



**COUNTY OF CAMBRIA**  
**PENNSYLVANIA**

Basic Financial Statements

December 31, 2012

**COUNTY OF CAMBRIA**

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **INTRODUCTION**

This section of the County of Cambria's annual financial report provides the reader with an introduction to the basic financial statements and an analytical overview of the financial activities for the year ended December 31, 2012. It is best understood if read in conjunction with accompanying basic financial statements, notes to the financial statements, and supplementary information. The Management Discussion and Analysis section of the financial report began with the implementation of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34). The intent of the Management Discussion and Analysis is to focus on the current year's activities and resulting changes in the County's financial position. It also includes currently known facts that may have a significant impact on the County's financial position.

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

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

## FINANCIAL HIGHLIGHTS

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

- The General Fund reported an ending fund balance of (\$2.44) million, which was a decrease of \$2.94 million from 2011.
- The General Fund unassigned fund balance was (\$2.45) million, a decrease of \$2.92 million from the 2011 unassigned fund balance.
- Government-wide net position (assets minus liabilities) at the end of the year was \$4.19 million, a increase of \$68,811 from 2011.
- The balance of outstanding notes and loans payable was \$35.33 million, a decrease of \$2.12 million from 2011. The outstanding balance of obligations under capital leases was \$18.59 million, a decrease of \$1.52 million from 2011.
- For calendar year 2012, the County's real property tax rate remained 29.5 mills.

## OVERVIEW OF THE FINANCIAL REPORT

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

### Government-wide Financial Statements

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

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

The statement of Net Position reports all assets and liabilities, both current and non-current, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 position 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, emergency communication services, employee benefits, and debt service. Taxes, charges for services, and intergovernmental revenues primarily finance these services. The primary government has two business-type activities – Central Park Complex and Cambria County Network. The Central Park Complex generates rental income from the agencies and tenants that occupy the building to help offset the operating costs. Cambria County Network collects fees from businesses, residents, schools, and municipalities for broadband internet access.

## **Fund Financial Statements**

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

### **Governmental Funds:**

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

Cambria County has thirty-two individual governmental funds. Of these funds, four have been identified as major funds based on minimum criteria set forth in GASB 34. The major governmental funds reported in the financial statements for the County are the General Fund, the Behavioral Health/Intellectual Disabilities &

Early Intervention Fund, the Health Choices Fund, and the Children and Youth Fund. The non-major funds reported in the financial statements are – Debt Service, Hotel Tax, Redevelopment Authority, Liquid Fuels Tax, 9-1-1 Emergency Communications, Domestic Relations Office, Drug and Alcohol, Coroner Vital Statistics, Detention/Emergency Shelter, Juvenile Probation, Jail/Detention, Parks & Playgrounds, Human Services, Foster Grandparents, Substance Abuse, Capital Projects, Farmland Preservation, Driving Under the Influence, Affordable Housing, Register of Wills Automation, Dirt and Gravel Road, Prothonotary Automation, Clerk of Courts Automation, Area Agency on Aging, County Records Improvement, Hazardous Materials Emergency Response Account (HMER), Special Hazardous Assistance Response Team (SHARP), and Sheriff’s Automation Fund.

### **Proprietary Funds:**

Proprietary 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 two 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 previously, the County has two enterprise funds – Central Park Complex and Cambria County Network. The County also has an internal service fund through which the activity for the health insurance plan is recorded, with each department and fund contributing to their share of the costs of providing the insurance.

### **Fiduciary Funds:**

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes immediately follow the financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Government-wide Statement of Net Position

The table below summarizes the Statement of Net Position for the primary government as of December 31, 2012 and 2011.

| Cambria County Primary Government<br>Summary of Net Position<br>December 31, 2012 and 2011 |                            |                    |                             |                      |                    |                    |
|--|----------------------------|--------------------|-----------------------------|----------------------|--------------------|--------------------|
|  | Governmental<br>Activities |                    | Business-type<br>Activities |                      | Total              |                    |
|  | 2012                       | 2011               | 2012                        | 2011                 | 2012               | 2011               |
| <b>Assets:</b>   |                            |                    |                             |                      |                    |                    |
| Current Assets   | \$19,106,585               | \$23,664,433       | \$ 134,634                  | \$(2,028,444)        | \$19,241,219       | \$21,635,989       |
| Non-current Assets   | <u>48,075,954</u>          | <u>54,562,076</u>  | <u>11,619,013</u>           | <u>8,026,088</u>     | <u>59,694,967</u>  | <u>62,588,164</u>  |
| <b>Total Assets</b>  | <u>67,182,539</u>          | <u>78,226,509</u>  | <u>11,753,647</u>           | <u>5,997,644</u>     | <u>78,936,186</u>  | <u>84,224,153</u>  |
| <b>Liabilities:</b>  |                            |                    |                             |                      |                    |                    |
| Current Liabilities  | 21,882,474                 | 23,221,050         | 1,136,946                   | 795,292              | 23,019,420         | 24,016,342         |
| Non-current Liabilities  | <u>41,386,991</u>          | <u>48,948,983</u>  | <u>10,343,254</u>           | <u>7,141,118</u>     | <u>51,730,245</u>  | <u>56,090,101</u>  |
| <b>Total Liabilities</b>   | <u>63,269,465</u>          | <u>72,170,033</u>  | <u>11,480,200</u>           | <u>7,936,410</u>     | <u>74,749,665</u>  | <u>80,106,443</u>  |
| <b>Net<br/>Position:</b>   |                            |                    |                             |                      |                    |                    |
| Investments in<br>Capital Assets, Net<br>Of related Debt                                   | 4,243,250                  | 3,866,807          | 203,877                     | 153,240              | 4,447,127          | 4,020,047          |
| Unrestricted   | (338,218)                  | 2,170,679          | 69,570                      | (2,092,006)          | (268,648)          | 78,673             |
| Restricted   | <u>8,042</u>               | <u>18,990</u>      | ---                         | ---                  | <u>8,042</u>       | <u>18,990</u>      |
| <b>Total Net Position</b>  | <u>\$3,913,074</u>         | <u>\$6,056,476</u> | <u>\$ 273,447</u>           | <u>\$(1,938,766)</u> | <u>\$4,186,521</u> | <u>\$4,117,710</u> |

**Total net assets:** Net position of the County's governmental activities were \$3.913 million, a decrease of \$2.14 million from 2011. Of this amount, \$4.24 million represents investments in capital assets, net of related debt. The unrestricted net position balance as of the end of the year was \$(338,218), which represents a decrease of \$2.51 million from 2011. The restricted net position balance for the Library Association was \$8,042, a decrease of \$10,948 from the prior year.

Net position of the County's business-type activities were \$273,447, an increase of \$2.21 million from 2011. Of the total net position, \$203,877 represents investments in capital assets, net of related debt. The unrestricted net position balance at year-end was \$69,570, which represents an increase of \$2.16 million from 2011.



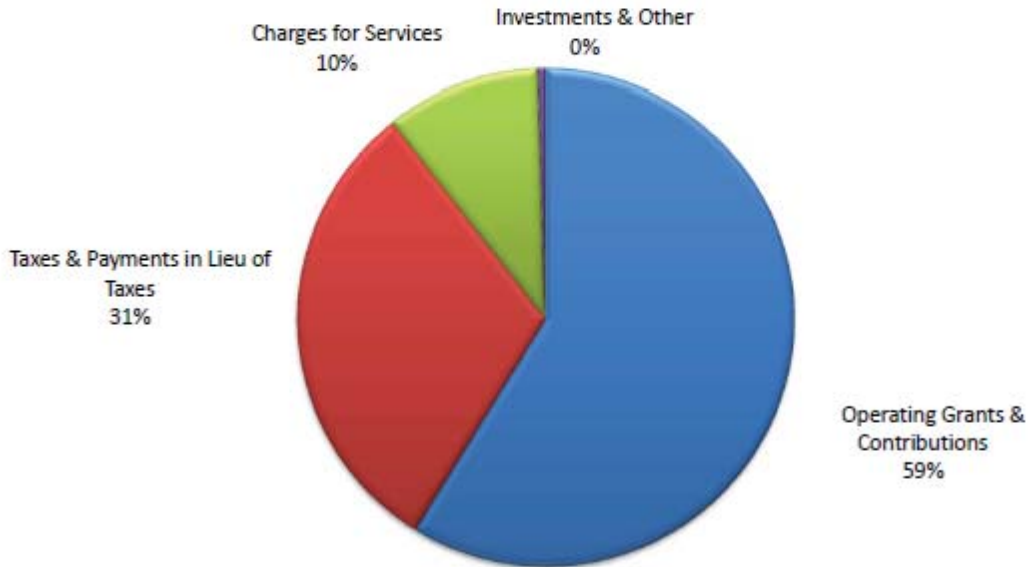
## Government-wide Statement of Activities

The table below summarizes the changes of net position for the primary government for the period ended December 31, 2012 and 2011:

| <b>Cambria County Primary Government<br/>Summary of Changes in Net Position<br/>For the Years Ended December 31, 2012 and 2011</b> |                                    |                    |                                     |                      |                    |                    |
|--|------------------------------------|--------------------|-------------------------------------|----------------------|--------------------|--------------------|
|  | <b>Governmental<br/>Activities</b> |                    | <b>Business-type<br/>Activities</b> |                      | <b>Total</b>       |                    |
|  | <b>2012</b>                        | <b>2011</b>        | <b>2012</b>                         | <b>2011</b>          | <b>2012</b>        | <b>2011</b>        |
| <b>Revenues:</b>   |                                    |                    |                                     |                      |                    |                    |
| Program Revenues:  |                                    |                    |                                     |                      |                    |                    |
| Charges for Services   | \$11,972,878                       | \$13,205,739       | \$ 947,231                          | \$1,005,052          | \$12,920,109       | \$14,210,791       |
| Operating Grants & Contributions   | 69,997,138                         | 73,503,813         | ---                                 | ---                  | 69,997,138         | 73,503,813         |
| Capital Grants & Contributions   | 199,534                            | 111,159            | ---                                 | ---                  | 199,534            | 116,171            |
| General Revenues:  |                                    |                    |                                     |                      |                    |                    |
| Taxes & Payments in Lieu of Taxes  | 36,353,153                         | 36,303,789         | ---                                 | ---                  | 36,353,153         | 32,760,370         |
| (Loss)/Gain from Sale of Assets  | (23,947)                           | (1,818)            | ---                                 | ---                  | (23,947)           | 40,557             |
| Unrestricted Investment Earnings   | 41,532                             | 68,368             | 48                                  | 57                   | 41,580             | 68,425             |
| Other Revenues   | 319,284                            | 1,565,692          | ---                                 | 22,080               | 319,284            | 1,587,772          |
| <b>Total Revenues</b>  | <b>118,859,572</b>                 | <b>124,756,742</b> | <b>947,279</b>                      | <b>1,027,189</b>     | <b>119,806,851</b> | <b>125,783,931</b> |
| <b>Expenses:</b>   |                                    |                    |                                     |                      |                    |                    |
| General Government-Administrative  | 5,893,632                          | 7,160,925          | ---                                 | ---                  | 5,893,632          | 7,160,925          |
| General Government-Judicial  | 11,281,637                         | 10,997,020         | ---                                 | ---                  | 11,281,637         | 10,997,020         |
| Public Safety  | 21,715,473                         | 20,606,988         | ---                                 | ---                  | 21,715,473         | 20,606,988         |
| Public Works   | 539,517                            | 539,158            | ---                                 | ---                  | 606,017            | 539,158            |
| Human Services   | 60,716,146                         | 63,928,968         | ---                                 | ---                  | 60,716,146         | 63,928,968         |
| Culture and Recreation   | 446,650                            | 363,350            | ---                                 | ---                  | 446,650            | 363,350            |
| Conservation and Development   | 2,589,392                          | 3,167,560          | ---                                 | ---                  | 2,589,392          | 3,167,560          |
| Emergency Communications Services  | 3,111,966                          | 2,663,033          | ---                                 | ---                  | 3,111,966          | 2,663,033          |
| Employee Benefits  | 2,767,053                          | 2,460,262          | ---                                 | ---                  | 2,767,053          | 2,460,262          |
| Debt Service   | 2,299,254                          | 2,280,505          | ---                                 | ---                  | 2,299,254          | 2,280,505          |
| Unallocated Depreciation   | 3,201,073                          | 3,665,163          | ---                                 | ---                  | 3,201,073          | 3,665,163          |
| Central Park Complex   | ---                                | ---                | 990,178                             | 1,050,457            | 990,178            | 1,050,457          |
| Cambria County Network   | ---                                | ---                | 841,862                             | 855,473              | 841,862            | 855,473            |
| <b>Total Expenses</b>  | <b>114,561,793</b>                 | <b>117,832,932</b> | <b>1,832,040</b>                    | <b>1,905,930</b>     | <b>116,393,833</b> | <b>119,738,862</b> |
| <b>Changes in Net Position before</b>  |                                    |                    |                                     |                      |                    |                    |
| <b>Transfers and Capital Contributions</b>   | 4,297,779                          | 6,923,810          | (884,761)                           | (878,741)            | 3,413,018          | 6,045,069          |
| Transfers in/(out) Primary Government  | (3,096,974)                        | (272,727)          | 3,096,974                           | 272,727              | ---                | ---                |
| Transfers in/(out) Component Units   | (3,344,207)                        | (3,311,109)        | ---                                 | ---                  | (3,344,207)        | (3,311,109)        |
| Capital Contributions  | ---                                | ---                | ---                                 | ---                  | ---                | ---                |
| Change in Net Position   | (2,143,402)                        | 3,339,974          | 2,212,213                           | (606,014)            | 68,811             | 2,733,960          |
| Net Position – Beginning of Year   | 6,056,476                          | 2,716,502          | (1,938,766)                         | (1,332,752)          | 4,117,710          | 1,383,750          |
| Net Position – End of Year   | <b>\$3,913,074</b>                 | <b>\$6,056,476</b> | <b>\$ 273,447</b>                   | <b>\$(1,938,766)</b> | <b>\$4,186,521</b> | <b>\$4,117,710</b> |

**Governmental activities revenues:** Revenues for Cambria County's governmental activities were \$118.9 million for the year ended December 31, 2012, a decrease of 4.7% from 2011. The following pie chart reflects the sources of those revenues by percent:

**Revenues by Source - Governmental Activities  
For the Year Ended December 31, 2012**



The largest source of governmental activities revenue is operating grants and contributions amounting to \$70.0 million or 58.9%. The Human Services agencies, including Behavioral Health/Intellectual Disabilities & Early Intervention, Children & Youth Services, Drug and Alcohol, Area Agency on Aging, Foster Grandparents, Human Services, and Health Choices receive the largest portion of operating grants and contributions at \$52.5 million or 75.0% of those revenues. For the most part, Human Services operating grants fund mandated services, which usually require that general fund revenue be used to fund a portion of the costs.

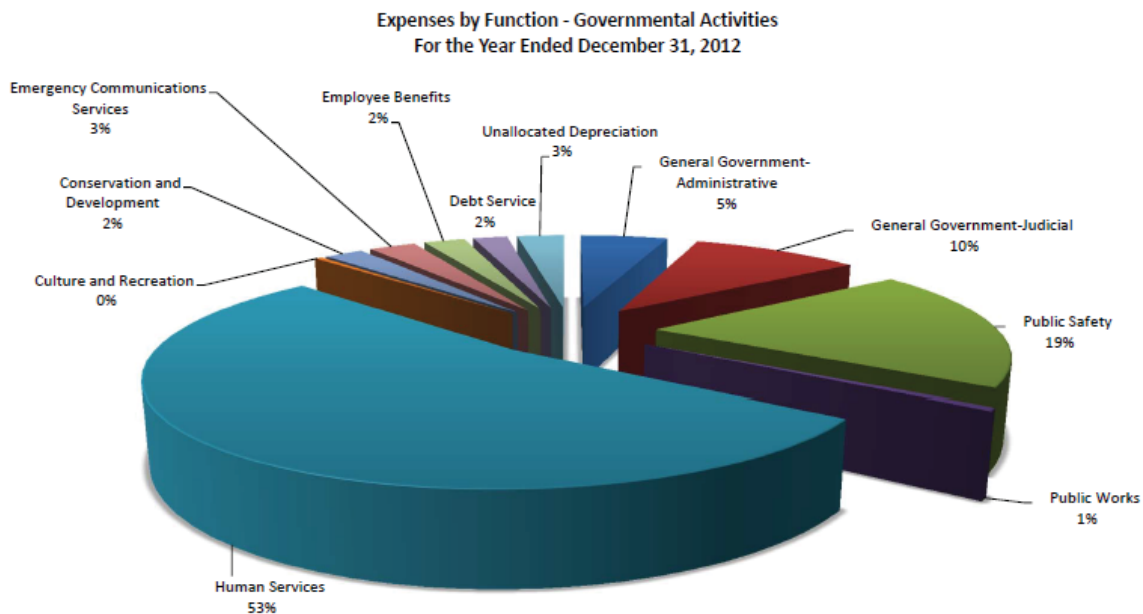
Taxes and payments in lieu of taxes provide the next largest source of governmental activities revenue at \$36.4 million or 30.6%. For 2012, the real estate tax rate remained 29.5 mills. Of this amount, 23.5 mills was designated for general purposes, 4.0 mills for debt service, 1.0 mill for the Penn Highlands Community College, 0.5 mill for the Cambria County Library System, and 0.5 mill for parks and playgrounds. Real estate taxes generated \$35.7 million in governmental activities revenue in 2012. In addition, the County levies a 3% hotel lodging tax. Proceeds from the hotel tax are primarily used to assist in tourist promotional activities of the Cambria County Visitors and Convention

Bureau. For the year ending 2012, the hotel tax receipts amounted to \$388,574. Cambria County also receives payments in lieu of taxes from various sources. The County received \$222,697 in payments in lieu of taxes in 2012.

Charges for services amounted to \$12.0 million or 10.1% of governmental activities funding sources. Charges for services include fees, fines, licenses, permits, 9-1-1 line charges, and housing revenues at the prison and the detention/shelter facility.

Investment earnings, gain from the sale of assets, capital grants and contributions, and other revenues amounted to \$536,403 or .5% of governmental activities revenue.

**Governmental activities expenses:** Expenses for Cambria County’s governmental activities were \$114.6 million for the year ended December 31, 2012. 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 \$60.7 million or 53.0% for 2012.

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 \$11.3 million or 9.9% in 2012.

Public Safety includes Emergency Management, HMEMA, SHARP, Prison, Adult Probation, Juvenile Court, and Detention/Shelter. Expenses in 2012 were 19.0% or \$21.7 million.

Employee Benefits were \$2.8 million or 2.4% of governmental activities expenses. This includes retiree hospitalization, workers' compensation, retiree life insurance, employer taxes, and unemployment. Most general fund employee benefits are expensed to the departmental budget.

General Government-Administrative expenses reflect costs associated with the administration of Cambria County government. These expenses were \$5.9 million or 5.1%.

Debt Service on the County's Lease Rental Indebtedness, and Notes was \$2.3 million or 2.0% of governmental activities expenses.

The remaining expenses of \$9.9 million or 8.6% were for Public Works, Culture and Recreation, Conservation and Development, Emergency Communications Services, 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, Behavioral Health/Intellectual Disabilities & Early Intervention, Health Choices Fund, and Children and Youth Fund, is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is valuable in assessing the County's financing requirements. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year.

At December 31, 2012, the General Fund reported a fund balance of (\$2.4) million, which was a decrease of \$2.9 million from the prior year's fund balance of \$492 thousand. For 2012, expenditures and other financing uses exceeded revenues and other financing sources by \$2.9 million.

The Behavioral Health/Intellectual Disabilities & Early Intervention special revenue fund maintains no fund balance. Revenues in the fund decreased to \$9.9 million from \$10.9 million in 2011, a decrease of \$1 million or 9.2%.

The Health Choices Fund maintains a zero fund balance. Revenues in the Health Choices Fund decreased \$694,472 or 2.3% from 2011.

The Children and Youth Fund also maintains a zero fund balance. The revenue for the Children and Youth Fund decreased \$563,418 or 7.2% to \$7.2 million in 2012.

**Proprietary Funds:** Cambria County maintains two enterprise funds. The first enterprise fund is the Central Park Complex Fund. Created in 2007, the second enterprise fund is the Cambria County Network 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.

The net position of the Central Park Complex (CPC) fund was \$0 on December 31, 2012. The net position reflects that \$73,191 was unrestricted and (\$73,191) was invested in capital assets, net of related debt, netting to a zero balance in the fund. The county transferred \$141,096 from the CPC fund to the general fund for 2012.

The Cambria County Network fund was created to account for activities related to the County's multi-service communications network. The network provides voice, video, and high-speed data communications to businesses, residents, educational institutions, and government. The net position of the Cambria County Network fund was \$273,447 on December 31, 2012. This reflects an increase in net position of \$2.2 million or 114% from 2011. The unrestricted net position balance was (\$3,621) and the investment in capital assets, net of related debt was \$277,068.

Effective December 31, 2012, the County of Cambria implemented a plan to ensure the long-term viability of the Cambria County Network. As a result, previous loans between funds were forgiven and recorded as transfers, and the entire asset and corresponding debt were reflected within the Cambria County Network Fund

### **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 Balance-Budget and Actual-General Fund in the audit report.

The original budgeted general fund revenue was \$54.5 million in 2012 and \$55.1 million in 2011. The final budgeted general fund revenue was \$55.6 million in 2012 and \$56.5 million in 2011. The actual revenue received during 2012 was \$54.2 million. The following are negative variances in final budgeted revenue to actual revenue during 2012: actual charges for services was \$791,024 or 9.2% less than budgeted and actual interest and investment income was \$39,571 or 67.2% less than budgeted. Actual intergovernmental revenue was \$1.1 million or

9.8% less than budgeted. Actual real estate tax revenue exceeded the budgeted amount by \$141,597 or 0.4%, and other revenue exceeded the budgeted amount by \$333,691 or 56.4%.

The original budgeted general fund expenditure amounts were \$45.6 million in 2012 and \$45.8 million in 2011. The final budgeted general fund expenditure amounts were \$46.6 million in 2012 and \$47.2 million in 2011. The actual expenditures were \$43.5 million for 2012. Positive variances were in general government – administrative for \$1,355,210 or 18.3%, public safety for \$422,897 or 2.4%, human services for \$865,432 or 14.1%, culture and recreation for \$364,149 or 36.8%, conservation and development for \$198,058 or 11.5%, employee benefits for \$45,529 or 1.4%, and debt service for \$11,430 or 10.0%. Negative variances were in general government - judicial for \$123,724 or 1.5%, and public works for \$40 or 0.0%.

The original budgeted operating transfers in were \$628,711 in 2012 and \$1.0 million in 2011. The final budgeted operating transfers in were \$628,711 in 2012 and \$30 million in 2011. For 2012, the actual operating transfers in were \$1.2 million or 83.5% over budget. The original budgeted operating transfers out were \$9.6 million in 2012 and \$10.3 million in 2011. The final budgeted operating transfers out were \$9.6 million in 2012 and \$38.9 million in 2011. The actual operating transfers out were \$14.9 million or 55.2% over budget in 2012.

Overall, the general fund had an excess of revenues and other financing sources over/(under) expenditures and other financing uses of (\$2.9) million for the year ending December 31, 2012.

### Capital Assets and Debt Administration

#### Capital Assets:

The County’s investment in capital assets at December 31, 2012, net of accumulated depreciation, amounted to \$58.6 million. This was a decrease of \$3.2 million or 5.2% from the previous year. The following table summarizes the County’s investment in capital assets:

| Summary of Capital Assets       |                            |                             |                                 |
|---------------------------------|----------------------------|-----------------------------|---------------------------------|
|                                 | Governmental<br>Activities | Business-type<br>Activities | Balance at<br>December 31, 2012 |
| Construction-in-progress        | \$ 13,125                  | \$ ---                      | \$ 13,125                       |
| Land                            | ---                        | 290,116                     | 290,116                         |
| Site/land improvements          | 4,003,321                  | 3,737                       | 4,007,058                       |
| Infrastructure                  | 14,725,074                 | ---                         | 14,725,074                      |
| Building and permanent fixtures | 49,652,098                 | 6,758,056                   | 56,410,154                      |
| Office furniture and equipment  | 2,707,597                  | ---                         | 2,707,597                       |
| General equipment               | 4,525,223                  | ---                         | 4,525,223                       |
| Machinery and equipment         | ---                        | 12,534,205                  | 12,534,205                      |



|                                |               |               |               |
|--------------------------------|---------------|---------------|---------------|
| Radio equipment                | 548,195       | ---           | 548,195       |
| Computer hardware and software | 7,035,882     | ---           | 7,035,882     |
| Vehicles                       | 4,931,395     | ---           | 4,931,395     |
| Less accumulated depreciation  | (41,100,725)  | (8,065,077)   | (49,165,802)  |
| Total                          | \$ 47,041,185 | \$ 11,521,037 | \$ 58,562,222 |

Additional detailed information on the County's capital assets can be found in Note 6 and Note 18 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, 2012, Cambria County had outstanding debt and capital lease obligations of \$53.9 million. During 2012, the County's notes and capital leases decreased by \$3.7 million or 6.4%.

Additional detailed information on the County's long-term debt can be found in Note 11, the capital leases in Note 12, and the restructuring of funds in Note 18 of the Notes to the Financial Statements.

### Economic Factors and 2013 Budgets

- On July 7, 2003, Standard & Poor's Ratings Services downgraded the County's bond rating from BBB- to B. Standard & Poor's cited various reasons for the downgrade including significant deterioration on the county's financial position and a limited economic base. Following a review of the County's finances and economic climate, a December 6, 2004 report from Standard & Poor's retained the 'B' rating, but revised the rating outlook to stable from negative. After another review of the County, Standard & Poor's September 6, 2005 report upgraded the County's bond rating to BB with a stable outlook. On April 4, 2011, Standard & Poor's Ratings Services raised its long-term rating on Cambria County's general obligation debt to 'BBB-'
- As of March 2013, the County's unemployment rate was 9.0%, which was up from 8.8% in April 2012. The Commonwealth's rate was 7.7% and the national rate was 7.6% for March 2013.

