

# County of Cambria

## Basic Financial Statements

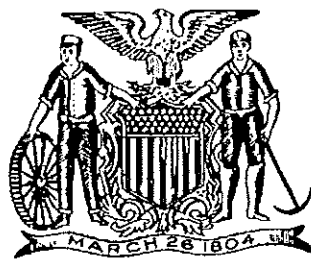
### For Year Ending December 31, 2002

**COMMISSIONERS:**

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PRESIDENT

**TED BARANIK**

**KATHY L. HOLTZMAN**



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**JOSEPH CRISI**  
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**KRISTINE A. SEGEAR, CPA**  
SENIOR ACCOUNTING MANAGER

COUNTY OF CAMBRIA

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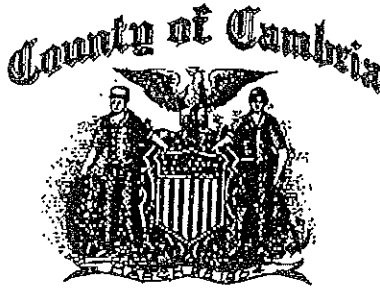
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CHIEF CLERK/FINANCE DIRECTOR

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2002

## 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, 2002. It is best understood if read in conjunction with accompanying basic financial statements, notes to the financial statements, and supplementary information. This is the first year of 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. Since this is the initial year of the GASB 34 implementation, management is limited in the amount of financial information that can be compared with the prior year. In future annual financial statements, a comparative analysis will be included when prior year government-wide financial information is available.

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 \$(3.73) million, a decrease of \$2.40 million from 2001.
- The General Fund unreserved, unrestricted fund balance/(deficit) was \$(4.56) million, a decrease of \$0.47 million from 2001.
- Government-wide net assets (assets minus liabilities) at the end of the year were \$(7.96) million.
- The outstanding bonds payable were \$44.1 million, a decrease of \$1.2 million from 2001. The balance of outstanding notes payable were \$9.0 million, a decrease of \$0.4 million from 2001.
- For calendar year 2002, the County's real property tax rate remained at 33 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 Area 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 (3) business-type activities – Laurel Crest Rehabilitation and Special Care Center, Laurel Crest D.M.E. Fund, and the Central Park Complex. For Laurel Crest, the County operated nursing home, fees are charged directly or through third party billing to fund the cost of operating the facility. The Central Park Complex (formerly the Glosser Building in Johnstown) generates rental income from the agencies and tenants that occupy the building to help offset the operating costs.

### **Fund Financial Statements**

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

### **Governmental Funds:**

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

Cambria County has twenty-five (25) individual governmental funds. Of these funds, three 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, and the Mental Health/Mental Retardation Fund. The non-major funds reported in the financial statements are – Children and Youth Services, Debt Service, Hotel Tax, Liquid Fuels Tax, 9-1-1 Emergency Communications, Domestic Relations, Drug and Alcohol, Detention/Emergency Shelter, Juvenile Probation, Area Agency on Aging, Human Services, Foster Grandparents, Farmland Preservation, Driving Under the Influence, Affordable Housing, Chesapeake Bay, Dirt and Gravel Road, Prothonotary Automation, Clerk of Courts Automation, County Records Improvement, HMER, and SHARP.

### **Proprietary Funds:**

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

### **Fiduciary Funds:**

Fiduciary funds are used to account for resources held for the benefit of the parties outside of the government. Cambria County is responsible for ensuring that the assets of these funds are used for the intended purposes. The County is the trustee, or fiduciary, for the following funds – Retirement Trust, Non-AFDC IRS, Prison Resident, Prison Canteen, Recorder of Deeds, Register of Wills, Sheriff's Office, Office of the Prothonotary, Clerk of Courts, Domestic Relations, Intermediate Punishment, Workers' Compensation, and Landfill Trust. 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

In accordance with GASB 34, the County is not required to restate prior periods for the purpose of providing comparative information in the year GASB 34 is implemented. In future years, when prior year information is available, a comparative analysis of government-wide information will be provided.

### Government-wide Statement of Net Assets

The table below summarizes the Statement of Net Assets for the primary government as of December 31, 2002.

Cambria County Primary Government Summary of Net Assets December 31, 2002				
		Governmental Activities	Business-type Activities	Total
<b>Assets:</b>				
	Current Assets	\$ 12,260,416	\$ 2,895,386	\$ 15,155,802
	Non-current Assets	<u>35,840,442</u>	<u>13,217,184</u>	<u>49,057,626</u>
	<b>Total Assets</b>	<u>\$ 48,100,858</u>	<u>\$ 16,112,570</u>	<u>\$ 64,213,428</u>
<b>Liabilities:</b>				
	Current Liabilities	\$ 14,640,464	\$ 3,211,500	\$ 17,851,964
	Non-current Liabilities	<u>46,608,487</u>	<u>7,712,508</u>	<u>54,320,995</u>
	<b>Total Liabilities</b>	<u>\$ 61,248,951</u>	<u>\$ 10,924,008</u>	<u>\$ 72,172,959</u>
<b>Net Assets:</b>				
	Investments in Capital Assets, Net of related Debt	(\$ 15,260,402)	\$ 7,333,309	(\$ 7,927,093)
	Unrestricted	1,861,197	( 2,144,747)	(283,550)
	Restricted	<u>251,112</u>	<u>---</u>	<u>251,112</u>
	<b>Total Net Assets</b>	<u>(\$ 13,148,093)</u>	<u>\$ 5,188,562</u>	<u>(\$ 7,959,531)</u>

**Total net assets:** Net assets of the County's governmental activities were \$(13.1) million. Of this amount, \$(15.3) million represents investments in capital assets, net of related debt. The unrestricted net asset balance as of the end of the year was \$1,861,197, while the restricted balance was \$251,112.

Net assets of the County's business-type activities were \$5.2 million. Of this amount, \$7.3 million represents investments in capital assets, net of related debt. The unrestricted net asset balance at year-end was \$(2.1) million.



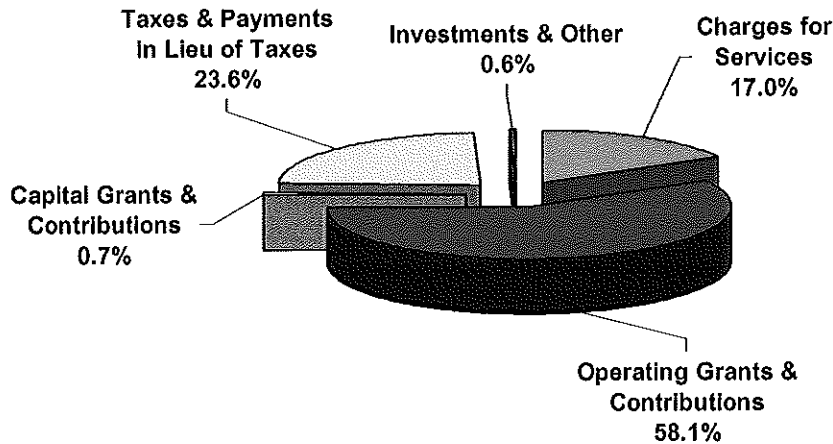
## Government-wide Statement of Activities

The table below summarizes the changes of net assets for the primary government for the period ended December 31, 2002:

Cambria County Primary Government Summary of Changes in Net Assets For the Year Ended December 31, 2002			
	Governmental Activities 2002	Business-type Activities 2002	Total 2002
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ 13,240,099	27,219,853	\$ 40,459,952
Operating Grants & Contributions	45,305,042	785,395	46,090,437
Capital Grants & Contributions	523,589	---	523,589
General Revenues:			
Taxes & Payments in Lieu of Taxes	18,443,720	---	18,443,720
(Loss)/Gain from Sale of Assets	(23,742)	---	(23,742)
Unrestricted Investment Earnings	262,638	6,605	269,243
Other Revenues	276,466	10,292	286,758
<b>Total Revenues</b>	<b>78,027,812</b>	<b>28,022,145</b>	<b>106,049,957</b>
<b>Expenses:</b>			
General Government-Administrative	3,414,765	---	3,414,765
General Government-Judicial	8,285,844	---	8,285,844
Public Safety	6,437,930	---	6,437,930
Public Works	646,602	---	646,602
Human Services	46,602,500	---	46,602,500
Culture and Recreation	121,469	---	121,469
Conservation and Development	1,385,642	---	1,385,642
Emergency Communications Services	1,911,910	---	1,911,910
Employee Benefits	3,823,283	---	3,823,283
Debt Service	2,727,091	---	2,727,091
Unallocated Depreciation	1,816,462	---	1,816,462
Laurel Crest Manor	---	25,174,478	25,174,478
Laurel Crest D.M.E.	---	231,058	231,058
Central Park Complex	---	1,067,917	1,067,917
<b>Total Expenses</b>	<b>77,173,498</b>	<b>26,473,453</b>	<b>103,646,951</b>
Changes in Net Assets Transfers and Capital Contributions	854,314	1,548,692	2,403,006
Transfers in/(out) Primary Government	(828,845)	---	(828,845)
Transfers in/(out) Component Units	(2,400,824)	---	(2,400,824)
Capital Contributions	4,249,850	---	4,249,850
<b>Change in Net Assets</b>	<b>1,874,495</b>	<b>1,548,692</b>	<b>3,423,187</b>
Net Assets – Beginning of Year	(15,022,588)	3,639,870	(11,382,718)
<b>Net Assets – End of Year</b>	<b>\$ (13,148,093)</b>	<b>\$ 5,188,562</b>	<b>\$ (7,959,531)</b>

**Governmental activities revenues:** Revenues for Cambria County's governmental activities were \$78.0 million for the year ended December 31, 2002. The following pie chart reflects the sources of those revenues by percent:

**Revenues by Source - Governmental Activities  
For the Year Ended December 31, 2002**



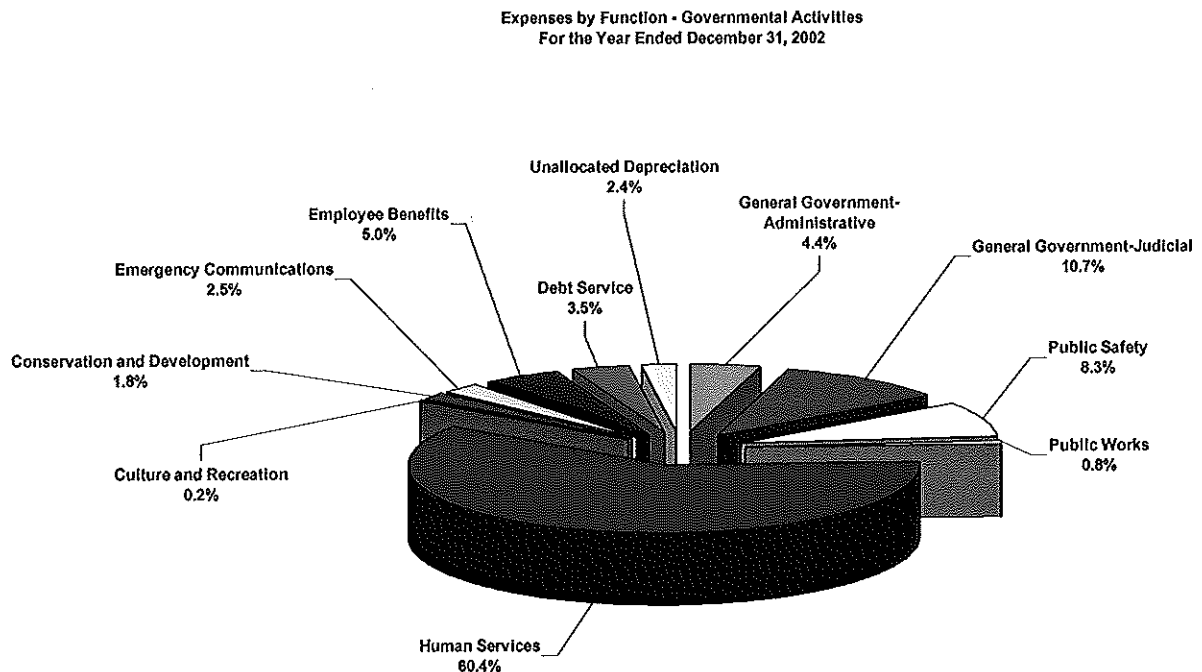
The largest source of governmental activities revenues are operating grants and contributions amounting to \$45.3 million or 58.1%. The Human Service agencies, including Mental Health/Mental Retardation, Children & Youth Services, Drug and Alcohol, Area Agency on Aging, Foster Grandparents, and Human Services receive the largest portion of operating grants and contributions at \$34.4 million or 76.0%. For the most part, Human Services operating grants fund mandated services, which usually require that general revenues are 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 \$18.4 million or 23.6%. For 2002, the real estate tax rate was 33 mills. Of this amount, 25 mills was designated for general purposes, 5.5 mills for debt service, 1.5 mills for the Cambria County Area Community College, and 1 mill for the Cambria County Library System. Real estate taxes generated \$18.0 million in governmental activities revenue in 2002. In addition, the County levies a 3% hotel lodging tax. Proceeds from the hotel tax are primarily used to assist in tourist promotional activities by the Cambria County Visitors and Convention Bureau. For the year ending 2002, the hotel tax receipts amounted to \$296,020. Cambria County also receives payments in lieu of taxes from various sources. The County received \$162,367 in payments in lieu of taxes in 2002.

Charges for services amounted to 17.0% or \$13.2 million of governmental activities funding sources. Charges for services include fees, fines, licenses, permits, 9-1-1 line charges, and housing revenues at the prison and at the detention/shelter facility.

Investment earnings, loss from the sale of assets, and other revenues amounted to \$515,362 or 1.3% of governmental activities revenue.

**Governmental activities expenses:** Expenses for Cambria County's governmental activities were \$77.2 million for the year ended December 31, 2002. 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 60.4% or \$46.6 million for 2002.

The general government-judicial is composed of the Court of Common Pleas, Magistrates, Constables, Driving Under the Influence Fund, Law Library, and Domestic Relations. Also included are the row offices that provide services to the courts, which include the District Attorney, Public Defender, Clerk of Courts, Prothonotary, Register of Wills, and Sheriff. Expenses for general government-judicial were \$8.3 million or 10.7% in 2002.

Public Safety includes Emergency Management, HMER, SHARP, Prison, Adult Probation, Juvenile Probation, and Detention/Shelter. Expenses in 2002 were 8.3% or \$6.4 million.

Employee Benefits were \$3.8 million or 5.0% 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 \$3.4 million or 4.4%.

Debt Service on the County's General Obligation Bonds, Lease Rental Indebtedness, and Notes were \$2.7 million or 3.5% of governmental activities expenses.

