Revenues:						
Taxes & Payments in Lieu of Taxes	26,055,926	25,775,571			26,055,926	25,775,571
(Loss)/Gain from Sale of Assets	(90,450)	(64,934)			(90,450)	(64,934)
Unrestricted Investment Earnings	907,449	424,337	171,503	36,759	1,078,952	461,096
Other Revenues	217,243	156,595	6,132,968	512,266	6,350,211	668,861
Total Revenues	93,750,242	88,573,253	37,595,369	31,623,144	131,345,611	120,196,397
Expenses:						
General Government-Administrative	4,558,041	4,077,580			4,558,041	4,077,580
General Government-Judicial	8,425,820	8,294,572			8,425,820	8,294,572
Public Safety	9,195,155	9,766,553			9,195,155	9,766,553
Public Works	539,734	824,781			1,900,774	824,781
Human Services	50,442,599	51,062,728			50,442,599	43,639,700
Culture and Recreation	25,064	8,462			25,064	8,462
Conservation and Development	1,610,676	1,850,340			1,610,676	1,850,340
Emergency Communications Services	2,201,933	2,167,558			2,201,933	9,590,586
Employee Benefits	4,518,852	3,770,270			4,518,852	3,770,270
Debt Service	2,246,185	2,224,105			2,246,185	2,224,105
Unallocated Depreciation	2,482,680	2,098,558			2,482,680	2,098,558
Laurel Crest Manor			29,484,479	28,193,840	29,484,479	28,193,840
Laurel Crest D.M.E.			154,839	166,250	154,839	166,250
Central Park Complex			1,152,848	1,141,357	1,152,848	1,141,357
Total Expenses	86,246,739	86,145,507	30,792,166	29,501,447	117,038,905	115,646,954
Changes in Net Assets Transfers and						
Capital Contributions	7,503,503	2,427,746	6,803,203	2,121,697	14,306,706	4,549,443
Transfers in/(out) Primary Government	(200,059)	1,351,218	200,059	(1,351,218)		
Transfers in/(out) Component Units	(2,392,659)	(2,375,588)			(2,392,659)	(2,375,588)
Capital Contributions						
Change in Net Assets	4,910,785	1,403,376	7,003,262	770,479	11,914,047	2,173,855
Net Assets – Beginning of Year, restated	9,932,324	69,716	(3,550,607)	(4,321,086)	6,381,717	(4,251,370)
Net Assets – End of Year	\$14,843,109	\$1,473,093	\$3,452,655	\$(3,550,607)	\$18,295,764	\$(2,077,514)

Governmental activities revenues: Revenues for Cambria County's governmental activities were \$93.75 million for the year ended December 31, 2006, a increase of 5.8% from 2005. The following pie chart reflects the sources of those revenues by percent:

**Revenues by Source - Governmental Activities
For the Year Ended December 31, 2006**



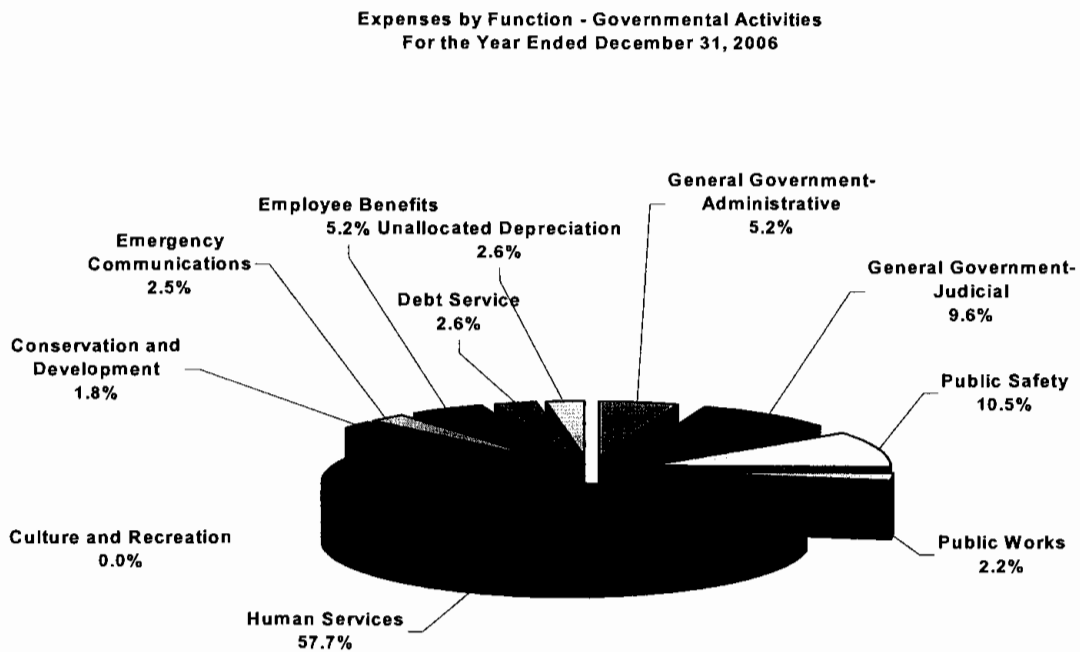
The largest source of governmental activities revenue is operating grants and contributions amounting to \$54.2 million or 57.8%. The Human Services agencies, including Mental Health/Mental Retardation, Children & Youth Services, Drug and Alcohol, Area Agency on Aging, Foster Grandparents, and Human Services receive the largest portion of operating grants and contributions at \$37.9 million or 70.0% of those revenues. For the most part, Human Services operating grants fund mandated services, which usually require that general fund revenue be used to fund a portion of the costs.

Taxes and payments in lieu of taxes provide the next largest source of governmental activities revenue at \$26.1 million or 27.8%. For 2006, the real estate tax rate remained at 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 \$25.6 million in governmental activities revenue in 2006. 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 2006, the hotel tax receipts amounted to \$326,512. Cambria County also receives payments in lieu of taxes from various sources. The County received \$124,416 in payments in lieu of taxes in 2006.

Charges for services amounted to 13.3% or \$12.5 million of governmental activities funding sources. Charges for services include fees, fines, licenses, permits, 9-1-1 line charges, and housing revenues at the prison and the detention/shelter facility.

Investment earnings, loss from the sale of assets, and other revenues amounted to \$1,034,242 or 1.1% of governmental activities revenue.

Governmental activities expenses: Expenses for Cambria County’s governmental activities were \$87.4 million for the year ended December 31, 2006. 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 57.7% or \$50.4 million for 2006.

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 \$8.4 million or 9.6% in 2006.

Public Safety includes Emergency Management, HEMERA, SHARP, Prison, Adult Probation, Juvenile Probation, and Detention/Shelter. Expenses in 2006 were 10.5% or \$9.8 million.

Employee Benefits were \$4.5 million or 5.2% of governmental activities expenses. This includes hospitalization, dental coverage, workers' compensation, life insurance, employer taxes, and unemployment.

General Government-Administrative expenses reflect costs associated with the administration of Cambria County government. These expenses were \$4.6 million or 5.2%.

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 \$5.8 million or 6.6% 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, 2006, the General Fund reported a fund balance of \$1.9 million, which was a decrease of \$1.0 million or 34.7% from the prior year's fund balance of \$2.9 million. For 2006, revenues and other financing sources fell behind expenditures and other financing uses by \$1.0 million.

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 2006 was \$1.6 million. This was a decrease of \$850,994 or 35.4% from December 31, 2005. During 2006, capital projects funded with grants, general fund and loan proceeds were the acquisition of four Senior Activities Centers, Act 57 energy savings project, North Central Recreation Center, 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 increased to \$24.8 million from \$23.4 million in 2005, an increase of \$1.4 million or 6.2%.

The 911 Emergency Communication Fund reported a fund balance of \$(670,156) on December 31, 2006. This was a decrease of \$189,357 or 39.4% from 2005. The revenue for the 911 Emergency Communication Fund had an increase of \$2.2 million or 142% to \$3,810,957 in 2006. The increase in revenue reflects state funding for the 9-1-1 Wireless project.

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, 2006, total net assets of the Laurel Crest Manor Fund were \$3.4 million, an increase of \$7.0 million. The unrestricted net assets of this fund were \$0.9 million and the investment in capital assets net of related debt was \$2.5 million. During 2006, Laurel Crest received \$6.1 million in grant funds of the \$8.6 million awarded for various capital improvement projects. The Laurel Crest D.M.E. Fund total net assets amounted to \$23,118 on December 31, 2006. This reflects a decrease in net assets in the amount of \$30,316 from the beginning of the year.

The net assets of the Central Park Complex (CPC) Fund were \$0 on December 31, 2006. The net assets reflect that \$47,685 was unrestricted and \$(47,685) was invested in capital assets net of related debt netting to a zero balance in the fund. The county transferred \$192,965 from the CPC Fund to the General Fund for 2006.

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 \$39.6 million in 2006 and \$38.3 million in 2005. The final budgeted general fund revenue was \$41.6 million in 2006 and \$38.6 million in 2005. The actual revenue received during 2006 was \$42.0 million. The following is a negative variance in final budgeted revenue to actual revenue during 2006: actual charges for services were \$371,448 or 4.9% less than budgeted. Actual real estate tax revenue exceeded the budgeted

amount by \$343,135 or 1.4%. Other revenues had a positive variance of \$188,989 or 36.4% more than budgeted. Intergovernmental revenues and interest and investment income also had positive final budget variances of \$205,692 or 2.6% and \$45,934 or 12.0%, respectively.

The original budgeted general fund expenditure amounts were \$33.0 million in 2006 and \$31.3 million in 2005. The final budgeted general fund expenditure amounts were \$34.9 million in 2006 and \$31.5 in 2005. The actual expenditures were \$33.6 million for 2006. Positive variances were in general government-administrative for \$216,608 or 3.3%, culture and recreation for \$148,087 or 20.6%, conservation and development for \$381,689 or 36.4%, general government – judicial for \$342,337 or 5.4%, public safety for \$412,444 or 4.2%, and debt service for \$3,714 or 4.9%. Negative variances were in public works for \$10,000 or 1.2%, human services for \$87,401 or 1.8%, and employee benefits for \$118,857 or 2.6%

The original budgeted operating transfers in were \$1.7 million in 2006 and \$1.4 million in 2005. The final budgeted operating transfers in were \$1.7 million in 2006 and \$1.4 million in 2005. For 2006, the actual operating transfers in were \$1.1 million or 36.7% under budget. The original budgeted operating transfers out were \$8.3 million in 2006 and \$8.4 million in 2005. The final budgeted operating transfers out were \$8.4 million in 2006 and \$8.5 million in 2005. The actual operating transfers out were \$10.5 million or 24.9% over budget in 2006.

Overall, the general fund had an excess of revenues and other financing sources over/(under) expenditures and other financing uses of \$(1,014,328) for the year ending December 31, 2006.

Capital Assets and Debt Administration

Capital Assets:

The County's investment in capital assets at December 31, 2006, net of accumulated depreciation, amounted to \$72.95 million. This was an increase of \$10.46 million or 16.73% 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, 2006
Construction-in-progress	\$ 2,885,091	\$ 7,039,386	\$ 9,924,477
Land		383,046	383,046
Site/land improvements	2,756,852	555,194	3,312,046
Infrastructure	12,484,834		12,484,834
Building and permanent fixtures	49,232,251	28,409,075	77,641,326
Office furniture and equipment	1,282,154		1,282,154
General equipment	1,517,815		1,517,815
Machinery and equipment		4,754,064	4,754,064
Radio equipment	2,050,791		2,050,791
Computer hardware and software	4,269,867		4,269,867
Vehicles	2,625,458		2,625,458
Less accumulated depreciation	(25,940,115)	(21,350,727)	(47,290,842)
Total	\$ 53,164,998	\$ 19,790,038	\$ 72,955,036

Highlights of the amounts expended during 2006 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 finished in 2006.
- During 2006, the County acquired four senior activities centers from Senior Activities Centers, Inc. (SAC, Inc.) To facilitate the transfer of assets, the County utilized existing loan proceeds from previous financings to satisfy outstanding mortgages in the amount of \$1.0 million. Since the County through the Area Agency on Aging funded the debt service in it's contract with SAC, Inc. for operation of the centers, additional funds were made available for services to seniors.
- In 2005, the County was awarded \$8.6 million in grant funding for improvements to Laurel Crest Rehabilitation and Special Care Center. The funding awarded through the County Commissioners Association of Pennsylvania (CCAP) using intergovernmental transfer funds, will be used for facility updates and additional acute care services. Construction began during 2006 and continued into 2007.

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, 2006, Cambria County had outstanding debt and capital lease obligations of \$59.2 million. During 2006, the County's general obligation bonds, notes and capital leases decreased by \$1.7 million or 2.7%.

In February and March of 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 2007 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. On October 30, 2006, Standard & Poor's affirmed its 'BB' with a stable outlook underlying rating for the County.
- As of April 2007, the County's unemployment rate was 4.6%, which was down from 5.0% in April 2006. The Commonwealth's rate was 3.8% and the national rate was 4.3% for April 2007.