- The County's taxable assessed value on real estate increased \$5.9 million or 0.3% from 2012 to 2013.

For fiscal year 2012, the County's real property tax rate remained at 29.5 mills. The tax rate for general purpose is 23.5 mills, debt service is 4.0 mills, parks and playgrounds purposes is 0.5 mills, and the community college and the library millage is 1.0 and 0.5, respectively. For 2013, the County issued a Tax and Revenue Anticipation Note with First National Bank in the amount of \$10.0 million at 1.52% with a maturity date of December 31, 2013.

The Commissioners approved the Cambria County general fund budget of \$56.8 million for 2013 which was an increase of \$400,000 from 2012.

### **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 David Knepper, Chief Clerk/Chief of Staff, County of Cambria, 200 S. Center St., Ebensburg, PA 15931.





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## Independent Auditor's Report

June 21, 2013

Board of Commissioners  
County of Cambria  
Ebensburg, Pennsylvania

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cambria County Planning Commission, Redevelopment Authority of Cambria County, Cambria Library Association, Johnstown-Cambria County Airport Authority, Cambria County Transit Authority, and Cambria County Solid Waste Management Authority, all of which are discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Cambria Library Association, Behavioral Health of Cambria County, Cambria County War Memorial Arena Authority, Cambria County Conservation and Recreation Authority, and Cambria County Solid Waste Management Authority, discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinion***

In our opinion, based on our audit and the reports of the 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, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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 employee retirement plan analysis of funding, the combining and individual nonmajor fund financial statements, and the combining and individual component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Report on Other Legal and Regulatory Requirements***

In accordance with *Government Auditing Standards*, we have issued our report dated June 21, 2013, on our consideration of the County of Cambria's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Wessel & Company*

WESSEL & COMPANY  
Certified Public Accountants

COUNTY OF CAMBRIA  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
DECEMBER 31, 2012

|   | Primary Government         |                             |                      | Component<br>Units   |
|---|----------------------------|-----------------------------|----------------------|----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                |                      |
| <b>ASSETS:</b>  |                            |                             |                      |                      |
| <b>Current Assets:</b>                                |                            |                             |                      |                      |
| Cash and cash equivalents (Note 2)                    | \$ 4,720,389               | \$ 474                      | \$ 4,720,863         | \$ 15,032,153        |
| Investments (Note 2)                                  | -                          | -                           | -                    | 887,540              |
| Restricted cash (Note 3)                              | 117,931                    | -                           | 117,931              | -                    |
| Restricted investments                                | -                          | -                           | -                    | 344,976              |
| Receivables (net of allowance for uncollectibles)     |                            |                             |                      |                      |
| Accounts  | 1,902,658                  | 15,140                      | 1,917,798            | 334,074              |
| Taxes (Note 4)  | 4,041,455                  | -                           | 4,041,455            | -                    |
| Due from other governments (Note 5)                   | 8,137,225                  | -                           | 8,137,225            | 6,109,490            |
| Prepaid expenses and other assets                     | 305,947                    | -                           | 305,947              | 1,258,814            |
| Internal balances (Note 1k)                           | (119,020)                  | 119,020                     | -                    | -                    |
| Inventory   | -                          | -                           | -                    | 369,551              |
| <b>Total Current Assets</b>                           | <b>19,106,585</b>          | <b>134,634</b>              | <b>19,241,219</b>    | <b>24,336,598</b>    |
| <b>Non-Current Assets:</b>                            |                            |                             |                      |                      |
| Deferred loan costs                                   | 367,942                    | 97,976                      | 465,918              | 63,260               |
| Note receivable (Note 17)                             | 626,494                    | -                           | 626,494              | -                    |
| OPEB asset (Note 8 and 11)                            | 40,333                     | -                           | 40,333               | -                    |
| Fixed assets net of accumulated depreciation (Note 6) | 47,041,185                 | 11,521,037                  | 58,562,222           | 52,160,954           |
| <b>Total Non-Current Assets</b>                       | <b>48,075,954</b>          | <b>11,619,013</b>           | <b>59,694,967</b>    | <b>52,224,214</b>    |
| <b>Total Assets</b>                                   | <b>\$ 67,182,539</b>       | <b>\$ 11,753,647</b>        | <b>\$ 78,936,186</b> | <b>\$ 76,560,812</b> |
| <b>LIABILITIES:</b>                                   |                            |                             |                      |                      |
| <b>Current Liabilities:</b>                           |                            |                             |                      |                      |
| Accounts payable and accrued liabilities              | \$ 13,341,150              | \$ 49,839                   | \$ 13,390,989        | \$ 2,434,140         |
| Deferred revenues (Note 1f)                           | 2,883,565                  | -                           | 2,883,565            | 11,424,057           |
| Due to other governments (Note 5)                     | 55,021                     | -                           | 55,021               | 4,734,882            |
| Custodial payable                                     | 607,171                    | -                           | 607,171              | -                    |
| Compensated absences (Note 11 and 14)                 | 1,577,335                  | 9,217                       | 1,586,552            | -                    |
| Notes payable (Note 11)                               | 1,975,698                  | 253,911                     | 2,229,609            | 979,603              |
| Obligations under capital leases (Note 12)            | 992,862                    | 603,296                     | 1,596,158            | 123,373              |
| Accrued interest                                      | 441,789                    | 220,683                     | 662,472              | -                    |
| Other liabilities                                     | 7,883                      | -                           | 7,883                | -                    |
| <b>Total Current Liabilities</b>                      | <b>21,882,474</b>          | <b>1,136,946</b>            | <b>23,019,420</b>    | <b>19,696,055</b>    |
| <b>Non-Current Liabilities:</b>                       |                            |                             |                      |                      |
| Compensated absences (Note 11 and 14)                 | 519,852                    | 6,008                       | 525,860              | -                    |
| Due to other governments (Note 5)                     | -                          | -                           | -                    | 61,018               |
| Notes payable (Note 11)                               | 29,536,141                 | 3,560,336                   | 33,096,477           | 2,476,812            |
| Estimated workers' compensation claim (Note 9 and 11) | 1,111,611                  | -                           | 1,111,611            | -                    |
| Obligations under capital leases (Note 12)            | 10,219,387                 | 6,776,910                   | 16,996,297           | 74,486               |
| <b>Total Non-Current Liabilities</b>                  | <b>41,386,991</b>          | <b>10,343,254</b>           | <b>51,730,245</b>    | <b>2,612,316</b>     |
| <b>Total Liabilities</b>                              | <b>63,269,465</b>          | <b>11,480,200</b>           | <b>74,749,665</b>    | <b>22,308,371</b>    |
| <b>NET POSITION:</b>                                  |                            |                             |                      |                      |
| Investment in capital assets, net of related debt     | 4,243,250                  | 203,877                     | 4,447,127            | 48,506,680           |
| Unrestricted  | (338,218)                  | 69,570                      | (268,648)            | 3,406,037            |
| Restricted - (Note 1m)                                | 8,042                      | -                           | 8,042                | 2,339,724            |
| <b>Total Net Position</b>                             | <b>3,913,074</b>           | <b>273,447</b>              | <b>4,186,521</b>     | <b>54,252,441</b>    |
| <b>Total Liabilities and Net Position</b>             | <b>\$ 67,182,539</b>       | <b>\$ 11,753,647</b>        | <b>\$ 78,936,186</b> | <b>\$ 76,560,812</b> |

COUNTY OF CAMBRIA  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

| Functions/Programs                           | Program Revenues      |                      |                                   |                                  | Net (Expenses) Revenues and Changes in Net Position |                          |                        |
|--|-----------------------|----------------------|-----------------------------------|----------------------------------|---|--------------------------|------------------------|
|  | Expenses              | Charges for Services | Operating Grants and Contribution | Capital Grants and Contributions | Governmental Activities                             | Business-type Activities | Total                  |
| <b>Primary Government:</b>                   |                       |                      |                                   |                                  |   |                          |                        |
| <b>Governmental Activities:</b>              |                       |                      |                                   |                                  |   |                          |                        |
| General government - administrative          | \$ 5,893,632          | \$ 1,110,631         | \$ -                              | \$ -                             | \$ (4,783,001)                                      | \$ -                     | \$ (4,783,001)         |
| General government - judicial                | 11,281,637            | 3,206,283            | 2,986,441                         | -                                | (5,088,913)   | -                        | (5,088,913)            |
| Public safety                                | 21,715,473            | 4,066,856            | 5,357,048                         | -                                | (12,291,569)  | -                        | (12,291,569)           |
| Public works                                 | 539,517               | -                    | 738,452                           | -                                | 198,935   | -                        | 198,935                |
| Human services                               | 60,716,146            | 2,417,172            | 56,855,757                        | -                                | (1,443,217)   | -                        | (1,443,217)            |
| Culture and recreation                       | 446,650               | 35,049               | -                                 | -                                | (411,601)   | -                        | (411,601)              |
| Conservation and development                 | 2,589,392             | 463,259              | 2,450,597                         | -                                | 324,464   | -                        | 324,464                |
| Emergency communication services             | 3,111,966             | 673,628              | 1,608,843                         | 199,534                          | (629,961)   | -                        | (629,961)              |
| Employee benefits                            | 2,767,053             | -                    | -                                 | -                                | (2,767,053)   | -                        | (2,767,053)            |
| Debt service                                 | 2,299,254             | -                    | -                                 | -                                | (2,299,254)   | -                        | (2,299,254)            |
| Unallocated depreciation and amortization    | 3,201,073             | -                    | -                                 | -                                | (3,201,073)   | -                        | (3,201,073)            |
| <b>Total Governmental Activities</b>         | <b>114,561,793</b>    | <b>11,972,878</b>    | <b>69,997,138</b>                 | <b>199,534</b>                   | <b>(32,392,243)</b>                                 | <b>-</b>                 | <b>(32,392,243)</b>    |
| <b>Business-type Activities:</b>             |                       |                      |                                   |                                  |   |                          |                        |
| Central Park Complex                         | 990,178               | 725,622              | -                                 | -                                | -   | (264,556)                | (264,556)              |
| Cambria County Network                       | 841,862               | 221,609              | -                                 | -                                | -   | (620,253)                | (620,253)              |
| <b>Total Business-type Activities</b>        | <b>1,832,040</b>      | <b>947,231</b>       | <b>-</b>                          | <b>-</b>                         | <b>-</b>  | <b>(884,809)</b>         | <b>(884,809)</b>       |
| <b>Total Primary Government</b>              | <b>\$ 116,393,833</b> | <b>\$ 12,920,109</b> | <b>\$ 69,997,138</b>              | <b>\$ 199,534</b>                | <b>\$ (32,392,243)</b>                              | <b>\$ (884,809)</b>      | <b>\$ (33,277,052)</b> |
| <b>General Revenues:</b>                     |                       |                      |                                   |                                  |   |                          |                        |
| Taxes:                                       |                       |                      |                                   |                                  |   |                          |                        |
| Property Taxes, Levied for General Purposes  |                       |                      |                                   |                                  | \$ 29,114,174                                       | \$ -                     | \$ 29,114,174          |
| Property Taxes, Levied for Debt Retirement   |                       |                      |                                   |                                  | 4,843,865   | -                        | 4,843,865              |
| Property Taxes, Levied for Community College |                       |                      |                                   |                                  | 1,160,801   | -                        | 1,160,801              |
| Property Taxes, Levied for County Library    |                       |                      |                                   |                                  | 623,042   | -                        | 623,042                |
| Payments in Lieu of Taxes                    |                       |                      |                                   |                                  | 222,697   | -                        | 222,697                |
| County Hotel Lodging Taxes                   |                       |                      |                                   |                                  | 388,574   | -                        | 388,574                |
| Gain/(loss) from Sale of Assets              |                       |                      |                                   |                                  | (23,947)  | -                        | (23,947)               |
| Transfers in/(out) primary government        |                       |                      |                                   |                                  | (3,096,974)   | 3,096,974                | -                      |
| Transfers in/(out) component units           |                       |                      |                                   |                                  | (3,344,207)   | -                        | (3,344,207)            |
| Unrestricted Investment Earnings             |                       |                      |                                   |                                  | 41,532  | 48                       | 41,580                 |
| Other Revenues                               |                       |                      |                                   |                                  | 319,284   | -                        | 319,284                |
| <b>Total General Revenues and Transfers</b>  |                       |                      |                                   |                                  | <b>30,248,841</b>                                   | <b>3,097,022</b>         | <b>33,345,863</b>      |
| Total Change in Net Position                 |                       |                      |                                   |                                  | (2,143,402)   | 2,212,213                | 68,811                 |
| Net Position - Beginning of Year             |                       |                      |                                   |                                  | 6,056,476   | (1,938,766)              | 4,117,710              |
| <b>Net Position - End of Year</b>            |                       |                      |                                   |                                  | <b>\$ 3,913,074</b>                                 | <b>\$ 273,447</b>        | <b>\$ 4,186,521</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, 2012

| Component Units: | Functions/Programs                                   | Program Revenues     |                         |   | Net (Expenses) Revenues<br>and Changes in Net Position |
|------------------|--|----------------------|-------------------------|---|--|
|                  |  | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contribution |  |
|                  | Governmental Activities:                             |                      |                         |   |  |
|                  | Redevelopment Authority                              | \$ 2,082,648         | \$ 212,890              | \$ 1,851,125                            | \$ (18,633)  |
|                  | Conservation and Recreation Authority                | 191,450              | -                       | -                                       | (191,450)  |
|                  | Library Association                                  | 1,725,604            | 51,118                  | 850,317                                 | (824,169)  |
|                  | <b>Total Component Unit Governmental Activities</b>  | <b>3,999,702</b>     | <b>264,008</b>          | <b>2,701,442</b>                        | <b>(1,034,252)</b>                                     |
|                  | Business-type Activities:                            |                      |                         |   |  |
|                  | Planning Commission                                  | 330,844              | 233,523                 | -                                       | (97,321)   |
|                  | Municipal Airport Authority                          | 1,646,973            | 359,090                 | -                                       | (1,287,883)  |
|                  | Transit Authority                                    | 10,390,371           | 965,501                 | 6,766,977                               | (2,657,893)  |
|                  | Solid Waste Management Authority                     | 492,835              | 1,650                   | 62,990                                  | (428,195)  |
|                  | Community College                                    | 11,582,043           | 6,402,235               | 4,164,627                               | (1,015,181)  |
|                  | Behavioral Health of Cambria County                  | 29,512,876           | 10,500                  | 29,527,042                              | 24,666   |
|                  | War Memorial Arena Authority                         | 169,156              | -                       | -                                       | (169,156)  |
|                  | <b>Total Component Unit Business-type Activities</b> | <b>54,125,098</b>    | <b>7,972,499</b>        | <b>40,521,636</b>                       | <b>(5,630,963)</b>                                     |
|                  | <b>Total Component Units</b>                         | <b>\$ 58,124,800</b> | <b>\$ 8,236,507</b>     | <b>\$ 43,223,078</b>                    | <b>\$ (6,665,215)</b>                                  |
|                  | General Revenues:                                    |                      |                         |   |  |
|                  | (Loss) from Sale of Assets                           |                      |                         |   | \$ (108,122)   |
|                  | Unrestricted Investment Earnings                     |                      |                         |   | 93,578   |
|                  | Other Revenues                                       |                      |                         |   | 1,088,756  |
|                  | Transfers from Primary Government                    |                      |                         |   | 3,344,207  |
|                  | Total General Revenues and Transfers                 |                      |                         |   | 4,418,419  |
|                  | Change in Net Position Before Capital Contributions  |                      |                         |   | (2,246,796)  |
|                  | Capital Contributions                                |                      |                         |   | 3,514,895  |
|                  | Total Change in Net Position                         |                      |                         |   | 1,268,099  |
|                  | Net Position - Beginning of Year                     |                      |                         |   | 54,027,464   |
|                  | Prior Period Adjustment                              |                      |                         |   | (1,043,122)  |
|                  | Net Position - Beginning of Year, as restated        |                      |                         |   | 52,984,342   |
|                  | Net Position - End of Year                           |                      |                         |   | \$ 54,252,441  |

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 POSITION OF GOVERNMENTAL ACTIVITIES)  
DECEMBER 31, 2012

|   | Major Funds         |   |                           |                               |  | Totals               |
|---|---------------------|---|---------------------------|-------------------------------|--|----------------------|
|   | General             | Behavioral Health/<br>Intellectual Disabilities<br>& Early Intervention | Health<br>Choices<br>Fund | Children and<br>Youth<br>Fund | Other<br>Nonmajor<br>Governmental<br>Funds |                      |
| <b>ASSETS:</b>                                    |                     |   |                           |                               |  |                      |
| Cash and cash equivalents                         | \$ 1,142,938        | \$ 20,544   | \$ 48                     | -                             | \$ 1,798,443                               | \$ 2,961,973         |
| Restricted cash                                   | 116,426             | -   | -                         | -                             | 1,505                                      | 117,931              |
| Receivables (net of allowance for uncollectibles) |                     |   |                           |                               |  |                      |
| Accounts  | 1,046,841           | 130,658   | -                         | -                             | 601,637                                    | 1,779,136            |
| Taxes   | 4,041,455           | -   | -                         | -                             | -  | 4,041,455            |
| Due from other governments                        | 110,189             | 450,484   | 4,875,647                 | 1,483,685                     | 1,192,888                                  | 8,112,893            |
| Prepaid expenses and other assets                 | 294,733             | -   | -                         | 11,214                        | -  | 305,947              |
| Due from other funds (Note 1k)                    | 3,234,998           | 1,304,239   | -                         | 272,165                       | 4,191,821                                  | 9,003,223            |
| <b>Total Assets</b>                               | <b>\$ 9,987,580</b> | <b>\$ 1,905,925</b>   | <b>\$ 4,875,695</b>       | <b>\$ 1,767,064</b>           | <b>\$ 7,786,294</b>                        | <b>\$ 26,322,558</b> |
| <b>LIABILITIES:</b>                               |                     |   |                           |                               |  |                      |
| Accounts payable and accrued liabilities          | \$ 4,060,452        | \$ 1,370,696  | \$ 4,875,695              | \$ 909,269                    | \$ 1,412,686                               | \$ 12,628,798        |
| Deferred revenues                                 | 3,249,929           | 535,229   | -                         | 825,948                       | 1,491,666                                  | 6,102,772            |
| Payable from restricted assets                    | 607,171             | -   | -                         | -                             | -  | 607,171              |
| Other liabilities                                 | 7,883               | -   | -                         | -                             | -  | 7,883                |
| Due to other governments                          | -                   | -   | -                         | 31,847                        | -  | 31,847               |
| Due to other funds (Note 1k)                      | 4,505,151           | -   | -                         | -                             | 3,472,729                                  | 7,977,880            |
| <b>Total Liabilities</b>                          | <b>12,430,586</b>   | <b>1,905,925</b>  | <b>4,875,695</b>          | <b>1,767,064</b>              | <b>6,377,081</b>                           | <b>27,356,351</b>    |
| <b>FUND BALANCES</b>                              |                     |   |                           |                               |  |                      |
| Unassigned fund balance/(deficit)                 | (2,451,048)         | -   | -                         | -                             | (2,319,255)                                | (4,770,303)          |
| Assigned fund balance                             | -                   | -   | -                         | -                             | 3,728,468                                  | 3,728,468            |
| Restricted for:                                   |                     |   |                           |                               |  |                      |
| Library (Note 1)                                  | 8,042               | -   | -                         | -                             | -  | 8,042                |
| <b>Total Fund Balance</b>                         | <b>(2,443,006)</b>  | <b>-</b>  | <b>-</b>                  | <b>-</b>                      | <b>1,409,213</b>                           | <b>(1,033,793)</b>   |
| <b>Total Liabilities and Fund Balance</b>         | <b>\$ 9,987,580</b> | <b>\$ 1,905,925</b>   | <b>\$ 4,875,695</b>       | <b>\$ 1,767,064</b>           | <b>\$ 7,786,294</b>                        | <b>26,322,558</b>    |

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

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

(45,665,100)

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

3,219,207

Notes receivable recorded as cash outlays in the funds

47,041,185

Adjustment to eliminate change in net position of internal service fund within governmental activities

325,194

Net position of governmental activities

26,381

**\$ 3,913,074**







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, 2012

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

|   |                       |
|---|-----------------------|
| Net change in fund balance - total governmental funds (page 8)  | \$ (3,558,304)        |
| The 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 (compensated absences, workers' compensation, etc.)   | 460,770               |
| 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 position. This amount is the net effect of the differences in the treatment of long-term debt on the statement of activities | 7,168,355             |
| 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   | 28,616                |
| The Other Post Employment Benefit (OPEB) obligation in the statement of activities do no require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.   | 51,364                |
| The difference in the change in net position between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two accounting methods   | 201,131               |
| The net effect of various transactions involving capital assets, (i.e. purchases, disposals, depreciation, etc.) is to increase net position  | (6,820,528)           |
| Notes receivable recorded as cash outlays in the funds  | <u>325,194</u>        |
| Change in net position of governmental activities (page 5)  | <u>\$ (2,143,402)</u> |

COUNTY OF CAMBRIA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2012

|   | Business-type Activities - Enterprise Funds |                              |                      | Governmental<br>Activities |
|---|---|------------------------------|----------------------|----------------------------|
|   | Central<br>Park<br>Complex                  | Cambria<br>County<br>Network | Total                | Internal<br>Service        |
| <u>ASSETS</u>   |   |                              |                      |                            |
| Current Assets  |   |                              |                      |                            |
| Cash and cash equivalents                                       | \$ 336                                      | \$ 138                       | \$ 474               | \$ 1,758,416               |
| Accounts receivable   | 5,615                                       | 9,525                        | 15,140               | 123,522                    |
| Due from other funds  | 119,020                                     | -                            | 119,020              | -                          |
| <b>Total Current Assets</b>                                     | 124,971                                     | 9,663                        | 134,634              | 1,881,938                  |
| Non-current Assets  |   |                              |                      |                            |
| Deferred loan costs   | 66,735                                      | 31,241                       | 97,976               | -                          |
| Fixed assets (net of accumulated depreciation and amortization) | 3,734,263                                   | 7,786,774                    | 11,521,037           | -                          |
| <b>Total Assets</b>   | <u>\$ 3,925,969</u>                         | <u>\$ 7,827,678</u>          | <u>\$ 11,753,647</u> | <u>\$ 1,881,938</u>        |
| <u>LIABILITIES AND NET POSITION</u>                             |   |                              |                      |                            |
| Current Liabilities   |   |                              |                      |                            |
| Accounts payable and accrued liabilities                        | \$ 36,555                                   | \$ 13,284                    | \$ 49,839            | \$ 712,352                 |
| Accrued interest  | 59,942                                      | 160,741                      | 220,683              | -                          |
| Deferred revenue  | -   | -                            | -                    | -                          |
| Compensated absences  | 9,217                                       | -                            | 9,217                | -                          |
| Notes payable   | 253,911                                     | -                            | 253,911              | -                          |
| Obligation under capital lease                                  | -   | 603,296                      | 603,296              | -                          |
| Due to other governments  | -   | -                            | -                    | 23,174                     |
| Due to other funds  | -   | -                            | -                    | 1,120,031                  |
| <b>Total Current Liabilities</b>                                | 359,625                                     | 777,321                      | 1,136,946            | 1,855,557                  |
| Non-current Liabilities   |   |                              |                      |                            |
| Compensated absences  | 6,008                                       | -                            | 6,008                | -                          |
| Obligation under capital lease                                  | -   | 6,776,910                    | 6,776,910            | -                          |
| Notes payable   | 3,560,336                                   | -                            | 3,560,336            | -                          |
| <b>Total Liabilities</b>  | 3,925,969                                   | 7,554,231                    | 11,480,200           | 1,855,557                  |
| Net Position  |   |                              |                      |                            |
| Investment in capital assets, net of related debt               | (73,191)                                    | 277,068                      | 203,877              | -                          |
| Unrestricted  | 73,191                                      | (3,621)                      | 69,570               | 26,381                     |
| <b>Total Net Position</b>                                       | -   | 273,447                      | 273,447              | 26,381                     |
| <b>Total Liabilities and Net Position</b>                       | <u>\$ 3,925,969</u>                         | <u>\$ 7,827,678</u>          | <u>\$ 11,753,647</u> | <u>\$ 1,881,938</u>        |

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

|   | Business-type Activities - Enterprise Funds |                              |                   | Governmental<br>Activities |
|---|---|------------------------------|-------------------|----------------------------|
|   | Central<br>Park<br>Complex                  | Cambria<br>County<br>Network | Total             | Internal<br>Service        |
| Operating Revenues:                     |   |                              |                   |                            |
| Charges for service                     | \$ -  | \$ 221,609                   | \$ 221,609        | \$ 11,441,636              |
| Stop loss payments                      | -   | -                            | -                 | 12,740                     |
| Rental income                           | 725,622                                     | -                            | 725,622           | -                          |
| Total Operating Revenues                | <u>725,622</u>                              | <u>221,609</u>               | <u>947,231</u>    | <u>11,454,376</u>          |
| Operating Expenses:                     |   |                              |                   |                            |
| Depreciation and amortization           | 225,504                                     | 349,893                      | 575,397           | -                          |
| Maintenance and operating               | 599,454                                     | 344,440                      | 943,894           | 11,457,824                 |
| Total Operating Expenses                | <u>824,958</u>                              | <u>694,333</u>               | <u>1,519,291</u>  | <u>11,457,824</u>          |
| Operating Income/(Loss)                 | (99,336)                                    | (472,724)                    | (572,060)         | (3,448)                    |
| Non-Operating Revenues/(Expenses):      |   |                              |                   |                            |
| Investment income                       | 3   | 45                           | 48                | 3,448                      |
| Other income                            | -   | -                            | -                 | -                          |
| Interest expense                        | (165,220)                                   | (147,529)                    | (312,749)         | -                          |
| Total Non-Operating Revenues/(Expenses) | <u>(165,217)</u>                            | <u>(147,484)</u>             | <u>(312,701)</u>  | <u>3,448</u>               |
| Income/(Loss) Before Transfers          | (264,553)                                   | (620,208)                    | (884,761)         | -                          |
| Other Financing Sources/(Uses):         |   |                              |                   |                            |
| Operating transfers in                  | 405,649                                     | 4,314,260                    | 4,719,909         | -                          |
| Operating transfers (out)               | (141,096)                                   | (1,481,839)                  | (1,622,935)       | -                          |
| Total Other Financing Sources/(Uses)    | <u>264,553</u>                              | <u>2,832,421</u>             | <u>3,096,974</u>  | <u>-</u>                   |
| Change in Net Position                  | -   | 2,212,213                    | 2,212,213         | -                          |
| Net Position - Beginning of Year        | -   | (1,938,766)                  | (1,938,766)       | 26,381                     |
| Net Position - End of Year              | <u>\$ -</u>                                 | <u>\$ 273,447</u>            | <u>\$ 273,447</u> | <u>\$ 26,381</u>           |