The remaining expenses of \$4.0 million 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, and Mental Health/Mental Retardation, 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, 2002, the General Fund reported a fund balance of \$(3.7) million which was a \$2.4 million or 181% decrease from the prior year's fund balance of \$(1.3) million. This decrease is the result of ongoing operating losses in the General Fund. For 2002, expenditures and other financing uses exceeded revenues and other financing sources by \$2.4 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 2002 was \$2.9 million. This was a decrease of \$877,509 or 23% from December 31, 2001. During 2002, the County contributed \$500,000 in matching funds to the Johnstown Renaissance Complex Project. Other capital projects funded with loan proceeds or grants were the North Central Recreation Center, the 9-1-1 system upgrade, and the completion of the Cambria County Human Services Building addition.

The Mental Health/Mental Retardation (MH/MR) special revenue fund maintains no fund balance. Revenues in the MH/MR fund decreased to \$21.7 million from \$23.9 million in 2001, a decrease of \$2.2 million or 9.3%. The decrease is the result of contracting out certain Mental Health services. Payment for services is paid directly to the vendor from the Commonwealth. Previously, payments would pass through the MH/MR fund.

**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, 2002, total net assets of the Laurel Crest Manor fund was \$5.4 million. The unrestricted net assets of this fund was \$(1.9) million and the investment in capital assets net of related debt was \$7.3 million. Laurel Crest's net assets increased \$1.6 million from the beginning of the year. The Laurel Crest D.M.E. fund total net assets amounted to \$31,816 on December 31, 2002. This reflects a decrease in net assets in the amount of \$59,725 from the beginning of the year.

The net assets of the Central Park Complex fund was \$(262,925) on December 31, 2002. Of this amount, \$(251,748) was unrestricted and \$(11,177) was invested in capital assets net of related debt. The change in net assets for the year was \$(12,199).

### **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 and final budgeted revenue amounts were \$31.8 million in 2002. The actual revenue received during 2002 was \$31.6 million. The following are negative variances in final budgeted revenue to actual revenue during 2002: actual tax collections were \$0.9 million or 4.8 % less than budgeted; actual interest and investment income was \$244,685 or 66.1% less than budgeted; actual charges for services were \$98,436 or 1.3% less than budgeted; and actual other revenue were \$131,207 or 16.8% less than budgeted. Intergovernmental revenues had a positive final budget variance of \$1.1 million or 29.4% for the year.

The original and final budgeted expenditure amounts were \$26.5 million in 2002. The actual expenditures were \$27.4 million for 2002. Positive variances were in general government—administrative for \$639,051 or 15.9%, conservation and development for \$234,036 or 20.2%, employee benefits for \$585,817 or 13.5%, and debt service for \$47,082 or 10.9%. Negative variances were in general government-judicial for \$127,789 or 2.0%, public safety for \$684,647 or 11.9%, public works for \$315,774 or 40.2%, human services for \$914,167 or 30.3%, and culture and recreation for \$385,286 or 53.1%.

The original and final budgeted operating transfers in amounts were \$1.8 million in 2002. The actual operating transfers in were \$0.6 million or 68% under budget. The original and final budgeted operating transfer out were \$7.15 million in 2002. The actual operating transfers out were \$7.14 million.

Overall, the general fund had a deficiency of revenues and other financing sources under expenditures and other financing uses of \$2.4 million for the year ending December 31, 2002.

### Capital Assets and Debt Administration

#### Capital Assets:

The County's investment in capital assets at December 31, 2002, net of accumulated depreciation, amounted to \$49.1 million. This was an increase of \$4.7 million or 10.6% 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, 2002
Construction-in-progress	\$ 7,299,262	\$ ---	\$ 7,299,262
Land	---	383,046	383,046
Site/land improvements	1,079,460	441,976	1,521,436
Building and permanent fixtures	30,045,796	26,115,778	56,161,574
Office furniture and equipment	1,973,354	---	1,973,354
General equipment	1,434,569	---	1,434,569
Machinery and equipment	---	4,510,900	4,510,900
Radio equipment	2,459,630	---	2,459,630
Computer hardware and software	2,264,839	---	2,264,839
Vehicles	2,458,274	---	2,458,274
Less accumulated depreciation	(13,174,742)	(18,234,516)	(31,409,258)
<b>Total</b>	<b>\$ 35,840,442</b>	<b>\$ 13,217,184</b>	<b>\$ 49,057,626</b>

Highlights of the amounts expended during 2002 for major capital assets include:

- As part of the Johnstown Renaissance Complex Project, renovations are being made to the County owned War Memorial

Arena. The total project cost as of December 31, 2002 was \$6.1 million. Though most of the project costs are funded by state grants, the County contributed \$500,000 in 2002 toward the project.

- The County received federal grant funding to assist in the construction of the North Central Cambria Recreation Center. During 2002, \$525,529 was spent on this project.
- The County's 9-1-1 system received a federal grant to upgrade the computer aided dispatch (CAD) system. For 2002, \$409,883 was spent on the upgrades.

Additional detailed information on the County's capital assets can be found in Notes 6 and 10 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, 2002, Cambria County had outstanding debt of \$53.1 million. During 2002, total debt decreased by \$1.6 million or 2.9%. The County did not issue new long-term debt during 2002.

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

### **Economic Factors and 2003 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.
- As of January 2003, the County's unemployment rate was 9.05%. The Commonwealth's rate was 6.73% and the national rate was 6.37% for January 2003.
- The County's assessed value on real estate increased 5.8 million or 1.0% from 2002 to 2003.

For fiscal year 2003, the County's real property tax rate remained the same at 33 mills. The County's 2003 general fund budget was prepared based on the financial impact of the proposed sale of Laurel Crest Rehabilitation and Special Care Center. Subsequently, the County terminated the sale agreement. The general fund budget increased \$3.5 million or 9.9% from 2002 to 2003.

In December 2003, the County entered into a lease agreement with Upper Yoder Township Authority. Under the terms of the agreement, the Authority has ownership of property and facilities of Laurel Crest Rehabilitation and Special Care Center. The Authority issued lease rental indebtedness in the amount of \$11.5 million of which the County is a guarantor for the debt. The County will pay the Authority rent equal to the annual debt service on the note. The net proceeds from the note were recorded in the general fund. The County will continue to manage and operate Laurel Crest.

### **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.



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**Independent Auditors' Report**

December 31, 2003

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, 2002, 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 management. Our responsibility is to express an opinion on these financial statements based on our 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 Barnes, Saly & Company, LLP and Wessel & Company, 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 opinion.

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, 2002, and the respective changes in financial position and the cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2003, 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, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our joint audit.

As described in Note 1, the County of Cambria has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of December 31, 2002.

The management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 71 through 73, 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 supplementary information. However, we did not audit the information and express no joint opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Cambria's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented 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 opinion on them.

  
WESSEL & COMPANY  
Certified Public Accountants

  
BARNES SALLY & COMPANY, LLP  
Certified Public Accountants

COUNTY OF CAMBRIA  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2002

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents (Note 2)	\$ 3,347,541	\$ 172,354	\$ 3,519,895	\$ 3,371,915
Investments (Note 2)	-	-	-	150,909
Restricted cash (Note 3)	656,162	409,521	1,065,683	1,660,403
Restricted investments (Note 3)	-	-	-	290,300
Receivables (net of allowance for uncollectibles)				
Accounts	1,560,838	3,044,204	4,605,042	395,690
Taxes (Note 4)	1,790,296	-	1,790,296	-
Due from other governments (Note 5)	3,710,183	-	3,710,183	802,327
Prepaid expenses and other assets	324,924	139,779	464,703	218,272
Internal balances (Note 11)	870,472	(870,472)	-	-
Inventory	-	-	-	342,902
<b>Total Current Assets</b>	<b>12,260,416</b>	<b>2,895,386</b>	<b>15,155,802</b>	<b>7,232,718</b>
<b>Non-current assets:</b>				
Fixed assets net of accumulated depreciation (Note 6)	35,840,442	13,217,184	49,057,626	34,936,624
<b>Total Non-current assets</b>	<b>35,840,442</b>	<b>13,217,184</b>	<b>49,057,626</b>	<b>34,936,624</b>
<b>Total Assets</b>	<b>\$ 48,100,858</b>	<b>\$ 16,112,570</b>	<b>\$ 64,213,428</b>	<b>\$ 42,169,342</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 7,816,676	\$ 1,781,676	\$ 9,598,352	\$ 966,729
Deferred revenues (Note 1f)	3,006,047	-	3,006,047	1,165,220
Due to other governments (Note 5)	12,929	-	12,929	207,351
Custodial payable	620,941	409,521	1,030,462	-
Accrued vacation (Note 11 and 13)	1,233,426	864,101	2,097,527	-
Notes payable (Note 11)	121,402	-	121,402	89,291
Bonds payable (Note 11)	1,053,459	156,541	1,210,000	-
Obligations under capital leases	-	-	-	91,781
Accrued interest	754,492	-	754,492	-
Other liabilities	21,092	-	21,092	-
<b>Total current liabilities</b>	<b>14,640,464</b>	<b>3,211,839</b>	<b>17,852,303</b>	<b>2,520,372</b>
<b>Non-current liabilities:</b>				
Due to other governments (Note 5)	-	-	-	404,496
Notes payable (Note 11)	8,853,177	-	8,853,177	247,759
Bonds payable	37,293,735	5,606,265	42,900,000	-
Estimated workers' compensation claim (Note 11)	461,575	2,106,243	2,567,818	-
Obligations under capital leases	-	-	-	35,554
<b>Total non-current liabilities</b>	<b>46,608,487</b>	<b>7,712,508</b>	<b>54,320,995</b>	<b>687,809</b>
<b>Total Liabilities</b>	<b>61,248,951</b>	<b>10,924,347</b>	<b>72,173,298</b>	<b>3,208,181</b>
<b>NET ASSETS:</b>				
Investments in capital assets, net of related debt	(15,260,402)	7,333,648	(7,926,754)	37,074,447
Unrestricted	1,861,197	(2,145,086)	(283,889)	1,565,395
Restricted - (Note 1n)	251,112	-	251,112	321,319
<b>Total Net Assets</b>	<b>(13,148,093)</b>	<b>5,188,562</b>	<b>(7,959,531)</b>	<b>38,961,161</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 48,100,858</b>	<b>\$ 16,112,909</b>	<b>\$ 64,213,767</b>	<b>\$ 42,169,342</b>

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

COUNTY OF CAMBRIA  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2002

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government - administrative	\$ 3,414,765	\$ 734,172	\$ -	\$ -	\$ (2,680,593)	\$ -	\$ (2,680,593)
General government - judicial	8,285,844	2,854,221	1,832,348	-	(3,599,275)	-	(3,599,275)
Public safety	6,437,930	3,287,651	405,648	-	(2,744,631)	-	(2,744,631)
Public works	646,602	-	713,253	-	66,651	-	66,651
Human services	46,602,500	4,137,299	40,766,645	-	(1,698,556)	-	(1,698,556)
Culture and recreation	121,469	16,132	-	523,589	418,252	-	418,252
Conservation and development	1,385,642	599,164	964,195	-	177,717	-	177,717
Emergency communication services	1,911,910	1,611,460	622,953	-	322,503	-	322,503
Employee benefits	3,823,283	-	-	-	(3,823,283)	-	(3,823,283)
Debt service	2,727,091	-	-	-	(2,727,091)	-	(2,727,091)
Unallocated depreciation	1,816,462	-	-	-	(1,816,462)	-	(1,816,462)
<b>Total Governmental Activities</b>	<b>77,173,498</b>	<b>13,240,099</b>	<b>45,305,042</b>	<b>523,589</b>	<b>(18,104,768)</b>	<b>-</b>	<b>(18,104,768)</b>
<b>Business-type Activities:</b>							
Laurel Crest Manor	25,174,478	26,452,961	337,958	-	-	1,616,441	1,616,441
Laurel Crest D.M.E.	231,058	171,333	-	-	-	(59,725)	(59,725)
Central Park Complex	1,067,917	595,559	447,437	-	-	(24,921)	(24,921)
<b>Total Business-type Activities</b>	<b>26,473,453</b>	<b>27,219,853</b>	<b>785,395</b>	<b>-</b>	<b>-</b>	<b>1,531,795</b>	<b>1,531,795</b>
<b>Total Primary Government</b>	<b>\$ 103,646,951</b>	<b>\$ 40,459,952</b>	<b>\$ 46,090,437</b>	<b>\$ 523,589</b>	<b>\$ (18,104,768)</b>	<b>\$ 1,531,795</b>	<b>\$ (16,572,973)</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	\$ 13,564,109	\$ -	\$ 13,564,109
Property Taxes, Levied for Debt Retirement	3,040,878	-	3,040,878
Property Taxes, Levied for Community College	827,693	-	827,693
Property Taxes, Levied for County Library	552,653	-	552,653
Payments in Lieu of Taxes	162,367	-	162,367
County Hotel Lodging Taxes	296,020	-	296,020
(Loss)/gain from Sale of Assets	(23,742)	-	(23,742)
Transfers in/(out) primary government	(828,845)	-	(828,845)
Transfers in/(out) component units	(2,400,824)	-	(2,400,824)
Unrestricted Investment Earnings	262,638	6,605	269,243
Other Revenues	276,466	10,292	286,758
<b>Total General Revenues and Transfers</b>	<b>15,729,413</b>	<b>16,897</b>	<b>15,746,310</b>
Change in Net Assets	(2,375,355)	1,548,692	(826,663)
Capital Contributions	4,249,850	-	4,249,850
Net Assets - Beginning of Year	(15,022,588)	3,639,870	(11,382,718)
<b>Net Assets - End of Year</b>	<b>\$ (13,148,093)</b>	<b>\$ 5,188,562</b>	<b>\$ (7,959,531)</b>