- The County's taxable assessed value on real estate increased \$12.4 million or 1.1% from 2006 to 2007.
- 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 2007, the County's real property tax rate remained at 22.25 mills. The tax rate for general purpose is 16.5 mills, debt service is 4 mills, parks and playgrounds purposes is 0.5 mill, and the community college and the library millage is 0.75 and 0.5, respectively. Beginning in 2005, the County changed the dates for the collection of real estate taxes with the discount period beginning March 1st from April 1st. For 2007, the County issued a Tax and Revenue Anticipation Note in the amount of \$4 million with a maturity date of June 30, 2007.

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 25, 2007

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, 2006, 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, 2006, 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.

As described in Note 20, the County has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of December 31, 2005.

In accordance with *Government Auditing Standards*, we have also issued a joint report dated June 25, 2007, 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 I and budgetary comparison information on pages 65 through 68, 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, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Current Assets:				
Cash and cash equivalents (Note 2)	\$ 10,469,077	\$ 1,082,004	\$ 11,551,081	\$ 5,440,680
Investments (Note 2)	-	-	-	310,820
Restricted cash (Note 3)	780,558	222,286	1,002,844	20,000
Restricted investments	-	-	-	5,059,558
Receivables (net of allowance for uncollectibles)				
Accounts	1,816,042	5,047,106	6,863,148	1,117,191
Taxes (Note 4)	2,667,566	-	2,667,566	-
Due from other governments (Note 5)	3,029,418	-	3,029,418	1,626,447
Prepaid expenses and other assets	296,436	109,708	406,144	468,688
Internal balances (Note 11)	(431,265)	431,265	-	-
Inventory	-	-	-	508,767
Total Current Assets	18,627,832	6,892,369	25,520,201	14,552,151
Non-Current Assets:				
Deferred loan costs	146,708	211,036	357,744	169,564
Fixed assets net of accumulated depreciation (Note 6)	53,164,998	19,790,038	72,955,036	41,200,531
Total Non-Current Assets	53,311,706	20,001,074	73,312,780	41,370,095
Total Assets	\$ 71,939,538	\$ 26,893,443	\$ 98,832,981	\$ 55,922,246
LIABILITIES:				
Current Liabilities:				
Accounts payable and accrued liabilities	8,094,271	\$ 2,478,130	\$ 10,572,401	\$ 3,551,113
Deferred revenues (Note 1f)	2,515,063	31,364	2,546,427	2,316,230
Due to other governments (Note 5)	1,319,353	-	1,319,353	127,403
Custodial payable	151,077	222,286	373,363	-
Compensated absences (Note 11 and 14)	1,540,419	947,721	2,488,140	-
Notes payable (Note 11)	397,788	-	397,788	25,137
Bonds payable (Note 11)	1,067,001	187,999	1,255,000	-
Obligations under capital leases (Note 12)	22,436	468,987	491,423	154,818
Accrued interest	650,748	-	650,748	-
Other liabilities	5,531	-	5,531	-
Total Current Liabilities	15,763,687	4,336,487	20,100,174	6,174,701
Non-Current Liabilities:				
Compensated absences (Note 11 and 14)	512,891	401,439	914,330	-
Due to other governments (Note 5)	-	-	-	325,958
Notes payable (Note 11)	12,185,360	-	12,185,360	5,027,143
Bonds payable (Note 11)	27,813,953	4,901,046	32,714,999	-
Estimated workers' compensation claim (Note 11)	609,956	1,828,360	2,438,316	-
Obligations under capital leases (Note 12)	210,582	11,973,456	12,184,038	186,347
Total Non-Current Liabilities	41,332,742	19,104,301	60,437,043	5,539,448
Total Liabilities	57,096,429	23,440,788	80,537,217	11,714,149
NET ASSETS:				
Investments in capital assets, net of related debt	10,963,838	2,469,586	13,433,424	40,549,560
Unrestricted	3,855,320	983,069	4,838,389	2,034,901
Restricted - (Note 1n)	23,951	-	23,951	1,623,636
Total Net Assets	14,843,109	3,452,655	18,295,764	44,208,097
Total Liabilities and Net Assets	\$ 71,939,538	\$ 26,893,443	\$ 98,832,981	\$ 55,922,246

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, 2006

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government - administrative	\$ 4,558,041	\$ 1,117,622	\$ -	\$ -	\$ (3,440,419)	\$ -	\$ (3,440,419)
General government - judicial	8,425,820	3,523,074	2,402,026	-	(2,500,720)	-	(2,500,720)
Public safety	9,195,155	1,960,481	1,283,313	-	(5,951,361)	-	(5,951,361)
Public works	539,734	-	1,966,215	-	1,426,481	-	1,426,481
Human services	50,442,599	3,530,988	44,119,214	-	(2,792,397)	-	(2,792,397)
Culture and recreation	25,064	28,504	-	-	3,440	-	3,440
Conservation and development	1,610,676	811,537	2,212,447	-	1,413,308	-	1,413,308
Emergency communication services	2,201,933	1,494,730	2,209,923	-	1,502,720	-	1,502,720
Employee benefits	4,518,852	-	-	-	(4,518,852)	-	(4,518,852)
Debt service	2,246,185	-	-	-	(2,246,185)	-	(2,246,185)
Unallocated depreciation	2,482,680	-	-	-	(2,482,680)	-	(2,482,680)
Total Governmental Activities	86,246,739	12,466,936	54,193,138	-	(19,586,665)	-	(19,586,665)
Business-type Activities:							
Laurel Crest Manor	29,484,479	30,239,322	-	-	-	754,843	754,843
Laurel Crest D.M.E.	154,839	177,957	-	-	-	23,118	23,118
Central Park Complex	1,152,848	873,619	-	-	-	(279,229)	(279,229)
Total Business-type Activities	30,792,166	31,290,898	-	-	-	498,732	498,732
Total Primary Government	\$ 117,038,905	\$ 43,757,834	\$ 54,193,138	\$ -	\$ (19,586,665)	\$ 498,732	\$ (19,087,933)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 18,395,574	\$ -	\$ 18,395,574
Property Taxes, Levied for Debt Retirement					5,754,577	-	5,754,577
Property Taxes, Levied for Community College					866,708	-	866,708
Property Taxes, Levied for County Library					588,139	-	588,139
Payments in Lieu of Taxes					124,416	-	124,416
County Hotel Lodging Taxes					326,512	-	326,512
(Loss) from Sale of Assets					(90,450)	-	(90,450)
Transfers in/(out) primary government					(200,059)	200,059	-
Transfers in/(out) component units					(2,392,659)	-	(2,392,659)
Unrestricted Investment Earnings					907,449	171,503	1,078,952
Other Revenues					217,243	6,132,968	6,350,211
Total General Revenues and Transfers					24,497,450	6,504,530	31,001,980
Change in Net Assets Before Capital Contributions					4,910,785	7,003,262	11,914,047
Capital Contributions					-	-	-
Total Change in Net Assets					4,910,785	7,003,262	11,914,047
Net Assets - Beginning of Year, as originally stated					1,473,093	(3,550,607)	(2,077,514)
Prior Period Adjustment (Note 20)					8,459,231	-	8,459,231
Net Assets - Beginning of Year, as restated					9,932,324	(3,550,607)	6,381,717
Net Assets - End of Year					\$ 14,843,109	\$ 3,452,655	\$ 18,295,764

COUNTY OF CAMBRIA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

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:					
Governmental Activities:					
Redevelopment Authority	\$ 3,244,612	\$ 456,777	\$ 2,737,049	\$ -	\$ (50,786)
Conservation and Recreation Authority	2,268,957	-	1,866,108	-	(402,849)
Library Association	1,843,460	61,298	1,164,554	-	(617,608)
Total Component Unit Governmental Activities	7,357,029	518,075	5,767,711	-	(1,071,243)
Business-type Activities:					
Planning Commission	704,752	663,088	-	-	(41,664)
Municipal Airport Authority	2,606,980	388,493	-	-	(2,218,487)
Transit Authority	9,668,236	944,206	5,886,089	-	(2,837,941)
Solid Waste Management Authority	369,780	5,324	250,000	-	(114,456)
Community College	11,818,020	2,940,941	7,120,679	-	(1,756,400)
Total Component Unit Business-type Activities	25,167,768	4,942,052	13,256,768	-	(6,968,948)
Total Component Units	\$ 32,524,797	\$ 5,460,127	\$ 19,024,479	\$ -	\$ (8,040,191)
General Revenues:					
Loss from Sale of Assets					\$ (138,567)
Unrestricted Investment Earnings					93,234
Other Revenues					1,594,482
Transfers from Primary Government					2,392,659
Total General Revenues and Transfers					3,941,808
Change in Net Assets					(4,098,383)
Capital Contributions					6,134,007
Net Assets - Beginning of Year					42,172,473
Net Assets - End of Year					\$ 44,208,097

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, 2006

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General	Capital Projects	MH/MR	911 Emergency Communication Fund		
ASSETS:						
Cash and cash equivalents	\$ 994,196	\$ 740,089	\$ 3,179,686	\$ 2,482,566	\$ 3,072,540	\$ 10,469,077
Restricted cash	780,558	-	-	-	-	780,558
Receivables (net of allowance for uncollectibles)						
Accounts	1,140,562	-	360,000	124,944	190,536	1,816,042
Taxes	2,667,566	-	-	-	-	2,667,566
Due from other governments	48,099	-	-	-	2,975,934	3,024,033
Prepaid expenses and other assets	288,370	-	-	-	8,066	296,436
Due from other funds (Note 1)	2,465,092	967,531	379,778	-	981,207	4,793,608
Total Assets	\$ 8,384,443	\$ 1,707,620	\$ 3,919,464	2,607,510	\$ 7,228,283	\$ 23,847,320
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 2,588,030	\$ 14,944	\$ 1,918,647	1,437,688	\$ 2,147,654	\$ 8,106,963
Deferred revenues	2,015,486	105,459	1,467,310	68,052	869,142	4,525,449
Payable from restricted assets	151,077	-	-	-	-	151,077
Other liabilities	5,531	-	-	-	-	5,531
Due to other governments	-	-	533,507	753,999	31,847	1,319,353
Due to other funds (Note 1)	1,718,765	34,225	-	1,017,927	2,448,571	5,219,488
Total Liabilities	6,478,889	154,628	3,919,464	3,277,666	5,497,214	19,327,861
FUND BALANCES						
Unreserved fund balance/(deficit)	1,211,447	1,552,992	-	(670,156)	1,731,069	3,825,352
Restricted for:						
Penn Highlands Community College (Note 1m)	6,710	-	-	-	-	6,710
911 Emergency Communications (Note 1m)	670,156	-	-	-	-	670,156
Library (Note 1m)	17,241	-	-	-	-	17,241
Total Net Assets	1,905,554	1,552,992	-	(670,156)	1,731,069	4,519,459
Total Liabilities and Net Assets	\$ 8,384,443	\$ 1,707,620	\$ 3,919,464	\$ 2,607,510	\$ 7,228,283	\$ 23,847,320

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	\$ (44,851,734)
The difference in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two methods	2,010,386
Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds	53,164,998
Net assets of governmental activities	<u>\$ 14,843,109</u>

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

COUNTY OF CAMBRIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General	Capital Projects	MH/MR	911 Emergency Communication Fund		
Revenues						
Real estate taxes	\$ 25,747,799	\$ -	\$ -	\$ -	\$ -	\$ 25,747,799
Charges for services	7,217,605	-	1,763,902	1,494,730	1,799,685	12,275,922
Interest and investment income	427,934	39,067	201,336	106,304	132,808	907,449
Intergovernmental revenues	7,857,955	-	22,748,266	2,199,310	19,413,591	52,219,122
Other income	708,929	-	99,786	10,613	2,198,747	3,018,075
Total Revenues	41,960,222	39,067	24,813,290	3,810,957	23,544,831	94,168,367
Expenditures						
General government - administrative	6,261,050	-	-	-	-	6,261,050
General government - judicial	6,040,508	-	-	-	2,430,963	8,471,471
Public safety	9,439,502	-	-	-	-	9,439,502
Public works	849,214	-	-	-	1,922,430	2,771,644
Human services	4,918,078	-	25,213,290	-	21,650,829	51,782,197
Culture and recreation	570,249	-	-	-	-	570,249
Conservation and development	666,785	-	-	-	1,065,078	1,731,863
Employee benefits	4,781,741	-	-	-	-	4,781,741
Emergency communication services	-	-	-	4,395,285	-	4,395,285
Debt service	71,761	-	-	-	3,744,556	3,816,317
Capital projects	-	1,051,809	-	-	-	1,051,809
Total Expenditures	33,598,888	1,051,809	25,213,290	4,395,285	30,813,856	95,073,128
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	8,361,334	(1,012,742)	(400,000)	(584,328)	(7,269,025)	(904,761)
Other Financing Sources/(Uses)						
Proceeds from Bond Refinancing	-	-	-	-	12,909,202	12,909,202
Repayment of Bonds	-	-	-	-	(12,704,727)	(12,704,727)
Operating transfers in	1,082,313	-	400,000	653,000	8,958,517	11,093,830
Operating transfers (out)	(10,457,975)	-	-	-	(835,914)	(11,293,889)
Total Other Financing Sources/(Uses)	(9,375,662)	-	400,000	653,000	8,327,078	4,416
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,014,328)	(1,012,742)	-	68,672	1,058,053	(900,345)
Fund Balance/(Deficit) - Beginning of Year, as originally stated	2,919,882	2,403,986	-	(480,799)	673,016	5,516,085
Prior Period Adjustment (Note 20)	-	161,748	-	(258,029)	-	(96,281)
Fund Balance/(Deficit) - Beginning of Year, as restated	2,919,882	2,565,734	-	(738,828)	673,016	5,419,804
Fund Balance/(Deficit) - End of Year	\$ 1,905,554	\$ 1,552,992	\$ -	\$ (670,156)	\$ 1,731,069	\$ 4,519,459