COUNTY OF CAMBRIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Business-type Activities - Enterprise Funds |                              |                    | Governmental<br>Activities |
|--|---|------------------------------|--------------------|----------------------------|
|  | Central<br>Park<br>Complex                  | Cambria<br>County<br>Network | Total              | Internal<br>Service        |
| <b>Cash Flows From Operating Activities</b>                              |   |                              |                    |                            |
| Cash received from customers   | \$ 730,943                                  | \$ 221,049                   | \$ 951,992         | \$ -                       |
| Cash received from interfund services provided                           | -   | -                            | -                  | 11,671,723                 |
| Cash received from provider  | -   | -                            | -                  | 12,740                     |
| Cash payments to employees for services                                  | (170,705)                                   | -                            | (170,705)          | -                          |
| Cash payments to suppliers for goods and services                        | (424,359)                                   | (347,328)                    | (771,687)          | (11,687,490)               |
| Net Cash (Used For)/Provided By Operating Activities                     | <u>135,879</u>                              | <u>(126,279)</u>             | <u>9,600</u>       | <u>(3,027)</u>             |
| <b>Cash Flows From Non-Capital Financing Activities</b>                  |   |                              |                    |                            |
| Transfers in from other funds  | 405,649                                     | 4,314,260                    | 4,719,909          | -                          |
| Transfers out to other funds   | (141,096)                                   | (1,481,839)                  | (1,622,935)        | -                          |
| Net Cash Provided By Non-Capital Financing Activities                    | <u>264,553</u>                              | <u>2,832,421</u>             | <u>3,096,974</u>   | <u>-</u>                   |
| <b>Cash Flows From Capital and Related Financing Activities</b>          |   |                              |                    |                            |
| Net long-term transfer to general fund                                   | -   | (109,208)                    | (109,208)          | -                          |
| Payment on debt (net)  | (240,429)                                   | (260,033)                    | (500,462)          | -                          |
| Interest paid  | (168,999)                                   | (160,114)                    | (329,113)          | -                          |
| Net (decrease)/increase in interfund payables                            | 8,218                                       | (2,195,556)                  | (2,187,338)        | 583,751                    |
| Net Cash (Used For)/Provided By Capital and Related Financing Activities | <u>(401,210)</u>                            | <u>(2,724,911)</u>           | <u>(3,126,121)</u> | <u>583,751</u>             |
| <b>Cash Flows From Investing Activities</b>                              |   |                              |                    |                            |
| Interest on cash equivalents   | <u>3</u>                                    | <u>45</u>                    | <u>48</u>          | <u>3,448</u>               |
| Net Cash Provided By Investing Activities                                | <u>3</u>                                    | <u>45</u>                    | <u>48</u>          | <u>3,448</u>               |
| Net (Decrease)/Increase in Cash and Cash Equivalents                     | (775)                                       | (18,724)                     | (19,499)           | 584,172                    |
| Cash and Cash Equivalents Beginning of Year                              | <u>1,111</u>                                | <u>18,862</u>                | <u>19,973</u>      | <u>1,174,244</u>           |
| Cash and Cash Equivalents at End of Year                                 | <u>\$ 336</u>                               | <u>\$ 138</u>                | <u>\$ 474</u>      | <u>\$ 1,758,416</u>        |

COUNTY OF CAMBRIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Business-type Activities - Enterprise Funds |                              |                 | Governmental<br>Activities |
|--|---|------------------------------|-----------------|----------------------------|
|  | Central<br>Park<br>Complex                  | Cambria<br>County<br>Network | Total           | Internal<br>Service        |
| <b>Reconciliation of Operating Income to Net Cash<br/>(Used For)/Provided By Operating Activities:</b> |   |                              |                 |                            |
| Operating Income/(Loss)  | \$ (99,336)                                 | \$ (472,724)                 | \$ (572,060)    | \$ (3,448)                 |
| Adjustments to reconcile operating income to net<br>cash provided by/(used in) operating activities:   |   |                              |                 |                            |
| Depreciation and amortization  | 225,504                                     | 349,893                      | 575,397         | -                          |
| Changes in assets and liabilities:   |   |                              |                 |                            |
| Decrease/(Increase) in accounts receivable   | 5,321                                       | (560)                        | 4,761           | 230,087                    |
| Increase in accounts payable and accrued liabilities   | 4,610                                       | (2,888)                      | 1,722           | (229,666)                  |
| Increase in accrued vacation   | (220)                                       | -                            | (220)           | -                          |
| Total Adjustments  | <u>235,215</u>                              | <u>346,445</u>               | <u>581,660</u>  | <u>421</u>                 |
| Net Cash (Used For)/Provided By Operating Activities   | <u>\$ 135,879</u>                           | <u>\$ (126,279)</u>          | <u>\$ 9,600</u> | <u>\$ (3,027)</u>          |

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2012

|   | <u>Non-AFDC<br/>IRS<br/>Fund</u> | <u>Prison<br/>Resident<br/>Fund</u> | <u>Prison<br/>Canteen<br/>Fund</u> | <u>Recorder<br/>of<br/>Deeds</u> |
|---|----------------------------------|-------------------------------------|------------------------------------|----------------------------------|
| <u>ASSETS</u>                                     |                                  |                                     |                                    |                                  |
| Assets  |                                  |                                     |                                    |                                  |
| Cash and cash equivalents                         | \$ 11,360                        | \$ 68,689                           | \$ 50,757                          | \$ 254,662                       |
| Investments                                       | -                                | -                                   | 17,139                             | -                                |
| Restricted assets:                                |                                  |                                     |                                    |                                  |
| Cash  | -                                | -                                   | -                                  | 86,495                           |
| Investments                                       | -                                | -                                   | -                                  | -                                |
| Accounts receivable                               | -                                | -                                   | -                                  | 180                              |
| Due from other governments                        | -                                | -                                   | 6,671                              | -                                |
| Prepaid expenses and other assets                 | -                                | -                                   | -                                  | -                                |
|   | <u>11,360</u>                    | <u>68,689</u>                       | <u>74,567</u>                      | <u>341,337</u>                   |
| Total Assets                                      | <u>\$ 11,360</u>                 | <u>\$ 68,689</u>                    | <u>\$ 74,567</u>                   | <u>\$ 341,337</u>                |
| <u>LIABILITIES AND NET POSITION</u>               |                                  |                                     |                                    |                                  |
| Liabilities                                       |                                  |                                     |                                    |                                  |
| Due to other governments                          | \$ -                             | \$ 9,344                            | \$ 6,803                           | \$ 327,926                       |
| Other liabilities                                 | 11,360                           | 59,345                              | 7,999                              | 13,411                           |
| Due to other funds                                | -                                | -                                   | -                                  | -                                |
|   | <u>11,360</u>                    | <u>68,689</u>                       | <u>14,802</u>                      | <u>341,337</u>                   |
| Total Liabilities                                 | <u>11,360</u>                    | <u>68,689</u>                       | <u>14,802</u>                      | <u>341,337</u>                   |
| Net Position                                      |                                  |                                     |                                    |                                  |
| Held in trust for the prison canteen (Note 1m)    | -                                | -                                   | 59,765                             | -                                |
| Held in trust for workers' compensation (Note 1m) | -                                | -                                   | -                                  | -                                |
| Held in trust for pension benefits (Note 1m)      | -                                | -                                   | -                                  | -                                |
|   | <u>-</u>                         | <u>-</u>                            | <u>59,765</u>                      | <u>-</u>                         |
| Total Net Position                                | <u>-</u>                         | <u>-</u>                            | <u>59,765</u>                      | <u>-</u>                         |
| Total Liabilities and Net Position                | <u>\$ 11,360</u>                 | <u>\$ 68,689</u>                    | <u>\$ 74,567</u>                   | <u>\$ 341,337</u>                |

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

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2012

|   | <u>Registrar<br/>of<br/>Wills</u> | <u>Sheriff's<br/>Office</u> | <u>Office<br/>of the<br/>Prothonotary</u> |
|---|-----------------------------------|-----------------------------|---|
| <u>ASSETS</u>                                     |                                   |                             |   |
| Assets  |                                   |                             |   |
| Cash and cash equivalents                         | \$ 107,458                        | \$ 338,881                  | \$ 281,137                                |
| Investments                                       | -                                 | -                           | -   |
| Restricted assets:                                |                                   |                             |   |
| Cash  | -                                 | -                           | -   |
| Investments                                       | -                                 | -                           | -   |
| Accounts receivable                               | -                                 | -                           | -   |
| Due from other governments                        | -                                 | -                           | -   |
| Prepaid expenses and other assets                 | -                                 | -                           | -   |
|   | <u>          </u>                 | <u>          </u>           | <u>          </u>                         |
| Total Assets                                      | <u>\$ 107,458</u>                 | <u>\$ 338,881</u>           | <u>\$ 281,137</u>                         |
| <u>LIABILITIES AND NET POSITION</u>               |                                   |                             |   |
| Liabilities                                       |                                   |                             |   |
| Due to other governments                          | \$ 41,106                         | \$ 9,946                    | \$ 21,185                                 |
| Other liabilities                                 | 66,352                            | 328,935                     | 259,952                                   |
| Due to other funds                                | -                                 | -                           | -   |
|   | <u>          </u>                 | <u>          </u>           | <u>          </u>                         |
| Total Liabilities                                 | <u>107,458</u>                    | <u>338,881</u>              | <u>281,137</u>                            |
| Net Position                                      |                                   |                             |   |
| Held in trust for the prison canteen (Note 1m)    | -                                 | -                           | -   |
| Held in trust for workers' compensation (Note 1m) | -                                 | -                           | -   |
| Held in trust for pension benefits (Note 1m)      | -                                 | -                           | -   |
|   | <u>          </u>                 | <u>          </u>           | <u>          </u>                         |
| Total Net Position                                | <u>-</u>                          | <u>-</u>                    | <u>-</u>                                  |
| Total Liabilities and Net Position                | <u>\$ 107,458</u>                 | <u>\$ 338,881</u>           | <u>\$ 281,137</u>                         |

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

COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2012

|   | <u>Clerk<br/>of<br/>Courts</u> | <u>Domestic<br/>Relations<br/>Support</u> | <u>Intermediate<br/>Punishment<br/>Unit</u> |
|---|--------------------------------|---|---|
| <u>ASSETS</u>                                     |                                |   |   |
| Assets  |                                |   |   |
| Cash and cash equivalents                         | \$ 688,611                     | \$ 66,505                                 | \$ 69,981                                   |
| Investments                                       | -                              | -   | -   |
| Restricted assets:                                |                                |   |   |
| Cash  | -                              | -   | -   |
| Investments                                       | -                              | -   | -   |
| Accounts receivable                               | -                              | -   | -   |
| Due from other governments                        | -                              | -   | -   |
| Prepaid expenses and other assets                 | -                              | -   | -   |
|   | <u>688,611</u>                 | <u>66,505</u>                             | <u>69,981</u>                               |
| Total Assets                                      | <u>\$ 688,611</u>              | <u>\$ 66,505</u>                          | <u>\$ 69,981</u>                            |
| <u>LIABILITIES AND NET POSITION</u>               |                                |   |   |
| Liabilities                                       |                                |   |   |
| Due to other governments                          | \$ 303,130                     | \$ -                                      | \$ -  |
| Other liabilities                                 | 385,481                        | 66,505                                    | 69,981                                      |
| Due to other funds                                | -                              | -   | -   |
|   | <u>688,611</u>                 | <u>66,505</u>                             | <u>69,981</u>                               |
| Total Liabilities                                 | <u>688,611</u>                 | <u>66,505</u>                             | <u>69,981</u>                               |
| Net Position                                      |                                |   |   |
| Held in trust for the prison canteen (Note 1m)    | -                              | -   | -   |
| Held in trust for workers' compensation (Note 1m) | -                              | -   | -   |
| Held in trust for pension benefits (Note 1m)      | -                              | -   | -   |
|   | <u>-</u>                       | <u>-</u>                                  | <u>-</u>                                    |
| Total Net Position                                | <u>-</u>                       | <u>-</u>                                  | <u>-</u>                                    |
| Total Liabilities and Net Position                | <u>\$ 688,611</u>              | <u>\$ 66,505</u>                          | <u>\$ 69,981</u>                            |



COUNTY OF CAMBRIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2012

|   | <u>Workers'<br/>Compensation<br/>Trust<br/>Fund</u> | <u>Retirement<br/>Trust<br/>Fund</u> | <u>Total</u>          |
|---|---|--------------------------------------|-----------------------|
| <u>ASSETS</u>                                     |   |                                      |                       |
| Assets  |   |                                      |                       |
| Cash and cash equivalents                         | \$ -  | \$ -                                 | \$ 1,938,041          |
| Investments                                       | -   | 158,031,254                          | 158,048,393           |
| Restricted assets:                                |   |                                      |                       |
| Cash  | -   | 5,322,266                            | 5,408,761             |
| Investments                                       | 743,355   | -                                    | 743,355               |
| Accounts receivable                               | 5,966   | 350,532                              | 356,678               |
| Due from other governments                        | -   | -                                    | 6,671                 |
| Prepaid expenses and other assets                 | -   | -                                    | -                     |
|   | <u>          </u>                                   | <u>          </u>                    | <u>          </u>     |
| Total Assets                                      | <u>\$ 749,321</u>                                   | <u>\$ 163,704,052</u>                | <u>\$ 166,501,899</u> |
| <u>LIABILITIES AND NET POSITION</u>               |   |                                      |                       |
| Liabilities                                       |   |                                      |                       |
| Due to other governments                          | \$ -  | \$ -                                 | \$ 719,440            |
| Other liabilities                                 | 698   | 85,868                               | 1,355,887             |
| Due to other funds                                | -   | 24,332                               | 24,332                |
|   | <u>          </u>                                   | <u>          </u>                    | <u>          </u>     |
| Total Liabilities                                 | <u>698</u>  | <u>110,200</u>                       | <u>2,099,659</u>      |
| Net Position                                      |   |                                      |                       |
| Held in trust for the prison canteen (Note 1m)    | -   | -                                    | 59,765                |
| Held in trust for workers' compensation (Note 1m) | 748,623   | -                                    | 748,623               |
| Held in trust for pension benefits (Note 1m)      | -   | 163,593,852                          | 163,593,852           |
|   | <u>          </u>                                   | <u>          </u>                    | <u>          </u>     |
| Total Net Position                                | <u>748,623</u>                                      | <u>163,593,852</u>                   | <u>164,402,240</u>    |
| Total Liabilities and Net Position                | <u>\$ 749,321</u>                                   | <u>\$ 163,704,052</u>                | <u>\$ 166,501,899</u> |

COUNTY OF CAMBRIA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
WORKERS' COMPENSATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

|   |    |                       |
|---|----|-----------------------|
| Revenues  |    |                       |
| Interest income   | \$ | 23,997                |
| Net appreciation in fair value of investments                           |    | <u>11,416</u>         |
| Total Revenues  |    | <u>35,413</u>         |
|   |    |                       |
| Expenses  |    |                       |
| Operating expenses  |    | <u>2,774</u>          |
| Total Expenses  |    | <u>2,774</u>          |
|   |    |                       |
| Other Financing Sources/(Uses)  |    |                       |
| Operating transfers (out)   |    | <u>-</u>              |
| Total Sources/(Uses)  |    | <u>-</u>              |
|   |    |                       |
| Excess/(Deficiency) of Revenues Over Other<br>Financing Sources/(Uses)  |    | 32,639                |
|   |    |                       |
| Net Position Held in Trust for<br>Specific Purposes - Beginning of Year |    | <u>715,984</u>        |
|   |    |                       |
| Net Position Held in Trust for<br>Specific Purposes - End of Year       | \$ | <u><u>748,623</u></u> |

COUNTY OF CAMBRIA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
RETIREMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

Additions

|                |    |                  |
|----------------|----|------------------|
| Contributions: |    |                  |
| Employer       | \$ | 2,251,888        |
| Employee       |    | <u>2,605,602</u> |

|                     |  |                  |
|---------------------|--|------------------|
| Total Contributions |  | <u>4,857,490</u> |
|---------------------|--|------------------|

Investment Income:

|   |  |                   |
|---|--|-------------------|
| Interest                                      |  | 1,325,431         |
| Dividends                                     |  | 2,469,575         |
| Net appreciation in fair value of investments |  | <u>11,992,668</u> |

15,787,674

|                          |  |                |
|--------------------------|--|----------------|
| Less: Investment expense |  | <u>469,063</u> |
|--------------------------|--|----------------|

|                       |  |                   |
|-----------------------|--|-------------------|
| Net investment income |  | <u>15,318,611</u> |
|-----------------------|--|-------------------|

|                 |  |                   |
|-----------------|--|-------------------|
| Total Additions |  | <u>20,176,101</u> |
|-----------------|--|-------------------|

Deductions

|                         |  |               |
|-------------------------|--|---------------|
| Benefits                |  | 11,241,520    |
| Administrative expenses |  | <u>61,231</u> |

|                  |  |                   |
|------------------|--|-------------------|
| Total Deductions |  | <u>11,302,751</u> |
|------------------|--|-------------------|

|                          |  |           |
|--------------------------|--|-----------|
| Increase in Net Position |  | 8,873,350 |
|--------------------------|--|-----------|

Net Position Held in Trust for Employee Pension Benefits:

|                   |  |                    |
|-------------------|--|--------------------|
| Beginning of Year |  | <u>154,720,502</u> |
|-------------------|--|--------------------|

|             |  |                              |
|-------------|--|------------------------------|
| End of Year |  | <u><u>\$ 163,593,852</u></u> |
|-------------|--|------------------------------|

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

COUNTY OF CAMBRIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**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) Accounting Standards Codification to its business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements.

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

**a. Financial Reporting Entity**

The County follows the Statement of Governmental Accounting Standards Board No. 61, “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 include whether:

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

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

### **Cambria County Planning Commission**

The members of the governing board of the Cambria County Planning Commission are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits. In addition, the County must approve any issuance of debt. The reporting period for the Cambria County Planning Commission is June 30, 2012.

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

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

### **Cambria Library Association**

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

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

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

### **Cambria County Transit Authority**

The members of the governing board of the Cambria County Transit Authority are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits. In addition, the County must approve any issuance of debt. The reporting period for the Cambria County Transit Authority is June 30, 2012.

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

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

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

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

### **Pennsylvania Highlands Community College**

The members of the governing board of the Pennsylvania Highlands Community College are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits. In addition, the County must approve any issuance of debt. The reporting period for the Pennsylvania Highlands Community College is June 30, 2012.

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

The County provides financial support through its obligation to fund deficits. In addition, the County must approve any issuance of debt. The reporting period for the Cambria County War Memorial Arena Authority is June 30, 2012.

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

The members of the governing board of Behavioral Health of Cambria County are appointed by the Board of County Commissioners. The County provides financial support through its obligation to fund deficits. The reporting period for the Behavioral Health of Cambria County is June 30, 2012.

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

### **Administrative Offices:**

Cambria County Planning Commission  
PO Box 89  
Ebensburg, PA 15931

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

Cambria Library Association  
248 Main Street  
Johnstown, PA 15901

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

Cambria County Transit Authority  
726 Central Avenue  
Johnstown, PA 15931

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

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

Pennsylvania Highlands Community College  
101 Community College Way  
Johnstown, PA 15904

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

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

### **Related Organizations**

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

- Cambria County General Financing Authority
- Cambria County Industrial Development Authority
- 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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

In the current year, the County has implemented GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.” GASB defines two new elements of financial statements: (1) deferred outflows of resources and (2) deferred inflows of resources as dictated by GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments.” GASB Statement No. 63 also amends GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” that reference statements of net assets. Statement of net assets has been replaced with the statement of net position. The County had no transactions that qualified as deferred outflows or inflows as defined by GASB 63.

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

The statement of net position 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 position 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.

**Behavioral Health/Intellectual Disabilities & Early Intervention Programs**

The Behavioral Health/Intellectual Disabilities & Early Intervention Programs both receive the majority of their funding from the PA Department of Welfare. This funding is both state and federal monies. The Behavioral Health program provides mental health services such as outpatient, partial hospitalization, and residential to Cambria County residents. The Intellectual Disabilities program provides services mental retardation clients through residential placement.

**Health Choices Fund**

The Health Choices fund is utilized to account for all financial resources used to operate, manage and administer the Health Choices Behavioral Health Program of Cambria County. The funding of the Health Choices Program is received from the PA Department of Public Welfare.

**Children and Youth Fund**

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

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 position, 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:

#### **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. Human Services Programs such as Area Agency on Aging, Behavioral Health/Intellectual Disabilities & Early Intervention, Children & Youth, and Drug & Alcohol) and leases the first floor space to Johnstown Business District Coalition. The rental income is used to maintain the building and pay the related utility bills for the building.

#### **Cambria County Network**

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

### **Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. 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 position. 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.

The County and its component units apply all GASB pronouncements and all Financial Accounting Standards Board (FASB) Accounting Standards Codification, 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 position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

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

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

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

The Cambria County Planning Commission's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). The Commission applies all Governmental Accounting Standards Board

(GASB) pronouncements. All activities of the Commission are accounted for within a single proprietary (enterprise) fund.

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

The Redevelopment Authority of Cambria County's financial statements are prepared in accordance with generally accepted accounting principles. The activities of the Authority are accounted for within a general fund, special revenue funds, and one business-type activities fund. The government-wide financial statements and proprietary fund financial statements are prepared using the accrual basis of accounting. The governmental fund financial statements are prepared on the modified accrual basis of accounting.

### **Cambria Library Association**

The financial statements of the Cambria Library Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The financial statement preparation follows the recommendations of the Financial Accounting Standards Board ASC, Financial Statements of Not-for-Profit Organizations. Under the FASB ASC, the library is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

The Johnstown-Cambria County Airport Authority's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). The activities of the Authority are accounted for within a single proprietary (enterprise) fund. An enterprise fund is used to account for operations, which are financed and operated in a manner similar to private business enterprises, 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.

### **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.

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

The financial statements of the Cambria County Solid Waste Management Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. 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.

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

The Cambria County Conservation and Recreation Authority's financial statements are accounted for using the accrual basis of accounting. Under this method, revenues are recognized when received, unless they are susceptible to accrual, and expenses are recognized when incurred. The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an enterprise fund.

### **Pennsylvania Highlands Community College**

The Pennsylvania Highlands Community College's financial statements are reported using the economic resources measurement focus and presented on the full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). The College applies all Governmental Accounting Standards Board (GASB) pronouncements. All activities of the College are accounted for within a single proprietary (enterprise) fund.

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

The Cambria County War Memorial Arena Authority's financial statements are presented on the full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements. All activities of the Authority are accounted for within a single proprietary (enterprise) fund.

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

The financial statements of the Behavioral Health of Cambria County 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 ASC, Financial Statements of Not-for-Profit Organizations. Under the FASB ASC, the organization 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.

**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, 2012, but were levied to finance 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

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

**g. Investments**

Investments of all funds are stated at fair value.

**h. Budgets and Budgetary Accounting**

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

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



6. The formal budgetary process is employed as a planning device. The adopted budget is on a basis consistent with GAAP. Budget amounts are as originally adopted, or as formally amended by the County Commissioners at a public meeting.

**i. Cash and Cash Equivalents**

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

**j. 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 \$2,500 and an estimated useful life in excess of one year. Assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

**Capital Assets and Depreciation – Component Units**

The component units record assets at cost. The assets are depreciated on the straight-line method using 3 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.

**k. 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 position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as “Internal Balances.”

Balances at December 31, 2012 were as follows:

| <u>Governmental Fund Types</u>                                      | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|---|---------------------------------|------------------------------|
| <b>General Fund</b>   | \$ <u>3,234,998</u>             | \$ <u>4,505,151</u>          |
| <b>Special Revenue Funds</b>  |                                 |                              |
| Domestic Relations  | ---                             | 399,947                      |
| Juvenile Probation  | ---                             | 422,505                      |
| Jail/Detention  | 36,045                          | ---                          |
| Detention/Shelter   | ---                             | 7,985                        |
| Farmland Preservation   | 5,000                           | ---                          |
| 911 Emergency Communications  | ---                             | 1,263,447                    |
| County Records Improvement  | 46,934                          | ---                          |
| Area Agency on Aging  | 1,609,578                       | ---                          |
| Register of Wills Automation  | ---                             | 500                          |
| Foster Grandparents   | ---                             | 6,750                        |
| Prothonotary Automation   | ---                             | 315                          |
| Substance Abuse   | 519,956                         | ---                          |
| Children and Youth  | 272,165                         | ---                          |
| Liquid Fuels Tax  | ---                             | 23,500                       |
| Drug and Alcohol  | 373,437                         | ---                          |
| Human Services  | 103,951                         | ---                          |
| Behavioral Health/Intellectual<br>Disabilities & Early Intervention | 1,304,239                       | ---                          |
| Parks and Playgrounds   | ---                             | 400,058                      |
| DUI   | <u>1,496,920</u>                | <u>---</u>                   |
| Total Special Revenue Funds   | <u>5,768,225</u>                | <u>2,525,007</u>             |
| <b>Debt Service Fund</b>  | <u>---</u>                      | <u>947,722</u>               |
| Total Governmental Fund Types                                       | <u>9,003,223</u>                | <u>7,977,880</u>             |



Proprietary Fund Types

|                              |                |                  |
|------------------------------|----------------|------------------|
| Central Park Complex         | 119,020        | ---              |
| Internal Service             | ---            | <u>1,120,031</u> |
| Total Proprietary Fund Types | <u>119,020</u> | <u>1,120,031</u> |

Fiduciary Fund Types

|                            |     |               |
|----------------------------|-----|---------------|
| Retirement Trust Fund      | --- | <u>24,332</u> |
| Total Fiduciary Fund Types | --- | <u>24,332</u> |

|                  |                     |                     |
|------------------|---------------------|---------------------|
| Total Interfunds | <u>\$ 9,122,243</u> | <u>\$ 9,122,243</u> |
|------------------|---------------------|---------------------|

**I. Fund Balance**

The County follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement requires the governmental funds' fund balances to be classified into the following five categories.