COUNTY OF CAMBRIA  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 2002

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Component Units
<b>Component Units:</b>					
<b>Governmental Activities:</b>					
Redevelopment Authority	\$ 3,308,589	\$ -	\$ 3,301,579	\$ -	\$ (7,010)
Conservation and Recreation Authority	647,689	-	667,060	-	19,371
Library Association	2,034,665	30,953	1,480,783	-	(522,929)
<b>Total Component Unit Governmental Activities</b>	<b>5,990,943</b>	<b>30,953</b>	<b>5,449,422</b>	<b>-</b>	<b>(510,568)</b>
<b>Business-type Activities:</b>					
Planning Commission	221,291	168,116	-	-	(53,175)
Municipal Airport Authority	2,508,485	326,279	-	-	(2,182,206)
Transit Authority	7,735,549	823,484	4,586,121	-	(2,325,944)
Solid Waste Management Authority	267,416	-	-	-	(267,416)
Area Community College	6,530,963	1,723,661	4,788,551	-	(18,751)
<b>Total Component Unit Business-type Activities</b>	<b>17,263,704</b>	<b>3,041,540</b>	<b>9,374,672</b>	<b>-</b>	<b>(4,847,492)</b>
<b>Total Component Units</b>	<b>\$ 23,254,647</b>	<b>\$ 3,072,493</b>	<b>\$ 14,824,094</b>	<b>\$ -</b>	<b>\$ (5,358,060)</b>
<b>General Revenues:</b>					
(Loss) from Sale of Assets					(68,250)
Grants and Contributions Not Restricted					4,477
Unrestricted Investment Earnings					44,244
Other Revenues					731,340
Transfers from Primary Government					2,400,824
<b>Total General Revenues and Transfers</b>					<b>3,112,635</b>
Change in Net Assets					(2,245,425)
Capital Contributions					3,408,201
Net Assets - Beginning of Year					37,798,385
Net Assets - End of Year					<u>38,961,161</u>

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, 2002

	Major Funds			Other Nonmajor Governmental Funds	Totals
	General	Capital Projects	MH/MR		
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 243,784	\$ 1,716,914	\$ 14,504	\$ 1,372,339	\$ 3,347,541
Restricted cash	626,735	-	-	29,427	656,162
Receivables (net of allowance for uncollectibles)					
Accounts	1,129,150	-	230,000	201,688	1,560,838
Taxes	1,790,296	-	-	-	1,790,296
Due from other governments	17,340	308,673	-	2,830,543	3,156,556
Prepaid expenses and other assets	311,117	-	-	13,807	324,924
Due from other funds (Note 11)	3,996,890	1,007,517	3,973,498	1,227,289	10,205,194
<b>Total Assets</b>	<b>\$ 8,115,312</b>	<b>\$ 3,033,104</b>	<b>\$ 4,218,002</b>	<b>\$ 5,675,093</b>	<b>\$ 21,041,511</b>
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities	\$ 3,591,057	\$ 100,731	\$ 1,659,029	\$ 2,465,859	\$ 7,816,676
Deferred revenues	1,485,477	-	2,558,040	447,483	4,491,000
Payable from restricted assets	620,941	-	-	-	620,941
Other liabilities	21,092	-	-	-	21,092
Due to other governments	-	-	-	12,929	12,929
Due to other funds (Note 11)	6,127,936	46,047	933	2,606,179	8,781,095
<b>Total Liabilities</b>	<b>11,846,503</b>	<b>146,778</b>	<b>4,218,002</b>	<b>5,532,450</b>	<b>21,743,733</b>
<b>FUND BALANCES</b>					
Unreserved fund balance/(deficit)	(4,555,442)	2,886,326	-	142,643	(1,526,473)
Restricted for:					
Cambria County Area Community College (Note 10)	117,728	-	-	-	117,728
Central Park Complex (Note 10)	262,926	-	-	-	262,926
911 Emergency Communications (Note 10)	310,213	-	-	-	310,213
Laurel Crest (Note 10)	120,731	-	-	-	120,731
Library (Note 10)	12,653	-	-	-	12,653
<b>Total Net Assets</b>	<b>(3,731,191)</b>	<b>2,886,326</b>	<b>-</b>	<b>142,643</b>	<b>(702,222)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,115,312</b>	<b>\$ 3,033,104</b>	<b>\$ 4,218,002</b>	<b>\$ 5,675,093</b>	

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

Long-term liabilities, including bonds payable, accrued interest on bonds and compensated absences are not due and payable in the current period and therefore are not reported as a fund liability

(49,771,266)

The difference in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two methods

1,484,953

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

35,840,442

Net assets of governmental activities

\$ (13,148,093)

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Major Funds			Other Nonmajor Governmental Funds	Totals
	General	Capital Projects	MH/MR		
<b>Revenues</b>					
Real estate taxes	\$ 18,391,243	\$ -	\$ -	\$ -	\$ 18,391,243
Charges for services	7,424,177	-	2,021,080	3,777,688	13,222,945
Interest and investment income	125,315	28,133	55,395	53,795	262,638
Intergovernmental revenues	4,997,917	523,589	19,491,479	19,743,961	44,756,946
Other income	648,043	-	88,309	1,399,247	2,135,599
<b>Total Revenues</b>	<u>31,586,695</u>	<u>551,722</u>	<u>21,656,263</u>	<u>24,974,691</u>	<u>78,769,371</u>
<b>Expenditures</b>					
General government - administrative	3,390,600	-	-	-	3,390,600
General government - judicial	6,387,538	-	-	2,069,513	8,457,051
Public safety	6,441,730	-	-	-	6,441,730
Public works	1,102,406	-	-	558,338	1,660,744
Human services	3,931,667	-	21,763,836	22,231,294	47,926,797
Culture and recreation	1,111,320	-	-	-	1,111,320
Conservation and development	924,648	-	-	530,389	1,455,037
Employee benefits	3,757,683	-	-	-	3,757,683
Emergency communication services	-	-	-	2,426,562	2,426,562
Debt service	385,518	-	-	3,782,134	4,167,652
Capital projects	-	1,589,039	-	-	1,589,039
<b>Total Expenditures</b>	<u>27,433,110</u>	<u>1,589,039</u>	<u>21,763,836</u>	<u>31,598,230</u>	<u>82,384,215</u>
<b>Excess/(deficiency) of revenues over/(under) expenditures</b>	4,153,585	(1,037,317)	(107,573)	(6,623,539)	(3,614,844)
<b>Other Financing Sources/(Uses)</b>					
Operating transfers in	579,430	159,808	107,573	6,078,581	6,925,392
Operating transfers (out)	(7,136,001)	-	-	(618,236)	(7,754,237)
<b>Total Other Financing Sources/(Uses)</b>	<u>(6,556,571)</u>	<u>159,808</u>	<u>107,573</u>	<u>5,460,345</u>	<u>(828,845)</u>
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,402,986)	(877,509)	-	(1,163,194)	(4,443,689)
Fund Balance/(Deficit) - Beginning of Year - as restated	(1,328,205)	3,763,835	-	1,305,837	3,741,467
Fund Balance/(Deficit) - End of Year	<u>\$ (3,731,191)</u>	<u>\$ 2,886,326</u>	<u>\$ -</u>	<u>\$ 142,643</u>	<u>\$ (702,222)</u>

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

COUNTY OF CAMBRIA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

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

Net change in fund balance - total governmental funds (page 22)	\$ (4,443,689)
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	(111,507)
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	686,069
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	754,492
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	(243,543)
The net effect of various transactions involving capital assets, (i.e. purchases, disposals, etc.) is to increase net assets	<u>982,823</u>
Change in net assets of governmental activities (page 19)	<u>\$ (2,375,355)</u>

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



COUNTY OF CAMBRIA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 DECEMBER 31, 2002

	Business-type Activities - Enterprise Funds			Total
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 170,274	\$ -	\$ 2,080	\$ 172,354
Restricted cash	409,521	-	-	409,521
Accounts receivable	2,940,852	97,190	6,162	3,044,204
Prepaid expenses and other assets	41,560	-	98,219	139,779
Due from other funds	(620,667)	(44,134)	(205,671)	(870,472)
<b>Total Current Assets</b>	<b>2,941,540</b>	<b>53,056</b>	<b>(99,210)</b>	<b>2,895,386</b>
<b>Non-current Assets</b>				
Fixed assets (net of accumulated depreciation and amortization)	7,465,216	-	5,751,968	13,217,184
<b>Total Assets</b>	<b>\$ 10,406,756</b>	<b>\$ 53,056</b>	<b>\$ 5,652,758</b>	<b>\$ 16,112,570</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,614,135	\$ 21,240	\$ 145,962	\$ 1,781,337
Accrued vacation	857,186	-	6,915	864,101
Custodial payable	409,521	-	-	409,521
Bonds payable	-	-	156,541	156,541
<b>Total Current Liabilities</b>	<b>2,880,842</b>	<b>21,240</b>	<b>309,418</b>	<b>3,211,500</b>
<b>Non-current Liabilities</b>				
Bonds payable	-	-	5,606,265	5,606,265
Estimated workers' compensation claims	2,106,243	-	-	2,106,243
<b>Total Liabilities</b>	<b>4,987,085</b>	<b>21,240</b>	<b>5,915,683</b>	<b>10,924,008</b>
<b>Net Assets:</b>				
Investment in capital assets net of related debt	7,344,486	-	(10,838)	7,333,648
Unrestricted	(1,924,815)	31,816	(252,087)	(2,145,086)
<b>Total Net Assets</b>	<b>5,419,671</b>	<b>31,816</b>	<b>(262,925)</b>	<b>5,188,562</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,406,756</b>	<b>\$ 53,056</b>	<b>\$ 5,652,758</b>	<b>\$ 16,112,570</b>

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

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	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	\$ 26,452,961	\$ 171,333	\$ -	\$ 26,624,294
Rental income	-	-	595,559	595,559
Total Operating Revenues	<u>26,452,961</u>	<u>171,333</u>	<u>595,559</u>	<u>27,219,853</u>
Operating Expenses:				
Patient care	24,518,848	139,517	-	24,658,365
Depreciation and amortization	631,731	-	221,397	853,128
Loss on sale of fixed asset	-	-	5,460	5,460
Maintenance and operating	-	-	542,674	542,674
Total Operating Expenses	<u>25,150,579</u>	<u>139,517</u>	<u>769,531</u>	<u>26,059,627</u>
Operating Income/(Loss)	1,302,382	31,816	(173,972)	1,160,226
Non-Operating Revenues/(Expenses):				
Investment income	4,175	-	2,430	6,605
Other income	-	-	10,292	10,292
Interest expense	(23,899)	-	(298,386)	(322,285)
Total Non-Operating Revenues/(Expenses)	<u>(19,724)</u>	<u>-</u>	<u>(285,664)</u>	<u>(305,388)</u>
Income/(Loss) Before Transfers	1,282,658	31,816	(459,636)	854,838
Other Financing Sources/(Uses):				
Operating transfers in	337,958	-	447,437	785,395
Operating transfers (out)	-	(91,541)	-	(91,541)
Total Other Financing Sources/(Uses)	<u>337,958</u>	<u>(91,541)</u>	<u>447,437</u>	<u>693,854</u>
Change in Net Assets	1,620,616	(59,725)	(12,199)	1,548,692
Net Assets - Beginning of Year	<u>3,799,055</u>	<u>91,541</u>	<u>(250,726)</u>	<u>3,639,870</u>
Net Assets - End of Year	<u>\$ 5,419,671</u>	<u>\$ 31,816</u>	<u>\$ (262,925)</u>	<u>\$ 5,188,562</u>

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

COUNTY OF CAMBRIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities - Enterprise Funds			Total
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	
<b>Cash Flows From Operating Activities</b>				
Cash received from patients	\$ 26,594,191	\$ 174,050	\$ -	\$ 26,768,241
Cash received from customers	-	-	605,699	605,699
Net increase in interfund payables	-	48,213	111,793	160,006
Cash payments to employees for services	-	-	(150,231)	(150,231)
Cash payments to suppliers for goods and services	-	-	(385,850)	(385,850)
Cash payments for other operating expenses	(26,585,317)	(130,617)	-	(26,715,934)
<b>Net Cash Provided By Operating Activities</b>	<u>8,874</u>	<u>91,646</u>	<u>181,411</u>	<u>281,931</u>
<b>Cash Flows From Non-Capital Financing Activities</b>				
Transfers in from other funds	337,958	-	447,437	785,395
Transfers out to other funds	-	(91,541)	-	(91,541)
<b>Net Cash Provided By/(Used for) Non-Capital Financing Activities</b>	<u>337,958</u>	<u>(91,541)</u>	<u>447,437</u>	<u>693,854</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase of property and equipment	(135,075)	-	(178,240)	(313,315)
Proceeds from sale of fixed assets	433	-	-	433
Payment on debt	-	-	(149,051)	(149,051)
Interest paid	(23,899)	-	(300,587)	(324,486)
Repayment to county	(253,631)	-	-	(253,631)
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<u>(412,172)</u>	<u>-</u>	<u>(627,878)</u>	<u>(1,040,050)</u>
<b>Cash Flows From Investing Activities</b>				
Interest on cash equivalents	4,175	-	2,429	6,604
<b>Net Cash Provided By Investing Activities</b>	<u>4,175</u>	<u>-</u>	<u>2,429</u>	<u>6,604</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	(61,165)	105	3,399	(57,661)
Cash and Cash Equivalents Beginning of Year	231,439	(105)	(1,319)	230,015
Cash and Cash Equivalents at End of Year	<u>\$ 170,274</u>	<u>\$ -</u>	<u>\$ 2,080</u>	<u>\$ 172,354</u>

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

COUNTY OF CAMBRIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities - Enterprise Funds			
	Laurel Crest Manor Fund	Laurel Crest D.M.E. Fund	Central Park Complex	Total
<b>Reconciliation of operating income/(loss) to net cash provided by operating activities:</b>				
Operating Income/(Loss)	\$ 1,302,382	\$ 31,816	\$ (173,972)	\$ 1,160,226
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:				
Depreciation	631,731	-	221,397	853,128
Bad debt (recovery)/expense	(71,103)	23,103	-	(48,000)
Loss on disposal of fixed assets	5,162	-	5,461	10,623
Other revenue	-	-	10,292	10,292
Changes in assets and liabilities:				
Decrease/(Increase) in accounts receivable	325,332	(43,489)	(153)	281,690
(Increase) in restricted assets	(188,694)	-	-	(188,694)
Decrease in due from other funds	140,028	-	42,952	182,980
Decrease in prepaid expense	172,613	-	-	172,613
(Decrease)/Increase in accounts payable	(649,404)	32,003	5,392	(612,009)
Increase in payable from restricted assets	188,694	-	-	188,694
(Decrease)/Increase in due to other funds	(1,900,410)	48,213	68,842	(1,783,355)
(Decrease)/Increase in accrued vacation	(113,802)	-	1,200	(112,602)
Increase in estimated workers' compensation claims	166,345	-	-	166,345
Total Adjustments	<u>(1,293,508)</u>	<u>59,830</u>	<u>355,383</u>	<u>(878,295)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 8,874</u>	<u>\$ 91,646</u>	<u>\$ 181,411</u>	<u>\$ 281,931</u>