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

1

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, 2006

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

Net change in fund balance - total governmental funds (page 8)	\$	(900,345)
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		194,621
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		1,314,152
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		42,871
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		(18,385)
The net effect of various transactions involving capital assets, (i.e. purchases, disposals, etc.) is to increase net assets		<u>4,277,871</u>
Change in net assets of governmental activities (page 5)	\$	<u><u>4,910,785</u></u>

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

COUNTY OF CAMBRIA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			Total
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,075,123	\$ 30	\$ 6,851	\$ 1,082,004
Restricted cash	222,286	-	-	222,286
Accounts receivable	4,990,071	53,986	3,049	5,047,106
Prepaid expenses and other assets	29,055	-	80,653	109,708
Due from other funds	358,584	-	97,144	455,728
Total Current Assets	6,675,119	54,016	187,697	6,916,832
Non-current Assets				
Deferred loan costs	211,036	-	-	211,036
Fixed assets (net of accumulated depreciation and amortization)	14,748,678	-	5,041,360	19,790,038
Total Assets	\$ 21,634,833	\$ 54,016	\$ 5,229,057	\$ 26,917,906
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 2,344,462	\$ 6,435	\$ 127,233	\$ 2,478,130
Deferred revenue	31,364	-	-	31,364
Compensated absences	938,032	-	9,689	947,721
Custodial payable	222,286	-	-	222,286
Bonds payable	-	-	187,999	187,999
Obligation under capital lease	468,987	-	-	468,987
Due to other funds	-	24,463	-	24,463
Total Current Liabilities	4,005,131	30,898	324,921	4,360,950
Non-current Liabilities				
Compensated absences	398,349	-	3,090	401,439
Obligation under capital lease	11,973,456	-	-	11,973,456
Bonds payable	-	-	4,901,046	4,901,046
Estimated workers' compensation claims	1,828,360	-	-	1,828,360
Total Liabilities	18,205,296	30,898	5,229,057	23,465,251
Net Assets				
Investment in capital assets net of related debt	2,517,271	-	(47,685)	2,469,586
Unrestricted	912,266	23,118	47,685	983,069
Total Net Assets	3,429,537	23,118	-	3,452,655
Total Liabilities and Net Assets	\$ 21,634,833	\$ 54,016	\$ 5,229,057	\$ 26,917,906

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, 2006

	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	\$ 30,239,322	\$ 177,957	\$ -	\$ 30,417,279
Rental income	-	-	873,619	873,619
Total Operating Revenues	<u>30,239,322</u>	<u>177,957</u>	<u>873,619</u>	<u>31,290,898</u>
Operating Expenses:				
Patient care	28,138,114	154,839	-	28,292,953
Depreciation and amortization	701,580	-	222,950	924,530
Loss on sale of fixed asset	14,780	-	-	14,780
Maintenance and operating	-	-	663,949	663,949
Total Operating Expenses	<u>28,854,474</u>	<u>154,839</u>	<u>886,899</u>	<u>29,896,212</u>
Operating Income/(Loss)	1,384,848	23,118	(13,280)	1,394,686
Non-Operating Revenues/(Expenses):				
Investment income	169,299	-	2,204	171,503
Other income	6,109,436	-	23,532	6,132,968
Interest expense	(630,005)	-	(265,949)	(895,954)
Total Non-Operating Revenues/(Expenses)	<u>5,648,730</u>	<u>-</u>	<u>(240,213)</u>	<u>5,408,517</u>
Income/(Loss) Before Transfers	7,033,578	23,118	(253,493)	6,803,203
Other Financing Sources/(Uses):				
Operating transfers in	779,366	-	446,458	1,225,824
Operating transfers (out)	(779,366)	(53,434)	(192,965)	(1,025,765)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(53,434)</u>	<u>253,493</u>	<u>200,059</u>
Change in Net Assets	7,033,578	(30,316)	-	7,003,262
Net assets - Beginning of Year	<u>(3,604,041)</u>	<u>53,434</u>	<u>-</u>	<u>(3,550,607)</u>
Net Assets - End of Year	<u>\$ 3,429,537</u>	<u>\$ 23,118</u>	<u>\$ -</u>	<u>\$ 3,452,655</u>

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COUNTY OF CAMBRIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			Total
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	
Cash Flows From Operating Activities				
Cash received from patients	\$ 28,938,624	\$ 113,975	\$ -	\$ 29,052,599
Cash received from customers	-	-	898,463	898,463
Net increase/(decrease) in interfund payables	(674,447)	39,373	(39,671)	(674,745)
Cash payments to employees for services	-	-	(195,846)	(195,846)
Cash payments to suppliers for goods and services	-	-	(462,130)	(462,130)
Cash payments for other operating expenses	(27,037,021)	(99,914)	-	(27,136,935)
Net Cash Provided By Operating Activities	<u>1,227,156</u>	<u>53,434</u>	<u>200,816</u>	<u>1,481,406</u>
Cash Flows From Non-Capital Financing Activities				
Transfers in from other funds	-	-	446,458	446,458
Transfers out to other funds	-	(53,434)	(192,965)	(246,399)
Loan issuance costs	(91,600)	-	-	(91,600)
Net Cash (Used For)/Provided By Non-Capital Financing Activities	<u>(91,600)</u>	<u>(53,434)</u>	<u>253,493</u>	<u>108,459</u>
Cash Flows From Capital and Related Financing Activities				
Purchase of property and equipment	(6,698,655)	-	-	(6,698,655)
Payment on debt (net)	(311,208)	-	(180,509)	(491,717)
Interest paid	(630,005)	-	(269,373)	(899,378)
Deferred loan costs	4,780	-	-	4,780
Proceeds from capital grant	6,140,800	-	-	6,140,800
Net Cash (Used For) Capital and Related Financing Activities	<u>(1,494,288)</u>	<u>-</u>	<u>(449,882)</u>	<u>(1,944,170)</u>
Cash Flows From Investing Activities				
Interest on cash equivalents	169,300	-	2,204	171,504
Net Cash Provided By Investing Activities	<u>169,300</u>	<u>-</u>	<u>2,204</u>	<u>171,504</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(189,432)	-	6,631	(182,801)
Cash and Cash Equivalents Beginning of Year	<u>1,264,555</u>	<u>30</u>	<u>220</u>	<u>1,264,805</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,075,123</u>	<u>\$ 30</u>	<u>\$ 6,851</u>	<u>\$ 1,082,004</u>

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COUNTY OF CAMBRIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			
	Laurel Crest	Laurel Crest	Central	Total
	Manor Fund	D.M.E. Fund	Park Complex	
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:				
Operating Income	\$ 1,384,848	\$ 23,118	\$ (13,280)	\$ 1,394,686
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:				
Depreciation	701,580	-	222,950	924,530
Bad debt expense	321,260	65,571	-	386,831
Loss on disposal of fixed assets	14,780	-	-	14,780
Other revenue	-	-	23,532	23,532
Changes in assets and liabilities:				
(Increase)/Decrease in accounts receivable	(1,644,252)	(63,982)	1,310	(1,706,924)
(Increase) in restricted assets	(24,638)	-	-	(24,638)
(Increase)/Decrease in due from other funds	(358,584)	39,373	(39,671)	(358,882)
Decrease in prepaid expense	37,361	-	-	37,361
Increase/(Decrease) in accounts payable	1,077,804	(10,646)	4,126	1,071,284
Increase in payable from restricted assets	24,638	-	-	24,638
(Decrease) in due to other funds	(315,863)	-	-	(315,863)
Increase in accrued vacation	77,002	-	1,849	78,851
(Decrease) in estimated workers' compensation claims	(68,780)	-	-	(68,780)
Total Adjustments	<u>(157,692)</u>	<u>30,316</u>	<u>214,096</u>	<u>86,720</u>
Net Cash Provided By Operating Activities	<u>\$ 1,227,156</u>	<u>\$ 53,434</u>	<u>\$ 200,816</u>	<u>\$ 1,481,406</u>

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

COUNTY OF CAMBRIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

	<u>Non-AFDC IRS Fund</u>	<u>Prison Resident Fund</u>	<u>Prison Canteen Fund</u>	<u>Recorder of Deeds</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 9,757	\$ 36,610	\$ 34,781	\$ 372,676
Investments	-	-	14,619	-
Restricted assets:				
Cash	-	-	-	-
Investments	-	-	-	-
Accounts receivable	-	-	-	332
Total Assets	<u>\$ 9,757</u>	<u>\$ 36,610</u>	<u>\$ 49,400</u>	<u>\$ 373,008</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Due to other governments	\$ -	\$ -	\$ -	\$ 288,425
Other liabilities	9,757	36,610	-	84,583
Due to other funds	-	-	-	-
Judgments payable	-	-	-	-
Total Liabilities	<u>9,757</u>	<u>36,610</u>	<u>-</u>	<u>373,008</u>
Net Assets				
Held in trust for the prison canteen	-	-	49,400	-
Held in trust for workers' compensation	-	-	-	-
Held in trust for pension benefits	-	-	-	-
Total Net Assets	<u>-</u>	<u>-</u>	<u>49,400</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 9,757</u>	<u>\$ 36,610</u>	<u>\$ 49,400</u>	<u>\$ 373,008</u>

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

COUNTY OF CAMBRIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

	<u>Registrar of Wills</u>	<u>Sheriff's Office</u>	<u>Office of the Prothonotary</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 59,567	\$ 257,926	\$ 445,650
Investments	-	-	
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	-
Total Assets	<u>\$ 59,567</u>	<u>\$ 257,926</u>	<u>\$ 445,650</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ 1,348	\$ 14,572	\$ 2,402
Other liabilities	58,219	243,354	443,248
Due to other funds	-	-	-
Judgments payable	-	-	-
Total Liabilities	<u>59,567</u>	<u>257,926</u>	<u>445,650</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>\$ 59,567</u>	<u>\$ 257,926</u>	<u>\$ 445,650</u>

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COUNTY OF CAMBRIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

	<u>Clerk of Courts</u>	<u>Domestic Relations Support</u>	<u>Intermediate Punishment Unit</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 845,205	\$ 73,355	\$ 67,836
Investments	-	-	-
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 845,205</u>	<u>\$ 73,355</u>	<u>\$ 67,836</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ 226,288	\$ -	\$ -
Other liabilities	618,917	73,355	67,836
Due to other funds	-	-	-
Judgments payable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>845,205</u>	<u>73,355</u>	<u>67,836</u>
Net Assets			
Held in trust for the prison canteen	-	-	-
Held in trust for workers' compensation	-	-	-
Held in trust for pension benefits	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 845,205</u></u>	<u><u>\$ 73,355</u></u>	<u><u>\$ 67,836</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, 2006

	<u>Workers' Compensation Trust Fund</u>	<u>Retirement Trust Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 2,203,363
Investments	-	167,525,752	167,540,371
Restricted assets:			
Cash	-	568,947	568,947
Investments	1,649,958	-	1,649,958
Accounts receivable	20,684	389,884	410,900
	<u>\$ 1,670,642</u>	<u>\$ 168,484,583</u>	<u>\$ 172,373,539</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ -	\$ -	\$ 533,035
Other liabilities	-	117,900	1,753,779
Due to other funds	-	5,385	5,385
Judgments payable	-	-	-
	<u>-</u>	<u>123,285</u>	<u>2,292,199</u>
Net Assets			
Held in trust for the prison canteen	-	-	49,400
Held in trust for workers' compensation	1,670,642	-	1,670,642
Held in trust for pension benefits	-	168,361,298	168,361,298
	<u>1,670,642</u>	<u>168,361,298</u>	<u>170,081,340</u>
Total Liabilities and Net Assets	<u>\$ 1,670,642</u>	<u>\$ 168,484,583</u>	<u>\$ 172,373,539</u>

See Independent Auditor's Report and
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COUNTY OF CAMBRIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
WORKERS' COMPENSATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

Revenues	
Interest income	\$ 85,089
Net depreciation in fair value of investments	<u>(14,205)</u>
Total Revenues	<u>70,884</u>
Expenses	
Operating expenses	<u>6,016</u>
Total Expenses	<u>6,016</u>
Other Financing Sources/(Uses)	
Operating transfers in	<u>-</u>
Total Sources/(Uses)	<u>-</u>
Excess/(Deficiency) of Revenues Over Other Financing Sources/(Uses)	64,868
Net Assets Held in Trust for Specific Purposes - Beginning of Year	<u>1,605,774</u>
Net Assets Held in Trust for Specific Purposes - End of Year	<u><u>\$ 1,670,642</u></u>

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COUNTY OF CAMBRIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
RETIREMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>Additions</u>	
Contributions:	
Plan members	<u>\$ 4,175,772</u>
Investment Income:	
Interest	2,331,215
Dividends	1,069,977
Net appreciation in fair value of investments	<u>13,572,854</u>
	16,974,046
Less: Investment expense	<u>816,919</u>
Net investment income	<u>16,157,127</u>
Total Additions	<u>20,332,899</u>
<u>Deductions</u>	
Benefits	6,817,092
Administrative expenses	<u>54,976</u>
Total Deductions	<u>6,872,068</u>
Increase in Net Assets	13,460,831
Net Assets Held in Trust for Employee Pension Benefits:	
Beginning of Year	<u>154,900,467</u>
End of Year	<u><u>\$ 168,361,298</u></u>

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

COUNTY OF CAMBRIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

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:

(1) 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, 2006.