*Nonspendable* – fund balance permanently restricted and unavailable for current operations

*Restricted* – fund balance temporarily restricted for specified purposes stipulated by constitution, external resource providers, or through enabling legislation

*Committed* – fund balance temporarily restricted for specified purposes established by a formal action by the Board of Commissioners. Formal action by the Board of Commissioners is also necessary to modify or rescind a fund balance commitment.

*Assigned* – fund balance intended for a specific purpose that does not meet the criteria to be classified as restricted or committed. The Board of Commissioners has authorized the Chief Clerk and the County Controller as the officials authorized to assign fund balance to a specific purpose.

*Unassigned* – fund balance available for operations without any restriction

The Board of Commissioners will spend the most restricted dollars before less restricted in the order as defined above.

The County of Cambria reports the following as restricted and committed fund balance:

**General Fund**

Restricted for Library \$ 8,042

These funds represent restrictions of real estate tax revenues to be used to fund the Cambria Library Association.

**m. Net Position**

Net position represent the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position is classified in the following three components:

*Investment in capital assets, net of related debt* – This component of net position consists 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.

*Restricted* – This component of net position consists of 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.

*Unrestricted* – This component of net position consists of net positions that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

The County’s policy is to first apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The following is a summary of the County’s restricted net positions as of December 31, 2012:

**Primary Government**

Restricted for Library \$ 8,042

Total Restricted Net Position \$ 8,042

**Fiduciary Funds**

Retirement Trust Fund \$163,593,852

This represents funds restricted for retirement fund use for the future payment of members’ benefits.

Workers' Compensation Trust \$ 748,623

This represents funds restricted to fund workers' compensation claims.

Prison Canteen/Resident \$ 59,765

This represents funds restricted for the welfare of prison inmates.

**Component Units**

Cambria Library Association \$ 344,976

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

Community College \$ 1,400,000

This restriction has been established for significant shortfalls in revenue, unplanned major expenditures, or major capital projects.

Behavioral Health of Cambria County \$ 594,748

This restriction has been established for Pennsylvania Department of Public Welfare Reinvestment Funds that have not yet been spent for the specified purpose.

**n. 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.

**o. 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.

**p. 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.

**q. Bond and Capital Lease Issuance Costs**

Bond and Capital Lease Issuance Costs are being amortized over the lives of the related bonds and leases issued using the straight-line method. Amortization expense for December 31, 2012 totaled \$39,676. Of this balance, \$5,603 was for the Central Park Complex Fund, \$2,952 was for the Cambria County Network Fund, and \$31,121 was recognized for governmental activities at the entity wide statements.

**r. 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.

**s. Joint Venture**

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

**Reporting Entity and Nature of Activities**

The combined financial statements present the accounts and transactions of the Cambria Somerset Authority (“CSA”) and its Combined Affiliates (“the Authority”), Cambria and Somerset Counties Conservancy (“CSCC”) 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 in 1999, under the Municipalities Act of 1945 as amended in order to acquire the operations and property of MWC, an entity owned by Bethlehem Steel Corporation. The common stock of MWC was actually acquired by CSCC (formerly CSA Nonprofit, Inc.), with CSA having complete control over CSCC. Together, all three of these entities (CSA, CSCC and MWC) comprise the Cambria Somerset Authority and Combined Affiliates (the “Authority”). CSA owns and operates five dams in the counties of Cambria and Somerset.

## 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><br><u>December 31, 2012</u> |
|------------------------|---|
| Current Assets         | \$ 953,327                                    |
| Total Assets           | 16,357,430                                    |
| Current Liabilities    | 1,108,407                                     |
| Total Liabilities      | 11,056,478                                    |
| Net Position           | 5,300,952                                     |
| Operating Revenues     | 1,438,984                                     |
| Operating Expenses     | ( 1,505,428)                                  |
| Non-Operating Revenues | 68,674  |
| Non-Operating Expenses | ( 397,381)                                    |
| Capital Contribution   | 39,700  |
| Change in Net Position | ( 355,451)                                    |

## 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 Guaranteed Water Revenue Bond, Series of 2001 and \$1,798,434 of the Authority's Guaranteed Water Revenue Bond, Series of 2006. See Note 17 for further details.

### **t. Reclassifications**

Certain accounts were reclassified from the prior year. The purpose of the reclassification is to give a more accurate representation of the County's operations. The reclassifications did not affect the representation of the County's overall performance.

## **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, - Projects Funds, and Workmen’s Compensation Trust Fund.

As of December 31, 2012, cash balances, unrestricted and restricted, were covered by the FDIC or by pledged collateral held by the financial institutions’ trust departments or custodial agents for the benefit of the County.

Cash and investments as of December 31, 2012 are classified in the accompanying financial statements as follows:

|                                 |                       |
|---------------------------------|-----------------------|
| Statements of net position:     |                       |
| Cash and investments            | \$ 4,720,863          |
| Restricted cash and investments | 117,931               |
| Fiduciary funds:                |                       |
| Cash and investments            | 159,986,434           |
| Restricted cash and investments | <u>6,152,116</u>      |
| Total Cash and Investments      | \$ <u>170,977,344</u> |

Cash and investments as of December 31, 2012 consist of the following:

|                                      |                       |
|--------------------------------------|-----------------------|
| Cash on hand                         | \$ 31,560             |
| Deposits with financial institutions | 12,154,036            |
| Investments                          | <u>158,791,748</u>    |
| Total Cash and Investments           | \$ <u>170,977,344</u> |

### Interest Rate Risk

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

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

| Type                    | 12 Months<br>or Less | 13 to 24<br>Months  | 25 to 60<br>Months   | More Than<br>60 Months |
|-------------------------|----------------------|---------------------|----------------------|------------------------|
| Fixed Income Securities | <u>\$ 4,033,063</u>  | <u>\$10,022,973</u> | <u>\$ 17,681,995</u> | <u>\$ 7,678,918</u>    |

### Credit Risk

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



| <u>Type</u>    | <u>AAA</u>           | <u>AA</u>           | <u>A</u>            | <u>BAA</u>          |
|----------------|----------------------|---------------------|---------------------|---------------------|
| Government:    |                      |                     |                     |                     |
| Treasury       | \$ 5,885,388         | \$ -                | \$ -                | \$ -                |
| Agency         | 13,963,007           | -                   | -                   | -                   |
| Corporate:     |                      |                     |                     |                     |
| Industrial     | 177,254              | 2,168,479           | 3,818,989           | 1,423,173           |
| Utility        | -                    | 129,212             | 804,135             | -                   |
| Finance        | -                    | -                   | 3,326,739           | -                   |
| Transportation | -                    | 579,385             | 232,495             | -                   |
| Totals         | <u>\$ 20,025,649</u> | <u>\$ 2,877,076</u> | <u>\$ 8,182,358</u> | <u>\$ 1,423,173</u> |

### **Custodial Credit Risk**

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

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: As of December 31, 2012, County investments by the following investment types were uncollateralized, which includes deposits collateralized by securities held by the pledging financial institution or by its trust department or agent, but not in the County's name. County investments subject to this risk include investments in the pension trust fund and the worker's compensation fund.

| <u>Investment</u>           | <u>Reported Amount</u> |
|-----------------------------|------------------------|
| Government and Agencies     | \$ 21,010,278          |
| Corporate Obligations       | 19,134,420             |
| Domestic Equity             | 96,797,988             |
| International Equity        | 21,438,853             |
| Temporary Investment - Cash | <u>5,715,337</u>       |
|                             | <u>\$ 164,096,876</u>  |



## Foreign Currency

Foreign currency risk is the risk that the changes in foreign exchange rates will adversely affect the fair value of an investment. The County has \$21,438,853 in investments subject to foreign currency risk at year end.

### NOTE 3 - RESTRICTED ASSETS

Assets whose use is limited to a specific purpose have been classified as restricted in the Statement of Net Position. 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 | \$ 116,426          | \$ ---             | \$ 116,426          |
| Farmland Preservation Fund:<br>Amount restricted for future preservation activities   | <u>1,505</u>        | <u>---</u>         | <u>1,505</u>        |
| Total Governmental Activities   | <u>\$ 117,931</u>   | <u>\$ ---</u>      | <u>\$ 117,931</u>   |
| <b>Fiduciary Funds:</b>   |                     |                    |                     |
| Trust Funds:  |                     |                    |                     |
| Amount established to provide for Pension contribution and offset by a reserve for balance for pension benefits.  | \$ 5,322,266        | \$ ---             | \$ 5,322,266        |
| Amount established to provide source of funds for the realty transfer tax collected on behalf of the Commonwealth.  | 86,495              | ---                | 86,495              |
| Amount established to provide source of funds for workers' compensation claims and offset by a reserve in fund balance for workers' compensation.   | <u>---</u>          | <u>743,355</u>     | <u>743,355</u>      |
| Total Fiduciary Funds   | <u>\$ 5,408,761</u> | <u>\$ 743,355</u>  | <u>\$ 6,152,116</u> |

## NOTE 4 - REAL ESTATE TAXES

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

The rate of taxation in 2012 was 29.5 mills, of which 4.0 mills were designated for debt service, 1.0 mills were designated for community college purposes, .50 mills were designated for county library purposes, .50 mills for parks and playgrounds purposes, and the remaining 23.50 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 \$4,041,455 as stated on the Governmental Funds Balance Sheet, are actual legal claims of lien properties. The County has deferred \$3,249,929 in taxes receivable on the fund level financial statements, to comply with GASB No. 22, reported on the modified accrual basis of accounting.

#### **Government-Wide Financial Statement**

In addition to the taxes receivable noted above, the Statement of Net Position includes taxes receivable from years 2012 and prior that are summarized as follows:

|                | <u>Gross Taxes<br/>Receivable</u> | <u>Allowance for<br/>Uncollectibles</u> | <u>Net Estimated<br/>to be Collectible</u> |
|----------------|-----------------------------------|---|--|
| Property taxes | <u>\$5,687,376</u>                | <u>(\$1,645,921)</u>                    | <u>\$ 4,041,455</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, 2012. 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, 2012.

## NOTE 6 - FIXED ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

| <b>Government activities:</b>                 | <u>Balance<br/>12/31/11</u> | <u>Additions</u>  | <u>Disposals</u>     | <u>Balance<br/>12/31/12</u> |
|---|-----------------------------|-------------------|----------------------|-----------------------------|
| Capital assets not<br>being depreciated:      |                             |                   |                      |                             |
| Construction-in-progress                      | \$ <u>12,333</u>            | \$ <u>136,639</u> | (\$ <u>135,847</u> ) | \$ <u>13,125</u>            |
| Total capital assets not<br>being depreciated | <u>12,333</u>               | <u>136,639</u>    | ( <u>135,847</u> )   | <u>13,125</u>               |
| Other capital assets:                         |                             |                   |                      |                             |
| Site improvements                             | 3,797,272                   | 209,786           | ( 3,737)             | 4,003,321                   |
| Infrastructure                                | 14,725,074                  | ---               | ---                  | 14,725,074                  |
| Building and<br>permanent fixtures            | 50,264,921                  | 18,798            | ( 631,621)           | 49,652,098                  |
| Office furniture and equipment                | 2,715,947                   | 3,464             | ( 11,814)            | 2,707,597                   |
| General equipment                             | 4,504,369                   | 161,663           | ( 140,809)           | 4,525,223                   |
| Radio equipment                               | 7,885,703                   | 6,819             | ( 7,344,327)         | 548,195                     |
| Computer hardware<br>and software             | 6,970,580                   | 65,302            | ---                  | 7,035,882                   |
| Vehicles                                      | <u>4,673,714</u>            | <u>303,896</u>    | ( <u>46,215</u> )    | <u>4,931,395</u>            |
| Total capital assets,<br>at cost              | <u>95,537,580</u>           | <u>769,728</u>    | ( <u>8,178,523</u> ) | <u>88,128,785</u>           |
| Less accumulated depreciation for:            |                             |                   |                      |                             |
| Site improvements                             | ( 1,288,984)                | ( 116,875)        | 3,737                | ( 1,402,122)                |
| Infrastructure                                | ( 4,219,029)                | ( 267,626)        | ---                  | ( 4,486,655)                |
| Building and<br>permanent fixtures            | ( 19,948,534)               | ( 1,242,460)      | 257,844              | ( 20,933,150)               |

|  |                      |                       |                       |                      |
|--|----------------------|-----------------------|-----------------------|----------------------|
| Office furniture and equipment               | ( 1,295,016)         | ( 188,625)            | 11,813                | ( 1,471,828)         |
| General equipment                            | ( 2,081,496)         | ( 325,822)            | 138,128               | ( 2,269,190)         |
| Radio equipment                              | ( 3,387,521)         | ( 394,357)            | 3,301,424             | ( 480,454)           |
| Computer hardware and software               | ( 6,605,087)         | ( 197,996)            | ---                   | ( 6,803,083)         |
| Vehicles                                     | ( 2,862,533)         | ( 436,192)            | 44,482                | ( 3,254,243)         |
| Total accumulated Depreciation               | ( 41,688,200)        | ( 3,169,953)          | 3,757,428             | ( 41,100,725)        |
| Governmental activities capital assets, net  | <u>\$ 53,861,713</u> | <u>(\$ 2,263,586)</u> | <u>(\$ 4,556,942)</u> | <u>\$ 47,041,185</u> |
| <b>Business-type activities:</b>             |                      |                       |                       |                      |
| Capital assets not being depreciated:        |                      |                       |                       |                      |
| Land   | \$ 290,116           | \$ ---                | \$ ---                | \$ 290,116           |
| Total capital assets not being depreciated   | <u>290,116</u>       | <u>---</u>            | <u>---</u>            | <u>290,116</u>       |
| Other Capital assets:                        |                      |                       |                       |                      |
| Site improvements                            | ---                  | 3,737                 | ---                   | 3,737                |
| Buildings and permanent fixtures             | 6,383,472            | 374,584               | ---                   | 6,758,056            |
| Machinery & equipment                        | <u>5,130,793</u>     | <u>7,403,412</u>      | <u>---</u>            | <u>12,534,205</u>    |
| Total capital assets at cost                 | <u>11,514,265</u>    | <u>7,781,733</u>      | <u>---</u>            | <u>19,295,998</u>    |
| Less accumulated depreciation for:           |                      |                       |                       |                      |
| Site improvements                            | ---                  | ( 3,737)              | ---                   | ( 3,737)             |
| Buildings and permanent fixtures             | ( 2,734,387)         | ( 467,213)            | ---                   | ( 3,201,600)         |
| Machinery & equipment                        | ( 1,150,437)         | ( 3,709,303)          | ---                   | ( 4,859,740)         |
| Total accumulated depreciation               | ( 3,884,824)         | ( 4,180,253)          | ---                   | ( 8,065,077)         |
| Business-type activities capital assets, net | <u>\$ 7,919,557</u>  | <u>\$ 3,601,480</u>   | <u>\$ ---</u>         | <u>\$ 11,521,037</u> |

**COMPONENT UNITS:**

Summaries of the component units' fixed assets as of December 31, 2012 follow:

|                                     | <u>Balance<br/>12/31/11</u> | <u>Additions</u>  | <u>Disposals</u>  | <u>Balance<br/>12/31/12</u> |
|-------------------------------------|-----------------------------|-------------------|-------------------|-----------------------------|
| <b>Planning Commission:</b>         |                             |                   |                   |                             |
| Equipment                           | \$ 23,057                   | \$ ---            | (\$ ---)          | \$ 23,057                   |
| Less: Accumulated depreciation      | ( 21,017)                   | ( 538)            | ---               | ( 21,555)                   |
| Total capital assets, net           | <u>\$ 2,040</u>             | <u>(\$ 538)</u>   | <u>\$ ---</u>     | <u>\$ 1,502</u>             |
| <b>Redevelopment Authority:</b>     |                             |                   |                   |                             |
| Construction in progress            | \$ 10,489                   | \$ 50,690         | \$ ---            | \$ 61,179                   |
| Land                                | 70,768                      | ---               | ---               | 70,768                      |
| Buildings & improvements            | 1,333,163                   | ---               | ---               | 1,333,163                   |
| Furniture & equipment               | <u>25,036</u>               | <u>---</u>        | <u>( 3,814)</u>   | <u>21,222</u>               |
| Total capital assets at cost        | <u>1,439,456</u>            | <u>50,690</u>     | <u>( 3,814)</u>   | <u>1,486,332</u>            |
| Less: Accumulated depreciation      | <u>( 43,936)</u>            | <u>( 59,531)</u>  | <u>3,814</u>      | <u>( 99,653)</u>            |
| Total capital assets, net           | <u>\$ 1,395,520</u>         | <u>(\$ 8,841)</u> | <u>\$ ---</u>     | <u>\$ 1,386,679</u>         |
| <b>Library Association:</b>         |                             |                   |                   |                             |
| Construction in progress            | \$ ---                      | \$ 2,707          | \$ ---            | \$ 2,707                    |
| Books & audio visual                | 1,618,922                   | 84,313            | ( 94,686)         | 1,608,549                   |
| Improvements                        | 189,158                     | ---               | ---               | 189,158                     |
| Furniture & equipment               | 111,261                     | 16,363            | ---               | 127,624                     |
| Software                            | 121,752                     | 581               | ---               | 122,333                     |
| Computer equipment                  | 308,295                     | 33,714            | ( 1,649)          | 340,360                     |
| Automobiles                         | <u>28,021</u>               | <u>18,800</u>     | <u>---</u>        | <u>46,821</u>               |
| Total capital assets at cost        | <u>2,377,409</u>            | <u>156,478</u>    | <u>( 96,335)</u>  | <u>2,437,552</u>            |
| Less: Accumulated depreciation      | <u>( 1,633,285)</u>         | <u>( 120,435)</u> | <u>94,686</u>     | <u>( 1,659,034)</u>         |
| Total capital assets, net           | <u>\$ 744,124</u>           | <u>\$ 36,043</u>  | <u>(\$ 1,649)</u> | <u>\$ 778,518</u>           |
| <b>Municipal Airport Authority:</b> |                             |                   |                   |                             |
| Land                                | \$ 1,909,798                | \$ ---            | \$ ---            | \$ 1,909,798                |
| Construction-in-progress            | 893,242                     | 315,223           | ( 972,247)        | 236,218                     |
| Land improvements                   | 37,762,527                  | ---               | 972,247           | 38,734,774                  |
| Building & improvements             | 4,236,280                   | ---               | ---               | 4,236,280                   |

|                                |                      |                      |                  |                      |
|--------------------------------|----------------------|----------------------|------------------|----------------------|
| Vehicles & equipment           | <u>2,180,845</u>     | <u>---</u>           | <u>---</u>       | <u>2,180,845</u>     |
| Total capital assets at cost   | <u>46,982,692</u>    | <u>315,223</u>       | <u>( --- )</u>   | <u>47,297,915</u>    |
| Less: Accumulated depreciation | <u>( 32,158,460)</u> | <u>( 1,149,469)</u>  | <u>---</u>       | <u>( 33,307,929)</u> |
| Total capital assets, net      | <u>\$ 14,824,232</u> | <u>( \$ 834,246)</u> | <u>( \$ ---)</u> | <u>\$ 13,989,986</u> |

**Transit Authority:**

|                                |                      |                     |                      |                      |
|--------------------------------|----------------------|---------------------|----------------------|----------------------|
| Land – Inclined Plane          | \$ 666,712           | \$ 185,000          | \$ ---               | \$ 851,712           |
| Construction in Progress       | 80,343               | 391,537             | ---                  | 471,880              |
| Land Improvements              | 24,340               | ---                 | ---                  | 24,340               |
| Buildings & Improvements       | 19,379,830           | 8,925               | ( 119,177)           | 19,269,578           |
| Vehicles, equipment and other  | <u>15,157,290</u>    | <u>2,842,138</u>    | <u>( 416,885)</u>    | <u>17,582,543</u>    |
| Total capital assets at cost   | <u>35,308,515</u>    | <u>3,427,600</u>    | <u>( 536,062)</u>    | <u>38,200,053</u>    |
| Less: Accumulated depreciation | <u>( 19,901,126)</u> | <u>( 1,707,671)</u> | <u>416,140</u>       | <u>( 21,192,657)</u> |
| Total capital assets, net      | <u>\$ 15,407,389</u> | <u>\$ 1,719,929</u> | <u>( \$ 119,922)</u> | <u>\$ 17,007,396</u> |

**Solid Waste Management Authority:**

|                                |                   |                     |               |                   |
|--------------------------------|-------------------|---------------------|---------------|-------------------|
| Furniture & fixtures           | \$ 19,098         | \$ ---              | \$ ---        | \$ 19,098         |
| Equipment                      | 927,122           | ---                 | ---           | 927,122           |
| Improvements                   | <u>9,611</u>      | <u>---</u>          | <u>---</u>    | <u>9,611</u>      |
| Total capital assets at cost   | <u>955,831</u>    | <u>---</u>          | <u>---</u>    | <u>955,831</u>    |
| Less: Accumulated depreciation | <u>( 596,669)</u> | <u>( 34,682)</u>    | <u>---</u>    | <u>( 631,351)</u> |
| Total capital assets, net      | <u>\$ 359,162</u> | <u>( \$ 34,682)</u> | <u>\$ ---</u> | <u>\$ 324,480</u> |

**Conservation & Recreation Authority:**

|                                |                     |                     |               |                     |
|--------------------------------|---------------------|---------------------|---------------|---------------------|
| Land                           | \$ 6,492,302        | \$ ---              | \$ ---        | \$ 6,492,302        |
| Building                       | 1,034,796           | ---                 | ---           | 1,034,796           |
| Equipment                      | <u>108,786</u>      | <u>---</u>          | <u>---</u>    | <u>108,786</u>      |
| Total capital assets at cost   | <u>7,635,884</u>    | <u>---</u>          | <u>---</u>    | <u>7,635,884</u>    |
| Less: Accumulated depreciation | <u>( 183,212)</u>   | <u>( 40,092)</u>    | <u>---</u>    | <u>( 223,304)</u>   |
| Total capital assets, net      | <u>\$ 7,452,672</u> | <u>( \$ 40,092)</u> | <u>\$ ---</u> | <u>\$ 7,412,580</u> |

**Pennsylvania Highlands Community College:**

|           |              |            |               |              |
|-----------|--------------|------------|---------------|--------------|
| Equipment | \$ 3,794,316 | \$ 264,082 | ( \$ 128,032) | \$ 3,930,366 |
|-----------|--------------|------------|---------------|--------------|

|                                |                      |                     |                   |                      |
|--------------------------------|----------------------|---------------------|-------------------|----------------------|
| Construction-In-Progress       | 1,335,306            | (1,200,101)         | ---               | 135,205              |
| Leasehold improvements         | 9,837,565            | 1,337,446           | ---               | 11,175,011           |
| Computer software              | <u>246,911</u>       | <u>---</u>          | <u>---</u>        | <u>246,911</u>       |
| Total capital assets at cost   | <u>15,214,098</u>    | <u>401,427</u>      | <u>( 128,032)</u> | <u>15,487,493</u>    |
| Less: Accumulated depreciation | ( <u>3,858,756</u> ) | ( <u>980,134</u> )  | <u>126,546</u>    | ( <u>4,712,344</u> ) |
| Total capital assets, net      | <u>\$ 11,355,342</u> | <u>(\$ 578,707)</u> | <u>(\$ 1,486)</u> | <u>\$ 10,775,149</u> |

**War Memorial Arena Authority:**

|                                |                    |                    |               |                    |
|--------------------------------|--------------------|--------------------|---------------|--------------------|
| Equipment                      | \$ 507,242         | \$ 1,489           | \$ ---        | \$ 508,731         |
| Leasehold improvements         | <u>544,812</u>     | <u>5,954</u>       | <u>---</u>    | <u>550,766</u>     |
| Total capital assets at cost   | <u>1,052,054</u>   | <u>7,443</u>       | <u>---</u>    | <u>1,059,497</u>   |
| Less: Accumulated depreciation | ( <u>522,203</u> ) | ( <u>66,558</u> )  | <u>---</u>    | ( <u>588,761</u> ) |
| Total capital assets, net      | <u>\$ 529,851</u>  | <u>(\$ 59,115)</u> | <u>\$ ---</u> | <u>\$ 470,736</u>  |

**Behavioral Health of Cambria County:**

|                                |                   |                   |                |                   |
|--------------------------------|-------------------|-------------------|----------------|-------------------|
| Equipment                      | \$ 17,776         | \$ 6,739          | (\$ 3,799)     | \$ 20,716         |
| Vehicles                       | <u>17,538</u>     | <u>---</u>        | <u>--</u>      | <u>17,538</u>     |
| Total capital assets at cost   | <u>35,314</u>     | <u>6,739</u>      | <u>(3,799)</u> | <u>38,254</u>     |
| Less: Accumulated depreciation | ( <u>17,437</u> ) | ( <u>10,688</u> ) | <u>3,799</u>   | ( <u>24,326</u> ) |
| Total capital assets, net      | <u>\$ 17,877</u>  | <u>(\$ 3,949)</u> | <u>\$ ---</u>  | <u>\$ 13,928</u>  |

**Total Component Unit Capital Assets at December 31, 2012** \$ 52,160,954

**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. 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 December 31, 2012, the date of the latest actuarial valuation:

|  |              |
|--|--------------|
| Retirees and Beneficiaries Receiving Benefits                      | 961          |
| Terminated Plan Members Entitled to But Not Yet Receiving Benefits | 188          |
| Active Plan Members  | <u>728</u>   |
|  | <u>1,877</u> |

### Funding Policy

Plan members are required to contribute 9% of their salaries. 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 are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs of the plan are financed through investment earnings. All contributions are invested in a long-term pension trust, using an appropriately balanced portfolio of equities and debt instruments, to prudently maximize long-term investment returns.