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

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2002

	Non-AFDC IRS Fund	Prison Resident Fund	Prison Canteen Fund	Recorder of Deeds
	<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,533	\$ 9,970	\$ 29,380	\$ 271,048
Investments	-	-	13,829	
Restricted assets:				
Cash	-	-	-	-
Investments	-	-	-	-
Accounts receivable	-	-	-	237
Total Assets	<u>\$ 8,533</u>	<u>\$ 9,970</u>	<u>\$ 43,209</u>	<u>\$ 271,285</u>
	<u>LIABILITIES AND NET ASSETS</u>			
Liabilities				
Due to other governments	\$ -	\$ -	\$ -	\$ 258,159
Other liabilities	-	14,926	-	13,126
Due to other funds	-	-	-	-
Judgments payable	8,533	-	-	-
Total Liabilities	<u>8,533</u>	<u>14,926</u>	<u>-</u>	<u>271,285</u>
Net Assets				
Held in trust for the prison canteen	-	-	43,209	-
Held in trust for the prison residents	-	(4,956)	-	-
Held in trust for workers' compensation	-	-	-	-
Held in trust for pension benefits	-	-	-	-
Total Net Assets	<u>-</u>	<u>(4,956)</u>	<u>43,209</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 8,533</u>	<u>\$ 9,970</u>	<u>\$ 43,209</u>	<u>\$ 271,285</u>

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

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2002

	<u>Registrar of Wills</u>	<u>Sheriff's Office</u>	<u>Office of the Prothonotary</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 37,899	\$ 210,029	\$ 145,400
Investments	-	-	
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	-
Total Assets	<u>\$ 37,899</u>	<u>\$ 210,029</u>	<u>\$ 145,400</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ 37,301	\$ 47,936	\$ 16,382
Other liabilities	598	-	960
Due to other funds	-	-	-
Judgments payable	-	162,093	128,058
Total Liabilities	<u>37,899</u>	<u>210,029</u>	<u>145,400</u>
Net Assets			
Held in trust for the prison canteen	-	-	-
Held in trust for the prison residents	-	-	-
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>\$ 37,899</u>	<u>\$ 210,029</u>	<u>\$ 145,400</u>

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

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2002

	<u>Clerk of Courts</u>	<u>Domestic Relations Support</u>	<u>Intermediate Punishment Unit</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 523,756	\$ -	\$ 13,944
Investments	-	-	-
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	33,152	-
	<u>523,756</u>	<u>33,152</u>	<u>13,944</u>
Total Assets	<u>\$ 523,756</u>	<u>\$ 33,152</u>	<u>\$ 13,944</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ 296,709	\$ -	\$ -
Other liabilities	-	-	13,944
Due to other funds	-	-	-
Judgments payable	227,047	33,152	-
	<u>523,756</u>	<u>33,152</u>	<u>13,944</u>
Total Liabilities	<u>523,756</u>	<u>33,152</u>	<u>13,944</u>
Net Assets			
Held in trust for the prison canteen	-	-	-
Held in trust for the prison residents	-	-	-
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>\$ 523,756</u>	<u>\$ 33,152</u>	<u>\$ 13,944</u>

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

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2002

	Workers' Compensation Trust Fund	Landfill Trust Fund	Retirement Trust Fund	Total Current Year
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ 7,202,421	\$ 8,452,380
Investments	-	-	108,432,028	108,445,857
Restricted assets:	-			
Cash	14,157	-	-	14,157
Investments	1,476,150	541,763	-	2,017,913
Accounts receivable	22,140	5,401	563,176	624,106
<b>Total Assets</b>	<b>\$ 1,512,447</b>	<b>\$ 547,164</b>	<b>\$ 116,197,625</b>	<b>\$ 119,554,413</b>
<u>LIABILITIES AND NET ASSETS</u>				
<b>Liabilities</b>				
Due to other governments	\$ -	\$ -	\$ -	\$ 656,487
Other liabilities	-	-	185,628	229,182
Due to other funds	-	547,164	6,463	553,627
Judgments payable	-	-	-	558,883
<b>Total Liabilities</b>	<b>-</b>	<b>547,164</b>	<b>192,091</b>	<b>1,998,179</b>
<b>Net Assets</b>				
Held in trust for the prison canteen	-	-	-	43,209
Held in trust for the prison residents	-	-	-	(4,956)
Held in trust for workers' compensation	1,512,447	-	-	1,512,447
Held in trust for pension benefits	-	-	116,005,534	116,005,534
<b>Total Net Assets</b>	<b>1,512,447</b>	<b>-</b>	<b>116,005,534</b>	<b>117,556,234</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,512,447</b>	<b>\$ 547,164</b>	<b>\$ 116,197,625</b>	<b>\$ 119,554,413</b>

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



CAMBRIA COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Workers' Compensation Trust Fund	Landfill Trust Fund	Total
Revenues			
Interest income	\$ 111,963	\$ 13,623	\$ 125,586
Investment income	-	7,227	7,227
Total Revenues	<u>111,963</u>	<u>20,850</u>	<u>132,813</u>
Expenses			
Operating expenses	<u>12,249</u>	-	<u>12,249</u>
Total Expenses	<u>12,249</u>	-	<u>12,249</u>
Other Financing Sources/(Uses)			
Operating transfers in	500,000	-	500,000
Operating transfers (out)	<u>-</u>	<u>(365,009)</u>	<u>(365,009)</u>
Total Sources/(Uses)	<u>500,000</u>	<u>(365,009)</u>	<u>134,991</u>
Excess/(Deficiency) of Revenues Over Other Financing Sources/(Uses)	599,714	(344,159)	255,555
Net Assets Held in Trust for Specific Purposes - Beginning of Year	<u>912,733</u>	<u>344,159</u>	<u>1,256,892</u>
Net Assets Held in Trust for Specific Purposes - End of Year	<u>\$ 1,512,447</u>	<u>\$ -</u>	<u>\$ 1,512,447</u>

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

COUNTY OF CAMBRIA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
RETIREMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

Additions

Contributions:  
Plan members

\$ 3,101,790

Investment Income:

Interest  
Dividends  
Net depreciation in fair value of investments

3,726,585  
1,238,808  
(7,515,600)

(2,550,207)

Less: Investment expense

901,479

Net investment income

(3,451,686)

Total Additions

(349,896)

Deductions

Benefits  
Administrative expenses

6,157,560  
57,935

Total Deductions

6,215,495

(Decrease) in Net Assets

(6,565,391)

Net Assets Held in Trust for Employee Pension Benefits:

Beginning of Year

122,570,925

End of Year

\$ 116,005,534

COUNTY OF CAMBRIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

**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. Following are the more significant of the County's accounting policies.

In June 1999, the Governmental Accounting Standard Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the County's activities, including infrastructure (roads, bridges, etc.)
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The County has elected to implement the general provisions of the Statement in the current year and plans to retroactively report infrastructure (assets acquired prior to December 31, 2001) in the fiscal year ending December 31, 2005.

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

**a. Financial Reporting Entity**

The County follows the Statement of Governmental Accounting Standards Board No. 14, "The Financial Reporting Entity." The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization

- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

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

#### **Cambria County 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 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, 2002.

#### **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 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.

#### **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 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, 2002.

#### **Cambria County Area Community College**

The members of the governing board of the Cambria County Area 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 Cambria County Area Community College is June 30, 2002.

### **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.

#### **Administrative Offices:**

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

Cambria County Transit Authority  
Johnstown, PA 15931

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

Cambria Library Association  
248 Main Street  
Johnstown, PA 15901

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

Cambria County Planning Commission  
PO Box 89  
Ebensburg, PA 15931

Cambria County Area Community College  
Johnstown, PA 15901

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

### **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 to 800 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.

#### **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. Cambria County Area 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 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 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.

**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 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.

**Redevelopment Authority of Cambria County**

For the year ended December 31, 2002 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 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.

#### **Cambria County Area Community College**

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

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

The Cambria County Conservation and Recreation Authority maintain 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, 2002 the Authority complied with GASB No. 34. The accounts of the Authority are maintained in general and special revenue funds.

#### **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, 2002, but were levied to finance 2003 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. 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, 2002, the amount of unbilled receivables was \$143,240 and is included in the accounts receivable amount in the accompanying financial statements.

**k. Capital Assets**

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

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

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

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

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

### **Capital Assets and Depreciation – Component Units**

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

### **I. Interfund Receivables/Payables**

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

Balances at December 31, 2002 were as follows:

<u>Governmental Fund Types</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<b>General Fund</b>	<u>\$ 3,996,890</u>	<u>\$ 6,127,936</u>
<b>Special Revenue Funds</b>		
Domestic Relations	---	414,766
Juvenile Probation	4,692	531,158
Detention/Shelter	2,063	6,917
Farmland Preservation	---	15,862
Driving Under the Influence	365,267	---
911 Emergency Communications	46,047	389,271
County Records Improvement	----	373

Area Agency on Aging	421,764	8,004
Foster Grandparents	44,270	250
Children and Youth	44,810	---
Drug and Alcohol	263,270	21,238
Human Services	35,106	22,357
Mental Health/Mental Retardation	<u>3,973,498</u>	<u>933</u>
Total Special Revenue Funds	<u>5,200,787</u>	<u>1,411,129</u>
<b>Debt Service Fund</b>	<u>---</u>	<u>1,195,983</u>
<b>Capital Projects Fund</b>	<u>1,007,517</u>	<u>46,047</u>
Total Governmental Fund Types	<u>10,205,194</u>	<u>8,781,095</u>
<u>Proprietary Fund Types</u>		
Central Park Complex	7,591	213,262
Laurel Crest Manor	---	620,667
Laurel Crest DME	<u>---</u>	<u>44,134</u>
Total Proprietary Fund Types	<u>7,591</u>	<u>878,063</u>
<u>Fiduciary Fund Types</u>		
<b>Trust Funds</b>		
Retirement Trust Fund	---	6,463
Landfill Fund	<u>---</u>	<u>547,164</u>
Total Trust Funds	<u>----</u>	<u>553,627</u>
Total Fiduciary Fund Types	<u>-----</u>	<u>553,627</u>
Total Interfunds	<u>\$ 10,212,785</u>	<u>\$ 10,212,785</u>

m. **Fund Balance Reserves**

The County reserves those portions of governmental fund balance 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 Laurel Crest \$ 120,731

This reserve represents amounts restricted for the Loan Receivable made during 1997 and 1998 from the General Fund to Laurel Crest Manor Fund.

Reserved for Library \$ 12,653

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

Reserved for 911 Emergency Communications                   \$ 310,213

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

Reserved for Community College   \$ 117,728

This reserve represents restrictions for real estate tax revenues to be used to fund the Cambria County Area Community College.

Reserved for Central Park Complex   \$ 262,926

This reserve represents amount restricted to cover a Retained Earnings Deficit in the County's Central Park Complex Fund.

**Fiduciary Funds**

Retirement Trust Fund   \$ 116,005,534

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

Workers' Compensation Trust   \$ 1,512,447

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

Prison Canteen/Resident   \$ 38,253

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

**Component Units**

Cambria Library Association   \$ 321,200

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

n. **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use

either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The following is a summary of the county's restricted net assets as of December 31, 2002.

Reserved for Laurel Crest	\$ 120,731
Reserved for Library	12,653
Reserved for Community College	<u>117,728</u>
Total Restricted Net Assets	<u>\$ 251,112</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, 2002, was \$4,711 for the Central Park Complex Fund.

s. **Estimates**

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

t. **Joint Venture**

Cambria County 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 Nonprofit, with CSA having complete control over the Nonprofit. Together, all three of these entities (CSA, Nonprofit and MWC) comprise the Cambria Somerset Authority and Combined Affiliates (the "Authority").

**Financial Information**

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

	<u>Year Ended</u> <u>December 31, 2002</u>
Current Assets	\$ 2,224,415
Total Assets	10,379,209
Current Liabilities	1,421,330
Total Liabilities	8,241,359
Net Assets	2,137,850
Operating Revenues	948,682
Operating Expenses	956,638
Non-Operating Revenues	141,456
Non-Operating Expenses	349,486
Net Income (Loss)	(215,986)



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 \$3,242,500 of the Authority's Tax Exempt Revenue Note, Series of 2001.

**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 Landfill Trust Fund.

As of December 31, 2002, 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.

Following is a description of the County's deposits and investment information. Investments are classified into three categories of credit risk based upon the following criteria:

<u>Category</u>	<u>Description</u>
A	The investment is insured or registered, or securities are held by the County or its agent in the County's name.
B	The investment is uninsured and unregistered with securities held by the counterpart's trust department or agent in the County's name.
C	The investment is uninsured and unregistered with securities held by the counterpart or by its trust department or agent but not in the County's name.

Deposits are classified into three categories of credit risk based upon the following criteria:

<u>Category</u>	<u>Description</u>
1	The deposits are insured or collateralized by securities held by the County or its agent in the County's name.
2	The deposits are collateralized by securities held by the pledging financial institution's trust department or agent in the County's name.
3	The deposits are 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.

Investments at December 31, 2002, were as follows:

<u>Description</u>	<u>Category</u>			<u>Cost</u>	<u>Fair Market Value</u>
	<u>A</u>	<u>B</u>	<u>C</u>		
Unrestricted:					
Obligation of U.S. Government Securities and its Agencies	\$ ---	\$ ---	\$ 21,719,141	\$ 21,719,141	\$ 22,684,141
Mutual Funds	---	---	16,081,244	16,081,244	17,226,697
Corporate Bonds and Notes	---	---	20,312,116	20,312,116	21,376,430
Stocks	---	---	<u>54,973,628</u>	<u>54,973,628</u>	<u>47,158,589</u>
Total Unrestricted Investments	---	---	<u>113,086,129</u>	<u>113,086,129</u>	<u>108,445,857</u>
Restricted:					
Obligation of U.S. Government Securities and its Agencies	---	---	<u>1,907,140</u>	<u>1,907,140</u>	<u>2,017,913</u>
Total Investments	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$114,993,269</u>	<u>\$114,993,269</u>	<u>\$110,463,770</u>

Cash deposits at December 31, 2002, were as follows:

<u>Description</u>	<u>Category</u>			<u>Total</u>	<u>Carrying Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Unrestricted:					
Demand deposits with banks	\$ 3,517,535	\$ ---	\$ 8,452,380	\$ 11,969,915	\$ 11,969,915
Cash on hand	<u>2,360</u>	---	---	<u>2,360</u>	<u>2,360</u>
	<u>3,519,895</u>	---	<u>8,452,380</u>	<u>11,972,275</u>	<u>11,972,275</u>
Restricted:					
Demand deposits with banks	<u>1,079,840</u>	---	---	<u>1,079,840</u>	<u>1,079,840</u>
Total Deposits	<u>\$ 4,599,735</u>	<u>\$ ---</u>	<u>\$ 8,452,380</u>	<u>\$ 13,052,115</u>	<u>\$ 13,052,115</u>

**NOTE 3 - RESTRICTED ASSETS**

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

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General Fund:			
Tax Claim Department amounts received from tax sales which ultimately will be distributed to other tax authorities. The aggregate amount is offset with a corresponding General Fund liability captioned payable from restricted assets (See Note 22).	\$ 626,735	\$ ---	\$ 626,735
Special Revenue Fund:			
Cash held by the County reserved for farmland preservation	3,123	---	3,123
Debt Service Fund:			
Cash held by the County reserved for purposes of paying debt service when due and offset by a reserve in fund balance for debt service	<u>26,304</u>	<u>---</u>	<u>26,304</u>
<b>Total Governmental Activities</b>	<b><u>\$ 656,162</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ 656,162</u></b>
<b>Business-Type Activities:</b>			
Proprietary Fund:			
Laurel Crest Manor Fund:			
Patient accounts comprising funds held by Laurel Crest Manor in escrow for residents and offset by a corresponding liability captioned payable from restricted assets	\$ <u>409,521</u>	\$ <u>---</u>	\$ <u>409,521</u>
<b>Total Business-Type Activities</b>	<b><u>\$ 409,521</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ 409,521</u></b>
<b>Fiduciary Funds:</b>			
Trust Funds:			
Amount established to provide source of funds for workers' compensation claims and offset by a reserve in fund balance for workers' compensation	\$ 14,157	\$ 1,476,150	\$ 1,490,307
Amount established to provide source of fund for landfills and offset by a reserve in fund balance for landfill closure	<u>---</u>	<u>541,763</u>	<u>541,763</u>
<b>Total Fiduciary Funds</b>	<b><u>\$ 14,157</u></b>	<b><u>\$ 2,017,913</u></b>	<b><u>\$ 2,032,070</u></b>

**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 May 1; face amount, May 2 through July 2, and 10% penalty after July 2. 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 2002, was 33 mills, of which 6 mills was designated for debt service, 1 mill was designated for community college purposes, 1 mill for county library purposes, and the remaining 25 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 \$1,790,296, as stated on the Governmental Funds Balance Sheet, are actual legal claims of lien properties. The County has deferred \$1,484,953 in taxes receivable to comply with GASB #22 on the fund financial level.