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, 2006.

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, 2006.

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, 2006 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, 2006 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, 2006, but were levied to finance 2006 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, 2006, the amount of unbilled receivables was \$111,173 and is included in the accounts receivable amount in the accompanying financial statements.

k. Capital Assets

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

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

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

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

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

Capital Assets and Depreciation – Component Units

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

I. Interfund Receivables/Payables

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

Balances at December 31, 2006 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Governmental Fund Types</u>		
General Fund	\$ <u>2,465,092</u>	\$ <u>1,718,765</u>
Special Revenue Funds		
Domestic Relations	---	515,615
Juvenile Probation	---	219,703
Detention/Shelter	---	33,399
Farmland Preservation	19,574	---
Driving Under the Influence	4,704	141,788
911 Emergency Communications	---	1,017,927
County Records Improvement	---	2,894
Area Agency on Aging	---	71,238
Foster Grandparents	9,773	---
Children and Youth	---	673,302
Drug and Alcohol	30,763	---
Human Services	17,947	---
Liquid Fuels	---	9
Chesapeake Bay	576	---
Prothonotary Automation	---	945
Substance Abuse	---	4,704
Register of Will Automation	---	4,075
Mental Health/Mental Retardation	379,778	---
Parks and Playgrounds	---	<u>780,899</u>
Total Special Revenue Funds	<u>463,115</u>	<u>3,466,498</u>
Debt Service Fund	<u>897,870</u>	---
Capital Projects Fund	<u>967,531</u>	<u>34,225</u>
Total Governmental Fund Types	<u>4,793,608</u>	<u>5,219,488</u>
<u>Proprietary Fund Types</u>		
Central Park Complex	97,144	---
Laurel Crest Manor	358,584	---
Laurel Crest DME	---	<u>24,463</u>
Total Proprietary Fund Types	<u>455,728</u>	<u>24,463</u>
<u>Fiduciary Fund Types</u>		
Retirement Trust Fund	---	<u>5,385</u>
Total Fiduciary Fund Types	---	<u>5,385</u>
Total Interfunds	\$ <u>5,249,336</u>	\$ <u>5,249,336</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 \$ 17,241

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

Reserved for 911 Emergency Communications \$ 670,156

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

Reserved for Community College \$ 6,710

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

Fiduciary Funds

Retirement Trust Fund \$ 168,361,298

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

Workers' Compensation Trust \$ 1,670,642

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

Prison Canteen/Resident \$ 49,400

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

Component Units

Cambria Library Association \$ 379,122

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

Airport Authority \$ 79,005

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

Transit Authority \$ 1,165,509

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

n. Net Assets

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

The following is a summary of the County's restricted net assets as of December 31, 2006:

Reserved for Library	\$ 17,241
Reserved for Community College	<u>6,710</u>
Total Restricted Net Assets	\$ <u>23,951</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, 2006 totaled \$17,707. Of this balance \$4,711 was for the Central Park Complex Fund, \$4,362 was for Laurel Crest Manor Fund and \$8,634 was recognized for governmental activities at the entity wide statements.

s. **Estimates**

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

t. **Joint Venture**

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

Reporting Entity and Nature of Activities

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

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

County Appropriations and Loan

During the prior year the County loaned the Authority \$200,000 for various cash needs of the Authority. The loan did not bear interest and was repaid in 2006.

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.

Year Ended
December 31, 2006

Current Assets	\$ 273,199
Total Assets	15,817,152
Current Liabilities	491,418
Total Liabilities	10,205,746
Net Assets	5,611,406
Operating Revenues	776,076
Operating Expenses	1,236,533
Non-Operating Revenues	356,509
Non-Operating Expenses	339,617
Change in Net Assets	(443,565)

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, 2006, 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, 2006 are classified in the accompanying financial statements as follows:

Statements of net assets:	
Cash and investments	\$ 11,551,081
Restricted cash and investments	1,002,844
Fiduciary funds:	
Cash and investments	169,743,734
Restricted cash and investments	<u>2,218,905</u>
 Total Cash and Investments	 <u>\$184,516,564</u>

Cash and investments as of December 31, 2006 consist of the following:

Cash on hand	\$ 31,360
Deposits with financial institutions	15,294,875
Investments	<u>169,190,329</u>
 Total Cash and Investments	 <u>\$ 185,516,564</u>

Interest Rate Risk

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

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

<u>Type</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Fixed Income Securities	<u>\$ 1,210,121</u>	<u>\$19,616,695</u>	<u>\$26,813,729</u>	<u>\$16,050,023</u>

Credit Risk

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

Type	AAA	AA	A	BAA
Government:				
Treasury	\$ 8,553,643	\$ -	\$ -	\$ -
Agency	31,405,819	-	-	-
Corporate:				
Industrial	1,515,836	1,630,479	3,426,553	802,501
Utility	1,834,288	-	745,180	1,324,764
Finance	203,810	1,853,396	2,929,766	-
Transportation	-	1,286,549	-	-
Mortgage:				
FHLMC	12,738	-	-	-
FNMA	<u>1,585,895</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 45,112,029</u>	<u>\$ 4,770,423</u>	<u>\$ 7,101,499</u>	<u>\$ 2,127,265</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, 2006, 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	\$ 39,959,462
Corporate Obligations	17,559,489
Domestic Equity	75,261,047
Mortgage Backed	1,598,633
International Equity	28,574,137
Temporary Investment - Cash	<u>5,091,567</u>
	<u>\$ 168,044,335</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 \$ 28,574,137.

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>\$1,598,633</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>
Governmental Activities:			
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	\$ <u>780,558</u>	\$ <u>---</u>	\$ <u>780,558</u>
Total Governmental Activities	\$ <u><u>780,558</u></u>	\$ <u><u>---</u></u>	\$ <u><u>780,558</u></u>
Business-Type Activities:			
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>222,286</u>	\$ <u>---</u>	\$ <u>222,286</u>
Total Business-Type Activities	\$ <u><u>222,286</u></u>	\$ <u><u>---</u></u>	\$ <u><u>222,286</u></u>
Fiduciary Funds:			
Trust Funds:			
Amount established to provide for Pension contribution and offset by a reserve for balance for pension benefits	\$ 568,947	\$ ---	\$ 568,947
Amount established to provide source of funds for workers' compensation claims and offset by a reserve in fund balance for workers' compensation	<u>---</u>	<u>1,649,959</u>	<u>1,649,959</u>
Total Fiduciary Funds	\$ <u><u>568,947</u></u>	\$ <u><u>1,649,959</u></u>	\$ <u><u>2,218,906</u></u>

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 2006 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 \$2,667,566, as stated on the Governmental Funds Balance Sheet, are actual legal claims of liened properties. The County has deferred \$2,015,486 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 2006 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>\$ 3,278,200</u>	<u>(\$ 610,634)</u>	<u>\$ 2,667,566</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, 2006. 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, 2006.

NOTE 6 - FIXED ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balance <u>12/31/05</u>	Additions	Disposal	Balance <u>12/31/06</u>
Government activities:				
Capital assets not being depreciated:				
Construction-in-progress	\$ <u>670,627</u>	\$ <u>2,214,464</u>	(\$ <u>---</u>)	\$ <u>2,885,091</u>
Total capital assets not being depreciated	<u>670,627</u>	<u>2,214,464</u>	(<u>---</u>)	<u>2,885,091</u>
Other capital assets:				
Site improvements	2,618,765	138,087	(<u>---</u>)	2,756,852
Infrastructure	11,123,794	1,361,040		12,484,834
Building and permanent fixtures	48,358,258	1,021,555	(<u>147,562</u>)	49,232,251
Office furniture and equipment	1,615,604	112,308	(<u>445,758</u>)	1,282,154
General equipment	1,404,882	119,457	(<u>6,524</u>)	1,517,815
Radio equipment	2,284,245	---	(<u>233,454</u>)	2,050,791
Computer hardware and software	2,507,645	1,781,840	(<u>19,618</u>)	4,269,867
Vehicles	<u>2,502,420</u>	<u>233,038</u>	(<u>110,000</u>)	<u>2,625,458</u>
Total capital assets, at cost	<u>72,415,613</u>	<u>4,767,325</u>	(<u>962,916</u>)	<u>76,220,022</u>

Less accumulated depreciation for:

Site improvements	(711,301)	(203,894)	---	(915,195)
Infrastructure	(2,568,282)	(215,502)	---	(2,783,784)
Building and permanent fixtures	(12,660,386)	(1,174,163)	4,701	(13,829,848)
Office furniture and equipment	(1,307,876)	(86,017)	432,950	(960,943)
General equipment	(1,034,359)	(123,630)	6,022	(1,151,967)
Radio equipment	(2,250,259)	(3,536)	217,189	(2,036,606)
Computer hardware and software	(1,977,883)	(514,496)	19,618	(2,472,761)
Vehicles	<u>(1,688,766)</u>	<u>(155,245)</u>	<u>55,000</u>	<u>(1,789,011)</u>
Total accumulated Depreciation	<u>(\$ 24,199,112)</u>	<u>(2,476,483)</u>	<u>735,480</u>	<u>(25,940,115)</u>

Governmental activities capital assets, net

\$ 48,887,128 \$ 4,505,306 (\$ 227,436) \$ 53,164,998

Business-type activities:

Capital assets not being depreciated:

Land	\$ 383,046	\$ ---	\$ ---	\$ 383,046
Construction-in-progress	<u>760,643</u>	<u>6,292,489</u>	<u>(13,746)</u>	<u>7,039,386</u>
Total capital assets not being depreciated	<u>1,143,689</u>	<u>6,292,489</u>	<u>(13,746)</u>	<u>7,422,432</u>

Other Capital assets:

Land improvements	555,194	---	---	555,194
Buildings and permanent fixtures	28,252,232	156,843	---	28,409,075
Machinery & equipment	<u>4,566,168</u>	<u>263,070</u>	<u>(75,174)</u>	<u>4,754,064</u>
Total capital assets at cost	<u>33,373,594</u>	<u>419,913</u>	<u>(75,174)</u>	<u>33,718,333</u>

Less accumulated depreciation for:

Land improvements	(435,411)	(16,968)	---	(452,379)
Buildings and permanent fixtures	(16,227,494)	(763,438)	---	(16,990,932)
Machinery & equipment	<u>(3,832,758)</u>	<u>(135,052)</u>	<u>60,394</u>	<u>(3,907,416)</u>
Total accumulated depreciation	<u>(20,495,663)</u>	<u>(915,458)</u>	<u>60,394</u>	<u>(21,350,727)</u>

Business-type activities capital assets, net

\$ 14,021,620 \$5,796,944 (\$ 28,526) \$ 19,790,038

COMPONENT UNITS:

Summaries of the component units' fixed assets as of December 31, 2006 follow:

	Balance <u>12/31/05</u>	Additions	Disposals	Balance <u>12/31/06</u>
Planning Commission:				
Equipment	\$ 34,862	\$ 2,232	(\$10,728)	\$ 26,366
Equipment under capital lease	<u>---</u>	<u>(---)</u>	<u>---</u>	<u>---</u>
Total capital assets at cost	<u>34,862</u>	<u>2,232</u>	<u>(10,728)</u>	<u>26,366</u>
Less:				
Accumulated depreciation	<u>(34,187)</u>	<u>(404)</u>	<u>10,728</u>	<u>(23,863)</u>
Total capital assets, net	<u>\$ 675</u>	<u>\$ 1,828</u>	<u>\$ ---</u>	<u>\$ 2,503</u>
Redevelopment Authority:				
Furniture & equipment	\$ <u>20,006</u>	\$ <u>388</u>	(\$ <u>1,032</u>)	\$ <u>19,362</u>
Total capital assets at cost	<u>20,006</u>	<u>388</u>	<u>(1,032)</u>	<u>19,362</u>
Less:				
Accumulated depreciation	<u>(15,964)</u>	<u>(763)</u>	<u>854</u>	<u>(15,873)</u>
Total capital assets, net	<u>\$ 4,042</u>	<u>(\$ 375)</u>	<u>(\$ 178)</u>	<u>\$ 3,489</u>
Library Association:				
Books & audio visual	\$ 1,229,199	\$ 93,342	(\$ 37,189)	\$ 1,285,352
Improvements	144,645	39,253	---	183,898
Furniture & equipment	47,904	9,545	---	57,449
Software	121,752	---	---	121,752
Computer equipment	355,244	---	---	355,244
Capital Leases	<u>26,242</u>	<u>3,710</u>	<u>---</u>	<u>29,952</u>
Total capital assets at cost	<u>1,924,986</u>	<u>145,850</u>	<u>(37,189)</u>	<u>2,033,647</u>
Less:				
Accumulated depreciation	<u>(1,186,859)</u>	<u>(131,659)</u>	<u>37,189</u>	<u>(1,318,518)</u>
Total capital assets, net	<u>\$ 738,127</u>	<u>\$ 14,191</u>	<u>\$ ---</u>	<u>\$ 752,318</u>

Municipal Airport Authority:

Land	\$ 1,347,048	\$ ---	\$ ---	\$ 1,347,048
Construction-in-progress	3,816,333	2,113,144	(1,333,553)	4,595,924
Improvements	29,217,762	1,340,868	---	30,558,630
Building & improvements	3,666,167	75,000	---	3,741,167
Vehicles & equipment	<u>1,788,166</u>	<u>466,317</u>	<u>(80,000)</u>	<u>2,174,483</u>
Total capital assets at cost	<u>39,835,476</u>	<u>3,995,329</u>	<u>(1,413,553)</u>	<u>42,417,252</u>
Less:				
Accumulated depreciation	<u>(23,571,887)</u>	<u>(1,936,752)</u>	<u>80,000</u>	<u>(25,428,639)</u>
Total capital assets, net	<u>\$ 16,263,589</u>	<u>\$ 2,058,577</u>	<u>\$ (1,333,553)</u>	<u>\$ 16,988,613</u>

Transit Authority:

Land – Inclined Plane	\$ 516,712	\$ ---	\$ ---	\$ 516,712
Right-of-ways	335,709	---	---	335,709
Passenger vehicles	10,072,648	1,350,000	(1,386,032)	10,036,616
Buildings & equipment- Inclined Plane	9,324,998	48,292	---	9,373,290
Buildings	8,013,724	---	(38,765)	7,974,959
Shop equipment	933,620	162,565	(274,735)	821,450
Office equipment	735,543	---	(135,126)	600,417
Miscellaneous equipment	568,278	---	(14,592)	553,686
Service equipment	545,692	45,938	---	591,630
Shelters, signs, & bus stops	506,053	---	---	506,053
Safety program	185,814	14,242	---	200,056
Penn fix program	<u>36,968</u>	<u>228</u>	<u>---</u>	<u>37,196</u>
Total capital assets at cost	<u>31,775,759</u>	<u>1,621,265</u>	<u>(1,849,250)</u>	<u>31,547,774</u>
Less:				
Accumulated depreciation	<u>(15,581,000)</u>	<u>(2,028,062)</u>	<u>1,633,645</u>	<u>(15,975,417)</u>
Total capital assets, net	<u>\$ 16,194,759</u>	<u>\$ (406,797)</u>	<u>\$ (215,605)</u>	<u>\$ 15,572,357</u>

Solid Waste Management Authority:

Furniture & fixtures	\$ 19,098	\$ ---	\$ ---	\$ 19,098
Equipment	882,696	57,653	(43,985)	896,364
Improvements	<u>9,611</u>	<u>---</u>	<u>---</u>	<u>9,611</u>
Total capital assets at cost	<u>911,405</u>	<u>57,653</u>	<u>(43,985)</u>	<u>925,073</u>
Less:				
Accumulated depreciation	(<u>305,466</u>)	(<u>70,809</u>)	<u>26,758</u>	(<u>349,517</u>)
Total capital assets, net	\$ <u>605,939</u>	(\$ <u>13,156</u>)	\$ <u>(17,227)</u>	\$ <u>575,556</u>

Conservation & Recreation Authority:

Land	\$ 4,554,202	\$ ---	\$ ---	\$ 4,554,202
Construction-In-Progress	---	1,713,733	---	1,713,733
Equipment	<u>7,960</u>	<u>23,288</u>	<u>---</u>	<u>31,248</u>
Total capital assets at cost	<u>4,562,162</u>	<u>1,737,021</u>	<u>---</u>	<u>6,299,183</u>
Less:				
Accumulated depreciation	<u>(2,123)</u>	<u>(5,116)</u>	<u>---</u>	<u>(7,239)</u>
Total capital assets, net	\$ <u>4,560,039</u>	\$ <u>1,731,905</u>	<u>---</u>	\$ <u>6,291,944</u>

Pennsylvania Highlands Community College:

Equipment	\$ 2,609,313	\$ 94,483	\$(266,014)	\$ 2,437,782
Construction-In-Progress	---	303,336	---	303,336
Leasehold improvements	50,359	10,000	---	60,359
Computer software	<u>617,631</u>	<u>18,684</u>	<u>---</u>	<u>636,315</u>
Total capital assets at cost	<u>3,277,303</u>	<u>426,503</u>	<u>(266,014)</u>	<u>3,437,792</u>
Less:				
Accumulated depreciation	(<u>2,211,133</u>)	(<u>477,302</u>)	<u>264,394</u>	(<u>2,424,041</u>)
Total capital assets, net	\$ <u>1,066,170</u>	\$ <u>(50,799)</u>	\$ <u>(1,620)</u>	\$ <u>1,013,751</u>

Total Component Unit Capital Assets at December 31, 2006**\$ 41,200,531**

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, 2007, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	678
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	86
Active Plan Members	<u>1,275</u>
	<u>2,039</u>

Contributions

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

Actuarial Valuation Information

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

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

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2006, was determined as part of the January 1, 2006, actuarial valuation. The County's annual pension cost, annual required contribution and net pension obligation to the Cambria County Employee's Retirement System were \$623,442 for 2006. 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, 2004	\$715,840	101%	\$ ---
December 31, 2005	\$534,896	108%	\$ ---
December 31, 2006	\$623,387	100%	\$ ---

NOTE 8 - POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 7, 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, 396 retirees and their spouses meet those eligibility requirements. During the year ended December 31, 2006, expenditures of \$1,789,769 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, 2006 are summarized as follows:

<u>Laurel Crest Manor Enterprise Fund</u>	<u>Long-Term Obligation</u>	<u>Total</u>
\$ <u>1,828,360</u>	\$ <u>609,956</u>	\$ <u>2,438,316</u>

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2006 and 2005:

<u>Year</u>	<u>January 1, Liability</u>	<u>Incurred Claims</u>	<u>Payments</u>	<u>December 31, Liability</u>
2006	\$ <u>2,769,985</u>	\$ <u>518,821</u>	\$ <u>850,490</u>	\$ <u>2,438,316</u>
2005	\$ <u>2,768,828</u>	\$ <u>425,490</u>	\$ <u>424,333</u>	\$ <u>2,769,985</u>

NOTE 10 - CAPITAL CONTRIBUTIONS

Component Units

Summaries of the component units' capital contributions as of December 31, 2006 follow:

Municipal Airport Authority

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

Grants for capital asset acquisition, facility development and rehabilitation and eligible long-term planning studios are reported in the Statement of Revenues, Expenses, and Changes in Net Assets, after non-operating revenues and expenses as capital contributions which amounted to \$2,525,697 at December 31, 2006.

Transit Authority

Capital grant contributions from federal and state governments amounted to \$1,767,836 for the Transit Authority at December 31, 2006.

Community College

Capital contributions in the amount of \$103,453 were donated to the College.

NOTE 11 – LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2006, was as follows:

	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/06</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
1994 General Obligation Bonds (1)	\$ 5,115,000	\$ ---	(\$5,115,000)	\$ ---	\$ ---
1998 General Obligation Bonds	29,905,445	---	(1,024,490)	28,880,955	1,067,001
2000 General Obligation Notes (2)	7,589,727	---	(7,589,727)	---	---
2006 General Obligation Notes (1)	---	5,202,356	(189,114)	5,013,242	229,149
2006 Tax Exempt Bank Loan (2)	---	7,706,846	(136,939)	7,569,907	168,639
Other Liabilities:					
Accrued Vacation	1,444,256	83,471	---	1,527,727	1,527,727
Accrued Sick Pay	548,534	---	(22,951)	525,583	12,692
Estimated Workers' Compensation Liability	<u>872,845</u>	<u>---</u>	<u>(262,889)</u>	<u>609,956</u>	<u>---</u>
Governmental Activities Long-term Liabilities	<u>\$45,475,807</u>	<u>\$12,992,673</u>	<u>(\$14,341,110)</u>	<u>\$44,127,370</u>	<u>\$3,006,208</u>
	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/06</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Bonds and Notes Payable:					
1998 General Obligation Bonds	\$ 5,269,555	\$ ---	\$ (180,509)	\$ 5,089,046	\$ 187,999
Other Liabilities:					
Accrued Vacation Pay	882,549	65,172	---	947,721	947,721
Accrued Sick Pay	387,760	13,679	---	401,439	---
Estimated Workers' Compensation Liability	<u>1,897,140</u>	<u>---</u>	<u>(68,780)</u>	<u>1,828,360</u>	<u>---</u>
Business-type Activities Long-term Liabilities	<u>\$ 8,437,004</u>	<u>\$ 78,851</u>	<u>(\$ 249,289)</u>	<u>\$ 8,266,566</u>	<u>\$ 1,135,720</u>

- (1) In 2006, the County issued the 2006 General Obligation Notes to pay off the 1994 General Obligation Bonds.
- (2) In 2006, the County issued the 2006 Tax Exempt Bank Loan to pay off the 2000 General Obligation Notes.

Description of Debt

Pertinent information regarding general obligation debt outstanding is presented below:

General Obligation Bonds, Series of 1998

The County issued \$40,835,000 in General Obligation Bonds in 1998 to partially advance refund the 1994 General Obligation Bond issue and finance capital improvements and renovations to certain County facilities. The balance outstanding amounted to \$33,970,000 at December 31, 2006 (final maturity in 2023).

General Obligation Notes, Series of 2006:

In February 2006, the County issued \$5,202,356 in General Obligation Notes to advance refund the General Obligation Bonds in 1994. The 1994 General Obligation Notes were originally incurred to purchase certain equipment of the County and renovate the War Memorial Building. The balance outstanding at December 31, 2006 amounted to \$5,013,242 (final maturity in 2021).

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

Tax Exempt Bank Loan, Series of 2006

In February 2006, the County issued \$7,706,846 in a Tax Exempt Bank Loan to advance refund the 2000 General Obligation Notes. The General Obligation Notes in 2000 were incurred for the purpose of providing funds to pay for the lease rental debt with Cambria County Industrial Development Authority for capital projects. The balance outstanding amounted to \$7,569,907 (final maturity in 2030).

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

Debt Maturity

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

	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
1998 General Obligation Bonds			
<u>Years Ending December 31:</u>			
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	---	1,481,600	1,481,600
2012-2016	11,910,000	6,057,475	17,967,475
2017-2021	---	3,427,250	3,427,250
2022-2023	<u>18,115,000</u>	<u>494,500</u>	<u>18,609,500</u>
	<u>\$ 33,970,000</u>	<u>\$ 18,081,940</u>	<u>\$ 52,051,940</u>
To be Retired by:			
Business-Type Activities	\$ 5,089,045	\$ 2,708,675	\$ 7,797,720
Governmental Activities	<u>28,880,955</u>	<u>15,373,265</u>	<u>44,254,220</u>
	<u>\$ 33,970,000</u>	<u>\$ 18,081,940</u>	<u>\$ 52,051,940</u>
	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2006 General Obligation Notes			
<u>Years Ending December 31:</u>			
2007	\$ 229,149	\$ 247,798	\$ 476,947
2008	243,745	236,158	479,903
2009	253,125	223,853	476,978
2010	267,156	211,022	478,178
2011	279,436	197,510	476,946
2012-2016	1,638,522	759,116	2,397,638
2017-2021	<u>2,102,108</u>	<u>300,432</u>	<u>2,402,540</u>
	<u>\$ 5,013,241</u>	<u>\$ 2,175,889</u>	<u>\$ 7,189,130</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>5,013,241</u>	<u>2,175,889</u>	<u>7,189,130</u>
	<u>\$ 5,013,241</u>	<u>\$ 2,175,889</u>	<u>\$ 7,189,130</u>

	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2006 Tax Exempt Bank Loans			
<u>Years Ending December 31:</u>			
2007	\$ 168,639	\$ 376,251	\$ 544,890
2008	177,176	367,713	544,889
2009	186,146	358,744	544,890
2010	195,570	349,320	544,890
2011	205,470	339,420	544,890
2012-2016	1,194,321	1,530,128	2,724,449
2017-2021	1,528,831	1,195,618	2,724,449
2022-2026	1,957,034	767,416	2,724,450
2027-2030	<u>1,956,720</u>	<u>226,092</u>	<u>2,182,812</u>
	<u>\$ 7,569,907</u>	<u>\$ 5,510,702</u>	<u>\$ 13,080,609</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>7,569,907</u>	<u>5,510,702</u>	<u>13,080,609</u>
	<u>\$ 7,569,907</u>	<u>\$ 5,510,702</u>	<u>\$ 13,080,609</u>

NOTE 12 - CAPITAL LEASE

Upper Yoder Township Authority

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

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

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

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

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

Series 2006A and 2006B Lease Revenue Notes

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

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

CLT Efficient Tech Group

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

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

2007	\$ 491,423
2008	515,506
2009	540,773
2010	567,280
2011	595,141
Thereafter	<u>9,965,338</u>
	<u>\$ 12,675,461</u>

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, 2006, 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 \$12,692 at December 31, 2006. 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, 2006, the following funds' expenditures exceeded appropriations by the following amounts:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 675,244
Substance Abuse	15,377
Prothonotary Automation	4,820
Hotel Tax	31,416
Human Services	79,884
Foster Grandparents	43,025
Mental Health and Mental Retardation	961,561
Major Improvement	224,110
Debt Service	209,045

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

NOTE 16 - ACCOUNTABILITY

The following funds had deficit fund balances or retained deficits as of December 31, 2006.