### Actuarial Methods and Assumptions

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: | 6-Year Smoothed Market Value and Post-2008 adjusted cost (subject to Act 44 methodology and limits) |

|                                     |                               |
|-------------------------------------|-------------------------------|
| 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 2012, was determined as part of the December 31, 2011, actuarial valuation. The County's annual required contribution and net pension obligation to the Cambria County Employee's Retirement System were \$2,251,888 for 2012. 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, 2012 | \$2,253,498                | 100%   | \$ ---                        |
| December 31, 2011 | \$2,148,200                | 100%   | \$ ---                        |
| December 31, 2010 | \$2,267,852                | 100%   | \$ ---                        |

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

### Plan Description

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

### Funding Policy

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

### Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-retirement benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB Obligation.

### Components of Net OPEB Obligation

|  |                      |
|--|----------------------|
| Annual Required Contribution               | \$ 2,939,367         |
| Interest on Net OPEB Obligation            | 827                  |
| Adjustment to Annual Required Contribution | <u>(900)</u>         |
| Annual OPEB Cost (Expense)                 | 2,939,294            |
| Contributions Made or Accrued              | ( <u>2,990,658</u> ) |
| (Decrease) in Net Obligation               | ( <u>51,364</u> )    |
| Net OPEB Obligation 1/1/2012               | <u>11,031</u>        |
| Net OPEB Asset 12/31/2012                  | (\$ <u>40,333</u> )  |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 is as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of OPEB Cost</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|--------------------------------|----------------------------|
| 12/31/12                 | \$2,939,294             | 101.7%                         | \$ (40,333)                |
| 12/31/11                 | \$2,811,294             | 100.6%                         | \$ 11,031                  |
| 12/31/10                 | \$2,389,428             | 125.5%                         | \$ 29,162                  |
| 12/31/09                 | \$2,314,896             | 112.6%                         | \$639,024                  |
| 12/31/08                 | \$2,453,347             | 81.9%                          | \$929,970                  |
| 12/31/07                 | \$2,425,470             | 79.9%                          | \$486,328                  |

### Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial date, the plan was 0% funded. The actuarial accrued liability for benefits was \$32,394,480 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$32,394,480. The estimated covered payroll (annual payroll of active employees covered by the plan) was \$24,969,000 and the ratio of the UAAL to the covered payroll was 130%.

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

### Actuarial Methods and Assumptions

The projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of

short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after three years. The actuarial value of assets was determined using a standard balance portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at January 1, 2012 was 25 years.

## **NOTE 9 - RISK MANAGEMENT**

### Workers' Compensation

The County is exposed to risk of loss related to self-insurance activities for workers' compensation. The Government-Wide Statement of Net Position accounts 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 reserves are recorded in the Government-Wide Statement of Net Position.

The accrued liability for workers' compensation is determined by an actuary in accordance with actuarial principles. 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.

The accrued workers' compensation self-insurance liability at December 31, 2012 is \$1,111,611, which is included as a long-term obligation on the government-wide statement of net position.

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2012 and 2011:

| <u>Year</u> | <u>January 1,<br/>Liability</u> | <u>Net<br/>Incurred/(Settled)<br/>Claims</u> | <u>Payments</u>     | <u>December 31,<br/>Liability</u> |
|-------------|---------------------------------|--|---------------------|-----------------------------------|
| 2012        | \$ <u>1,564,896</u>             | (\$ <u>3,662,394</u> )                       | \$ <u>3,209,109</u> | \$ <u>1,111,611</u>               |
| 2011        | \$ <u>2,057,708</u>             | (\$ <u>322,649</u> )                         | \$ <u>170,163</u>   | \$ <u>1,564,896</u>               |

Medical Insurance

Beginning January 1, 2011, the County established a self-insurance plan to provide medical benefits to employees and retirees. Self-insurance for retirees covers only those that are pre-Medicare. When an individual qualifies for Medicare, they are moved into the HMO Medicare group, which is fully insured. As part of the self-insurance plan, the County entered into a stop-loss agreement whereby they would be reimbursed for any individual claim in excess of \$200,000 per year per covered individual. The activity for the health insurance plan is recorded within an Internal Service Fund with each department and fund contributing to their share of the costs of providing the insurance.

**NOTE 10 - CAPITAL CONTRIBUTIONS**

Component Units

Summaries of the component units' capital contributions as of December 31, 2012 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 Position, after non-operating revenues and expenses as capital contributions which amounted to \$267,882 at December 31, 2012.

### Transit Authority

Capital grant contributions from federal and state governments amounted to \$3,242,567 for the Transit Authority at June 30, 2012.

### Community College

Capital grant contributions from federal and state governments amounted to \$4,446 for the College at June 30, 2012. This amount represents KEYS grant capital funds used to purchase laptop computers for the KEYS program.

## **NOTE 11 – LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended December 31, 2012, was as follows:

|  | <u>Balance<br/>12/31/11</u> | <u>Additions</u> | <u>Reductions</u>     | <u>Balance<br/>12/31/12</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|--|-----------------------------|------------------|-----------------------|-----------------------------|--|
| <b>Governmental Activities:</b>                  |                             |                  |                       |                             |  |
| Bonds and Notes Payable:                         |                             |                  |                       |                             |  |
| 2006 General Obligation<br>Notes                 | \$ 3,737,988                | \$ ---           | (\$ 295,876)          | \$ 3,442,112                | \$ 307,808                                 |
| 2006 Tax Exempt Bank<br>Loan                     | 6,639,449                   | ---              | ( 215,475)            | 6,423,974                   | 226,801                                    |
| 2011 General Obligation<br>Notes                 | 23,010,324                  | ---              | ( 1,364,571)          | 21,645,753                  | 1,441,089                                  |
| Other Liabilities:                               |                             |                  |                       |                             |  |
| Accrued Vacation                                 | 1,514,093                   | 63,242           | ---                   | 1,577,335                   | 1,577,335                                  |
| Accrued Sick Pay                                 | 590,579                     | ---              | ( 70,727)             | 519,852                     | ---  |
| OPEB Obligation                                  | 11,031                      | ---              | ( 51,364)             | (40,333)                    | ---  |
| Estimated Workers'<br>Compensation Liability     | <u>1,564,896</u>            | <u>---</u>       | <u>( 453,285)</u>     | <u>1,111,611</u>            | <u>---</u>                                 |
| Governmental Activities<br>Long-term Liabilities | <u>\$ 37,068,360</u>        | <u>\$ 63,242</u> | <u>(\$ 2,451,298)</u> | <u>\$ 34,680,304</u>        | <u>\$ 3,553,033</u>                        |

|   | <u>Balance<br/>12/31/11</u> | <u>Additions</u> | <u>Reductions</u>   | <u>Balance<br/>12/31/12</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|---|-----------------------------|------------------|---------------------|-----------------------------|--|
| <b>Business-type Activities:</b>                  |                             |                  |                     |                             |  |
| Bonds and Notes Payable:                          |                             |                  |                     |                             |  |
| 2011 General Obligation<br>Notes                  | \$ 4,054,676                | \$ ---           | (\$ 240,429)        | \$ 3,814,247                | \$ 253,911                                 |
| Other Liabilities:                                |                             |                  |                     |                             |  |
| Accrued Vacation Pay                              | 9,666                       | ---              | ( 449)              | 9,217                       | 9,217                                      |
| Accrued Sick Pay                                  | <u>5,779</u>                | <u>229</u>       | <u>---</u>          | <u>6,008</u>                | <u>---</u>                                 |
| Business-type Activities<br>Long-term Liabilities | <u>\$ 4,070,121</u>         | <u>\$ 229</u>    | <u>(\$ 240,878)</u> | <u>\$ 3,829,472</u>         | <u>\$ 263,128</u>                          |

### **Description of Debt**

Pertinent information regarding general obligation debt outstanding is presented below:

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

In February 2006, the County issued \$5,202,356 in General Obligation Notes to advance refund the General Obligation Bonds in 1994. The 1994 General Obligation Notes were originally incurred to purchase certain equipment of the County and renovate the War Memorial Building. The balance outstanding at December 31, 2012 amounted to \$3,442,112 (final maturity in 2021).

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

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

In February 2006, the County issued \$7,706,846 in a Tax Exempt Bank Loan to advance refund the 2000 General Obligation Notes. The General Obligation Notes in 2000 were incurred for the purpose of providing funds to pay for the lease rental debt with Cambria County Industrial Development Authority for capital projects. The balance outstanding amounted to \$6,423,974 (final maturity in 2030).

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

#### **General Obligation Note, Series of 2011**

In June of 2011, the County retired the 1998 General Obligation Bonds by issuing \$28,585,000 in General Obligation Notes through a consortium of local financial institutions. The interest rate on the General Obligation Notes is fixed for

a period of five (5) years at 4.1%. After the initial five (5) year period, the interest rate will be reset to the tax free equivalent of the sum of the Federal Home Loan Bank of Pittsburgh Five Year Rate plus two and eighty five hundredths percent (2.85%) fixed for five (5) years; thereafter the interest rate will be reset to the tax free equivalent of the sum of the Federal Home Loan Bank of Pittsburgh Five Year Rate plus two and eighty five hundredths percent (2.85%) for the remaining term. Under no circumstances will the interest rate be less than three percent (3.00%), tax free, or more than seven percent (7.00%), tax free, per annum.

### Debt Maturity

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

|                                      | <u>Principal<br/>Requirements</u> | <u>Interest<br/>Requirements</u> | <u>Total Debt<br/>Service<br/>Requirements</u> |
|--------------------------------------|-----------------------------------|----------------------------------|--|
| <b>2006 General Obligation Notes</b> |                                   |                                  |  |
| <u>Years Ending December 31:</u>     |                                   |                                  |  |
| 2013                                 | \$ 307,808                        | \$ 168,364                       | \$ 476,172                                     |
| 2014                                 | 328,918                           | 152,710                          | 481,628  |
| 2015                                 | 344,357                           | 136,071                          | 480,428  |
| 2016                                 | 361,044                           | 118,645                          | 479,689  |
| 2017                                 | 377,339                           | 100,389                          | 477,728  |
| 2018-2021                            | <u>1,722,646</u>                  | <u>200,044</u>                   | <u>1,922,690</u>                               |
|                                      | <u>\$ 3,442,112</u>               | <u>\$ 876,223</u>                | <u>\$ 4,318,335</u>                            |
| To be Retired by:                    |                                   |                                  |  |
| Business-Type Activities             | \$ ---                            | \$ ---                           | \$ ---   |
| Governmental Activities              | <u>3,442,112</u>                  | <u>876,223</u>                   | <u>4,318,335</u>                               |
|                                      | <u>\$ 3,442,112</u>               | <u>\$ 876,223</u>                | <u>\$ 4,318,335</u>                            |
| <br>                                 |                                   |                                  |  |
|                                      | <u>Principal<br/>Requirements</u> | <u>Interest<br/>Requirements</u> | <u>Total Debt<br/>Service<br/>Requirements</u> |
| <b>2006 Tax Exempt Bank Loans</b>    |                                   |                                  |  |
| <u>Years Ending December 31:</u>     |                                   |                                  |  |
| 2013                                 | \$ 226,801                        | \$ 318,089                       | \$ 544,890                                     |
| 2014                                 | 238,283                           | 306,607                          | 544,890  |
| 2015                                 | 250,346                           | 294,544                          | 544,890  |
| 2016                                 | 263,019                           | 281,871                          | 544,890  |
| 2017                                 | 276,335                           | 268,555                          | 544,890  |
| 2018-2022                            | 1,606,229                         | 1,118,221                        | 2,724,450                                      |
| 2023-2027                            | 2,056,108                         | 668,342                          | 2,724,450                                      |
| 2028-2030                            | <u>1,506,853</u>                  | <u>127,816</u>                   | <u>1,634,669</u>                               |
|                                      | <u>\$ 6,423,974</u>               | <u>\$ 3,384,045</u>              | <u>\$ 9,808,019</u>                            |
| To be Retired by:                    |                                   |                                  |  |
| Business-Type Activities             | \$ ---                            | \$ ---                           | \$ ---   |
| Governmental Activities              | <u>6,423,974</u>                  | <u>3,384,045</u>                 | <u>9,808,019</u>                               |
|                                      | <u>\$ 6,423,974</u>               | <u>\$ 3,384,045</u>              | <u>\$ 9,808,019</u>                            |



| <b>2011 General Obligation Notes</b><br><u>Years Ending December 31:</u> | <u>Principal Requirements</u> | <u>Interest Requirements</u> | <u>Total Debt Service Requirements</u> |
|--|-------------------------------|------------------------------|--|
| 2013   | \$ 1,695,000                  | \$ 1,043,860                 | \$ 2,738,860                           |
| 2014   | 1,785,000                     | 974,365                      | 2,759,365                              |
| 2015   | 1,880,000                     | 901,180                      | 2,781,180                              |
| 2016   | 1,985,000                     | 824,100                      | 2,809,100                              |
| 2017   | 2,095,000                     | 742,715                      | 2,837,715                              |
| 2018-2022  | 12,670,000                    | 2,335,770                    | 15,005,770                             |
| 2023   | <u>3,350,000</u>              | <u>137,350</u>               | <u>3,487,350</u>                       |
|  | <u>\$ 25,460,000</u>          | <u>\$ 6,959,340</u>          | <u>\$ 32,419,340</u>                   |
| To be Retired by:  |                               |                              |  |
| Business-Type Activities   | \$ 3,814,247                  | \$ 1,042,602                 | \$ 4,856,849                           |
| Governmental Activities  | <u>21,645,753</u>             | <u>5,916,738</u>             | <u>27,562,491</u>                      |
|  | <u>\$ 25,460,000</u>          | <u>\$ 6,959,340</u>          | <u>\$ 32,419,340</u>                   |

## NOTE 12 - CAPITAL LEASES

|  | <u>Balance<br/>12/31/11</u> | <u>Additions</u>    | <u>Reductions</u>    | <u>Balance<br/>12/31/12</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|--|-----------------------------|---------------------|----------------------|-----------------------------|--|
| <b>Governmental Activities:</b>                    |                             |                     |                      |                             |  |
| Capital Leases:                                    |                             |                     |                      |                             |  |
| Series 2006A and 2006B<br>Lease Revenue Notes      | \$ 9,265,179                | \$ ---              | (\$ 370,040)         | \$ 8,895,139                | \$ 388,597                                 |
| 2007 Cambria County General<br>Financing Authority | 4,376,931                   | ---                 | ( 4,376,931)         | ---                         | ---  |
| 2004 CLT Efficient Tech Group                      | 460,089                     | ---                 | ( 191,426)           | 268,780                     | 200,063                                    |
| 2005 Equipment Lease                               | 240,325                     | ---                 | ( 62,929)            | 177,396                     | 66,051                                     |
| 2008 Equipment Lease                               | 522,535                     | ---                 | ( 26,389)            | 496,052                     | 29,301                                     |
| 2009 Equipment Lease                               | 106,539                     | ---                 | ( 24,107)            | 82,432                      | 25,349                                     |
| 2009 Prison Security Upgrades                      | <u>1,564,205</u>            | <u>---</u>          | <u>( 271,732)</u>    | <u>1,292,473</u>            | <u>283,501</u>                             |
| Governmental Activities<br>Capital Leases          | <u>\$ 16,535,803</u>        | <u>\$ ---</u>       | <u>(\$5,323,554)</u> | <u>\$ 11,212,249</u>        | <u>\$ 992,862</u>                          |
|  | <u>Balance<br/>12/31/11</u> | <u>Additions</u>    | <u>Reductions</u>    | <u>Balance<br/>12/31/12</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
| <b>Business-type Activities:</b>                   |                             |                     |                      |                             |  |
| Capital Leases:                                    |                             |                     |                      |                             |  |
| 2007 Cambria County General<br>Financing Authority | <u>\$ 3,581,125</u>         | <u>\$ 4,059,114</u> | <u>(\$ 260,033)</u>  | <u>\$ 7,380,206</u>         | <u>\$ 603,296</u>                          |
| Business-type Activities<br>Capital Leases         | <u>\$ 3,581,125</u>         | <u>\$ 4,059,114</u> | <u>(\$ 260,033)</u>  | <u>\$ 7,380,206</u>         | <u>\$ 603,296</u>                          |



## **Description of Leases**

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

In February 2006, the County refinanced the Bank Qualified Tax Exempt Guaranteed Lease Revenue Note of 2003 with the Series 2006A Lease Revenue Note in the amount of \$9,128,264. The revised agreement calls for 45 semi-annual payments beginning June 1, 2006 through June 1, 2028. The current terms of the loan agreement call for semi-annual payments of \$341,910 after June 1, 2006. The Bank Qualified Tax Exempt Guaranteed Lease Revenue Note was originally incurred to lease back the Laurel Crest nursing home facility. The interest rate is fixed at 5%.

In addition to the Series 2006A Lease Revenue Note, the County refinanced their Taxable Guaranteed Lease Revenue Note of 2003 with the Series 2006B Lease Revenue Note in the amount of \$1,954,857. The revised agreement calls for 46 semi-annual payments beginning June 1, 2006 through December 1, 2028. The current terms of the loan agreement call for semi-annual payments of \$72,443 after June 1, 2006. The Taxable Guaranteed Lease Revenue Note was originally incurred to lease back the Laurel Crest nursing home facility. As a result of the sale of Laurel Crest Rehabilitation and Special Care Center, the debt became a general obligation of the County. The interest rate is fixed at 5%.

### **Cambria County General Financing Authority**

In June of 2007, the County of Cambria entered into a sublease agreement with the Cambria County General Financing Authority, whereby the County of Cambria will make payments directly to a local financial institution equal to the amount of principal and interest payments due under a lease agreement between the local financial institution and the Cambria County General Financing Authority. The lease agreement between the Cambria County General Financing Authority and the local financial institution is for the lease of equipment constituting the network infrastructure supporting public safety/911 communications needs, traditional internet connectivity among school districts within the County, and the expansion of the availability of high speed broadband internet access to education institutions and municipalities within the County, and providing for the payment of rent by the Authority in an amount equal to principal and interest on the aggregate cost of the equipment financed pursuant to the agreement and related issuance costs. The total value of the leased equipment amounted to \$10,000,000. The term of the lease is for 15 years with an effective interest rate of 4.356% with payments commencing on January 1, 2008. The required principal and interest payments will be paid back by the Cambria County Network Fund. See Note 18 for additional information.

### **Former Laurel Crest Rehabilitation and Special Care Center Leases**

In 2004, the County signed a contract with CLT Efficient Tech Group (CLT). The contract entailed having CLT install new lighting, chillers, air condition units, a laundry heat recovery system and an energy management system at Laurel Crest Manor for a total cost of \$1,606,989. The contract

guarantees Laurel Crest Manor will save at least the amount of the total contract in energy savings over the next ten years or CLT will refund the difference. The project was funded under a capital lease, which requires a monthly payment of \$17,336, beginning November 15, 2004 for 114 months. The capital lease has an effective interest rate of approximately 4.5%.

During 2005, the County leased additional equipment costing \$579,091 through a capital lease, which requires monthly payments of \$6,100 for 120 months. The capital lease has an effective interest rate of approximately 4.5%. Equipment valued at \$316,093 was for Laurel Crest Manor and \$262,998 was for the courthouse.

During 2008, the County leased additional equipment costing \$580,620 through a capital lease, which requires a monthly payment varying from \$3,348 to \$5,700 for 180 months. The capital lease has an effective interest rate of 4.23%. Equipment valued at \$435,465 was for Laurel Crest Manor and \$145,155 was for general operations.

During 2009, the County leased additional equipment costing \$170,000 through a capital lease, which requires a monthly payment of \$2,410 for 84 months. The capital lease has an effective interest rate of 4.33%. Equipment valued at \$127,500 was for Laurel Crest Manor and \$42,500 was for general operations.

As a result of the sale of Laurel Crest Rehabilitation and Special Care Center on January 1, 2010, the obligations previously reported within the Laurel Crest Manor fund became general obligations of the County and will be paid back through the debt service fund.

Other County Leases

During 2009, the County entered into a tax exempt municipal lease for various security upgrades for the Cambria County Prison. The total value of the leased equipment is \$2,020,000. The term of the lease is for 7 years with an effective interest rate of 4.33%.

The required principal payments for the leases mentioned above for the next five years are as follows.

|            |                      |
|------------|----------------------|
| 2013       | \$ 1,596,158         |
| 2014       | 1,530,913            |
| 2015       | 1,500,646            |
| 2016       | 1,500,397            |
| 2017       | 1,315,296            |
| Thereafter | <u>11,149,045</u>    |
|            | <u>\$ 18,592,455</u> |

|                            |                      |
|----------------------------|----------------------|
| To be Retired by:          |                      |
| Business Type Activities   | \$ 7,380,206         |
| Government Type Activities | <u>11,212,249</u>    |
|                            | <u>\$ 18,592,455</u> |

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

**Component Units**

**Cambria County Redevelopment Authority**

**Guarantees of Indebtedness**

The Redevelopment Authority of Cambria County, as a lending agent, was 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 was to be used for expansion of current operations within the Company. In the event of default, the Redevelopment Authority as guarantor would have been responsible for payments to the Department of Commerce. This loan was fully satisfied in 2012.

The Authority, through the County of Cambria, is acting as a guarantee of indebtedness in the Federal Section 108 Loan Guarantee Program. The County of Cambria has guaranteed the county entitlement portion of the Community Development Block Grant (“CDBG”) as collateral for loans in the amount of \$5,833,333. The Section 108 Loan Guarantee Program permits the borrowing of funds fully guaranteed by the Federal government which is in excess of the annual CDBG county entitlement. The funds were requested by Boscov’s, Inc. a department store chain, for financial assistance in the purchase and restructure of the Company in order to emerge from bankruptcy. The Commonwealth of Pennsylvania has pledged funds to fully guarantee the payment of the Section 108 Loan should Boscov’s default on its loan payments.

**Penn Highlands Community College**

**Guarantees of Indebtedness**

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

The bonds were also used to pay the costs and expenses of issuing and insuring the 2006 Bonds. In connection with the issuance of the 2006 Bonds, the Authority entered into the loan agreement with the College, which requires the College to make loan repayments to the Authority in amounts sufficient to pay the debt service payments on the 2006 Bonds. The long-term debt is a general obligation of the College. In the event of default, Cambria County will be responsible for payments to the State Public School Building Authority. The balance of the loan as of June 30, 2012 was \$2,160,000.

## **NOTE 14 - COMPENSATED ABSENCES**

County policy applicable to vacation, sick pay, and paid time off for employees is as follows:

### Vacation Pay

Time accrues for all union employees at various rates based on length of service. Employees are encouraged to utilize earned vacation time by December 31, of each period. If the employee would leave employment, they are paid for any unused or accrued days.

### PTO (Paid-Time-Off)

Starting in 2010, all management, middle management, and non-union employees began earning PTO days instead of vacation, sick, personal or floating holidays. PTO time is earned at various rates based on length of service. The appropriate amount of PTO time is credited to the employee's account on January 1<sup>st</sup> of each year. Employees are encouraged to utilize their time as needed however they are permitted to rollover up to ten (10) unused PTO days per year on December 31. These ten unused days accumulate in a PTO rollover bank up to a maximum of 50 days. If the employee would leave employment, they are paid for any unused PTO days at 50% of their value.

### Sick Pay

County union employees may accumulate their unused sick days up to a maximum of 150 days to be taken in any given year. Starting in 2010, for any employees who started receiving PTO time in lieu of sick time, their old unused sick leave was placed into a "sick grandfathered" bank and no additional days accrue. This old sick time can only be used for approved sick leaves that meet specific guidelines. Upon retirement only, employees are reimbursed for a portion of their accrued or vested sick time.

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

reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

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

For the year ended December 31, 2012, the following funds' expenditures exceeded budget by the following amounts:

| <u>Fund</u>            | <u>Amount</u> |
|------------------------|---------------|
| Jail/Detention         | \$ 6,868      |
| Hotel Tax              | \$ 13,306     |
| Cambria County Network | \$1,343,907   |

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

**NOTE 16 - ACCOUNTABILITY**

The following funds had deficit fund balances or net position as of December 31, 2012.

| <u>Fund</u>                 | <u>Amount</u> |
|-----------------------------|---------------|
| General                     | \$ 2,443,006  |
| Debt Service                | \$ 946,873    |
| 911 Emergency Communication | \$ 972,324    |
| Parks and Playground        | \$ 400,058    |

**NOTE 17 - RELATED PARTY TRANSACTIONS**

**County Appropriations to Component Units:**

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

|  |                   |
|--|-------------------|
| Cambria County Planning Commission         | \$ <u>87,107</u>  |
| Redevelopment Authority of Cambria County  | \$ <u>66,500</u>  |
| Cambria Library Association                | \$ <u>615,000</u> |
| Johnstown-Cambria County Airport Authority | \$ <u>156,750</u> |
| Cambria County Transit Authority           | \$ <u>595,875</u> |

|  |                     |
|--|---------------------|
| Cambria County Solid Waste Management Authority      | \$ <u>378,850</u>   |
| Cambria County Conservation and Recreation Authority | \$ <u>135,740</u>   |
| Pennsylvania Highlands Community College             | \$ <u>1,205,000</u> |
| Cambria County War Memorial Arena Authority          | \$ <u>103,385</u>   |

**County Appropriations to Related Organizations:**

|  |                     |
|--|---------------------|
| Cambria County Child Development Corp.     | \$ <u>3,974,468</u> |
| Cambria Somerset Authority                 | \$ <u>140,000</u>   |
| Cambria County General Financing Authority | \$ <u>905,693</u>   |

**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.

**County Loans to Related Organizations:**

In August of 2011, the County entered into a loan agreement with the Cambria Somerset Authority whereby the County agreed to advance the Authority such amounts as may be necessary for the Authority to make their bond payments. The amount advanced for 2011 was \$301,300, which was made in January 2012. The County advanced an additional \$325,194 in 2012, bringing the loan receivable balance to \$626,494 at December 31, 2012. The non-interest bearing loan shall be repaid by the Authority to the County as revenue becomes available to the Authority in excess of its reasonable and necessary operations and activities in such amounts as are reasonable and possible under the Authority's operating plan. As a result, the loan receivable is classified as a long-term asset within the Government-Wide Statement of Net Position.