Government-Wide Financial Statement

In addition to the taxes receivable noted above, the Statement of Net Assets includes taxes receivable from years 2002 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>\$ 2,692,987</u>	<u>(\$ 902,691)</u>	<u>\$ 1,790,296</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, 2002. 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, 2002.

## NOTE 6 - FIXED ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

	Balance December 31, 2001	Additions	Disposals	Balance December 31, 2002
<b>Government activities:</b>				
Capital assets not being depreciated:				
Construction-in-progress	\$ <u>4,006,626</u>	\$ <u>5,700,833</u>	\$ <u>(2,408,197)</u>	\$ <u>7,299,262</u>
Total capital assets not being depreciated	<u>4,006,626</u>	<u>5,700,833</u>	<u>(2,408,197)</u>	<u>7,299,262</u>
Other capital assets:				
Site improvements	1,079,460	---	---	1,079,460
Building and permanent fixtures	27,174,668	2,871,128	---	30,045,796
Office furniture and equipment	1,975,945	10,105	(12,696)	1,973,354
General equipment	1,263,860	170,709	---	1,434,569
Radio equipment	2,453,630	6,000	---	2,459,630
Computer hardware and software	1,690,849	586,158	(12,168)	2,264,839
Vehicles	<u>2,427,354</u>	<u>139,650</u>	<u>(108,730)</u>	<u>2,458,274</u>
Total other capital assets, at cost	<u>38,065,766</u>	<u>3,783,750</u>	<u>(133,594)</u>	<u>41,715,922</u>
Less accumulated depreciation for:				
Site improvements	(483,028)	(47,946)	---	(530,974)
Building and permanent fixtures	( 5,152,813)	(730,460)	---	(5,883,273)
Office furniture and equipment	(1,062,582)	(176,444)	10,210	(1,228,816)
General equipment	(546,331)	(136,562)	---	(682,893)
Radio equipment	(2,161,290)	(150,319)	---	(2,311,609)
Computer hardware and software	(661,256)	(346,119)	520	(1,006,855)
Vehicles	<u>(1,397,325)</u>	<u>(228,612)</u>	<u>95,615</u>	<u>(1,530,322)</u>
Total accumulated depreciation	<u>(11,464,625)</u>	<u>(1,816,462)</u>	<u>106,345</u>	<u>(13,174,742)</u>
Governmental activities capital assets, net	<u>\$ 30,607,767</u>	<u>\$ 7,668,121</u>	<u>\$(2,435,446)</u>	<u>\$ 35,840,442</u>

**Business-type activities:**

Capital assets not being depreciated:

Land	\$ 383,046	\$ ---	\$ ---	\$ 383,046
Construction-in- progress	<u>5,100</u>	<u>---</u>	<u>(5,100)</u>	<u>---</u>
Total capital assets not being depreciated	<u>388,146</u>	<u>---</u>	<u>(5,100)</u>	<u>383,046</u>
Capital assets:				
Land improvements	441,976	---	---	441,976
Buildings and permanent fixtures	25,820,828	295,412	(462)	26,115,778
Machinery & equipment	<u>4,494,927</u>	<u>5,973</u>	<u>---</u>	<u>4,510,900</u>
Total capital assets at cost	<u>30,757,731</u>	<u>311,385</u>	<u>(462)</u>	<u>31,068,654</u>
Less accumulated depreciation for:				
Land improvements	(411,510)	(4,856)	---	(416,366)
Buildings and permanent fixtures	(13,533,809)	(686,046)	---	(14,219,855)
Machinery & equipment	<u>(3,437,218)</u>	<u>(161,077)</u>	<u>---</u>	<u>(3,598,295)</u>
Total accumulated depreciation	<u>(17,382,537)</u>	<u>(851,979)</u>	<u>---</u>	<u>(18,234,516)</u>
Business-type activities capital assets, net	<u>\$ 13,763,340</u>	<u>\$ (540,594)</u>	<u>\$ (5,562)</u>	<u>\$ 13,217,184</u>

**COMPONENT UNITS:**

Summaries of the component units' fixed assets as of December 31, 2002 follow:

	Balance <u>December 31, 2001</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>December 31, 2002</u>
<b>Planning Commission:</b>				
Equipment	\$ 22,339	\$ ---	\$ (92)	\$ 22,247
Equipment under capital lease	<u>11,452</u>	<u>---</u>	<u>---</u>	<u>11,452</u>
Total capital assets at cost	<u>33,791</u>	<u>---</u>	<u>(92)</u>	<u>33,699</u>
Less:				
Accumulated depreciation	<u>(20,921)</u>	<u>(4,594)</u>	<u>92</u>	<u>(25,423)</u>
Total capital assets, net	<u>\$ 12,870</u>	<u>\$ (4,594)</u>	<u>\$ ---</u>	<u>\$ 8,276</u>

<b>Redevelopment Authority:</b>				
Furniture & Equipment	\$ 28,278	\$ ---	\$ ---	\$ 28,278
Equipment under capital lease	<u>12,675</u>	<u>---</u>	<u>---</u>	<u>12,675</u>
Total capital assets at cost	<u>40,953</u>	<u>---</u>	<u>---</u>	<u>40,953</u>
Less:				
Accumulated depreciation	<u>(31,140)</u>	<u>(3,918)</u>	<u>---</u>	<u>(35,058)</u>
Total capital assets, net	<u>\$ 9,813</u>	<u>\$ (3,918)</u>	<u>\$ ---</u>	<u>\$ 5,895</u>
<b>Library Association:</b>				
Books & audio visual	\$ 930,153	\$ 134,094	\$ ---	\$ 1,064,247
Improvements	100,316	19,401	---	119,717
Furniture & equipment	577,965	1,463	(534,661)	44,767
Software	6,194	27,913	---	34,107
Computer equipment	485,158	56,795	(203,170)	338,783
Equipment under capital lease	<u>42,425</u>	<u>---</u>	<u>---</u>	<u>42,425</u>
Total capital assets at cost	<u>2,142,211</u>	<u>239,666</u>	<u>(737,831)</u>	<u>1,644,046</u>
Less:				
Accumulated depreciation	<u>(1,437,962)</u>	<u>(173,021)</u>	<u>737,710</u>	<u>(873,273)</u>
Total capital assets, net	<u>\$ 704,249</u>	<u>\$ 66,645</u>	<u>\$ (121)</u>	<u>\$ 770,773</u>
<b>Municipal Airport Authority:</b>				
Land	\$ 1,347,048	\$ ---	\$ ---	\$ 1,347,048
Construction-in-progress	---	1,958,496	---	1,958,496
Improvements	27,446,986	61,778	---	27,508,764
Building & improvements	2,990,596	12,288	---	3,002,884
Vehicles & equipment	<u>966,303</u>	<u>678,858</u>	<u>---</u>	<u>1,645,161</u>
Total capital assets at cost	<u>32,750,933</u>	<u>2,711,420</u>	<u>---</u>	<u>35,462,353</u>
Less:				
Accumulated depreciation	<u>(15,739,613)</u>	<u>(1,910,423)</u>	<u>---</u>	<u>(17,650,036)</u>
Total capital assets, net	<u>\$ 17,011,320</u>	<u>\$ 800,997</u>	<u>\$ ---</u>	<u>\$ 17,812,317</u>



<b>Transit Authority:</b>				
Land – Inclined Plane	\$ 516,712	\$ ---	\$ ---	\$ 516,712
Right-of-ways	335,709	---	---	335,709
Passenger vehicles	9,673,713	---	(239,582)	9,434,131
Buildings & equipment- Inclined Plane	7,992,178	89,370	---	8,081,548
Buildings	4,057,889	816,223	---	4,874,112
Shop equipment	924,420	---	(24,303)	900,117
Office equipment	583,956	18,901	---	602,857
Miscellaneous equipment	555,027	1,489	---	556,516
Service equipment	418,402	---	(235)	418,167
Shelters, signs, & bus stops	496,079	---	---	496,079
Safety Program	160,184	37,246	---	197,430
Penn Fix Program	<u>5,905</u>	<u>12,828</u>	<u>---</u>	<u>18,733</u>
Total capital assets at cost	<u>25,720,174</u>	<u>976,057</u>	<u>(264,120)</u>	<u>26,432,111</u>
Less:				
Accumulated depreciation	<u>(11,324,027)</u>	<u>(528,388)</u>	<u>---</u>	<u>(11,852,415)</u>
Total capital assets, net	<u>\$ 14,396,147</u>	<u>\$ 447,669</u>	<u>\$ (264,120)</u>	<u>\$ 14,579,696</u>
 <b>Solid Waste Management Authority:</b>				
Furniture & fixtures	\$ 18,368	\$ 442	\$ ---	\$ 18,810
Equipment	424,332	183,913	---	608,245
Improvements	<u>8,772</u>	<u>---</u>	<u>---</u>	<u>8,772</u>
Total capital assets at cost	<u>451,472</u>	<u>184,355</u>	<u>---</u>	<u>635,827</u>
Less:				
Accumulated depreciation	<u>(52,440)</u>	<u>(46,727)</u>	<u>---</u>	<u>(99,167)</u>
Total capital assets, net	<u>\$ 399,032</u>	<u>\$ 137,628</u>	<u>\$ ---</u>	<u>\$ 536,660</u>

**Conservation & Recreation Authority:**

Land	<u>\$ 50,939</u>	<u>\$ 73,550</u>	<u>\$ ---</u>	<u>\$ 124,489</u>
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**Area Community College:**

Equipment	\$ 2,782,109	\$ 261,475	\$ (704,392)	\$ 2,339,192
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Signage	15,061	---	---	15,061
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Computer software	<u>484,346</u>	<u>129,212</u>	<u>(10,551)</u>	<u>603,007</u>
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Total capital assets at cost	<u>3,281,516</u>	<u>390,687</u>	<u>(714,943)</u>	<u>2,957,260</u>
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Less:

Accumulated depreciation	<u>(2,160,491)</u>	<u>(413,194)</u>	<u>714,943</u>	<u>(1,858,742)</u>
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Total capital assets, net	<u>\$ 1,121,025</u>	<u>\$ ( 22,507)</u>	<u>\$ ---</u>	<u>\$ 1,098,518</u>
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**Total Component Unit Capital Assets at December 31, 2002****\$34,936,624****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, 2002, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	504
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	28
Active Plan Members	<u>1,376</u>
	<u>1,908</u>

### Contributions

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

### Actuarial Valuation Information

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

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

### Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2001, was determined as part of the January 1, 2001, actuarial valuation. The County's annual pension cost, annual required contribution and net pension obligation to the Cambria County Employee's Retirement System were \$-0- for 2001. 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, 2000	\$ ---	N/A	\$ ---
December 31, 2001	\$ ---	N/A	\$ ---
December 31, 2002	\$ ---	N/A	\$ ---

**NOTE 8 - POSTEMPLOYMENT HEALTH CARE BENEFITS**

In addition to the pension benefits described in Note 6, the County provides post employment health care benefits in accordance with the requirements of the member's 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, 332 retirees and their spouses meet those eligibility requirements. During the year ended December 31, 2002, expenditures of \$969,739 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, 2002, are summarized as follows:

Laurel Crest Manor Enterprise Fund	Long-Term Obligation	<u>Total</u>
<u>\$ 2,106,243</u>	<u>\$ 461,575</u>	<u>\$ 2,567,818</u>

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2002 and 2001:

<u>Year</u>	<u>January 1, Liability</u>	<u>Incurred Claims</u>	<u>Payments</u>	<u>December 31, Liability</u>
2002	<u>\$ 2,335,873</u>	<u>\$ 740,470</u>	<u>\$ 508,525</u>	<u>\$ 2,567,818</u>
2001	<u>\$ 2,387,679</u>	<u>\$ 528,822</u>	<u>\$ 580,628</u>	<u>\$ 2,335,873</u>

#### **NOTE 10 - CAPITAL CONTRIBUTIONS**

##### **Governmental Activities**

In 2000, the City of Johnstown and Cambria County, started the Johnstown Renaissance Complex Project. The project is being funded through the Commonwealth of Pennsylvania's Redevelopment Assistance Capital Program. In addition to the state funding, matching funds are required from the City of Johnstown and the County. As of December 31, 2002 the County has contributed a total of \$1 million toward the project.

As part of the total project, renovations are being made to the County owned War Memorial Arena. Capital contributions as stated on the Government-Wide Statement of Activities at December 31, 2002 amounting to \$4,249,850 represent the value of the current year additions to the Arena which does not include the County's \$500,000 contribution. The total project cost at December 31, 2002 amounts to \$6,085,924. The project is expected to be complete during 2003 with a total budgeted cost of \$8 million.

##### **Component Units**

Summaries of the component units' capital contributions as of December 31, 2002 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 \$1,729,827 at December 31, 2002.