<u>Fund</u>	<u>Amount</u>
911 Emergency Communications	\$ 670,156
Parks and Playground Fund	780,899

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>48,000</u>
Cambria Library Association	\$ <u>570,898</u>
Cambria County Municipal Airport Authority	\$ <u>187,776</u>
Cambria County Transit Authority	\$ <u>462,392</u>
Cambria County Solid Waste Management Authority	\$ <u>48,594</u>
Cambria County Conservation and Recreation Authority	\$ <u>75,000</u>
Pennsylvania Highlands Community College	\$ <u>999,999</u>

County Appropriations to Related Organizations:

Cambria County Child Development Corp.	\$ <u>3,621,391</u>
Cambria County Industrial Development Authority	\$ <u>---</u>
Upper Yoder Township Authority	\$ <u>779,366</u>

Pennsylvania Highlands Community College

During fiscal year ending June 30, 2006, the College incurred costs of \$107,713 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, 2006, is as follows:

	Laurel Crest Manor Fund	Laurel Crest D.M.E.	Central Park Complex	Total
Operating Revenues	\$ 30,239,322	\$ 177,957	\$ 873,619	\$ 31,290,898
Depreciation and Amortization Expense	701,580	---	222,950	924,530
Operating Income/(Loss)	1,384,848	23,118	(13,280)	1,394,686
Net Income (Loss)	7,033,578	(30,316)	---	7,003,262
Fixed Asset Additions	6,712,401	---	---	6,712,401
Fixed Asset Deletions	88,920	---	---	88,920
Total Assets	21,511,967	54,016	5,229,057	26,795,040
Capital Leases	12,442,443	---	---	12,442,443
Bonds	---	---	5,089,045	5,089,045
Total Net Assets/(Deficit)	3,429,537	23,118	---	3,452,655

NOTE 20 - PRIOR PERIOD ADJUSTMENT

Reclassification of Expenditures

During 2006, the County has been in the process of implementing a new Wireless System. Expenditures and related revenues are to be recorded within the 911 Emergency Communications Fund. In previous years, expenditures were recorded within the Capital Projects Fund. The net effect on Fund Balances of prior periods of reclassifying these expenditures is as follows:

911 Emergency Communications Fund	(\$258,029)
Capital Projects Fund	<u>161,748</u>
Total Government Wide Net Assets	<u>(\$ 96,281)</u>

Change in Accounting Policy

As required by *Government Accounting Standards Board Statement Number 34 (Gasb#34)*, the beginning balance of capital assets has been restated to reflect the effects of retroactively reporting infrastructure assets constructed between 1981 and 2001. The effects of reporting these amounts on the beginning balance of Government Wide Net Assets are as follows:

Total Infrastructure Cost	\$ 11,123,794
Accumulated Depreciation	(<u>2,568,282</u>)
Total Government Wide Net Assets	<u>\$ 8,555,512</u>

NOTE 21 - SUBSEQUENT EVENT

Tax Anticipation Note

In January, 2007, the County issued a tax and revenue anticipation note of \$4,000,000. The note will be paid off in 2007.

911 Communication Equipment Lease Financing

In April 2007, the County entered into an agreement with the Cambria County Financing Authority to deliver a note or a lease to provide financing for the 911 telecommunications equipment and broadband network. The terms of the financing provide interest at 4.244% for 15 years. Payments are to commence January 1, 2008.

Laurel Crest

Effective February 16, 2007, Laurel Crest received a six-month provisional operating license from the PA Department of Health. Following a Revisit Survey and State Monitoring Survey by the Department of Health in May 2007, inspectors determined that Laurel Crest continued to be out of compliance with regulations. Notice was received that Laurel Crest would not receive Medicare/Medicaid reimbursement for any new admissions after March 21, 2007. In addition, Laurel Crest was advised that the nursing home must be in full compliance by June 19, 2007 or it would lose Medicare/Medicaid certification. An inspection prior to the deadline resulted in the home being in substantial compliance. Full funding was restored effective June 5, 2007. A facility-wide inspection for a one-year operating license is anticipated in July 2007.

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
Revenues				
Real estate taxes	25,404,664	\$ 25,404,664	\$ 25,747,799	\$ 343,135
Charges for services	7,666,693	7,589,053	7,217,605	(371,448)
Interest and investment income	222,000	382,000	427,934	45,934
Intergovernmental revenues	5,764,435	7,652,263	7,857,955	205,692
Other	519,440	519,940	708,929	188,989
Total Revenues	<u>39,577,232</u>	<u>41,547,920</u>	<u>41,960,222</u>	<u>412,302</u>
Expenditures				
General government - Administrative	5,465,655	6,477,658	6,261,050	216,608
General government - Judicial	6,213,246	6,382,845	6,040,508	342,337
Public safety	9,460,632	9,851,946	9,439,502	412,444
Public works	838,718	839,214	849,214	(10,000)
Human services	4,512,500	4,830,677	4,918,078	(87,401)
Culture and recreation	707,438	718,336	570,249	148,087
Conservation and development	1,017,182	1,048,474	666,785	381,689
Employee benefits	4,688,750	4,662,884	4,781,741	(118,857)
Debt service	63,000	75,475	71,761	3,714
Total Expenditures	<u>32,967,121</u>	<u>34,887,509</u>	<u>33,598,888</u>	<u>1,288,621</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>6,610,111</u>	<u>6,660,411</u>	<u>8,361,334</u>	<u>1,700,923</u>
Other Financing Sources/(Uses)				
Operating transfers in	1,709,699	1,709,699	1,082,313	(627,386)
Operating transfers (out)	<u>(8,319,810)</u>	<u>(8,370,110)</u>	<u>(10,457,975)</u>	<u>(2,087,865)</u>
Total Other Financing Sources/(Uses)	<u>(6,610,111)</u>	<u>(6,660,411)</u>	<u>(9,375,662)</u>	<u>(2,715,251)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>(1,014,328)</u>	<u>(1,014,328)</u>
Fund Balance/(Deficit) - Beginning of Year, as originally stated	-	-	2,919,882	2,919,882
Prior Period Adjustment (Note 20)	-	-	-	-
Fund Balance/(Deficit) - Beginning of Year, as restated	<u>-</u>	<u>-</u>	<u>2,919,882</u>	<u>2,919,882</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,905,554</u>	<u>\$ 1,905,554</u>

See Independent Auditor's Report

COUNTY OF CAMBRIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 87,400	\$ 87,400	\$ -	\$ (87,400)
Charges for services	-	-	-	-
Interest and investment income	1,000	1,000	39,067	38,067
Other income	-	-	-	-
Total Revenues	<u>88,400</u>	<u>88,400</u>	<u>39,067</u>	<u>(49,333)</u>
Expenditures				
Capital Projects	160,585	160,585	1,051,809	(891,224)
Total Expenditures	<u>160,585</u>	<u>160,585</u>	<u>1,051,809</u>	<u>(891,224)</u>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	<u>(72,185)</u>	<u>(72,185)</u>	<u>(1,012,742)</u>	<u>(940,557)</u>
Other Financing Sources/(Uses)				
Operating transfers in	50,300	50,300	-	(50,300)
Operating transfers (out)	(712,115)	(712,115)	-	(712,115)
Total Other Financing Sources/ (Uses)	<u>(661,815)</u>	<u>(661,815)</u>	<u>-</u>	<u>(762,415)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(734,000)</u>	<u>(734,000)</u>	<u>(1,012,742)</u>	<u>(278,742)</u>
Fund Balance/(Deficit) - Beginning of Year, as originally stated	-	-	2,403,986	2,403,986
Prior Period Adjustment (Note 20)	-	-	161,748	161,748
Fund Balance/(Deficit) - Beginning of Year, as restated	<u>-</u>	<u>-</u>	<u>2,565,734</u>	<u>2,565,734</u>
Fund Balance - End of Year	<u>\$ (734,000)</u>	<u>\$ (734,000)</u>	<u>\$ 1,552,992</u>	<u>\$ 2,286,992</u>

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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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 22,518,174	\$ 22,518,174	\$ 22,748,266	\$ 230,092
Charges for services	1,290,555	1,290,555	1,763,902	473,347
Interest and investment income	-	-	201,336	201,336
Other income	43,000	43,000	99,786	56,786
Total Revenues	23,851,729	23,851,729	24,813,290	961,561
Expenditures				
Human services	24,251,729	24,251,729	25,213,290	(961,561)
Total Expenditures	24,251,729	24,251,729	25,213,290	(961,561)
(Deficiency)/Excess of Revenue Over/(Under)				
Expenditures	(400,000)	(400,000)	(400,000)	-
Other Financing Sources/(Uses)				
Operating transfers in	400,000	400,000	400,000	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	400,000	400,000	400,000	-
Excess of Revenues and Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	-	-	-	-
Fund Balance/(Deficit) - Beginning of Year, as originally stated				
Prior Period Adjustment (Note 20)	-	-	-	-
Fund Balance/(Deficit) - Beginning of Year, as restated				
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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 2,663,591	\$ 2,663,591	\$ 2,199,310	\$ (464,281)
Charges for services	1,580,120	1,580,120	1,494,730	(85,390)
Interest and investment income	4,000	4,000	106,304	102,304
Other income	12,713	12,713	10,613	(2,100)
Total Revenues	4,260,424	4,260,424	3,810,957	(449,467)
Expenditures				
Human services	4,913,424	4,913,424	4,395,285	518,139
Total Expenditures	4,913,424	4,913,424	4,395,285	518,139
(Deficiency)/Excess of Revenue Over/(Under)				
Expenditures	(653,000)	(653,000)	(584,328)	68,672
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	-	-	68,672	68,672
Fund Balance/(Deficit) - Beginning of Year, as originally stated	-	-	(480,799)	(480,799)
Prior Period Adjustment (Note 20)	-	-	(258,029)	(258,029)
Fund Balance/(Deficit) - Beginning of Year, as restated	-	-	(738,828)	(738,828)
Fund Balance - End of Year	\$ -	\$ -	\$ (670,156)	\$ (670,156)

See Independent Auditor's Report

SUPPLEMENTARY
INFORMATION

COUNTY OF CAMBRIA
 EMPLOYEE RETIREMENT PLAN -
 SUPPLEMENTARY INFORMATION
 ANALYSIS OF FUNDING
 FOR THE YEAR ENDED DECEMBER 31, 2006

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, 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%
December 31, 2006	\$ 623,387	100%

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

COUNTY OF CAMBRIA NONMAJOR FUNDS

The following are the County's nonmajor funds, for the year ending December 31, 2006:

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-sight, the fee amounting to \$75 per each hazardous material. In addition an annual \$100 fee is charged for the agency developing an emergency response plan for any occurrence of an accidental release of hazardous materials, such as a road spill or a release into the atmosphere. The State matches the Company assessments dollar for dollar, subject to funds availability, and forwards the matching to this agency which deposits these monies into this fund.