**Commitment and Contingency – Cambria County War Memorial Authority**

**Management Fees**

Under the terms of the contract the Authority is to pay an annual base fee as follows:

|                                  | <u>Monthly Installment</u>  | <u>Annual Base Fee</u> |
|----------------------------------|---|------------------------|
| Fiscal year 1:                   | \$ 8,000  | \$ 96,000              |
| Fiscal year 2:                   | \$ 9,000  | \$108,000              |
| Fiscal year 3:                   | \$ 10,000   | \$120,000              |
| Fiscal year 4<br>and thereafter: | The prior Fiscal year base fee plus consumer price index adjustment |                        |



In addition to the base fee, the management company is entitled to an annual incentive fee with respect to each fiscal year. The incentive fee shall be equal to 15% of the operating revenues for each fiscal year not to exceed the lower of 100% of the annual base fee or net operating profit for each fiscal year. The incentive fee is due 30 days after the Authority was provided notice and calculation of the incentive fee under the terms of the contract. Under the terms of the contract the financial records and reporting are the responsibility of SMG, as well as, to manage and operate the Arena and NCRC. The Authority has the right to audit the annual financial statements for any fiscal year under the agreement and the incentive fee shall be adjusted based on the audited statements. The Authority requested audits for fiscal years 2010 and 2011, as of May 24, 2013 the audits are still pending.

### Capital Equipment and Improvements

The obligation to pay for, and authority to perform, direct and supervise capital improvements and capital equipment purchases remains with the Authority and are not considered operating expenses under the terms of the agreement and the Authority maintains ownership of capital investments.

### Capital Contribution

SMG, under the terms of the contract agreed to provide the facilities the seventy-five thousand dollars (\$75,000) to be used in connection with the promotion or operation of either of both facilities. The \$75,000 will be amortized over a period of ten (10) years on a straight-line, non-interest bearing basis commencing on the effective date of the management agreement. The Authority under the terms of the contract will reimburse SMG annually \$7,500. In the event of expiration or termination of the agreement the Authority agrees to pay the unreimbursed amount of capital no later than thirty (30) days following the effective date of such expiration or termination.

### Management and Capital Contribution Payable to SMG

As of June 30, 2012, SMG is owed management fees and expenses in the amount of \$129,460. In addition, SMG is owed capital contribution payments in the amount of \$60,000. In the event that the Arena operations, which are managed by SMG under the contract terms, are unable to fulfill these obligations the Authority by the terms of the contract would be liable for the amounts owed in addition to all operating expenses under the termination or default within the agreement.

Subsequent to year-end, along with management fees owed as of June 30, 2012, no management fees have been paid by the Arena for July 1, 2012 through to SMG. In addition, SMG is owed capital contribution payments in the amount of \$60,000 as of from the Arena. The Authority and SMG are currently in the process of negotiating the contract.

## Termination or Default

In the event this Agreement expires or is terminated (i) all Operating Expenses incurred or committed for prior to the date of expiration or termination shall be paid using funds on deposit in the accounts described in the agreement and to the extent such funds are not sufficient, Authority shall pay all such Operating Expenses, and (ii) Authority shall pay SMG all fees earned to the date of expiration or termination (the fees described above hereof being subject to proration). Upon such termination or expiration, all further obligations of the parties hereunder shall terminate except for the obligations that are expressly intended to survive the termination or expiration of this Agreement.

## **NOTE 18 - RESTRUCTURING OF FUNDS**

The Cambria County Network Fund reported an operating deficit of \$511,000 for the year ending December 31, 2012, which resulted in a cumulative deficit of \$2,449,766. This is mainly attributable to the on-going operating revenues not being sufficient to support the debt service and depreciation of the assets within this fund. Previously, based upon an agreed upon methodology, the Cambria County Network Fund was assigned 45% of the total project cost for a wireless upgrade. The remainder was assigned to 911 Emergency

Communication Fund and that portion of the asset and corresponding liability were reported within the Government Wide Financial Statements. Effective December 31, 2012, the County of Cambria implemented a plan to ensure the long-term viability of the Cambria County Network. As a result, previous loans between funds were forgiven and recorded as transfers, and the entire asset and corresponding debt were reflected within the Cambria County Network Fund. In future years, lease agreements will be established with other Cambria County Funds, which utilize the network, to ensure the operating revenues are sufficient to support the debt service and depreciation. The effect of the above transactions within each fund is as follows:

|  | <u>Prior to<br/>Restructuring</u> | <u>Restructuring<br/>Adjustments</u> | <u>As<br/>Reported</u> |
|--|-----------------------------------|--------------------------------------|------------------------|
| <u>Governmental Funds – Net Change in Fund Balance</u> |                                   |                                      |                        |
| General  | \$ 269,671                        | (\$ 3,205,112)                       | (\$ 2,935,441)         |
| Debt Service   | ( 696,406)                        | 1,481,839                            | 785,433                |
| Capital Projects                                       | <u>22</u>                         | ( <u>999,940</u> )                   | ( <u>999,918</u> )     |
|  | ( <u>426,713</u> )                | (\$ <u>2,723,213</u> )               | (\$ <u>3,149,926</u> ) |
| <u>Proprietary Funds – Net Change in Net Position</u>  |                                   |                                      |                        |
| Cambria County Network                                 | (\$ <u>511,000</u> )              | \$ <u>2,723,213</u>                  | \$ <u>2,212,213</u>    |



## **NOTE 19 - 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 20 - SUBSEQUENT EVENTS**

### Tax Anticipation Note

In January 2013, the County issued a tax and revenue anticipation note of \$10,000,000 with an interest rate of 1.52%. The due date of the note is December 31, 2013.

Subsequent events were evaluated through June 21, 2013, the date the financial statements were available to be issued.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

|   | Budgeted Amounts   |                    | Actual<br>Amounts     | Variance with<br>Final Budget<br>Favorable/<br>(Unfavorable) |
|---|--------------------|--------------------|-----------------------|--|
|   | Original           | Final              |                       |  |
| <b>Revenues</b>   |                    |                    |                       |  |
| Real estate taxes   | \$ 35,621,851      | \$ 35,621,851      | \$ 35,763,448         | \$ 141,597   |
| Charges for services  | 8,560,681          | 8,560,681          | 7,769,657             | (791,024)  |
| Interest and investment income  | 58,900             | 58,900             | 19,329                | (39,571)   |
| Intergovernmental revenues  | 9,689,284          | 10,738,974         | 9,685,012             | (1,053,962)  |
| Other   | 591,761            | 591,761            | 925,452               | 333,691  |
| Total Revenues  | <u>54,522,477</u>  | <u>55,572,167</u>  | <u>54,162,898</u>     | <u>(1,409,269)</u>   |
| <b>Expenditures</b>   |                    |                    |                       |  |
| General government - Administrative   | 6,984,489          | 7,395,515          | 6,040,305             | 1,355,210  |
| General government - Judicial   | 8,095,073          | 8,109,724          | 8,233,448             | (123,724)  |
| Public safety   | 17,226,022         | 17,664,029         | 17,241,132            | 422,897  |
| Public works  | 1,094,881          | 1,151,737          | 1,151,777             | (40)   |
| Human services  | 6,148,000          | 6,148,000          | 5,282,568             | 865,432  |
| Culture and recreation  | 917,999            | 989,149            | 625,000               | 364,149  |
| Conservation and development  | 1,658,793          | 1,716,793          | 1,518,735             | 198,058  |
| Employee benefits   | 3,317,231          | 3,317,231          | 3,271,702             | 45,529   |
| Debt service  | 114,000            | 114,000            | 102,570               | 11,430   |
| Total Expenditures  | <u>45,556,488</u>  | <u>46,606,178</u>  | <u>43,467,237</u>     | <u>3,138,941</u>   |
| Excess/(Deficiency) of Revenues<br>Over/(Under) Expenditures  | <u>8,965,989</u>   | <u>8,965,989</u>   | <u>10,695,661</u>     | <u>1,729,672</u>   |
| <b>Other Financing Sources/(Uses)</b>   |                    |                    |                       |  |
| Net long-term transfer from Cambria County Network  | -                  | -                  | 109,208               | 109,208  |
| Operating transfers in  | 628,711            | 628,711            | 1,153,816             | 525,105  |
| Operating transfers (out)   | (9,594,700)        | (9,594,700)        | (14,894,126)          | (5,299,426)  |
| Total Other Financing Sources/(Uses)  | <u>(8,965,989)</u> | <u>(8,965,989)</u> | <u>(13,631,102)</u>   | <u>(4,665,113)</u>   |
| Excess of Revenues and Other<br>Financing Sources Over/(Under)<br>Expenditures and Other Financing Uses | <u>-</u>           | <u>-</u>           | <u>(2,935,441)</u>    | <u>(2,935,441)</u>   |
| Fund Balance/(Deficit) - Beginning of Year  | <u>-</u>           | <u>-</u>           | <u>492,435</u>        | <u>492,435</u>   |
| Fund Balance - End of Year  | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ (2,443,006)</u> | <u>\$ (2,443,006)</u>  |

See Independent Auditor's Report

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BEHAVIORAL HEALTH/INTELLECTUAL DISABILITIES & EARLY INTERVENTION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

|   | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Favorable/<br>(Unfavorable) |
|---|-------------------|-------------------|-------------------|--|
|   | Original          | Final             |                   |  |
| <b>Revenues</b>   |                   |                   |                   |  |
| Intergovernmental revenues  | \$ 8,831,295      | \$ 8,831,295      | \$ 8,198,765      | \$ (632,530)   |
| Charges for services  | 2,079,000         | 2,079,000         | 1,724,090         | (354,910)  |
| Interest and investment income  | 1,500             | 1,500             | 1,503             | 3  |
| Other income  | 10,000            | 10,000            | 2,545             | (7,455)  |
| Total Revenues  | <u>10,921,795</u> | <u>10,921,795</u> | <u>9,926,903</u>  | <u>(994,892)</u>   |
| <b>Expenditures</b>   |                   |                   |                   |  |
| Human services  | <u>11,316,180</u> | <u>11,316,180</u> | <u>10,318,962</u> | <u>997,218</u>   |
| Total Expenditures  | <u>11,316,180</u> | <u>11,316,180</u> | <u>10,318,962</u> | <u>997,218</u>   |
| (Deficiency)/Excess of Revenue Over/(Under)<br>Expenditures   | <u>(394,385)</u>  | <u>(394,385)</u>  | <u>(392,059)</u>  | <u>2,326</u>   |
| <b>Other Financing Sources/(Uses)</b>   |                   |                   |                   |  |
| Operating transfers in  | 400,000           | 400,000           | 392,059           | (7,941)  |
| Operating transfers (out)   | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| Total Other Financing Sources/<br>(Uses)  | <u>400,000</u>    | <u>400,000</u>    | <u>392,059</u>    | <u>(7,941)</u>   |
| Excess of Revenues and Other<br>Financing Sources Over/(Under)<br>Expenditures and Other Financing Uses | <u>5,615</u>      | <u>5,615</u>      | <u>-</u>          | <u>5,615</u>   |
| Fund Balance/(Deficit) - Beginning of Year  | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| Fund Balance - End of Year  | <u>\$ 5,615</u>   | <u>\$ 5,615</u>   | <u>\$ -</u>       | <u>\$ 5,615</u>  |

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - HEALTH CHOICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

|   | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Favorable/<br>(Unfavorable) |
|---|-------------------|-------------------|-------------------|--|
|   | Original          | Final             |                   |  |
| Revenues  |                   |                   |                   |  |
| Intergovernmental revenues  | \$ 25,200,000     | \$ 25,200,000     | \$ 29,522,142     | \$ 4,322,142   |
| Charges for services  | -                 | -                 | -                 | -  |
| Interest and investment income  | -                 | -                 | 444               | 444  |
| Other income  | -                 | -                 | -                 | -  |
| Total Revenues  | <u>25,200,000</u> | <u>25,200,000</u> | <u>29,522,586</u> | <u>4,322,586</u>   |
| Expenditures  |                   |                   |                   |  |
| Human Services  | <u>25,200,000</u> | <u>25,200,000</u> | <u>29,522,586</u> | <u>(4,322,586)</u>   |
| Total Expenditures  | <u>25,200,000</u> | <u>25,200,000</u> | <u>29,522,586</u> | <u>(4,322,586)</u>   |
| (Deficiency)/Excess of Revenue Over/(Under)<br>Expenditures   | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| Other Financing Sources/(Uses)  |                   |                   |                   |  |
| Operating transfers in  | -                 | -                 | -                 | -  |
| Operating transfers (out)   | -                 | -                 | -                 | -  |
| Total Other Financing Sources/(Uses)  | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| Excess of Revenues and Other<br>Financing Sources Over/(Under)<br>Expenditures and Other Financing Uses | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| Fund Balance/(Deficit) - Beginning of Year  | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| Fund Balance - End of Year  | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>  |

COUNTY OF CAMBRIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CHILDREN AND YOUTH FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Budgeted Amounts   |                    | Actual<br>Amounts  | Variance with<br>Final Budget<br>Favorable/<br>(Unfavorable) |
|--|--------------------|--------------------|--------------------|--|
|  | Original           | Final              |                    |  |
| Revenues   |                    |                    |                    |  |
| Intergovernmental revenues                                     | \$ 8,544,069       | \$ 8,544,069       | \$ 7,122,248       | \$ (1,421,821)   |
| Charges for services   | 130,000            | 130,000            | 126,711            | (3,289)  |
| Interest and investment income                                 | 500                | 500                | -                  | (500)  |
| Other income   | -                  | -                  | -                  | -  |
| Total Revenues   | <u>8,674,569</u>   | <u>8,674,569</u>   | <u>7,248,959</u>   | <u>(1,425,610)</u>   |
| Expenditures   |                    |                    |                    |  |
| Human services   | <u>10,007,454</u>  | <u>10,007,454</u>  | <u>8,642,081</u>   | <u>1,365,373</u>   |
| Total Expenditures   | <u>10,007,454</u>  | <u>10,007,454</u>  | <u>8,642,081</u>   | <u>1,365,373</u>   |
| (Deficiency)/Excess of Revenue Over/(Under)                    |                    |                    |                    |  |
| Expenditures   | <u>(1,332,885)</u> | <u>(1,332,885)</u> | <u>(1,393,122)</u> | <u>(60,237)</u>  |
| Other Financing Sources/(Uses)                                 |                    |                    |                    |  |
| Operating transfers in   | 1,336,010          | 1,336,010          | 1,393,122          | 57,112   |
| Operating transfers (out)                                      | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Total Other Financing Sources/<br>(Uses)                       | <u>1,336,010</u>   | <u>1,336,010</u>   | <u>1,393,122</u>   | <u>57,112</u>  |
| Excess of Revenues and Other<br>Financing Sources Over/(Under) |                    |                    |                    |  |
| Expenditures and Other Financing Uses                          | <u>3,125</u>       | <u>3,125</u>       | <u>-</u>           | <u>(3,125)</u>   |
| Fund Balance/(Deficit) - Beginning of Year                     | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>   |
| Fund Balance - End of Year                                     | <u>\$ 3,125</u>    | <u>\$ 3,125</u>    | <u>\$ -</u>        | <u>\$ (3,125)</u>  |

SUPPLEMENTARY  
INFORMATION

COUNTY OF CAMBRIA  
EMPLOYEE RETIREMENT PLAN -  
SUPPLEMENTARY INFORMATION  
ANALYSIS OF FUNDING  
FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule of Employer Contributions - Six Year Supplementary Information

| <u>Year Ended</u> | <u>Annual Required<br/>Contribution ("ARC")</u> | <u>Percentage of ARC<br/>Contributed</u> |
|-------------------|---|--|
| December 31, 2007 | \$ 806,997                                      | 100%                                     |
| December 31, 2008 | \$ 255,108                                      | 100%                                     |
| December 31, 2009 | \$ 1,695,028                                    | 100%                                     |
| December 31, 2010 | \$ 2,265,930                                    | 100%                                     |
| December 31, 2011 | \$ 2,146,500                                    | 100%                                     |
| December 31, 2012 | \$ 2,251,888                                    | 100%                                     |

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the Plan was valued under the aggregate cost method. In order to comply with the requirements of GASB Statement 50, actuarial valuation components have also been determined, using the same array of actuarial assumptions, under the Entry Age Actuarial Cost Method as a surrogate method for reporting and tracking funding progress. Under this surrogate basis, the Plan was 82 percent funded. The Entry Age actuarial accrued liability for benefits was \$200.3 million, and the actuarial value of assets was \$163.7 million, resulting in an unfunded Entry Age actuarial accrued liability (UAAL) of \$36.6 million. The covered payroll (annual payroll of active employees covered by the Plan) was \$25.0 million and the ratio of the UAAL to the covered payroll was 146 percent.



## COUNTY OF CAMBRIA NONMAJOR FUNDS

The following are the County's nonmajor funds, for the year ending December 31, 2012:

### **DEBT SERVICE FUND:**

**DEBT SERVICE FUND:** The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

### **SPECIAL REVENUE FUNDS:**

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

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

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

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

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

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

**CORONER VITAL STATISTICS FUND:** The Office of the Coroner receives a vital statistic fee for collected by the State Vital Statistics agency. For each death certificate filed with the Registrar, a \$1 (one dollar) fee is charged. The total of all fees collected on each death certificate in Cambria County are remitted by the Commonwealth of PA to the County Coroner each June 30<sup>th</sup>. The funds are utilized by the Coroner's Office for office improvements, equipment and training.

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

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

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

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

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

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

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

**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.

**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 Creany for court-related imprisonment issues such as drug and alcohol education, or help with the detention home, jail, or prisoners.

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

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

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

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

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

**AREA AGENCY ON AGING FUND:** The PA Department of Aging provides the majority of the funding for this program. This funding is comprised of both state and federal monies. The agency uses these monies to benefit any Cambria County citizen ages 60 and older (e.g. Meals on Wheels, Senior Centers).

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

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

**SPECIAL HAZARDOUS ASSISTANCE RESPONSE TEAM FUND (SHARP):** This fund is related to the HMER fund discussed above in that the SHARP fund is comprised of volunteers who are paged to respond to emergency situations. These individuals operate a HAZMAT (hazardous materials) truck (a self-contained response truck) which aids in the assistance of responding to and cleaning up an accident site. After this team has responded

to an accident, this agency will send out a billing to the responsible party for the rendered services. If the team was assisted by another unit, such as a fire company, in taking care of an accident, this agency will make certain that the assisting unit will receive its proper share of the billing.

**SHERIFF'S AUTOMATION FUND:** The Sheriff's automation fee is a \$100 fee charged on each Sheriff's Sale on foreclosed property. The fee is collected and turned over at the end of each month to the Treasurer's Office to be receipted. The funds collected are used for the maintenance of the computer system used for the Sheriff's Office.

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

|   | Debt<br>Service<br>Fund | Hotel<br>Tax<br>Fund | Redevelopment<br>Authority | Liquid<br>Fuels<br>Tax<br>Fund |
|---|-------------------------|----------------------|----------------------------|--------------------------------|
| <u>ASSETS</u>                               |                         |                      |                            |                                |
| Assets                                      |                         |                      |                            |                                |
| Cash and cash equivalents                   | \$ 849                  | \$ 25,581            | \$ -                       | \$ 937,045                     |
| Restricted cash                             | -                       | -                    | -                          | -                              |
| Accounts receivable                         | -                       | 60,936               | -                          | -                              |
| Due from other governments                  | -                       | -                    | -                          | -                              |
| Due from other funds                        | -                       | -                    | -                          | -                              |
|   | <u>\$ 849</u>           | <u>\$ 86,517</u>     | <u>\$ -</u>                | <u>\$ 937,045</u>              |
| Total Assets                                | <u>\$ 849</u>           | <u>\$ 86,517</u>     | <u>\$ -</u>                | <u>\$ 937,045</u>              |
| <u>LIABILITIES AND FUND BALANCE</u>         |                         |                      |                            |                                |
| Liabilities                                 |                         |                      |                            |                                |
| Accounts payable and<br>accrued liabilities | \$ -                    | \$ 86,513            | \$ -                       | \$ (23,500)                    |
| Deferred revenues                           | -                       | -                    | -                          | -                              |
| Due to other funds                          | 947,722                 | -                    | -                          | 23,500                         |
|   | <u>947,722</u>          | <u>-</u>             | <u>-</u>                   | <u>23,500</u>                  |
| Total Liabilities                           | <u>947,722</u>          | <u>86,513</u>        | <u>-</u>                   | <u>-</u>                       |
| Fund Balance                                |                         |                      |                            |                                |
| Unassigned                                  | (946,873)               | -                    | -                          | -                              |
| Assigned                                    | -                       | 4                    | -                          | 937,045                        |
|   | <u>-</u>                | <u>4</u>             | <u>-</u>                   | <u>937,045</u>                 |
| Total Fund Balance                          | <u>(946,873)</u>        | <u>4</u>             | <u>-</u>                   | <u>937,045</u>                 |
| Total Liabilities and Fund Balance          | <u>\$ 849</u>           | <u>\$ 86,517</u>     | <u>\$ -</u>                | <u>\$ 937,045</u>              |

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

|   | 911 Emergency<br>Communication<br>Fund | Domestic<br>Relations<br>Office<br>Fund | Drug and<br>Alcohol<br>Fund | Coroner<br>Vital<br>Statistics |
|---|--|---|-----------------------------|--------------------------------|
| <u>ASSETS</u>                               |  |   |                             |                                |
| Assets                                      |  |   |                             |                                |
| Cash and cash equivalents                   | \$ 61,669                              | \$ 778                                  | \$ 1,121                    | 24,846                         |
| Restricted cash                             | -                                      | -                                       | -                           | -                              |
| Accounts receivable                         | 393,899                                | -                                       | -                           | -                              |
| Due from other governments                  | -                                      | 461,223                                 | -                           | -                              |
| Due from other funds                        | -                                      | -                                       | 373,437                     | -                              |
|   |  |   |                             |                                |
| Total Assets                                | \$ 455,568                             | \$ 462,001                              | \$ 374,558                  | \$ 24,846                      |
| <u>LIABILITIES AND FUND BALANCE</u>         |  |   |                             |                                |
| Liabilities                                 |  |   |                             |                                |
| Accounts payable and<br>accrued liabilities | \$ 164,445                             | \$ 62,054                               | \$ 302,059                  | \$ 40                          |
| Deferred revenues                           | -                                      | -                                       | 72,499                      | -                              |
| Due to other funds                          | 1,263,447                              | 399,947                                 | -                           | -                              |
|   |  |   |                             |                                |
| Total Liabilities                           | 1,427,892                              | 462,001                                 | 374,558                     | 40                             |
| Fund Balance                                |  |   |                             |                                |
| Unassigned                                  | (972,324)                              | -                                       | -                           | -                              |
| Assigned                                    | -                                      | -                                       | -                           | 24,806                         |
|   |  |   |                             |                                |
| Total Fund Balance                          | (972,324)                              | -                                       | -                           | 24,806                         |
| Total Liabilities and Fund Balance          | \$ 455,568                             | \$ 462,001                              | \$ 374,558                  | \$ 24,846                      |

See Independent Auditor's Report

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

|   | Detention/<br>Shelter<br>Fund | Juvenile<br>Probation<br>Fund | Jail/<br>Detention<br>Fund | Parks &<br>Playgrounds<br>Fund |
|---|-------------------------------|-------------------------------|----------------------------|--------------------------------|
| <u>ASSETS</u>                               |                               |                               |                            |                                |
| Assets                                      |                               |                               |                            |                                |
| Cash and cash equivalents                   | \$ -                          | \$ -                          | \$ 1,001                   | \$ -                           |
| Restricted cash                             | -                             | -                             | -                          | -                              |
| Accounts receivable                         | -                             | -                             | 1,512                      | -                              |
| Due from other governments                  | 64,182                        | 537,249                       | -                          | -                              |
| Due from other funds                        | -                             | -                             | 36,045                     | -                              |
|   | <u>64,182</u>                 | <u>537,249</u>                | <u>38,558</u>              | <u>-</u>                       |
| Total Assets                                | <u>\$ 64,182</u>              | <u>\$ 537,249</u>             | <u>\$ 38,558</u>           | <u>\$ -</u>                    |
| <u>LIABILITIES AND FUND BALANCE</u>         |                               |                               |                            |                                |
| Liabilities                                 |                               |                               |                            |                                |
| Accounts payable and<br>accrued liabilities | \$ 56,197                     | \$ 114,744                    | \$ -                       | \$ -                           |
| Deferred revenues                           | -                             | -                             | -                          | -                              |
| Due to other funds                          | 7,985                         | 422,505                       | -                          | 400,058                        |
|   | <u>64,182</u>                 | <u>537,249</u>                | <u>-</u>                   | <u>400,058</u>                 |
| Total Liabilities                           | <u>64,182</u>                 | <u>537,249</u>                | <u>-</u>                   | <u>400,058</u>                 |
| Fund Balance                                |                               |                               |                            |                                |
| Unassigned                                  | -                             | -                             | -                          | (400,058)                      |
| Assigned                                    | -                             | -                             | 38,558                     | -                              |
|   | <u>-</u>                      | <u>-</u>                      | <u>38,558</u>              | <u>(400,058)</u>               |
| Total Fund Balance                          | <u>-</u>                      | <u>-</u>                      | <u>38,558</u>              | <u>(400,058)</u>               |
| Total Liabilities and Fund Balance          | <u>\$ 64,182</u>              | <u>\$ 537,249</u>             | <u>\$ 38,558</u>           | <u>\$ -</u>                    |