**Transit Authority**

Capital grant contributions from federal and state governments amounted to \$1,678,374 for the Transit Authority at December 31, 2002.

**NOTE 11 – LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended December 31, 2002, was as follows:

	<u>Balance</u> <u>12-31-01</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12-31-02</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds and Notes Payable:</b>					
1994 General Obligation Bonds	\$ 5,800,000	\$ ---	(\$ 160,000)	\$5,640,000	\$165,000
1998 General Obligation Bonds	33,553,143	---	(845,949)	32,707,194	888,459
General Obligation Notes	9,390,208	---	(415,629)	8,974,579	121,402
<b>Other Liabilities:</b>					
Accrued Vacation Pay	1,187,519	1,233,426	(1,187,519)	1,233,426	1,233,426
Estimated Workers' Compensation Liability	<u>395,975</u>	<u>65,600</u>	<u>---</u>	<u>461,575</u>	<u>---</u>
<b>Governmental Activities Long-term Liabilities</b>	<b><u>\$ 50,326,845</u></b>	<b><u>\$ 1,299,026</u></b>	<b><u>(\$ 2,609,097)</u></b>	<b><u>\$49,016,774</u></b>	<b><u>\$2,408,287</u></b>

	<u>Balance</u> <u>12-31-01</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12-31-02</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Business-type Activities:</b>					
Bonds and Notes Payable:					
1998 General Obligation Bonds	\$ 5,911,857	\$ ---	(\$ 149,051)	\$ 5,762,806	\$ 156,541
Other Liabilities:					
Accrued Vacation Pay	967,703	864,101	(967,703)	864,101	864,101
Estimated Workers' Compensation Liability	<u>1,939,898</u>	<u>166,345</u>	<u>---</u>	<u>2,106,243</u>	<u>---</u>
Business-type Activities Long-term Liabilities	<u>\$ 8,819,458</u>	<u>\$ 1,030,446</u>	<u>(\$ 1,116,754)</u>	<u>\$ 8,733,150</u>	<u>\$ 1,020,642</u>

### Description of Debt

Pertinent information regarding general obligation debt outstanding is presented below:

#### General Obligation Bond, Series of 1994:

The County issued \$37,385,000 in General Obligation Bonds in 1994 to advance refund the 1991 General Obligation Bond issue and refund the 1993A and 1993B General Obligation Notes and finance the costs of certain capital projects of the County. The 1991 General Obligation Bonds were originally incurred to purchase certain equipment of the County. The 1993B General Obligation note was originally incurred to renovate the War Memorial Building. The balance outstanding at December 31, 2002 amounted to \$5,640,000 (final maturity in 2022).

#### General Obligation Bond, 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 \$38,470,000 at December 31, 2002 (final maturity in 2023).

#### General Obligation Note, Series of 2000

The County issued \$9,500,000 in General Obligation Bonds in 2000 for the purpose of providing funds to pay for the lease rental debt with Cambria County Industrial Development Authority for capital projects. The balance outstanding amounted to \$8,974,579 (final maturity in 2030).

Interest rates on the above obligations range from 4.375% to 6.625% for the general obligation bonds and lease rental debt. The County has pledged its taxing power as security for general obligation and lease rental debt.

The principal amount outstanding relative to defeased debt at December 31, 2002, amounted to \$26,860,000.

**Debt Maturity**

An analysis of debt service requirements to maturity on these obligations follows with the exception of accrued vacation pay and estimated workers' compensation liabilities. The interest rate on the General Obligation Notes is based on the prime rate each month and therefore interest is not included in the following amounts:

	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
<b>1994 General Obligation Bond</b>			
<b><u>Years Ending December 31:</u></b>			
2003	\$ 165,000	\$ 348,275	\$ 513,275
2004	175,000	339,530	514,530
2005	185,000	330,080	515,080
2006	195,000	319,905	514,905
2007	205,000	308,449	513,449
2008-2012	1,235,000	1,339,238	2,574,238
2013-2017	1,695,000	883,214	2,578,214
2018-2022	<u>1,785,000</u>	<u>286,090</u>	<u>2,071,090</u>
	<u>\$ 5,640,000</u>	<u>\$ 4,154,781</u>	<u>\$ 9,794,781</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>5,640,000</u>	<u>4,154,781</u>	<u>9,794,781</u>
	<u>\$ 5,640,000</u>	<u>\$ 4,154,781</u>	<u>\$ 9,794,781</u>
<b>1998 General Obligation Bond</b>			
<b><u>Years Ending December 31:</u></b>			
2003	\$ 1,045,000	\$ 1,956,838	\$ 3,001,838
2004	1,100,000	1,904,588	3,004,588
2005	1,150,000	1,849,588	2,999,588
2006	1,205,000	1,799,275	3,004,275
2007	1,255,000	1,746,255	3,001,255
2008-2012	2,690,000	7,754,460	10,444,460
2013-2017	11,910,000	5,565,224	17,475,224
2018-2022	---	2,848,500	2,848,500
2023-2027	<u>18,115,000</u>	<u>167,500</u>	<u>18,282,500</u>
	<u>\$ 38,470,000</u>	<u>\$ 25,592,228</u>	<u>\$ 64,062,228</u>
To be Retired by:			
Business-Type Activities	\$ 5,762,806	\$ 3,833,716	\$ 9,596,522
Governmental Activities	<u>32,707,194</u>	<u>21,758,512</u>	<u>54,465,706</u>
	<u>\$ 38,470,000</u>	<u>\$ 25,592,228</u>	<u>\$ 64,062,228</u>



	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
<b>2000 General Obligation Note</b>			
<u>Years Ending December 31:</u>			
2003	\$ 121,402	\$ 569,330	\$ 690,732
2004	129,253	561,480	690,733
2005	137,611	553,122	690,733
2006	146,509	544,224	690,733
2007	155,982	534,750	690,732
2008-2012	944,900	2,508,765	3,453,665
2013-2017	1,292,547	2,161,118	3,453,665
2018-2022	1,768,102	1,685,564	3,453,666
2023-2027	2,418,620	1,035,045	3,453,665
2028-2030	<u>1,859,653</u>	<u>212,546</u>	<u>2,072,199</u>
	<u>\$ 8,974,579</u>	<u>\$ 10,365,944</u>	<u>\$ 19,340,523</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>8,974,579</u>	<u>10,365,944</u>	<u>19,340,523</u>
	<u>\$ 8,974,579</u>	<u>\$ 10,365,944</u>	<u>\$ 19,340,523</u>

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

**Capital Purchases and Improvements**

The County has committed as of December 31, 2002, for the matching funds required for the Johnstown Renaissance Project as described in Note 10. The contribution required during 2003 will be \$500,000. The resources to fund these expenditures were the Capital Improvement Fund restricted for capital purposes.

**Component Units:**

**Gambria County Redevelopment Authority**

**Guarantees of Indebtness**

(a.) **Veritas Capital Inc./Republic Technologies**

The Redevelopment Authority of Cambria County, through the County of Cambria is acting as a guarantee of indebtedness in the Federal Section 108 Loan Guarantee Program. The County has guaranteed the County Entitlement portion of the Community Development Block Grants as collateral for a period of ten years, three of which remain. The Authority is committed on behalf of the County contingent upon receipt of CDBG funds.

The funds were requested by Veritas Capital, Inc. of New York for financial assistance for the acquisition, upgrade, and modernization, start-up costs and operation of certain portions of the Bethlehem Steel Bar, Rod and Wire Division in the Borough of Franklin.

During 2001 Republic Technologies International filed for bankruptcy and ceased repayments. As a result, the County is primarily liable for this loan out of future CDBG funds.

The Authority receives the CDBG funds and remits them as payment on the loan on behalf of the County. In 2002, \$408,953 was passed through in this manner. The unpaid balance on the obligation was \$361,042 (consisting of \$350,000 of principal and \$11,042 of interest) as of December 31, 2002. These payments are scheduled to continue through August 2003.

(b.) UMF Holding Company, Inc.

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, 2002, was \$434,341.

**NOTE 13 - 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

Employees earn one sick day for each month of service or 12 days per year. County employees may accumulate their unused sick days up to a maximum of 130 days to be taken in any given year. However, upon termination of employment, sick days do not vest.

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 \$0 at December 31, 2002. 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 14 - LEGAL COMPLIANCE**

For the year ended December 31, 2002, the following funds' expenditures exceeded appropriations by the following amounts:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 906,750
Hotel Tax	41,411
911 Emergency Communications	609,926
Domestic Relations	14,881
Detention/Shelter	49,282
Juvenile Probation	716,758
Foster Grandparents	117,811
Driving Under the Influence	67,251
Affordable Housing	17,897
HMERA	14,627
Central Park Complex	270,342
Laurel Crest Manor	682,128

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

**NOTE 15 - ACCOUNTABILITY**

The following funds had deficit fund balances as of December 31, 2002.

<u>Fund</u>	<u>Amount</u>
General Fund	\$3,731,191
Debt Service	1,169,824
911 Emergency Communications	310,214
Central Park Complex	262,925

**NOTE 16 - 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 Transit Authority	\$ <u>401,437</u>
Cambria County Municipal Airport Authority	\$ <u>248,728</u>
Cambria Library Association	\$ <u>547,812</u>
Cambria County Planning Commission	\$ <u>45,000</u>
Cambria County Area Community College	\$ <u>769,475</u>
Cambria County Conservation and Recreation Authority	\$ <u>24,395</u>
Cambria County Solid Waste Management Authority	\$ <u>363,977</u>

**County Appropriations to Related Organizations:**

Cambria County Child Development Corp.	\$ <u>3,222,881</u>
Cambria County Industrial Development Authority	\$ <u>33,000</u>

**Cambria County Area Community College**

During fiscal year ending June 30, 2002, the College incurred costs of \$648,125 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 17 - CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS**

For 2002, the County has implemented GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", and Statement No. 38, "Certain Financial Statement Not Disclosures". GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, "Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments", including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB No. 38 modifies, establishes, and rescinds certain financial statement note disclosures.

As a result of corrections made to implementation of GASB Statement No. 34, the beginning net assets for Governmental Activities on the Statement of Activities and beginning fund balances on the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental and Proprietary funds were restated as follows:

**Governmental Activities**

Fund Balance at December 31, 2001, as originally stated	\$ 3,741,467
GASB Statement No. 34 Effect:	
Recording of Capital Assets	30,607,769
Recording of Long-term Debt	(51,100,844)
Full accrual of Taxes Receivable	<u>1,729,020</u>
Net Asset Balance at December 31, 2001, as restated	\$ <u>(15,022,588)</u>

**Business-Type Activities**

Fund Balance at December 31, 2001, as originally stated	\$ (1,757,561)
Change in 911 Emergency Communications fund from a Proprietary fund type to a Special Revenue fund type	2,055,586
Adjustment to equity for the Laurel Crest Manor fund for the effects of GASB Statement No. 34	<u>3,341,845</u>
Net Assets at December 31, 2001, as restated	<u>\$ 3,639,870</u>

**Non-Major Governmental Funds**

Fund Balance at December 31, 2001, as originally stated	\$ (486,009)
Change in 911 Emergency Communications fund from a Proprietary fund type to a Special Revenue fund type	<u>1,791,846</u>
Fund Balance at December 31, 2001, as restated	<u>\$ 1,305,837</u>

The fund balance amounts for the non-major governmental funds include the following funds: Debt Service, Liquid Fuels, 911 Emergency Communications, DUI, Affordable Housing, Prothonotary, Clerk of Courts, Records Improvements, HMER, and SHARP.

**Component Units**

Fund Balance at December 31, 2001, as originally stated	\$ 20,823,360
Adjustment to equity for the Municipal Airport Authority for the effects of GASB Statement No. 34	16,465,899
Recording of Capital Assets in the Planning Commission and the Redevelopment Authority as a result of GASB Statement No. 34	22,683
Recording of Long-term Debt in the Planning Commission and the Redevelopment Authority as a result of GASB Statement No. 34	(10,423)
Prior Period Adjustment in the Library Association for recording the historical cost of book collection, overdue fines/fees, and compensated absences liability	<u>496,866</u>
Net Assets at December 31, 2001, as restated	<u>\$ 37,798,385</u>

## NOTE 18 - LITIGATION

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

## NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Enterprise Funds provide health care services (Laurel Crest Manor Fund and Laurel Credit D.M.E. Fund) 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, 2002, is as follows:

	Laurel Crest Manor Fund	Laurel Crest D.M.E.	Central Park Complex	Total
Operating Revenues	26,452,961	\$ 171,333	\$ 595,559	\$ 27,219,853
Depreciation and Amortization Expense	631,731	---	221,397	853,128
Operating Income/(Loss)	1,302,382	31,816	(173,972)	1,160,226
Net Income (Loss)	1,620,616	(59,725)	(12,199)	1,548,692
Fixed Asset Additions	131,795	---	179,590	311,385
Fixed Asset Deletions	(5,100)	---	(462)	(5,562)
Total Assets	10,406,756	53,056	5,652,758	16,112,570
Bonds	---	---	5,763,145	5,763,145
Total Net Assets/(Deficit)	5,419,671	31,816	(262,925)	5,188,562

The Central Park Complex reported a retained earnings deficit of \$262,925 at December 31, 2002. The General Fund included a reserve fund balance to adequately fund this deficit.

## NOTE 20 - DEFICIT FUND BALANCE

The County General Fund has a deficit unreserved fund balance of \$4,555,442 at December 31, 2002. In addition, at December 31, 2002, the General Fund had used cash from the other Agency Funds to pay general operating costs. The County is experiencing significant cash flow problems and is experiencing difficulty meeting its current obligations as they become due. The possible effects of these events cannot be presently determined, and accordingly, no additional adjustments that may result have been recorded in the financial statements.

The County is planning on implementing corrective actions related to the deficit unreserved fund balance in the General Fund. Some of the actions being considered by the County are:

- Issuing Lease/Rental debt relating to Laurel Crest Manor
- Increase tax mills for general government purposes
- Eliminating non essential personal
- Determining if additional mills can be allocated to the debt service fund
- Freezing capital expenditures
- Ensuring departments refrain from ordering nonessential supplies
- Eliminating capital expenditures from departmental budgets
- Discontinuing use of restricted assets for payment of general operating costs

**NOTE 21 - SUBSEQUENT EVENT**

Tax Anticipation Note

In January, 2003, the County issued a tax and revenue anticipation note of \$10,000,000 at an interest rate of 3.80% per annum.

Lease/Rental Debt

In December 2003, the County entered into a lease agreement with the Upper Yoder Township Authority (the Authority). The agreement specifies that the Authority will have ownership of all property and facilities dealing with the Laurel Crest Nursing and Special Care Center. The term of the lease is from December 10, 2003 to November 30, 2028 subject to earlier termination as provided in the agreement.