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

COUNTY OF CAMBRIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2006

	<u>Debt Service Fund</u>	<u>Hotel Tax Fund</u>	<u>Liquid Fuels Tax Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 27,958	\$ 11,980	\$ 202,367
Accounts receivable	-	46,235	95,046
Due from other governments	-	-	-
Prepaid expenses and other assets	-	-	-
Due from other funds	<u>897,870</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 925,828</u>	 <u>\$ 58,215</u>	 <u>\$ 297,413</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ 58,215	\$ -
Deferred revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>9</u>
 Total Liabilities	 <u>-</u>	 <u>58,215</u>	 <u>9</u>
Fund Balance			
Unreserved	<u>925,828</u>	<u>-</u>	<u>297,404</u>
 Total Fund Balance	 <u>925,828</u>	 <u>-</u>	 <u>297,404</u>
 Total Liabilities and Fund Balance	 <u>\$ 925,828</u>	 <u>\$ 58,215</u>	 <u>\$ 297,413</u>

See Independent Auditor's Report

COUNTY OF CAMBRIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2006

	<u>Children and Youth Fund</u>	<u>Domestic Relations Office Fund</u>	<u>Drug and Alcohol Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	45,739	\$ 871	\$ 113,566
Accounts receivable	-	-	-
Due from other governments	1,299,056	589,938	436,687
Prepaid expenses and other assets	8,066	-	-
Due from other funds	-	-	30,763
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,352,861</u>	<u>\$ 590,809</u>	<u>\$ 581,016</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable and accrued liabilities	647,712	\$ 75,194	\$ 581,016
Deferred revenues	-	-	-
Due to other governments	31,847	-	-
Due to other funds	673,302	515,615	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,352,861</u>	<u>590,809</u>	<u>581,016</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>\$ 1,352,861</u>	<u>\$ 590,809</u>	<u>\$ 581,016</u>

See Independent Auditor's Report

COUNTY OF CAMBRIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2006

	Detention/ Shelter Fund	Juvenile Probation Fund	Jail/ Detention Fund	Parks & Playgrounds Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ 25,896	\$ -
Accounts receivable	-	-	1,943	-
Due from other governments	91,727	332,171	-	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	-	-	-	-
	<u>91,727</u>	<u>332,171</u>	<u>27,839</u>	<u>-</u>
Total Assets	<u>\$ 91,727</u>	<u>\$ 332,171</u>	<u>\$ 27,839</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 58,328	\$ 112,468	\$ -	\$ -
Deferred revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	33,399	219,703	-	780,899
	<u>91,727</u>	<u>332,171</u>	<u>-</u>	<u>780,899</u>
Total Liabilities	<u>91,727</u>	<u>332,171</u>	<u>-</u>	<u>780,899</u>
Fund Balance				
Unreserved	-	-	27,839	(780,899)
	<u>-</u>	<u>-</u>	<u>27,839</u>	<u>(780,899)</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>27,839</u>	<u>(780,899)</u>
Total Liabilities and Fund Balance	<u>\$ 91,727</u>	<u>\$ 332,171</u>	<u>\$ 27,839</u>	<u>\$ -</u>

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COUNTY OF CAMBRIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	Area Agency on Aging Fund	Human Services Fund	Foster Grand- Parents Fund	Substance Abuse Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,050,382	\$ 107,070	\$ 5,711	\$ 154,321
Accounts receivable	-	-	-	5,510
Due from other governments	193,098	-	-	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	-	17,947	9,773	-
Total Assets	\$ 1,243,480	\$ 125,017	\$ 15,484	\$ 159,831
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 468,970	\$ 58,962	\$ 15,484	\$ 247
Deferred revenues	703,272	66,055	-	-
Due to other governments	-	-	-	-
Due to other funds	71,238	-	-	4,704
Total Liabilities	1,243,480	125,017	15,484	4,951
Fund Balance				
Unreserved	-	-	-	154,880
Total Fund Balance	-	-	-	154,880
Total Liabilities and Fund Balance	\$ 1,243,480	\$ 125,017	\$ 15,484	\$ 159,831

See Independent Auditor's Report

COUNTY OF CAMBRIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2006

	<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	\$ 3,461	\$ 517,201	\$ 261,679	\$ 6,372
Accounts receivable	-	41,317	-	485
Due from other governments	486	-	13,103	-
Prepaid expenses and other assets	-	-	-	-
Due from other funds	19,574	4,704	-	-
Total Assets	<u>\$ 23,521</u>	<u>\$ 563,222</u>	<u>\$ 274,782</u>	<u>\$ 6,857</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 3,284	\$ 4,058	\$ -	\$ 500
Deferred revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	141,788	-	4,075
Total Liabilities	<u>3,284</u>	<u>145,846</u>	<u>-</u>	<u>4,575</u>
Fund Balance				
Unreserved	<u>20,237</u>	<u>417,376</u>	<u>274,782</u>	<u>2,282</u>
Total Fund Balance	<u>20,237</u>	<u>417,376</u>	<u>274,782</u>	<u>2,282</u>
Total Liabilities and Fund Balance	<u>\$ 23,521</u>	<u>\$ 563,222</u>	<u>\$ 274,782</u>	<u>\$ 6,857</u>

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COUNTY OF CAMBRIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2006

	<u>Chesapeake Bay Fund</u>	<u>Dirt and Gravel Road Fund</u>	<u>Prothonotary Automation Fund</u>	<u>Clerk of Courts Automation Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 37,564	\$ 61,675	\$ 42,028	\$ 14,476
Accounts receivable	-	-	-	-
Due from other governments	-	-	945	810
Prepaid expenses and other assets	-	-	-	-
Due from other funds	576	-	-	-
	<u>38,140</u>	<u>61,675</u>	<u>42,973</u>	<u>15,286</u>
Total Assets	<u>\$ 38,140</u>	<u>\$ 61,675</u>	<u>\$ 42,973</u>	<u>\$ 15,286</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 315	\$ -
Deferred revenues	38,140	61,675	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	945	-
	<u>38,140</u>	<u>61,675</u>	<u>1,260</u>	<u>-</u>
Total Liabilities	<u>38,140</u>	<u>61,675</u>	<u>1,260</u>	<u>-</u>
Fund Balance				
Unreserved	-	-	41,713	15,286
	<u>-</u>	<u>-</u>	<u>41,713</u>	<u>15,286</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>41,713</u>	<u>15,286</u>
Total Liabilities and Fund Balance	<u>\$ 38,140</u>	<u>\$ 61,675</u>	<u>\$ 42,973</u>	<u>\$ 15,286</u>

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COUNTY OF CAMBRIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2006

	<u>County Records Improvement Fund</u>	<u>HMERA Fund</u>	<u>SHARP Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 307,794	\$ 58,927	\$ 15,502	\$ 3,072,540
Accounts receivable	-	-	-	190,536
Due from other governments	8,500	9,413	-	2,975,934
Prepaid expenses and other assets	-	-	-	8,066
Due from other funds	-	-	-	981,207
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 316,294</u>	<u>\$ 68,340</u>	<u>\$ 15,502</u>	<u>\$ 7,228,283</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 61,300	\$ 1,601	\$ -	\$ 2,147,654
Deferred revenues	-	-	-	869,142
Due to other governments	-	-	-	31,847
Due to other funds	2,894	-	-	2,448,571
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>64,194</u>	<u>1,601</u>	<u>-</u>	<u>5,497,214</u>
Fund Balance				
Unreserved	252,100	66,739	15,502	1,731,069
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>252,100</u>	<u>66,739</u>	<u>15,502</u>	<u>1,731,069</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 316,294</u>	<u>\$ 68,340</u>	<u>\$ 15,502</u>	<u>\$ 7,228,283</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, 2006

	Debt Service Fund	Hotel Tax Fund	Liquid Fuels Tax Fund
Revenues			
Intergovernmental revenues	\$ -	\$ -	\$ 1,869,979
Charges for services	-	-	-
Interest and investment income	1,272	904	15,514
Other income	-	326,512	9,606
Total Revenues	<u>1,272</u>	<u>327,416</u>	<u>1,895,099</u>
Expenditures			
Human services	-	-	-
General government - Judicial	-	-	-
Public works	-	-	1,922,430
Emergency communication services	-	-	-
Debt service	3,744,556	-	-
Conservation and development	-	320,868	-
Total Expenditures	<u>3,744,556</u>	<u>320,868</u>	<u>1,922,430</u>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	<u>(3,743,284)</u>	<u>6,548</u>	<u>(27,331)</u>
Other Financing Sources/(Uses)			
Proceeds from Bond Refinancing	12,909,202	-	-
Repayment of Bonds	(12,704,727)	-	-
Operating transfers in	5,240,645	-	-
Operating transfers (out)	(779,366)	(6,548)	-
Total Other Financing Sources/ (Uses)	<u>4,665,754</u>	<u>(6,548)</u>	<u>-</u>
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>922,470</u>	<u>-</u>	<u>(27,331)</u>
Fund Balance - Beginning of Year	3,358	-	324,735
Prior Period Adjustment (Note 20)	-	-	-
Fund Balance - Beginning of Year, as restated	<u>3,358</u>	<u>-</u>	<u>324,735</u>
Fund Balance - End of Year	<u>\$ 925,828</u>	<u>\$ -</u>	<u>\$ 297,404</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, 2006

	Children and Youth Fund	Domestic Relations Office Fund	Drug and Alcohol Fund
Revenues			
Intergovernmental revenues	\$ 7,605,803	\$ 1,418,362	\$ 1,759,155
Charges for services	174,547	33,099	-
Interest and investment income	491	1,627	6,842
Other income	-	-	238,340
Total Revenues	<u>7,780,841</u>	<u>1,453,088</u>	<u>2,004,337</u>
Expenditures			
Human services	8,750,342	-	2,047,337
General government - Judicial	-	2,097,913	-
Public works	-	-	-
Emergency communication services	-	-	-
Debt service	-	-	-
Conservation and development	-	-	-
Total Expenditures	<u>8,750,342</u>	<u>2,097,913</u>	<u>2,047,337</u>
(Deficiency)/Excess of Revenue (Under) Expenditures	<u>(969,501)</u>	<u>(644,825)</u>	<u>(43,000)</u>
Other Financing Sources/(Uses)			
Proceeds from Bond Refinancing	-	-	-
Repayment of Bonds	-	-	-
Operating transfers in	969,501	644,825	43,000
Operating transfers (out)	-	-	-
Total Other Financing Sources/ (Uses)	<u>969,501</u>	<u>644,825</u>	<u>43,000</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>
Fund Balance - End of Year	<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, 2006

	Detention/ Shelter Fund	Juvenile Probation Fund	Jail/ Detention Fund	Parks & Playgrounds Fund
Revenues				
Intergovernmental revenues	\$ -	\$ 924,798	\$ -	-
Charges for services	1,026,297	-	-	-
Interest and investment income	-	-	1,176	-
Other income	500	610,269	25,696	-
Total Revenues	1,026,797	1,535,067	26,872	-
Expenditures				
Human services	1,368,245	2,683,873	20,299	-
General government - Judicial	-	-	-	-
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	385,095
Total Expenditures	1,368,245	2,683,873	20,299	385,095
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(341,448)	(1,148,806)	6,573	(385,095)
Other Financing Sources/(Uses)				
Proceeds from Bond Refinancing	-	-	-	-
Repayment of Bonds	-	-	-	-
Operating transfers in	341,448	1,148,806	-	550,292
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	341,448	1,148,806	-	550,292
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses				
	-	-	6,573	165,197
Fund Balance - Beginning of Year, as originally stated	-	-	21,266	(946,096)
Prior Period Adjustment (Note 20)	-	-	-	-
Fund Balance - Beginning of Year, as restated	-	-	21,266	(946,096)
Fund Balance - End of Year	\$ -	\$ -	\$ 27,839	\$ (780,899)

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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, 2006

	Area Agency on Aging Fund	Human Services Fund	Foster Grand- Parent Fund	Substance Abuse Fund
Revenues				
Intergovernmental revenues	\$ 4,617,606	\$ 737,313	\$ 441,761	\$ -
Charges for services	436,897	-	-	-
Interest and investment income	36,133	3,713	2,063	6,027
Other income	61,601	-	249,729	114,521
Total Revenues	5,152,237	741,026	693,553	120,548
Expenditures				
Human services	5,152,237	741,026	693,553	-
General government - Judicial	-	-	-	91,377
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	-
Total Expenditures	5,152,237	741,026	693,553	91,377
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	-	-	-	29,171
Other Financing Sources/(Uses)				
Proceeds from Bond Refinancing	-	-	-	-
Repayment of Bonds	-	-	-	-
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	-	-	-	29,171
Fund Balance - Beginning of Year, as originally stated	-	-	-	125,709
Prior Period Adjustment (Note 20)	-	-	-	-
Fund Balance - Beginning of Year, as restated	-	-	-	125,709
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ 154,880

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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, 2006

	Farmland Preservation Fund	Driving Under the Influence Fund	Affordable Housing Fund	Register of Wills Automation Fund
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	160	18,403	14,206	534
Other income	13,256	360,018	155,326	7,660
Total Revenues	13,416	378,421	169,532	8,194
Expenditures				
Human services	-	-	-	-
General government - Judicial	-	208,719	-	10,182
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	35,246	-	306,377	-
Total Expenditures	35,246	208,719	306,377	10,182
Excess of Revenue				
Over/(Under) Expenditures	(21,830)	169,702	(136,845)	(1,988)
Other Financing Sources/(Uses)				
Proceeds from Bond Refinancing	-	-	-	-
Repayment of Bonds	-	-	-	-
Operating transfers in	20,000	-	-	-
Operating transfers (out)	-	(50,000)	-	-
Total Other Financing Sources/ (Uses)	20,000	(50,000)	-	-
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,830)	119,702	(136,845)	(1,988)
Fund Balance - Beginning of Year, as originally stated	22,067	297,674	411,627	4,270
Prior Period Adjustment (Note 20)	-	-	-	-
Fund Balance - Beginning of Year, as restated	22,067	297,674	411,627	4,270
Fund Balance - End of Year	\$ 20,237	\$ 417,376	\$ 274,782	\$ 2,282