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

|   | Human<br>Services<br>Fund | Foster<br>Grand-<br>Parents<br>Fund | Substance<br>Abuse<br>Fund | Capital<br>Projects<br>Fund |
|---|---------------------------|-------------------------------------|----------------------------|-----------------------------|
| <u>ASSETS</u>                               |                           |                                     |                            |                             |
| Assets                                      |                           |                                     |                            |                             |
| Cash and cash equivalents                   | \$ 1,005                  | \$ 6,055                            | \$ 1,038                   | \$ 8,834                    |
| Restricted cash                             | -                         | -                                   | -                          | -                           |
| Accounts receivable                         | -                         | -                                   | 23,892                     | -                           |
| Due from other governments                  | -                         | 12,820                              | -                          | -                           |
| Due from other funds                        | 103,951                   | -                                   | 519,956                    | -                           |
|   | <u>103,951</u>            | <u>-</u>                            | <u>519,956</u>             | <u>-</u>                    |
| Total Assets                                | <u>\$ 104,956</u>         | <u>\$ 18,875</u>                    | <u>\$ 544,886</u>          | <u>\$ 8,834</u>             |
| <u>LIABILITIES AND FUND BALANCE</u>         |                           |                                     |                            |                             |
| Liabilities                                 |                           |                                     |                            |                             |
| Accounts payable and<br>accrued liabilities | \$ 81,229                 | \$ 3,465                            | \$ 11,499                  | \$ -                        |
| Deferred revenues                           | 23,727                    | 8,660                               | -                          | -                           |
| Due to other funds                          | -                         | 6,750                               | -                          | -                           |
|   | <u>-</u>                  | <u>6,750</u>                        | <u>-</u>                   | <u>-</u>                    |
| Total Liabilities                           | <u>104,956</u>            | <u>18,875</u>                       | <u>11,499</u>              | <u>-</u>                    |
| Fund Balance                                |                           |                                     |                            |                             |
| Unassigned                                  | -                         | -                                   | -                          | -                           |
| Assigned                                    | -                         | -                                   | 533,387                    | 8,834                       |
|   | <u>-</u>                  | <u>-</u>                            | <u>533,387</u>             | <u>8,834</u>                |
| Total Fund Balance                          | <u>-</u>                  | <u>-</u>                            | <u>533,387</u>             | <u>8,834</u>                |
| Total Liabilities and Fund Balance          | <u>\$ 104,956</u>         | <u>\$ 18,875</u>                    | <u>\$ 544,886</u>          | <u>\$ 8,834</u>             |



COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

|   | Farmland<br>Preservation<br>Fund | Driving<br>Under the<br>Influence<br>Fund | Affordable<br>Housing<br>Fund | Register<br>of Wills<br>Automation<br>Fund |
|---|----------------------------------|---|-------------------------------|--|
| <u>ASSETS</u>                               |                                  |   |                               |  |
| Assets                                      |                                  |   |                               |  |
| Cash and cash equivalents                   | \$ 4,383                         | \$ 150,143                                | \$ 223,906                    | \$ 6,374                                   |
| Restricted cash                             | 1,505                            | -   | -                             | -  |
| Accounts receivable                         | -                                | 59,929                                    | -                             | 505  |
| Due from other governments                  | -                                | -   | 9,682                         | -  |
| Due from other funds                        | 5,000                            | 1,496,920                                 | -                             | -  |
|   | <u>5,000</u>                     | <u>1,496,920</u>                          | <u>-</u>                      | <u>-</u>                                   |
| Total Assets                                | <u>\$ 10,888</u>                 | <u>\$ 1,706,992</u>                       | <u>\$ 233,588</u>             | <u>\$ 6,879</u>                            |
| <u>LIABILITIES AND FUND BALANCE</u>         |                                  |   |                               |  |
| Liabilities                                 |                                  |   |                               |  |
| Accounts payable and<br>accrued liabilities | \$ 1,500                         | \$ 17,499                                 | \$ -                          | \$ 1,388                                   |
| Deferred revenues                           | -                                | -   | -                             | -  |
| Due to other funds                          | -                                | -   | -                             | 500  |
|   | <u>1,500</u>                     | <u>17,499</u>                             | <u>-</u>                      | <u>1,888</u>                               |
| Total Liabilities                           | <u>1,500</u>                     | <u>17,499</u>                             | <u>-</u>                      | <u>1,888</u>                               |
| Fund Balance                                |                                  |   |                               |  |
| Unassigned                                  | -                                | -   | -                             | -  |
| Assigned                                    | 9,388                            | 1,689,493                                 | 233,588                       | 4,991                                      |
|   | <u>9,388</u>                     | <u>1,689,493</u>                          | <u>233,588</u>                | <u>4,991</u>                               |
| Total Fund Balance                          | <u>9,388</u>                     | <u>1,689,493</u>                          | <u>233,588</u>                | <u>4,991</u>                               |
| Total Liabilities and Fund Balance          | <u>\$ 10,888</u>                 | <u>\$ 1,706,992</u>                       | <u>\$ 233,588</u>             | <u>\$ 6,879</u>                            |

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

|   | <u>Dirt and<br/>Gravel Road<br/>Fund</u> | <u>Prothonotary<br/>Automation<br/>Fund</u> | <u>Clerk of<br/>Courts<br/>Automation<br/>Fund</u> | <u>Area Agency<br/>on Aging<br/>Fund</u> |
|---|--|---|--|--|
| <u>ASSETS</u>                               |  |   |  |  |
| Assets                                      |  |   |  |  |
| Cash and cash equivalents                   | \$ 120,610                               | \$ 8,924                                    | \$ 37,909  | \$ 11,803                                |
| Restricted cash                             | -  | -   | -  | -  |
| Accounts receivable                         | -  | -   | -  | 60,464                                   |
| Due from other governments                  | -  | 830   | 650  | 98,552                                   |
| Due from other funds                        | -  | -   | -  | 1,609,578                                |
|   | <u>          </u>                        | <u>          </u>                           | <u>          </u>                                  | <u>          </u>                        |
| Total Assets                                | <u>\$ 120,610</u>                        | <u>\$ 9,754</u>                             | <u>\$ 38,559</u>                                   | <u>\$ 1,780,397</u>                      |
| <u>LIABILITIES AND FUND BALANCE</u>         |  |   |  |  |
| Liabilities                                 |  |   |  |  |
| Accounts payable and<br>accrued liabilities | \$ 3,039                                 | \$ 818                                      | \$ 1,249   | \$ 524,040                               |
| Deferred revenues                           | 117,571                                  | -   | -  | 1,256,357                                |
| Due to other funds                          | -  | 315   | -  | -  |
|   | <u>          </u>                        | <u>          </u>                           | <u>          </u>                                  | <u>          </u>                        |
| Total Liabilities                           | <u>120,610</u>                           | <u>1,133</u>                                | <u>1,249</u>                                       | <u>1,780,397</u>                         |
| Fund Balance                                |  |   |  |  |
| Unassigned                                  | -  | -   | -  | -  |
| Assigned                                    | -  | 8,621                                       | 37,310   | -  |
|   | <u>          </u>                        | <u>          </u>                           | <u>          </u>                                  | <u>          </u>                        |
| Total Fund Balance                          | <u>-</u>                                 | <u>8,621</u>                                | <u>37,310</u>                                      | <u>-</u>                                 |
| Total Liabilities and Fund Balance          | <u>\$ 120,610</u>                        | <u>\$ 9,754</u>                             | <u>\$ 38,559</u>                                   | <u>\$ 1,780,397</u>                      |

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

|   | <u>County<br/>Records<br/>Improvement<br/>Fund</u> | <u>HMERA<br/>Fund</u> | <u>SHARP<br/>Fund</u> |
|---|--|-----------------------|-----------------------|
| <u>ASSETS</u>                               |  |                       |                       |
| Assets                                      |  |                       |                       |
| Cash and cash equivalents                   | \$ 82,880  | \$ 59,899             | \$ 17,387             |
| Restricted cash                             | -  | -                     | -                     |
| Accounts receivable                         | -  | -                     | -                     |
| Due from other governments                  | 7,700  | -                     | -                     |
| Due from other funds                        | 46,934   | -                     | -                     |
|   | <u>          </u>                                  | <u>          </u>     | <u>          </u>     |
| Total Assets                                | <u>\$ 137,514</u>                                  | <u>\$ 59,899</u>      | <u>\$ 17,387</u>      |
| <u>LIABILITIES AND FUND BALANCE</u>         |  |                       |                       |
| Liabilities                                 |  |                       |                       |
| Accounts payable and<br>accrued liabilities | \$ 595   | \$ 2,684              | \$ 1,129              |
| Deferred revenues                           | -  | 12,852                | -                     |
| Due to other funds                          | -  | -                     | -                     |
|   | <u>          </u>                                  | <u>          </u>     | <u>          </u>     |
| Total Liabilities                           | <u>595</u>   | <u>15,536</u>         | <u>1,129</u>          |
| Fund Balance                                |  |                       |                       |
| Unassigned                                  | -  | -                     | -                     |
| Assigned                                    | 136,919  | 44,363                | 16,258                |
|   | <u>          </u>                                  | <u>          </u>     | <u>          </u>     |
| Total Fund Balance                          | <u>136,919</u>                                     | <u>44,363</u>         | <u>16,258</u>         |
|   | <u>          </u>                                  | <u>          </u>     | <u>          </u>     |
| Total Liabilities and Fund Balance          | <u>\$ 137,514</u>                                  | <u>\$ 59,899</u>      | <u>\$ 17,387</u>      |

COUNTY OF CAMBRIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

|   | <u>Sheriff's<br/>Automation<br/>Fund</u> | <u>Total</u>       |
|---|--|--------------------|
| <u>ASSETS</u>                               |  |                    |
| Assets                                      |  |                    |
| Cash and cash equivalents                   | \$ 4,403                                 | \$1,798,443        |
| Restricted cash                             | -  | 1,505              |
| Accounts receivable                         | 500                                      | 601,637            |
| Due from other governments                  | -  | 1,192,888          |
| Due from other funds                        | -  | 4,191,821          |
|   | <hr/>                                    | <hr/>              |
| Total Assets                                | <u>\$ 4,903</u>                          | <u>\$7,786,294</u> |
| <br><u>LIABILITIES AND FUND BALANCE</u>     |  |                    |
| Liabilities                                 |  |                    |
| Accounts payable and<br>accrued liabilities | \$ -                                     | \$1,412,686        |
| Deferred revenues                           | -  | 1,491,666          |
| Due to other funds                          | -  | 3,472,729          |
|   | <hr/>                                    | <hr/>              |
| Total Liabilities                           | <u>-</u>                                 | <u>6,377,081</u>   |
| Fund Balance                                |  |                    |
| Unassigned                                  | -  | (2,319,255)        |
| Assigned                                    | 4,903                                    | 3,728,468          |
|   | <hr/>                                    | <hr/>              |
| Total Fund Balance                          | <u>4,903</u>                             | <u>1,409,213</u>   |
|   | <hr/>                                    | <hr/>              |
| Total Liabilities and Fund Balance          | <u>\$ 4,903</u>                          | <u>\$7,786,294</u> |

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Debt Service<br>Fund | Hotel<br>Tax<br>Fund | Redevelopment<br>Authority | Liquid<br>Fuels<br>Tax<br>Fund |
|--|----------------------|----------------------|----------------------------|--------------------------------|
| Revenues   |                      |                      |                            |                                |
| Intergovernmental revenues   | \$ -                 | \$ -                 | \$ 1,184,125               | \$ 636,506                     |
| Charges for services   | -                    | -                    | -                          | -                              |
| Interest and investment income   | 140                  | 50                   | -                          | 4,603                          |
| Other income   | -                    | 388,574              | -                          | -                              |
| Total Revenues   | <u>140</u>           | <u>388,624</u>       | <u>1,184,125</u>           | <u>641,109</u>                 |
| Expenditures   |                      |                      |                            |                                |
| General government - administrative  | -                    | -                    | -                          | -                              |
| Human services   | -                    | -                    | -                          | -                              |
| General government - judicial  | -                    | -                    | -                          | -                              |
| Public safety  | -                    | -                    | -                          | -                              |
| Public works   | -                    | -                    | -                          | 585,715                        |
| Culture and recreation   | -                    | -                    | -                          | -                              |
| Emergency communication services   | -                    | -                    | -                          | -                              |
| Debt service   | 5,365,662            | -                    | -                          | -                              |
| Conservation and development   | -                    | 380,559              | 1,184,125                  | -                              |
| Total Expenditures   | <u>5,365,662</u>     | <u>380,559</u>       | <u>1,184,125</u>           | <u>585,715</u>                 |
| (Deficiency)/Excess of Revenue<br>Over/(Under) Expenditures  | <u>(5,365,522)</u>   | <u>8,065</u>         | <u>-</u>                   | <u>55,394</u>                  |
| Other Financing Sources/(Uses)   |                      |                      |                            |                                |
| Payments for refinancing   | -                    | -                    | -                          | -                              |
| Operating transfers in   | 6,150,955            | -                    | -                          | -                              |
| Operating transfers (out)  | -                    | (7,767)              | -                          | -                              |
| Total Other Financing Sources/<br>(Uses)   | <u>6,150,955</u>     | <u>(7,767)</u>       | <u>-</u>                   | <u>-</u>                       |
| (Deficiency)/Excess of Revenues and<br>Other Financing Sources Over/(Under)<br>Expenditures and Other Financing Uses | <u>785,433</u>       | <u>298</u>           | <u>-</u>                   | <u>55,394</u>                  |
| Fund Balance - Beginning of Year   | <u>(1,732,306)</u>   | <u>(294)</u>         | <u>-</u>                   | <u>881,651</u>                 |
| Fund Balance - End of Year   | <u>\$ (946,873)</u>  | <u>\$ 4</u>          | <u>\$ -</u>                | <u>\$ 937,045</u>              |

See Independent Auditor's Report

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|   | 911 Emergency<br>Communication<br>Fund | Domestic<br>Relations<br>Office<br>Fund | Drug and<br>Alcohol<br>Fund | Coroner<br>Vital<br>Statistics |
|---|--|---|-----------------------------|--------------------------------|
| <b>Revenues</b>   |  |   |                             |                                |
| Intergovernmental revenues  | \$ 1,608,843                           | \$ 1,589,633                            | \$ 1,508,516                | 16,356                         |
| Charges for services  | 673,628                                | 24,413                                  | -                           | -                              |
| Interest and investment income  | 1,031                                  | 82                                      | 698                         | 56                             |
| Other income  | -                                      | -                                       | -                           | -                              |
| <b>Total Revenues</b>   | <b>2,283,502</b>                       | <b>1,614,128</b>                        | <b>1,509,214</b>            | <b>16,412</b>                  |
| <b>Expenditures</b>   |  |   |                             |                                |
| General government - administrative   | -                                      | -                                       | -                           | -                              |
| Human services  | -                                      | -                                       | 1,542,804                   | -                              |
| General government - judicial   | -                                      | 2,509,158                               | -                           | 28,437                         |
| Public safety   | -                                      | -                                       | -                           | -                              |
| Public works  | -                                      | -                                       | -                           | -                              |
| Culture and recreation  | -                                      | -                                       | -                           | -                              |
| Emergency communication services  | 3,136,829                              | -                                       | -                           | -                              |
| Debt service  | -                                      | -                                       | -                           | -                              |
| Conservation and development  | -                                      | -                                       | -                           | -                              |
| <b>Total Expenditures</b>   | <b>3,136,829</b>                       | <b>2,509,158</b>                        | <b>1,542,804</b>            | <b>28,437</b>                  |
| (Deficiency)/Excess of Revenue  |  |   |                             |                                |
| (Under) Expenditures  | <u>(853,327)</u>                       | <u>(895,030)</u>                        | <u>(33,590)</u>             | <u>(12,025)</u>                |
| <b>Other Financing Sources/(Uses)</b>   |  |   |                             |                                |
| Payments for refinancing  | -                                      | -                                       | -                           | -                              |
| Operating transfers in  | -                                      | 895,030                                 | 33,590                      | -                              |
| Operating transfers (out)   | -                                      | -                                       | -                           | -                              |
| <b>Total Other Financing Sources/<br/>(Uses)</b>  | <b>-</b>                               | <b>895,030</b>                          | <b>33,590</b>               | <b>-</b>                       |
| (Deficiency) of Revenues and Other<br>Financing Sources Over/(Under)<br>Expenditures and Other Financing Uses | <u>(853,327)</u>                       | <u>-</u>                                | <u>-</u>                    | <u>(12,025)</u>                |
| Fund Balance - Beginning of Year  | <u>(118,997)</u>                       | <u>-</u>                                | <u>-</u>                    | <u>36,831</u>                  |
| Fund Balance - End of Year  | <u><u>\$ (972,324)</u></u>             | <u><u>\$ -</u></u>                      | <u><u>\$ -</u></u>          | <u><u>\$ 24,806</u></u>        |

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Detention/<br>Shelter<br>Fund | Juvenile<br>Probation<br>Fund | Jail/<br>Detention<br>Fund | Parks &<br>Playgrounds<br>Fund |
|--|-------------------------------|-------------------------------|----------------------------|--------------------------------|
| <b>Revenues</b>  |                               |                               |                            |                                |
| Intergovernmental revenues   | \$ -                          | \$ 897,818                    | \$ -                       | \$ -                           |
| Charges for services   | 907,557                       | -                             | -                          | -                              |
| Interest and investment income   | -                             | -                             | 63                         | -                              |
| Other income   | -                             | 486,156                       | 21,333                     | -                              |
| <b>Total Revenues</b>  | <u>907,557</u>                | <u>1,383,974</u>              | <u>21,396</u>              | <u>-</u>                       |
| <b>Expenditures</b>  |                               |                               |                            |                                |
| General government - administrative  | -                             | -                             | -                          | -                              |
| Human services   | -                             | -                             | -                          | -                              |
| General government - judicial  | -                             | -                             | 31,867                     | -                              |
| Public safety  | 1,575,336                     | 2,893,254                     | -                          | -                              |
| Public works   | -                             | -                             | -                          | -                              |
| Culture and recreation   | -                             | -                             | -                          | 539,960                        |
| Emergency communication services   | -                             | -                             | -                          | -                              |
| Debt service   | -                             | -                             | -                          | -                              |
| Conservation and development   | -                             | -                             | -                          | -                              |
| <b>Total Expenditures</b>  | <u>1,575,336</u>              | <u>2,893,254</u>              | <u>31,867</u>              | <u>539,960</u>                 |
| (Deficiency)/Excess of Revenue<br>Over/(Under) Expenditures  | <u>(667,779)</u>              | <u>(1,509,280)</u>            | <u>(10,471)</u>            | <u>(539,960)</u>               |
| <b>Other Financing Sources/(Uses)</b>  |                               |                               |                            |                                |
| Payments for refinancing   | -                             | -                             | -                          | -                              |
| Operating transfers in   | 667,779                       | 1,509,280                     | -                          | 604,228                        |
| Operating transfers (out)  | -                             | -                             | -                          | -                              |
| <b>Total Other Financing Sources/<br/>(Uses)</b>   | <u>667,779</u>                | <u>1,509,280</u>              | <u>-</u>                   | <u>604,228</u>                 |
| <b>Excess of Revenues and Other<br/>Financing Sources Over/(Under)<br/>Expenditures and Other Financing Uses</b> | <u>-</u>                      | <u>-</u>                      | <u>(10,471)</u>            | <u>64,268</u>                  |
| <b>Fund Balance - Beginning of Year</b>  | <u>-</u>                      | <u>-</u>                      | <u>49,029</u>              | <u>(464,326)</u>               |
| <b>Fund Balance - End of Year</b>  | <u>\$ -</u>                   | <u>\$ -</u>                   | <u>\$ 38,558</u>           | <u>\$ (400,058)</u>            |

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Human<br>Services<br>Fund | Foster<br>Grand-<br>Parent<br>Fund | Substance<br>Abuse<br>Fund | Capital<br>Projects<br>Fund |
|--|---------------------------|------------------------------------|----------------------------|-----------------------------|
| <b>Revenues</b>  |                           |                                    |                            |                             |
| Intergovernmental revenues   | \$ 360,591                | \$ 414,677                         | \$ -                       | \$ -                        |
| Charges for services   | -                         | -                                  | -                          | -                           |
| Interest and investment income   | 101                       | 59                                 | 1,008                      | 22                          |
| Other income   | -                         | 225,967                            | 280,930                    | -                           |
| <b>Total Revenues</b>  | <b>360,692</b>            | <b>640,703</b>                     | <b>281,938</b>             | <b>22</b>                   |
| <b>Expenditures</b>  |                           |                                    |                            |                             |
| General government - administrative  | -                         | -                                  | -                          | -                           |
| Human services   | 360,692                   | 640,703                            | -                          | -                           |
| General government - judicial  | -                         | -                                  | 312,766                    | -                           |
| Public safety  | -                         | -                                  | -                          | -                           |
| Public works   | -                         | -                                  | -                          | -                           |
| Culture and recreation   | -                         | -                                  | -                          | -                           |
| Emergency communication services   | -                         | -                                  | -                          | -                           |
| Debt service   | -                         | -                                  | -                          | -                           |
| Conservation and development   | -                         | -                                  | -                          | -                           |
| <b>Total Expenditures</b>  | <b>360,692</b>            | <b>640,703</b>                     | <b>312,766</b>             | <b>-</b>                    |
| (Deficiency)/Excess of Revenue<br>Over/(Under) Expenditures  | -                         | -                                  | (30,828)                   | 22                          |
| <b>Other Financing Sources/(Uses)</b>  |                           |                                    |                            |                             |
| Payments for refinancing   | -                         | -                                  | -                          | -                           |
| Operating transfers in   | -                         | -                                  | -                          | -                           |
| Operating transfers (out)  | -                         | -                                  | -                          | (999,940)                   |
| <b>Total Other Financing Sources/<br/>(Uses)</b>   | <b>-</b>                  | <b>-</b>                           | <b>-</b>                   | <b>(999,940)</b>            |
| <b>Excess of Revenues and Other<br/>Financing Sources Over/(Under)<br/>Expenditures and Other Financing Uses</b> | <b>-</b>                  | <b>-</b>                           | <b>(30,828)</b>            | <b>(999,918)</b>            |
| Fund Balance - Beginning of Year   | -                         | -                                  | 564,215                    | 1,008,752                   |
| <b>Fund Balance - End of Year</b>  | <b>\$ -</b>               | <b>\$ -</b>                        | <b>\$ 533,387</b>          | <b>\$ 8,834</b>             |



COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Farmland<br>Preservation<br>Fund | Driving<br>Under the<br>Influence<br>Fund | Affordable<br>Housing<br>Fund | Register<br>of Wills<br>Automation<br>Fund |
|--|----------------------------------|---|-------------------------------|--|
| Revenues   |                                  |   |                               |  |
| Intergovernmental revenues   | \$ -                             | \$ -                                      | \$ -                          | \$ -                                       |
| Charges for services   | -                                | -   | -                             | -  |
| Interest and investment income   | 8                                | 2,863                                     | 364                           | 14   |
| Other income   | 20,917                           | 528,090                                   | 115,954                       | 7,785                                      |
| Total Revenues   | <u>20,925</u>                    | <u>530,953</u>                            | <u>116,318</u>                | <u>7,799</u>                               |
| Expenditures   |                                  |   |                               |  |
| General government - administrative  | -                                | -   | -                             | -  |
| Human services   | -                                | -   | -                             | -  |
| General government - judicial  | -                                | 311,255                                   | -                             | 7,125                                      |
| Public safety  | -                                | -   | -                             | -  |
| Public works   | -                                | -   | -                             | -  |
| Culture and recreation   | -                                | -   | -                             | -  |
| Emergency communication services   | -                                | -   | -                             | -  |
| Debt service   | -                                | -   | -                             | -  |
| Conservation and development   | 16,082                           | -   | 35,158                        | -  |
| Total Expenditures   | <u>16,082</u>                    | <u>311,255</u>                            | <u>35,158</u>                 | <u>7,125</u>                               |
| Excess of Revenue<br>Over/(Under) Expenditures   | <u>4,843</u>                     | <u>219,698</u>                            | <u>81,160</u>                 | <u>674</u>                                 |
| Other Financing Sources/(Uses)   |                                  |   |                               |  |
| Payments for refinancing   | -                                | -   | -                             | -  |
| Operating transfers in   | 5,000                            | -   | -                             | -  |
| Operating transfers (out)  | -                                | -   | -                             | -  |
| Total Other Financing Sources/<br>(Uses)   | <u>5,000</u>                     | <u>-</u>                                  | <u>-</u>                      | <u>-</u>                                   |
| (Deficiency)/Excess of Revenues and Other<br>Financing Sources Over/(Under)<br>Expenditures and Other Financing Uses | <u>9,843</u>                     | <u>219,698</u>                            | <u>81,160</u>                 | <u>674</u>                                 |
| Fund Balance - Beginning of Year   | <u>(455)</u>                     | <u>1,469,795</u>                          | <u>152,428</u>                | <u>4,317</u>                               |
| Fund Balance - End of Year   | <u>\$ 9,388</u>                  | <u>\$ 1,689,493</u>                       | <u>\$ 233,588</u>             | <u>\$ 4,991</u>                            |