The County shall pay the Authority the minimum net annual rental equal to the annual debt service requirements with respect to the Authority's \$11,500,000 guaranteed Lease Revenue Note, Series of 2003. In addition, the County acts as the guarantor for the debt.

REQUIRED  
SUPPLEMENTAL  
INFORMATION



COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Real estate taxes	\$ 19,315,700	\$ 19,315,700	\$ 18,391,243	\$ (924,457)
Charges for services	7,522,613	7,522,613	7,424,177	(98,436)
Interest and investment income	370,000	370,000	125,315	(244,685)
Intergovernmental revenues	3,863,798	3,863,798	4,997,917	1,134,119
Other	779,250	779,250	648,043	(131,207)
<b>Total Revenues</b>	<b>31,851,361</b>	<b>31,851,361</b>	<b>31,586,695</b>	<b>(264,666)</b>
<b>Expenditures</b>				
General government - administrative	4,156,623	4,029,651	3,390,600	639,051
General government - judicial	6,222,019	6,259,749	6,387,538	(127,789)
Public safety	5,712,093	5,757,083	6,441,730	(684,647)
Public works	786,032	786,632	1,102,406	(315,774)
Human services	3,015,000	3,017,500	3,931,667	(914,167)
Culture and recreation	713,882	726,034	1,111,320	(385,286)
Conservation and development	1,129,684	1,158,684	924,648	234,036
Employee benefits	4,343,500	4,343,500	3,757,683	585,817
Debt service	432,600	432,600	385,518	47,082
<b>Total Expenditures</b>	<b>26,511,433</b>	<b>26,511,433</b>	<b>27,433,110</b>	<b>(921,677)</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	5,339,928	5,339,928	4,153,585	(1,186,343)
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	1,811,000	1,811,000	579,430	(1,231,570)
Operating transfers (out)	(7,150,928)	(7,150,928)	(7,136,001)	14,927
<b>Total Other Financing Sources/(Uses)</b>	<b>(5,339,928)</b>	<b>(5,339,928)</b>	<b>(6,556,571)</b>	<b>(1,216,643)</b>
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	(2,402,986)	\$ (2,402,986)
Fund Balances - Beginning of Year	-	-	(1,328,205)	
Fund Balances - End of Year	\$ -	\$ -	\$ (3,731,191)	

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

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - MH/MR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 22,500,736	\$ 22,500,736	\$ 19,491,479	\$ (3,009,257)
Charges for services	1,132,078	1,132,078	2,021,080	889,002
Interest and investment income	27,000	27,000	55,395	28,395
Other income	3,000	3,000	88,309	85,309
Total Revenues	<u>23,662,814</u>	<u>23,662,814</u>	<u>21,656,263</u>	<u>(2,006,551)</u>
Expenditures				
Human services	23,662,814	23,662,814	21,763,836	1,898,978
General government - Judicial	-	-	-	-
Public works	-	-	-	-
Conservation and development	-	-	-	-
Total Expenditures	<u>23,662,814</u>	<u>23,662,814</u>	<u>21,763,836</u>	<u>1,898,978</u>
(Deficiency)/Excess of Revenue Over/(Under)				
Expenditures	-	-	(107,573)	(107,573)
Other Financing Sources/(Uses)				
Operating transfers in	-	-	107,573	107,573
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	<u>-</u>	<u>-</u>	<u>107,573</u>	<u>107,573</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balance - End of Year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	

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

SUPPLEMENTAL  
INFORMATION

COUNTY OF CAMBRIA  
 EMPLOYEE RETIREMENT PLAN -  
 REQUIRED SUPPLEMENTARY INFORMATION  
 ANALYSIS OF FUNDING  
 FOR THE YEAR ENDED DECEMBER 31, 2001

Schedule of Employer Contributions - Six Year Required Supplementary Information

<u>Year Ended</u>	<u>Annual Required Contribution ("ARC")</u>	<u>Percentage of ARC Contributed</u>
December 31, 1998	\$ ---	N/A
December 31, 1999	\$ ---	N/A
December 31, 2000	\$ ---	N/A
December 31, 2001	\$ ---	N/A

Note: Cambria County adopted Governmental Accounting Standards Board Statement Number 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" in 1998, therefore only four years are presented in this schedule.

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, 2002:

**DEBT SERVICE FUND**

**DEBT SERVICE FUND** – The Debt Service Funds 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.

**911 EMERGENCY COMMUNICATION 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.

**DOMESTIC RELATIONS FUND:** The PA Department of Welfare provides IV-D monies. These monies are 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 both state and federal monies. The program provides drug and alcohol treatment programs, prevention programs, counseling and in-home service to Cambria County residents.

**CHILDREN & YOUTH FAMILIES FUND:** The PA Department of Welfare provides the majority of the funding for this program. This funding is 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.

**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 secure facility for youth ages 10-18. The Shelter is a 24-hour staff secure 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.

**AREA AGENCY ON AGING FUND:** The Pa Department of Aging provides the majority of the funding for this program. This funding is 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 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.

**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.

**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 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.

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2002

	<u>Debt Service</u>	<u>Hotel Tax Fund</u>	<u>Liquid Fuels Tax Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 27,909	\$ 306,290
Restricted cash	26,304	-	-
Accounts receivable	-	47,057	-
Due from other governments	-	-	-
Prepaid expenses and other assets	-	-	-
Due from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 26,304</u>	<u>\$ 74,966</u>	<u>\$ 306,290</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 145	\$ 74,966	\$ -
Deferred revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	1,195,983	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,196,128</u>	<u>74,966</u>	<u>-</u>
Fund Balance			
Unreserved	<u>(1,169,824)</u>	<u>-</u>	<u>306,290</u>
Total Fund Balance	<u>(1,169,824)</u>	<u>-</u>	<u>306,290</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 26,304</u>	<u>\$ 74,966</u>	<u>\$ 306,290</u>

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



COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2002

	911 Emergency Communications Fund	Domestic Relations Office Fund	Drug and Alcohol Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,169	\$ 1,675	\$ 15,201
Restricted cash	-	-	-
Accounts receivable	134,144	-	-
Due from other governments	-	507,947	137,564
Prepaid expenses and other assets	-	-	-
Due from other funds	46,047	-	263,270
	<u>\$ 183,360</u>	<u>\$ 509,622</u>	<u>\$ 416,035</u>
Total Assets	<u>\$ 183,360</u>	<u>\$ 509,622</u>	<u>\$ 416,035</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 104,303	\$ 94,856	\$ 264,735
Deferred revenues	-	-	130,062
Due to other governments	-	-	-
Due to other funds	389,271	414,766	21,238
	<u>493,574</u>	<u>509,622</u>	<u>416,035</u>
Total Liabilities	<u>493,574</u>	<u>509,622</u>	<u>416,035</u>
Fund Balance			
Unreserved	(310,214)	-	-
	<u>(310,214)</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>(310,214)</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 183,360</u>	<u>\$ 509,622</u>	<u>\$ 416,035</u>

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

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2002

	<u>Children and Youth Families Fund</u>	<u>Detention/ Shelter Fund</u>	<u>Juvenile Probation Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 22,477	\$ -	\$ -
Restricted cash	-	-	-
Accounts receivable	-	-	-
Due from other governments	949,896	62,082	785,723
Prepaid expenses and other assets	-	-	-
Due from other funds	44,810	2,063	4,692
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 1,017,183</u>	<u>\$ 64,145</u>	<u>\$ 790,415</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 1,004,254	\$ 57,228	\$ 259,257
Deferred revenues	-	-	-
Due to other governments	12,929	-	-
Due to other funds	-	6,917	531,158
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>1,017,183</u>	<u>64,145</u>	<u>790,415</u>
Fund Balance			
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balance	<u>\$ 1,017,183</u>	<u>\$ 64,145</u>	<u>\$ 790,415</u>

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

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2002

	Area Agency on Aging Fund	Human Services Fund	Foster Grand- Parents Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,714	\$ 48,729	\$ 1,423
Restricted cash	-	-	-
Accounts receivable	-	-	-
Due from other governments	332,173	-	-
Prepaid expenses and other assets	-	-	-
Due from other funds	<u>421,764</u>	<u>35,106</u>	<u>44,270</u>
 Total Assets	 <u>\$ 759,651</u>	 <u>\$ 83,835</u>	 <u>\$ 45,693</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 529,056	\$ 61,478	\$ 11,455
Deferred révenues	222,591	-	33,988
Due to other governments	-	-	-
Due to other funds	<u>8,004</u>	<u>22,357</u>	<u>250</u>
 Total Liabilities	 <u>759,651</u>	 <u>83,835</u>	 <u>45,693</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>\$ 759,651</u>	 <u>\$ 83,835</u>	 <u>\$ 45,693</u>

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

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2002

	<u>Farmland Preservation Fund</u>	<u>Driving Under the Influence Fund</u>	<u>Affordable Housing Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 888	\$ 3,504	\$ 587,782
Restricted cash	3,123	-	-
Accounts receivable	-	16,102	-
Due from other governments	14,973	-	29,294
Prepaid expenses and other assets	-	-	-
Due from other funds	-	365,267	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 18,984</u>	<u>\$ 384,873</u>	<u>\$ 617,076</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 3,122	\$ 1,004	\$ -
Deferred revenues	-	-	-
Due to other governments	-	-	-
Due to other funds	15,862	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>18,984</u>	<u>1,004</u>	<u>-</u>
Fund Balance			
Unreserved	-	383,869	617,076
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balance	<u>-</u>	<u>383,869</u>	<u>617,076</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 18,984</u>	<u>\$ 384,873</u>	<u>\$ 617,076</u>

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 Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2002

	<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	\$ 9,131	\$ 47,326	\$ 34,758	\$ 9,747
Restricted cash	-	-	-	-
Accounts receivable	4,385	-	-	-
Due from other governments	-	-	685	542
Prepaid expenses and other asse	-	-	-	-
Due from other funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 13,516</u>	<u>\$ 47,326</u>	<u>\$ 35,443</u>	<u>\$ 10,289</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Deferred revenues	13,516	47,326	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>13,516</u>	<u>47,326</u>	<u>-</u>	<u>-</u>
Fund Balance				
Unreserved	<u>-</u>	<u>-</u>	<u>35,443</u>	<u>10,289</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>35,443</u>	<u>10,289</u>
Total Liabilities and Fund Balance	<u>\$ 13,516</u>	<u>\$ 47,326</u>	<u>\$ 35,443</u>	<u>\$ 10,289</u>

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COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2002

	County Records Improvement Fund	HMER Fund	SHARP Fund	Total Current Year
<u>ASSETS</u>				
Cash and cash equivalents	\$ 167,083	\$ 64,693	\$ 14,840	\$ 1,372,339
Restricted cash	-	-	-	29,427
Accounts receivable	-	-	-	201,688
Due from other governments	-	9,664	-	2,830,543
Prepaid expenses and other assets	13,807	-	-	13,807
Due from other funds	-	-	-	1,227,289
 Total Assets	 <u>\$ 180,890</u>	 <u>\$ 74,357</u>	 <u>\$ 14,840</u>	 <u>5,675,093</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 2,465,859
Deferred revenues	-	-	-	447,483
Due to other governments	-	-	-	12,929
Due to other funds	373	-	-	2,606,179
 Total Liabilities	 <u>373</u>	 <u>-</u>	 <u>-</u>	 <u>5,532,450</u>
 Fund Balance Unreserved	 <u>180,517</u>	 <u>74,357</u>	 <u>14,840</u>	 <u>142,643</u>
 Total Fund Balance	 <u>180,517</u>	 <u>74,357</u>	 <u>14,840</u>	 <u>142,643</u>
 Total Liabilities and Fund Balance	 <u>\$ 180,890</u>	 <u>\$ 74,357</u>	 <u>\$ 14,840</u>	 <u>\$ 5,675,093</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, 2002

	Debt Service Fund	Hotel Tax Fund	Liquid Fuels Tax Fund
<b>Revenues</b>			
Intergovernmental revenues	\$ -	\$ -	\$ 592,659
Charges for services	-	-	-
Interest and investment income	373	416	4,904
Other income	-	296,020	8,354
<b>Total Revenues</b>	<b>373</b>	<b>296,436</b>	<b>605,917</b>
<b>Expenditures</b>			
Human services	-	-	-
General government - Judicial	-	-	-
Public works	-	-	558,338
Emergency communication services	-	-	-
Debt service	3,782,134	-	-
Conservation and development	-	286,446	-
<b>Total Expenditures</b>	<b>3,782,134</b>	<b>286,446</b>	<b>558,338</b>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(3,781,761)	9,990	47,579
<b>Other Financing Sources/(Uses)</b>			
Operating transfers in	2,586,149	-	-
Operating transfers (out)	-	(9,990)	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>2,586,149</b>	<b>(9,990)</b>	<b>-</b>
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,195,612)	-	47,579
Fund Balance - Beginning of Year	25,788	-	258,711
Fund Balance - End of Year	<u>\$ (1,169,824)</u>	<u>\$ -</u>	<u>\$ 306,290</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, 2002

	<u>911 Emergency Communications Fund</u>	<u>Domestic Relations Office Fund</u>	<u>Drug and Alcohol Fund</u>
Revenues			
Intergovernmental revenues	\$ 615,738	\$ 1,199,203	\$ 1,514,595
Charges for services	1,611,460	50,009	-
Interest and investment income	5,484	2,021	3,498
Other income	7,215	-	500
Total Revenues	<u>2,239,897</u>	<u>1,251,233</u>	<u>1,518,593</u>
Expenditures			
Human services	-	-	1,557,093
General government - Judicial	-	1,835,191	-
Public works	-	-	-
Emergency communication services	2,426,562	-	-
Debt service	-	-	-
Conservation and development	-	-	-
Total Expenditures	<u>2,426,562</u>	<u>1,835,191</u>	<u>1,557,093</u>
(Deficiency) of Revenue Over/(Under) Expenditures	<u>(186,665)</u>	<u>(583,958)</u>	<u>(38,500)</u>
Other Financing Sources/(Uses)			
Operating transfers in	299,999	583,958	38,500
Operating transfers (out)	(159,808)	-	-
Total Other Financing Sources/ (Uses)	<u>140,191</u>	<u>583,958</u>	<u>38,500</u>
(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(46,474)	-	-
Fund Balance - Beginning of Year	<u>(263,740)</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ (310,214)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Children and Youth Families Fund	Detention/ Shelter Fund	Juvenile Probation Fund
Revenues			
Intergovernmental revenues	\$ 6,958,219	\$ 7,241	\$ 2,310,677
Charges for services	107,743	1,305,613	-
Interest and investment income	4,238	-	-
Other income	200	-	421,716
<b>Total Revenues</b>	<b>7,070,400</b>	<b>1,312,854</b>	<b>2,732,393</b>
Expenditures			
Human services	7,947,420	1,088,202	4,272,592
General government - Judicial	-	-	-
Public works	-	-	-
Emergency communication services	-	-	-
Debt service	-	-	-
Conservation and development	-	-	-
<b>Total Expenditures</b>	<b>7,947,420</b>	<b>1,088,202</b>	<b>4,272,592</b>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(877,020)	224,652	(1,540,199)
Other Financing Sources/(Uses)			
Operating transfers in	877,020	-	1,540,199
Operating transfers (out)	-	(224,652)	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>877,020</b>	<b>(224,652)</b>	<b>1,540,199</b>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	-
Fund Balance - Beginning of Year	-	-	-
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, 2002