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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, 2006

	Chesapeake Bay Fund	Dirt and Gravel Road Fund	Prothonotary Automation Fund	Clerk of Courts Automation Fund
Revenues				
Intergovernmental revenues	\$ 15,079	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	2,413	671	2,135	646
Other income	-	-	14,630	9,397
Total Revenues	17,492	671	16,765	10,043
Expenditures				
Human services	-	671	-	-
General government - Judicial	-	-	16,820	5,952
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	17,492	-	-	-
Total Expenditures	17,492	671	16,820	5,952
Excess of Revenue Over/(Under) Expenditures	-	-	(55)	4,091
Other Financing Sources/(Uses)				
Proceeds from Bond Refinancing	-	-	-	-
Repayment of Bonds	-	-	-	-
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	-	-	(55)	4,091
Fund Balance - Beginning of Year, as originally stated	-	-	41,768	11,195
Prior Period Adjustment (Note 20)	-	-	-	-
Fund Balance - Beginning of Year, as restated	-	-	41,768	11,195
Fund Balance - End of Year	\$ -	\$ -	\$ 41,713	\$ 15,286

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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, 2006

	County Records Improvement Fund	HMERA Fund	SHARP Fund	Total
Revenues				
Intergovernmental revenues	\$ -	\$ 23,735	\$ -	\$ 19,413,591
Charges for services	114,020	14,825	-	1,799,685
Interest and investment income	14,103	3,046	729	132,808
Other income	-	-	1,686	2,198,747
Total Revenues	128,123	41,606	2,415	23,544,831
Expenditures				
Human services	136,920	54,464	1,862	21,650,829
General government - Judicial	-	-	-	2,430,963
Public works	-	-	-	1,922,430
Emergency communication services	-	-	-	-
Debt service	-	-	-	3,744,556
Conservation and development	-	-	-	1,065,078
Total Expenditures	136,920	54,464	1,862	30,813,856
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(8,797)	(12,858)	553	(7,269,025)
Other Financing Sources/(Uses)				
Proceeds from Bond Refinancing	-	-	-	12,909,202
Repayment of Bonds	-	-	-	(12,704,727)
Operating transfers in	-	-	-	8,958,517
Operating transfers (out)	-	-	-	(835,914)
Total Other Financing Sources/ (Uses)	-	-	-	8,327,078
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(8,797)	(12,858)	553	1,058,053
Fund Balance - Beginning of Year, as originally stated	260,897	79,597	14,949	673,016
Prior Period Adjustment (Note 20)	-	-	-	-
Fund Balance - Beginning of Year, as restated	260,897	79,597	14,949	673,016
Fund Balance - End of Year	\$ 252,100	\$ 66,739	\$ 15,502	1,731,069

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COUNTY OF CAMBRIA
 COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS
 DECEMBER 31, 2006

	Planning Commission	Redevelopment Authority	Library Association	Municipal Airport Authority
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 25,453	\$ 418,221	\$ 461,111	\$ 498,926
Restricted cash	-	-	-	20,000
Investments	-	-	310,820	-
Restricted investments	-	-	379,122	-
Accounts receivable	204,851	-	39,703	95,482
Due from other governments	-	223,954	-	-
Inventory	-	-	-	-
Prepaid expenses and other assets	1,319	133,650	38,925	-
Total current assets	<u>231,623</u>	<u>775,825</u>	<u>1,229,681</u>	<u>614,408</u>
Non-current assets				
Fixed assets (net of accumulated depreciation)	2,503	3,489	752,318	16,988,613
Deferred Costs	-	-	-	-
Total non-current assets	<u>2,503</u>	<u>3,489</u>	<u>752,318</u>	<u>16,988,613</u>
Total Assets	<u>\$ 234,126</u>	<u>\$ 779,314</u>	<u>\$ 1,981,999</u>	<u>\$ 17,603,021</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 175,082	\$ 598,844	\$ 66,788	\$ 118,397
Deferred revenue	-	133,650	157,589	809,093
Due to other governments	-	9,396	-	-
Notes payable	-	-	-	25,137
Obligation under capital lease	-	-	5,193	-
Total current liabilities	<u>175,082</u>	<u>741,890</u>	<u>229,570</u>	<u>952,627</u>
Non-current liabilities				
Due to other governments	-	-	-	-
Notes payable	-	-	-	194,743
Obligation under capital lease	-	-	11,942	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>11,942</u>	<u>194,743</u>
Total Liabilities	<u>175,082</u>	<u>741,890</u>	<u>241,512</u>	<u>1,147,370</u>
NET ASSETS				
Investment in fixed assets, net of related debt	2,503	3,489	735,183	16,678,807
Restricted	-	-	379,122	79,005
Unrestricted	56,541	33,935	626,182	(302,161)
Total Net Assets	<u>59,044</u>	<u>37,424</u>	<u>1,740,487</u>	<u>16,455,651</u>
Total Liabilities and Net Assets	<u>\$ 234,126</u>	<u>\$ 779,314</u>	<u>\$ 1,981,999</u>	<u>\$ 17,603,021</u>

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COUNTY OF CAMBRIA
 COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS
 DECEMBER 31, 2006

	Transit Authority	Solid Waste Management Authority	Conservation and Recreation Authority	Community College	Totals
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,435,670	\$ 94,970	\$ 1,091,367	\$ 1,414,962	\$ 5,440,680
Restricted cash	-	-	-	-	20,000
Investments	-	-	-	-	310,820
Restricted investments	-	-	-	4,680,436	5,059,558
Accounts receivable	146,889	20,829	31,750	577,687	1,117,191
Due from other governments	166,567	89,845	1,027,822	118,259	1,626,447
Inventory	384,275	-	-	124,492	508,767
Prepaid expenses and other assets	191,503	33	-	103,258	468,688
Total current assets	<u>2,324,904</u>	<u>205,677</u>	<u>2,150,939</u>	<u>7,019,094</u>	<u>14,552,151</u>
Non-current assets					
Fixed assets (net of accumulated depreciation)	15,572,357	575,556	6,291,944	1,013,751	41,200,531
Deferred Costs	-	-	-	169,564	169,564
Total non-current assets	<u>15,572,357</u>	<u>575,556</u>	<u>6,291,944</u>	<u>1,183,315</u>	<u>41,370,095</u>
Total Assets	<u>\$ 17,897,261</u>	<u>\$ 781,233</u>	<u>\$ 8,442,883</u>	<u>\$ 8,202,409</u>	<u>\$ 55,922,246</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 387,135	\$ 16,430	\$ 1,417,484	\$ 770,953	\$ 3,551,113
Deferred revenue	266,475	-	730,998	218,425	2,316,230
Due to other governments	-	-	-	118,007	127,403
Notes payable	-	-	-	-	25,137
Obligation under capital lease	-	-	-	149,625	154,818
Total current liabilities	<u>653,610</u>	<u>16,430</u>	<u>2,148,482</u>	<u>1,257,010</u>	<u>6,174,701</u>
Non-current liabilities					
Due to other governments	-	-	-	325,958	325,958
Notes payable	-	-	32,400	4,800,000	5,027,143
Obligation under capital lease	-	-	-	174,405	186,347
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>32,400</u>	<u>5,300,363</u>	<u>5,539,448</u>
Total Liabilities	<u>653,610</u>	<u>16,430</u>	<u>2,180,882</u>	<u>6,557,373</u>	<u>11,714,149</u>
NET ASSETS					
Investment in fixed assets, net of related debt	15,572,357	575,556	6,291,944	689,721	40,549,560
Restricted	1,165,509	-	-	-	1,623,636
Unrestricted	505,785	189,247	(29,943)	955,315	2,034,901
Total Net Assets	<u>17,243,651</u>	<u>764,803</u>	<u>6,262,001</u>	<u>1,645,036</u>	<u>44,208,097</u>
Total Liabilities and Net Assets	<u>\$ 17,897,261</u>	<u>\$ 781,233</u>	<u>\$ 8,442,883</u>	<u>\$ 8,202,409</u>	<u>\$ 55,922,246</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, 2006

	<u>Redevelopment Authority</u>	<u>Library Association</u>	<u>Conservation and Recreation Authority</u>	<u>Total</u>
Revenues:				
Intergovernmental revenues	\$ 2,737,049	\$ 1,164,554	\$ 1,866,108	\$ 5,767,711
County appropriations	-	570,898	75,000	645,898
Charges for services	456,777	61,298	-	518,075
Interest and investment income	-	44,203	6,587	50,790
Realized (loss) on investments	-	(303)	-	(303)
Unrealized (loss) on investments	-	25,488	-	25,488
Other	33,730	36,705	234,634	305,069
	<u>3,227,556</u>	<u>1,902,843</u>	<u>2,182,329</u>	<u>7,312,728</u>
Total Revenues				
Expenditures:				
Conservation and development	3,244,612	-	2,268,957	5,513,569
Culture and recreation	-	1,843,460	-	1,843,460
	<u>3,244,612</u>	<u>1,843,460</u>	<u>2,268,957</u>	<u>7,357,029</u>
Total Expenditures				
Change in Net Assets	(17,056)	59,383	(86,628)	(44,301)
Capital Contributions	-	-	1,737,021	1,737,021
Net Assets - Beginning of Year	<u>54,480</u>	<u>1,681,104</u>	<u>4,611,608</u>	<u>6,347,192</u>
Net Assets - End of Year	<u>\$ 37,424</u>	<u>\$ 1,740,487</u>	<u>\$ 6,262,001</u>	<u>\$ 8,039,912</u>

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COUNTY OF CAMBRIA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR BUSINESS-TYPE ACTIVITY COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Planning Commission	Municipal Airport Authority	Transit Authority
Operating Revenues:			
Charges for services	\$ 663,088	\$ 388,493	\$ 944,206
Intergovernmental revenues	-	-	735,737
Other	1,568	4,984	333,023
Total Operating Revenues	664,656	393,477	2,012,966
Operating Expenses:			
Public works	704,348	651,977	7,640,174
Education and general	-	-	-
Depreciation	404	1,936,752	2,028,062
Total Operating Expenses	704,752	2,588,729	9,668,236
Operating (Loss)	<u>(40,096)</u>	<u>(2,195,252)</u>	<u>(7,655,270)</u>
Non-Operating Revenues/(Expenses):			
Investment income	96	26,037	14,465
Gain/(loss) on sale of assets	-	72,422	(210,762)
Federal appropriations	-	-	2,091,308
State appropriations	-	-	3,059,044
County appropriations	48,000	187,776	462,392
Other non-operating revenue	-	43,353	-
Interest expense	-	(18,251)	-
Total Non-Operating Revenues/ (Expenses)	48,096	311,337	5,416,447
Change in Net Assets	8,000	(1,883,915)	(2,238,823)
Capital contributions	-	2,525,697	1,767,836
Net Assets Beginning of Year	<u>51,044</u>	<u>15,813,869</u>	<u>17,714,638</u>
Net Assets - End of Year	<u>\$ 59,044</u>	<u>\$ 16,455,651</u>	<u>\$ 17,243,651</u>

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COUNTY OF CAMBRIA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR BUSINESS-TYPE ACTIVITY COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Solid Waste Management Authority	Community College	Total
Operating Revenues:			
Charges for services	\$ 5,324	\$ 2,940,941	\$ 4,942,052
Intergovernmental revenues	250,000	4,329,464	5,315,201
Other	2,267	735,250	1,077,092
Total Operating Revenues	257,591	8,005,655	11,334,345
Operating Expenses:			
Public works	298,971	-	9,295,470
Education and general	-	11,323,609	11,323,609
Depreciation	70,809	476,885	4,512,912
Total Operating Expenses	369,780	11,800,494	25,131,991
Operating (Loss)	(112,189)	(3,794,839)	(13,797,646)
Non-Operating Revenues/(Expenses):			
Investment income	1,846	-	42,444
Gain/(loss) on sale of assets	(227)	-	(138,567)
Federal appropriations	-	-	2,091,308
State appropriations	-	2,791,215	5,850,259
County appropriations	48,594	999,999	1,746,761
Other non-operating revenue	-	143,783	187,136
Interest expense	-	(17,526)	(35,777)
Total Non-Operating Revenues/ (Expenses)	50,213	3,917,471	9,743,564
Change in Net Assets	(61,976)	122,632	(4,054,082)
Capital contributions	-	103,453	4,396,986
Net Assets Beginning of Year	826,779	1,418,951	35,825,281
Net Assets - End of Year	\$ 764,803	\$ 1,645,036	\$ 36,168,185

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