See Independent Auditor's Report

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Dirt and<br>Gravel Road<br>Fund | Prothonotary<br>Automation<br>Fund | Clerk of<br>Courts<br>Automation<br>Fund | Area Agency<br>on Aging<br>Fund |
|--|---------------------------------|------------------------------------|--|---------------------------------|
| <b>Revenues</b>  |                                 |                                    |  |                                 |
| Intergovernmental revenues   | \$ 2,857                        | \$ -                               | \$ -                                     | \$ 5,389,781                    |
| Charges for services   | -                               | -                                  | -  | 566,371                         |
| Interest and investment income   | 267                             | 47                                 | 80                                       | 8,424                           |
| Other income   | -                               | 11,716                             | 7,760                                    | 32,269                          |
| <b>Total Revenues</b>  | <b>3,124</b>                    | <b>11,763</b>                      | <b>7,840</b>                             | <b>5,996,845</b>                |
| <b>Expenditures</b>  |                                 |                                    |  |                                 |
| General government - administrative  | -                               | -                                  | -  | -                               |
| Human services   | -                               | -                                  | -  | 5,996,845                       |
| General government - judicial  | -                               | 26,339                             | 1,250                                    | -                               |
| Public safety  | -                               | -                                  | -  | -                               |
| Public works   | -                               | -                                  | -  | -                               |
| Culture and recreation   | -                               | -                                  | -  | -                               |
| Emergency communication services   | -                               | -                                  | -  | -                               |
| Debt service   | -                               | -                                  | -  | -                               |
| Conservation and development   | 3,124                           | -                                  | -  | -                               |
| <b>Total Expenditures</b>  | <b>3,124</b>                    | <b>26,339</b>                      | <b>1,250</b>                             | <b>5,996,845</b>                |
| <b>Excess of Revenue<br/>Over/(Under) Expenditures</b>   | <b>-</b>                        | <b>(14,576)</b>                    | <b>6,590</b>                             | <b>-</b>                        |
| <b>Other Financing Sources/(Uses)</b>  |                                 |                                    |  |                                 |
| Payments for refinancing   | -                               | -                                  | -  | -                               |
| Operating transfers in   | -                               | -                                  | -  | -                               |
| Operating transfers (out)  | -                               | -                                  | -  | -                               |
| <b>Total Other Financing Sources/<br/>(Uses)</b>   | <b>-</b>                        | <b>-</b>                           | <b>-</b>                                 | <b>-</b>                        |
| <b>Excess of Revenues and Other<br/>Financing Sources Over/(Under)<br/>Expenditures and Other Financing Uses</b> | <b>-</b>                        | <b>(14,576)</b>                    | <b>6,590</b>                             | <b>-</b>                        |
| <b>Fund Balance - Beginning of Year</b>  | <b>-</b>                        | <b>23,197</b>                      | <b>30,720</b>                            | <b>-</b>                        |
| <b>Fund Balance - End of Year</b>  | <b>\$ -</b>                     | <b>\$ 8,621</b>                    | <b>\$ 37,310</b>                         | <b>\$ -</b>                     |

See Independent Auditor's Report

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|  | County<br>Records<br>Improvement<br>Fund | HMER<br>Fund     | SHARP<br>Fund    |
|--|--|------------------|------------------|
| <b>Revenues</b>  |  |                  |                  |
| Intergovernmental revenues   | \$ -                                     | \$ 6,284         | \$ -             |
| Charges for services   | 90,155                                   | 20,400           | -                |
| Interest and investment income   | 110                                      | 117              | 46               |
| Other income   | -  | -                | 6,181            |
| <b>Total Revenues</b>  | <b>90,265</b>                            | <b>26,801</b>    | <b>6,227</b>     |
| <b>Expenditures</b>  |  |                  |                  |
| General government - administrative  | 22,700                                   | -                | -                |
| Human services   | -  | -                | -                |
| General government - judicial  | -  | -                | -                |
| Public safety  | -  | 21,770           | 8,802            |
| Public works   | -  | -                | -                |
| Culture and recreation   | -  | -                | -                |
| Emergency communication services   | -  | -                | -                |
| Debt service   | -  | -                | -                |
| Conservation and development   | -  | -                | -                |
| <b>Total Expenditures</b>  | <b>22,700</b>                            | <b>21,770</b>    | <b>8,802</b>     |
| Excess/(Deficiency) of Revenue<br>Over/(Under) Expenditures  | <b>67,565</b>                            | <b>5,031</b>     | <b>(2,575)</b>   |
| <b>Other Financing Sources/(Uses)</b>  |  |                  |                  |
| Payments for refinancing   | -  | -                | -                |
| Operating transfers in   | -  | -                | -                |
| Operating transfers (out)  | -  | -                | -                |
| <b>Total Other Financing Sources/<br/>(Uses)</b>   | <b>-</b>                                 | <b>-</b>         | <b>-</b>         |
| Excess/(Deficiency) of Revenues and Other<br>Financing Sources Over/(Under)<br>Expenditures and Other Financing Uses | <b>67,565</b>                            | <b>5,031</b>     | <b>(2,575)</b>   |
| Fund Balance - Beginning of Year   | <b>69,354</b>                            | <b>39,332</b>    | <b>18,833</b>    |
| Fund Balance - End of Year   | <b>\$ 136,919</b>                        | <b>\$ 44,363</b> | <b>\$ 16,258</b> |

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Sheriff's<br>Automation<br>Fund | Total         |
|--|---------------------------------|---------------|
| Revenues   |                                 |               |
| Intergovernmental revenues   | \$ -                            | \$ 13,615,987 |
| Charges for services   | -                               | 2,282,524     |
| Interest and investment income   | 3                               | 20,256        |
| Other income   | 14,800                          | 2,148,432     |
| Total Revenues   | 14,803                          | 18,067,199    |
| Expenditures   |                                 |               |
| General government - administrative  | -                               | 22,700        |
| Human services   | -                               | 8,541,044     |
| General government - judicial  | 9,900                           | 3,238,097     |
| Public safety  | -                               | 4,499,162     |
| Public works   | -                               | 585,715       |
| Culture and recreation   | -                               | 539,960       |
| Emergency communication services   | -                               | 3,136,829     |
| Debt service   | -                               | 5,365,662     |
| Conservation and development   | -                               | 1,619,048     |
| Total Expenditures   | 9,900                           | 27,548,217    |
| Excess/(Deficiency) of Revenue<br>Over/(Under) Expenditures  | 4,903                           | (9,481,018)   |
| Other Financing Sources/(Uses)   |                                 |               |
| Payments for refinancing   | -                               | -             |
| Operating transfers in   | -                               | 9,865,862     |
| Operating transfers (out)  | -                               | (1,007,707)   |
| Total Other Financing Sources/<br>(Uses)   | -                               | 8,858,155     |
| Excess/(Deficiency) of Revenues and Other<br>Financing Sources Over/(Under)<br>Expenditures and Other Financing Uses | 4,903                           | (622,863)     |
| Fund Balance - Beginning of Year   | -                               | 2,032,076     |
| Fund Balance - End of Year   | \$ 4,903                        | 1,409,213     |

COMPONENT UNIT COMBINING  
AND  
INDIVIDUAL FUND  
FINANCIAL STATEMENTS

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS  
 DECEMBER 31, 2012

|  | Planning<br>Commission | Redevelopment<br>Authority | Library<br>Association | Municipal<br>Airport<br>Authority | Transit<br>Authority |
|--|------------------------|----------------------------|------------------------|-----------------------------------|----------------------|
| <b>ASSETS</b>                                  |                        |                            |                        |                                   |                      |
| <b>Current Assets</b>                          |                        |                            |                        |                                   |                      |
| Cash and cash equivalents                      | \$ 30,690              | \$ 189,486                 | \$ 252,553             | \$ 378,381                        | \$ 8,302,545         |
| Investments                                    | -                      | -                          | 587,540                | 300,000                           | -                    |
| Restricted investments                         | -                      | -                          | 344,976                | -                                 | -                    |
| Accounts receivable                            | 41,312                 | -                          | 17,458                 | 40,369                            | 79,929               |
| Due from other governments                     | -                      | 497,113                    | 123,000                | 172,499                           | 174,025              |
| Inventory                                      | -                      | -                          | -                      | -                                 | 369,551              |
| Prepaid expenses and other assets              | 1,472                  | 349,609                    | 21,631                 | -                                 | 154,093              |
| Total current assets                           | <u>73,474</u>          | <u>1,036,208</u>           | <u>1,347,158</u>       | <u>891,249</u>                    | <u>9,080,143</u>     |
| <b>Non-current assets</b>                      |                        |                            |                        |                                   |                      |
| Fixed assets (net of accumulated depreciatic   | 1,502                  | 1,386,679                  | 778,518                | 13,989,986                        | 17,007,396           |
| Deferred Costs                                 | -                      | -                          | -                      | -                                 | -                    |
| Total non-current assets                       | <u>1,502</u>           | <u>1,386,679</u>           | <u>778,518</u>         | <u>13,989,986</u>                 | <u>17,007,396</u>    |
| Total Assets                                   | <u>\$ 74,976</u>       | <u>\$ 2,422,887</u>        | <u>\$ 2,125,676</u>    | <u>\$ 14,881,235</u>              | <u>\$ 26,087,539</u> |
| <b>LIABILITIES</b>                             |                        |                            |                        |                                   |                      |
| <b>Current liabilities</b>                     |                        |                            |                        |                                   |                      |
| Accounts payable and accrued liabilities       | \$ 6,564               | \$ 642,517                 | \$ 72,372              | \$ 144,319                        | \$ 564,063           |
| Deferred revenue                               | -                      | 346,493                    | 155,301                | 777,572                           | 8,184,858            |
| Due to other governments                       | -                      | 104,978                    | -                      | -                                 | -                    |
| Notes payable                                  | -                      | -                          | -                      | 57,477                            | -                    |
| Obligation under capital lease                 | -                      | -                          | -                      | -                                 | -                    |
| Total current liabilities                      | <u>6,564</u>           | <u>1,093,988</u>           | <u>227,673</u>         | <u>979,368</u>                    | <u>8,748,921</u>     |
| <b>Non-current liabilities</b>                 |                        |                            |                        |                                   |                      |
| Due to other governments                       | -                      | -                          | -                      | -                                 | -                    |
| Notes payable                                  | -                      | -                          | -                      | 240,173                           | -                    |
| Obligation under capital lease                 | -                      | -                          | -                      | -                                 | -                    |
| Total non-current liabilities                  | <u>-</u>               | <u>-</u>                   | <u>-</u>               | <u>240,173</u>                    | <u>-</u>             |
| Total Liabilities                              | <u>6,564</u>           | <u>1,093,988</u>           | <u>227,673</u>         | <u>1,219,541</u>                  | <u>8,748,921</u>     |
| <b>NET POSITION</b>                            |                        |                            |                        |                                   |                      |
| Investment in fixed assets, net of related deb | 1,502                  | 1,386,679                  | 778,518                | 13,692,336                        | 17,007,396           |
| Restricted (Note 1m)                           | -                      | -                          | 344,976                | -                                 | -                    |
| Unrestricted                                   | 66,910                 | (57,780)                   | 774,509                | (30,642)                          | 331,222              |
| Total Net Position                             | <u>68,412</u>          | <u>1,328,899</u>           | <u>1,898,003</u>       | <u>13,661,694</u>                 | <u>17,338,618</u>    |
| Total Liabilities and Net Position             | <u>\$ 74,976</u>       | <u>\$ 2,422,887</u>        | <u>\$ 2,125,676</u>    | <u>\$ 14,881,235</u>              | <u>\$ 26,087,539</u> |

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS  
 DECEMBER 31, 2012

|   | Solid Waste<br>Management<br>Authority | Conservation<br>and<br>Recreation<br>Authority | Community<br>College | Behavioral<br>Health of<br>Cambria County | War<br>Memorial<br>Arena<br>Authority | Totals               |
|---|--|--|----------------------|---|---------------------------------------|----------------------|
| <b>ASSETS</b>                                   |  |  |                      |   |                                       |                      |
| <b>Current Assets</b>                           |  |  |                      |   |                                       |                      |
| Cash and cash equivalents                       | \$ 160,739                             | \$ 394,518                                     | \$ 3,601,373         | \$ 1,700,178                              | \$ 21,690                             | \$ 15,032,153        |
| Investments                                     | -                                      | -  | -                    | -   | -                                     | 887,540              |
| Restricted investments                          | -                                      | -  | -                    | -   | -                                     | 344,976              |
| Accounts receivable                             | 11,806                                 | 33,935   | 96,279               | 354                                       | 12,632                                | 334,074              |
| Due from other governments                      | 80,616                                 | -  | 82,737               | 4,979,500                                 | -                                     | 6,109,490            |
| Inventory                                       | -                                      | -  | -                    | -   | -                                     | 369,551              |
| Prepaid expenses and other assets               | 8,612                                  | -  | 142,810              | 580,587                                   | -                                     | 1,258,814            |
| Total current assets                            | <u>261,773</u>                         | <u>428,453</u>                                 | <u>3,923,199</u>     | <u>7,260,619</u>                          | <u>34,322</u>                         | <u>24,336,598</u>    |
| <b>Non-current assets</b>                       |  |  |                      |   |                                       |                      |
| Fixed assets (net of accumulated depreciation)  | 324,480                                | 7,412,580                                      | 10,775,149           | 13,928                                    | 470,736                               | 52,160,954           |
| Deferred Costs                                  | -                                      | -  | 63,260               | -   | -                                     | 63,260               |
| Total non-current assets                        | <u>324,480</u>                         | <u>7,412,580</u>                               | <u>10,838,409</u>    | <u>13,928</u>                             | <u>470,736</u>                        | <u>52,224,214</u>    |
| Total Assets                                    | <u>\$ 586,253</u>                      | <u>\$ 7,841,033</u>                            | <u>\$ 14,761,608</u> | <u>\$ 7,274,547</u>                       | <u>\$ 505,058</u>                     | <u>\$ 76,560,812</u> |
| <b>LIABILITIES</b>                              |  |  |                      |   |                                       |                      |
| <b>Current liabilities</b>                      |  |  |                      |   |                                       |                      |
| Accounts payable and accrued liabilities        | \$ 17,338                              | \$ 4,301                                       | \$ 882,828           | \$ 41,578                                 | 58,260                                | \$ 2,434,140         |
| Deferred revenue                                | -                                      | 299,278  | 140,414              | 1,520,141                                 | -                                     | 11,424,057           |
| Due to other governments                        | -                                      | -  | 40,720               | 4,589,184                                 | -                                     | 4,734,882            |
| Notes payable                                   | -                                      | -  | 913,316              | -   | 8,810                                 | 979,603              |
| Obligation under capital lease                  | -                                      | -  | 123,373              | -   | -                                     | 123,373              |
| Total current liabilities                       | <u>17,338</u>                          | <u>303,579</u>                                 | <u>2,100,651</u>     | <u>6,150,903</u>                          | <u>67,070</u>                         | <u>19,696,055</u>    |
| <b>Non-current liabilities</b>                  |  |  |                      |   |                                       |                      |
| Due to other governments                        | -                                      | -  | 61,018               | -   | -                                     | 61,018               |
| Notes payable                                   | -                                      | -  | 2,214,227            | -   | 22,412                                | 2,476,812            |
| Obligation under capital lease                  | -                                      | -  | 74,486               | -   | -                                     | 74,486               |
| Total non-current liabilities                   | <u>-</u>                               | <u>-</u>                                       | <u>2,349,731</u>     | <u>-</u>                                  | <u>22,412</u>                         | <u>2,612,316</u>     |
| Total Liabilities                               | <u>17,338</u>                          | <u>303,579</u>                                 | <u>4,450,382</u>     | <u>6,150,903</u>                          | <u>89,482</u>                         | <u>22,308,371</u>    |
| <b>NET POSITION</b>                             |  |  |                      |   |                                       |                      |
| Investment in fixed assets, net of related debt | 324,480                                | 7,412,580                                      | 7,449,747            | 13,928                                    | 439,514                               | 48,506,680           |
| Restricted (Note 1m)                            | -                                      | -  | 1,400,000            | 594,748                                   | -                                     | 2,339,724            |
| Unrestricted                                    | 244,435                                | 124,874  | 1,461,479            | 514,968                                   | (23,938)                              | 3,406,037            |
| Total Net Position                              | <u>568,915</u>                         | <u>7,537,454</u>                               | <u>10,311,226</u>    | <u>1,123,644</u>                          | <u>415,576</u>                        | <u>54,252,441</u>    |
| Total Liabilities and Net Position              | <u>\$ 586,253</u>                      | <u>\$ 7,841,033</u>                            | <u>\$ 14,761,608</u> | <u>\$ 7,274,547</u>                       | <u>\$ 505,058</u>                     | <u>\$ 76,560,812</u> |

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN NET POSITION - GOVERNMENTAL TYPE COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|                                  | <u>Redevelopment<br/>Authority</u> | <u>Library<br/>Association</u> | <u>Conservation<br/>and<br/>Recreation<br/>Authority</u> | <u>Total</u>                |
|----------------------------------|------------------------------------|--------------------------------|--|-----------------------------|
| Revenues:                        |                                    |                                |  |                             |
| Intergovernmental revenues       | \$ 1,851,125                       | \$ 850,317                     | \$ -   | \$ 2,701,442                |
| County appropriations            | 66,500                             | 615,000                        | 135,740  | 817,240                     |
| Charges for services             | 212,890                            | 51,118                         | -  | 264,008                     |
| Interest and investment income   | -                                  | 37,494                         | 39   | 37,533                      |
| Unrealized gain on investments   | -                                  | 22,187                         | -  | 22,187                      |
| Other                            | 3,508                              | 96,116                         | 32,773   | 132,397                     |
|                                  | <u>2,134,023</u>                   | <u>1,672,232</u>               | <u>168,552</u>   | <u>3,974,807</u>            |
| Total Revenues                   |                                    |                                |  |                             |
| Expenditures:                    |                                    |                                |  |                             |
| Conservation and development     | 2,082,648                          | -                              | 191,450  | 2,274,098                   |
| Culture and recreation           | -                                  | 1,725,604                      | -  | 1,725,604                   |
|                                  | <u>2,082,648</u>                   | <u>1,725,604</u>               | <u>191,450</u>   | <u>3,999,702</u>            |
| Total Expenditures               |                                    |                                |  |                             |
| Change in Net Position           | <u>51,375</u>                      | <u>(53,372)</u>                | <u>(22,898)</u>  | <u>(24,895)</u>             |
| Net Position - Beginning of Year | <u>1,277,524</u>                   | <u>1,951,375</u>               | <u>7,560,352</u>   | <u>10,789,251</u>           |
| Net Position - End of Year       | <u><u>\$ 1,328,899</u></u>         | <u><u>\$ 1,898,003</u></u>     | <u><u>\$ 7,537,454</u></u>                               | <u><u>\$ 10,764,356</u></u> |

See Independent Auditor's Report



COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR BUSINESS-TYPE ACTIVITY COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Planning<br>Commission | Municipal<br>Airport<br>Authority | Transit<br>Authority | Solid Waste<br>Management<br>Authority |
|--|------------------------|-----------------------------------|----------------------|--|
| Operating Revenues:  |                        |                                   |                      |  |
| Charges for services                                       | \$ 233,523             | \$ 359,090                        | \$ 965,501           | \$ 1,650                               |
| Intergovernmental revenues                                 | -                      | -                                 | 136,189              | 62,990                                 |
| Other  | 814                    | 157,527                           | 334,561              | 51,320                                 |
| <b>Total Operating Revenues</b>                            | <b>234,337</b>         | <b>516,617</b>                    | <b>1,436,251</b>     | <b>115,960</b>                         |
| Operating Expenses:  |                        |                                   |                      |  |
| Public works   | 330,306                | 482,778                           | 8,682,700            | 458,153                                |
| Human Services   | -                      | -                                 | -                    | -                                      |
| Education and general                                      | -                      | -                                 | -                    | -                                      |
| Depreciation   | 538                    | 1,149,469                         | 1,707,671            | 34,682                                 |
| <b>Total Operating Expenses</b>                            | <b>330,844</b>         | <b>1,632,247</b>                  | <b>10,390,371</b>    | <b>492,835</b>                         |
| <b>Operating Income/(Loss)</b>                             | <b>(96,507)</b>        | <b>(1,115,630)</b>                | <b>(8,954,120)</b>   | <b>(376,875)</b>                       |
| Non-Operating Revenues/(Expenses):                         |                        |                                   |                      |  |
| Investment income  | 36                     | 1,378                             | 19,785               | 115                                    |
| Gain/(loss) on sale of assets                              | -                      | 11,800                            | (119,922)            | -                                      |
| Federal appropriations                                     | -                      | -                                 | 1,400,288            | -                                      |
| State appropriations                                       | -                      | -                                 | 5,230,500            | -                                      |
| Financial Aid Revenue                                      | -                      | -                                 | -                    | -                                      |
| Financial Aid (Expenses)                                   | -                      | -                                 | -                    | -                                      |
| County appropriations                                      | 87,107                 | 156,750                           | 595,875              | 378,850                                |
| Other non-operating revenue/(expense)                      | -                      | 27,517                            | -                    | -                                      |
| Interest expense   | -                      | (14,726)                          | -                    | -                                      |
| <b>Total Non-Operating Revenues/<br/>(Expenses)</b>        | <b>87,143</b>          | <b>182,719</b>                    | <b>7,126,526</b>     | <b>378,965</b>                         |
| <b>Change in Net Position Before Capital Contributions</b> | <b>(9,364)</b>         | <b>(932,911)</b>                  | <b>(1,827,594)</b>   | <b>2,090</b>                           |
| <b>Capital Contributions</b>                               | <b>-</b>               | <b>267,882</b>                    | <b>3,242,567</b>     | <b>-</b>                               |
| <b>Total Change in Net Position</b>                        | <b>(9,364)</b>         | <b>(665,029)</b>                  | <b>1,414,973</b>     | <b>2,090</b>                           |
| Net Position Beginning of Year                             | 77,776                 | 14,326,723                        | 16,836,924           | 516,825                                |
| Prior Period Adjustment                                    | -                      | -                                 | (913,279)            | 50,000                                 |
| <b>Net Position Beginning of Year, as restated</b>         | <b>77,776</b>          | <b>14,326,723</b>                 | <b>15,923,645</b>    | <b>566,825</b>                         |
| <b>Net Position - End of Year</b>                          | <b>\$ 68,412</b>       | <b>\$ 13,661,694</b>              | <b>\$ 17,338,618</b> | <b>\$ 568,915</b>                      |

COUNTY OF CAMBRIA  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR BUSINESS-TYPE ACTIVITY COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Community<br>College | Behavioral<br>Health of<br>Cambria County | War<br>Memorial<br>Arena<br>Authority | Total                |
|--|----------------------|---|---------------------------------------|----------------------|
| Operating Revenues:  |                      |   |                                       |                      |
| Charges for services                                       | \$ 6,402,235         | \$ 10,500                                 | \$ -                                  | \$ 7,972,499         |
| Intergovernmental revenues                                 | 622,555              | 29,527,042                                | -                                     | 30,348,776           |
| Other  | 95,210               | 179,892                                   | -                                     | 819,324              |
| <b>Total Operating Revenues</b>                            | <b>7,120,000</b>     | <b>29,717,434</b>                         | <b>-</b>                              | <b>39,140,599</b>    |
| Operating Expenses:  |                      |   |                                       |                      |
| Public works   | -                    | -   | -                                     | 9,953,937            |
| Human Services   | -                    | 29,512,876                                | -                                     | 29,512,876           |
| Education and general                                      | 10,417,722           | -   | 169,156                               | 10,586,878           |
| Depreciation   | 996,966              | -   | -                                     | 3,889,326            |
| <b>Total Operating Expenses</b>                            | <b>11,414,688</b>    | <b>29,512,876</b>                         | <b>169,156</b>                        | <b>53,943,017</b>    |
| <b>Operating Income/(Loss)</b>                             | <b>(4,294,688)</b>   | <b>204,558</b>                            | <b>(169,156)</b>                      | <b>(14,802,418)</b>  |
| Non-Operating Revenues/(Expenses):                         |                      |   |                                       |                      |
| Investment income  | -                    | 12,544                                    | -                                     | 33,858               |
| Gain/(loss) on sale of assets                              | -                    | -   | -                                     | (108,122)            |
| Federal appropriations                                     | -                    | -   | -                                     | 1,400,288            |
| State appropriations                                       | 3,542,072            | -   | -                                     | 8,772,572            |
| Financial Aid Revenue                                      | 6,577,152            | -   | -                                     | 6,577,152            |
| Financial Aid (Expenses)                                   | (6,592,802)          | -   | -                                     | (6,592,802)          |
| County appropriations                                      | 1,205,000            | -   | 103,385                               | 2,526,967            |
| Other non-operating revenue/(expense)                      | 92,262               | -   | 17,256                                | 137,035              |
| Interest expense   | (151,705)            | -   | -                                     | (166,431)            |
| <b>Total Non-Operating Revenues/<br/>(Expenses)</b>        | <b>4,671,979</b>     | <b>12,544</b>                             | <b>120,641</b>                        | <b>12,580,517</b>    |
| <b>Change in Net Position Before Capital Contributions</b> | <b>377,291</b>       | <b>217,102</b>                            | <b>(48,515)</b>                       | <b>(2,221,901)</b>   |
| <b>Capital Contributions</b>                               | <b>4,446</b>         | <b>-</b>                                  | <b>-</b>                              | <b>3,514,895</b>     |
| <b>Total Change in Net Position</b>                        | <b>381,737</b>       | <b>217,102</b>                            | <b>(48,515)</b>                       | <b>1,292,994</b>     |
| Net Position Beginning of Year                             | 9,929,489            | 1,086,385                                 | 464,091                               | 43,238,213           |
| Prior Period Adjustment                                    | -                    | (179,843)                                 | -                                     | (1,043,122)          |
| <b>Net Position Beginning of Year, as restated</b>         | <b>9,929,489</b>     | <b>906,542</b>                            | <b>464,091</b>                        | <b>42,195,091</b>    |
| <b>Net Position - End of Year</b>                          | <b>\$ 10,311,226</b> | <b>\$ 1,123,644</b>                       | <b>\$ 415,576</b>                     | <b>\$ 43,488,085</b> |