	Area Agency on Aging Fund	Human Services Fund	Foster Grand- Parents Fund
<b>Revenues</b>			
Intergovernmental revenues	\$ 5,248,786	\$ 699,813	\$ 504,691
Charges for services	595,903	-	-
Interest and investment income	8,972	1,432	1,147
Other income	25,059	-	202,774
<b>Total Revenues</b>	<b>5,878,720</b>	<b>701,245</b>	<b>708,612</b>
<b>Expenditures</b>			
Human services	6,006,993	683,230	622,837
General government - Judicial	-	-	-
Public works	-	-	-
Emergency communication services	-	-	-
Debt service	-	-	-
Conservation and development	-	-	-
<b>Total Expenditures</b>	<b>6,006,993</b>	<b>683,230</b>	<b>622,837</b>
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(128,273)	18,015	85,775
<b>Other Financing Sources/(Uses)</b>			
Operating transfers in	128,273	24,483	-
Operating transfers (out)	-	(42,498)	(85,775)
<b>Total Other Financing Sources/ (Uses)</b>	<b>128,273</b>	<b>(18,015)</b>	<b>(85,775)</b>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	-
Fund Balance - Beginning of Year	-	-	-
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, 2002

	Farmland Preservation Fund	Driving Under the Influence Fund	Affordable Housing Fund
Revenues			
Intergovernmental revenues	\$ 15,907	\$ -	\$ -
Charges for services	-	-	-
Interest and investment income	81	7,931	7,875
Other income	-	234,421	170,430
Total Revenues	15,988	242,352	178,305
Expenditures			
Human services	-	-	-
General government - Judicial	-	229,859	-
Public works	-	-	-
Emergency communication services	-	-	-
Debt service	-	-	-
Conservation and development	15,988	-	174,897
Total Expenditures	15,988	229,859	174,897
Excess of Revenue Over/(Under) Expenditures	-	12,493	3,408
Other Financing Sources/(Uses)			
Operating transfers in	-	-	-
Operating transfers (out)	-	(54,692)	-
Total Other Financing Sources/ (Uses)	-	(54,692)	-
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	(42,199)	3,408
Fund Balance - Beginning of Year	-	426,068	613,668
Fund Balance - End of Year	\$ -	\$ 383,869	\$ 617,076

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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, 2002

	Chesapeake Bay Fund	Dirt and Gravel Road Fund	Prothonotary Automation Fund	Clerk of Courts Automation Fund
<b>Revenues</b>				
Intergovernmental revenues	\$ 51,845	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	676	537	460	127
Other income	-	-	14,165	8,021
<b>Total Revenues</b>	<u>52,521</u>	<u>537</u>	<u>14,625</u>	<u>8,148</u>
<b>Expenditures</b>				
Human services	-	-	-	-
General government - Judicial	-	-	1,066	3,397
Public works	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	52,521	537	-	-
<b>Total Expenditures</b>	<u>52,521</u>	<u>537</u>	<u>1,066</u>	<u>3,397</u>
<b>Excess of Revenue Over/(Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>13,559</u>	<u>4,751</u>
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<u>-</u>	<u>-</u>	<u>13,559</u>	<u>4,751</u>
<b>Fund Balance - Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>21,884</u>	<u>5,538</u>
<b>Fund Balance - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,443</u>	<u>\$ 10,289</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, 2002

	County Records Improvement Fund	HMER Fund	SHARP Fund	Total Current Year
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 24,587	\$ -	\$ 19,743,961
Charges for services	86,835	20,125	-	3,777,688
Interest and investment income	2,299	1,209	115	53,795
Other income	-	-	10,372	1,399,247
<b>Total Revenues</b>	<b>89,134</b>	<b>45,921</b>	<b>10,487</b>	<b>24,974,691</b>
<b>Expenditures</b>				
Human services	719	49,327	2,881	22,231,294
General government - Judicial	-	-	-	2,069,513
Public works	-	-	-	558,338
Emergency communication services	-	-	-	2,426,562
Debt service	-	-	-	3,782,134
Conservation and development	-	-	-	530,389
<b>Total Expenditures</b>	<b>719</b>	<b>49,327</b>	<b>2,881</b>	<b>31,598,230</b>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	88,415	(3,406)	7,606	(6,623,539)
<b>Other Financing Sources/(Uses)</b>				
Operating transfers in	-	-	-	6,078,581
Operating transfers (out)	(40,821)	-	-	(618,236)
<b>Total Other Financing Sources/ (Uses)</b>	<b>(40,821)</b>	<b>-</b>	<b>-</b>	<b>5,460,345</b>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	47,594	(3,406)	7,606	(1,163,194)
Fund Balance - Beginning of Year	132,923	77,763	7,234	1,305,837
Fund Balance - End of Year	<u>\$ 180,517</u>	<u>\$ 74,357</u>	<u>\$ 14,840</u>	<u>\$ 142,643</u>

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COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS  
 DECEMBER 31, 2002

	Planning Commission	Redevelopment Authority	Library Association	Municipal Airport Authority
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 44,289	\$ 715,152	\$ 548,181	\$ 7,608
Restricted cash	-	-	-	19,890
Investments	-	-	150,909	-
Restricted investments	-	-	290,300	-
Accounts receivable	26,558	-	51,056	80,040
Due from other governments	-	140,653	-	-
Inventory	-	-	-	-
Prepaid expenses and other assets	991	-	12,070	-
Total current assets	<u>71,838</u>	<u>855,805</u>	<u>1,052,516</u>	<u>107,538</u>
<b>Non-current assets</b>				
Fixed assets (net of accumulated depreciation)	<u>8,276</u>	<u>5,895</u>	<u>770,773</u>	<u>17,812,317</u>
Total non-current assets	<u>8,276</u>	<u>5,895</u>	<u>770,773</u>	<u>17,812,317</u>
Total Assets	<u>\$ 80,114</u>	<u>\$ 861,700</u>	<u>\$ 1,823,289</u>	<u>\$ 17,919,855</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 3,764	\$ 101,550	\$ 46,266	\$ 81,530
Deferred revenue	-	672,088	180,776	-
Due to other governments	-	2,855	-	-
Notes payable	-	-	-	89,291
Obligation under capital lease	2,446	1,277	8,090	-
Total current liabilities	<u>6,210</u>	<u>777,770</u>	<u>235,132</u>	<u>170,821</u>
<b>Non-current liabilities</b>				
Due to other governments	-	-	-	-
Notes payable	-	-	-	247,759
Obligation under capital lease	1,196	-	17,527	-
Total non-current liabilities	<u>1,196</u>	<u>-</u>	<u>17,527</u>	<u>247,759</u>
Total Liabilities	<u>7,406</u>	<u>777,770</u>	<u>252,659</u>	<u>418,580</u>
<b>NET ASSETS</b>				
Investment in fixed assets, net of related debt	-	4,618	-	17,491,267
Restricted	-	-	321,200	-
Unrestricted	<u>72,708</u>	<u>79,312</u>	<u>1,249,430</u>	<u>10,008</u>
Total Net Assets	<u>72,708</u>	<u>83,930</u>	<u>1,570,630</u>	<u>17,501,275</u>
Total Liabilities and Net Assets	<u>\$ 80,114</u>	<u>\$ 861,700</u>	<u>\$ 1,823,289</u>	<u>\$ 17,919,855</u>

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<u>Transit Authority</u>	<u>Solid Waste Management Authority</u>	<u>Conservation and Recreation Authority</u>	<u>Area Community College</u>	<u>Totals</u>
\$ 1,488,102	\$ 248,828	\$ 106,880	\$ 212,875	\$ 3,371,915
1,640,513	-	-	-	1,660,403
-	-	-	-	150,909
-	-	-	-	290,300
90,081	6,191	-	141,764	395,690
126,242	112,606	13,894	408,932	802,327
249,879	-	-	93,023	342,902
129,015	1,755	-	74,441	218,272
<u>3,723,832</u>	<u>369,380</u>	<u>120,774</u>	<u>931,035</u>	<u>7,232,718</u>
<u>14,579,696</u>	<u>536,660</u>	<u>124,489</u>	<u>1,098,518</u>	<u>34,936,624</u>
<u>14,579,696</u>	<u>536,660</u>	<u>124,489</u>	<u>1,098,518</u>	<u>34,936,624</u>
<u>\$ 18,303,528</u>	<u>\$ 906,040</u>	<u>\$ 245,263</u>	<u>\$ 2,029,553</u>	<u>\$ 42,169,342</u>
\$ 292,233	\$ 9,634	\$ 37,305	\$ 394,447	\$ 966,729
120,879	6,297	50,793	134,387	1,165,220
-	-	-	204,496	207,351
-	-	-	-	89,291
-	-	-	79,968	91,781
<u>413,112</u>	<u>15,931</u>	<u>88,098</u>	<u>813,298</u>	<u>2,520,372</u>
-	-	-	404,496	404,496
-	-	-	-	247,759
-	-	-	16,831	35,554
-	-	-	421,327	687,809
<u>413,112</u>	<u>15,931</u>	<u>88,098</u>	<u>1,234,625</u>	<u>3,208,181</u>
17,915,694	536,660	124,489	1,001,719	37,074,447
-	-	119	-	321,319
(25,278)	353,449	32,557	(206,791)	1,565,395
<u>17,890,416</u>	<u>890,109</u>	<u>157,165</u>	<u>794,928</u>	<u>38,961,161</u>
<u>\$ 18,303,528</u>	<u>\$ 906,040</u>	<u>\$ 245,263</u>	<u>\$ 2,029,553</u>	<u>\$ 42,169,342</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, 2002

	<u>Redevelopment Authority</u>	<u>Library Association</u>	<u>Conservation and Recreation Authority</u>	<u>Total</u>
Revenues:				
Intergovernmental revenues	\$ 3,306,056	\$ 1,480,783	\$ 667,060	\$ 5,453,899
County appropriations	-	547,812	24,395	572,207
Charges for services	-	30,953	-	30,953
Interest and investment income	851	26,392	1,178	28,421
Endowment fund contributions	-	123,658	-	123,658
Realized (loss) on investments	-	(11,758)	-	(11,758)
Unrealized (loss) on investments	-	(26,913)	-	(26,913)
Other	-	39,551	-	39,551
	<u>3,306,907</u>	<u>2,210,478</u>	<u>692,633</u>	<u>6,210,018</u>
Total Revenues				
Expenditures:				
Conservation and development	3,308,589	-	647,689	3,956,278
Culture and recreation	-	2,034,665	-	2,034,665
	<u>3,308,589</u>	<u>2,034,665</u>	<u>647,689</u>	<u>5,990,943</u>
Total Expenditures				
Change in Net Assets	(1,682)	175,813	44,944	219,075
Net Assets - Beginning of Year	<u>85,612</u>	<u>1,394,817</u>	<u>112,221</u>	<u>1,592,650</u>
Net Assets - End of Year	<u>\$ 83,930</u>	<u>\$ 1,570,630</u>	<u>\$ 157,165</u>	<u>\$ 1,811,725</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, 2002

	Planning Commission	Municipal Airport Authority	Transit Authority
<b>Operating Revenues:</b>			
Charges for services	\$ 168,116	\$ 326,279	\$ 823,484
Intergovernmental revenues	-	-	776,036
Other	5,017	-	377,107
<b>Total Operating Revenues</b>	<u>173,133</u>	<u>326,279</u>	<u>1,976,627</u>
<b>Operating Expenses:</b>			
Public works	216,276	577,973	6,289,174
Education and general	-	-	-
Depreciation	4,594	1,910,423	1,446,375
<b>Total Operating Expenses</b>	<u>220,870</u>	<u>2,488,396</u>	<u>7,735,549</u>
<b>Operating (Loss)</b>	<u>(47,737)</u>	<u>(2,162,117)</u>	<u>(5,758,922)</u>
<b>Non-Operating Revenues/(Expenses):</b>			
Investment income	296	27	14,616
Gain/(loss) on sale of assets	-	15,000	(83,250)
Federal appropriations	-	-	1,474,383
State appropriations	-	-	2,335,702
County appropriations	45,000	248,728	401,437
Other non-operating grants	-	-	-
Other non-operating revenue	-	3,762	86,409
Interest expense	(421)	(20,089)	-
<b>Total Non-Operating Revenues/ (Expenses)</b>	<u>44,875</u>	<u>247,428</u>	<u>4,229,297</u>
<b>Change in Net Assets</b>	<u>(2,862)</u>	<u>(1,914,689)</u>	<u>(1,529,625)</u>
Capital contributions	-	1,729,827	1,678,374
<b>Net Assets Beginning of Year</b>	<u>75,570</u>	<u>17,686,137</u>	<u>17,741,667</u>
<b>Net Assets - End of Year</b>	<u>\$ 72,708</u>	<u>\$ 17,501,275</u>	<u>\$ 17,890,416</u>

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Solid Waste Management Authority	Area Community College	Total
\$ -	\$ 1,723,661	\$ 3,041,540
-	1,796,084	2,572,120
<u>8,785</u>	<u>32,900</u>	<u>423,809</u>
<u>8,785</u>	<u>3,552,645</u>	<u>6,037,469</u>
220,689	-	7,304,112
-	6,105,221	6,105,221
<u>46,727</u>	<u>413,195</u>	<u>3,821,314</u>
<u>267,416</u>	<u>6,518,416</u>	<u>17,230,647</u>
<u>(258,631)</u>	<u>(2,965,771)</u>	<u>(11,193,178)</u>
884	-	15,823
-	-	(68,250)
-	-	1,474,383
-	2,992,467	5,328,169
363,977	769,475	1,828,617
44,403	-	44,403
-	48,419	138,590
-	(12,547)	(33,057)
<u>409,264</u>	<u>3,797,814</u>	<u>8,728,678</u>
150,633	832,043	(2,464,500)
-	-	3,408,201
<u>739,476</u>	<u>(37,115)</u>	<u>36,205,735</u>
<u>\$ 890,109</u>	<u>\$ 794,928</u>	<u>\$ 37,149,436</u>

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