



COUNTY OF CAMBRIA
PENNSYLVANIA

Basic Financial Statements

December 31, 2011

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, 2011. 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 \$492 thousand, which was an increase of \$1.9 million from 2010.
- The General Fund unassigned fund balance was \$473 thousand, an increase of \$2.1 million from the 2010 unreserved fund balance.
- Government-wide net assets (assets minus liabilities) at the end of the year were \$4.12 million, a decrease of \$2.74 million from 2010.
- The outstanding bonds payable was \$-0-, a decrease of \$28.58 million from 2010. The balance of outstanding notes and loans payable was \$37.44 million, an increase of \$26.58 million from 2010. The outstanding balance of obligations under capital leases was \$20.12 million, a decrease of \$1.78 million from 2010.
- For calendar year 2011, the County's real property tax rate increased 2.6 mills to 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, Airport Authority, Transit Authority, Solid Waste Management Authority, Conservation and Recreation Authority, Pennsylvania Highlands Community College, War Memorial Arena Authority, and Behavioral Health of Cambria County.

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

The Statement of Activities shows the extent to which program revenues offset the expenses of governmental and business-type activities. This is intended to summarize and simplify users' analysis of the cost of various governmental services and/or subsidy to business-type activities. The statement also reports the change in net assets as a result of the fiscal year's revenue and expenses. The governmental activities included in the statement reflect Cambria County's basic services, including general government, judicial government, public safety, public works, human services, culture and recreation, conservation and development, and debt service. Taxes, charges for services, and intergovernmental revenues primarily finance these services. The primary government has two business-type activities – Central Park Complex and Cambria Connected. The Central Park Complex generates rental income from the agencies and tenants that occupy the building to help offset the operating costs. Cambria Connected 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-one individual governmental funds. Of these funds, four have been identified as major funds based on minimum criteria set forth in GASB 34. The major governmental funds reported in the financial statements for the County are the General Fund, the Behavioral Health/Intellectual Disabilities &

Early Intervention Fund, the Health Choices Fund, and the Children and Youth Services 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 Fund, Domestic Relations, Drug and Alcohol, Coroner Vital Statistics, Detention/Emergency Shelter, Juvenile Probation, Human Services, Foster Grandparents, Farmland Preservation, Driving Under the Influence, Substance Abuse, Capital Projects, Jail/Detention, Affordable Housing, Dirt and Gravel Road, Prothonotary Automation, Clerk of Courts Automation, Area Agency on Aging, Register of Wills Automation, County Records Improvement, Hazardous Materials Emergency Response Account (HMER), Parks & Playgrounds, and Special Hazardous Assistance Response Team (SHARP).

Proprietary Funds:

Proprietary funds (Enterprise Funds) are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Cambria County maintains 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 before, the County has two enterprise funds – Central Park Complex and Cambria Connected.

Fiduciary Funds:

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-wide Statement of Net Assets

The table below summarizes the Statement of Net Assets for the primary government as of December 31, 2011 and 2010.

Cambria County Primary Government Summary of Net Assets December 31, 2011 and 2010							
		Governmental Activities		Business-type Activities		Total	
Assets:		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Current Assets	\$23,664,433	\$23,904,450	\$(2,028,444)	\$(1,462,370)	\$21,635,989	\$22,442,080
	Non-current Assets	<u>54,562,076</u>	<u>56,046,674</u>	<u>8,026,088</u>	<u>8,569,996</u>	<u>62,588,164</u>	<u>64,616,670</u>
	Total Assets	<u>78,226,509</u>	<u>79,951,124</u>	<u>5,997,644</u>	<u>7,107,626</u>	<u>84,224,153</u>	<u>87,058,750</u>
Liabilities:							
	Current Liabilities	23,221,050	24,610,458	795,292	800,135	24,016,342	25,410,593
	Non-current Liabilities	<u>48,948,983</u>	<u>52,624,164</u>	<u>7,141,118</u>	<u>7,640,243</u>	<u>56,090,101</u>	<u>60,264,407</u>
	Total Liabilities	<u>72,170,033</u>	<u>77,234,622</u>	<u>7,936,410</u>	<u>8,440,378</u>	<u>80,106,443</u>	<u>85,675,000</u>
Net Assets:							
	Investments in Capital Assets, Net Of related Debt	3,866,807	2,220,400	153,240	188,823	4,020,047	2,409,223
	Unrestricted	2,170,679	473,087	(2,092,006)	(1,521,575)	78,673	(1,048,488)
	Restricted	<u>18,990</u>	<u>23,015</u>	---	---	<u>18,990</u>	<u>23,015</u>
	Total Net Assets	<u>\$6,056,476</u>	<u>\$2,716,502</u>	<u>\$(1,938,766)</u>	<u>\$(1,332,752)</u>	<u>\$4,117,710</u>	<u>\$1,383,750</u>

Total net assets: Net assets of the County's governmental activities were \$6.06 million, an increase of \$3.34 million from 2009. Of this amount, \$3.87 million represents investments in capital assets, net of related debt. The unrestricted net asset balance as of the end of the year was \$2.17 million, which represents an increase of \$1.70 million from 2010. The restricted net asset balance was \$18,990, a decrease of \$4,025 from the prior year. The restriction reflects a reserve for the Library Association for \$18,990.

Net assets of the County's business-type activities were \$(1.94) million, a decrease of \$606 thousand from 2010. Of the total net assets, \$153,240 represents investments in capital assets, net of related debt. The unrestricted net asset balance at year-end was \$(2,092,006), which represents a decrease of \$570 thousand from 2010.

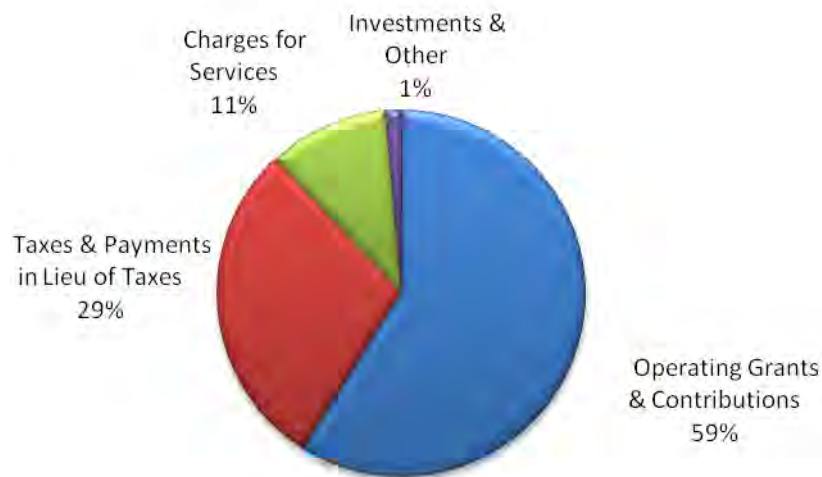
Government-wide Statement of Activities

The table below summarizes the changes of net assets for the primary government for the period ended December 31, 2011 and 2010:

Cambria County Primary Government Summary of Changes in Net Assets For the Years Ended December 31, 2011 and 2010						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$13,205,739	\$13,489,068	\$1,005,052	\$1,001,646	\$14,210,791	\$14,490,714
Operating Grants & Contributions	73,503,813	79,408,354	---	---	73,503,813	79,408,354
Capital Grants & Contributions	111,159	116,171	---	---	111,159	116,171
General Revenues:						
Taxes & Payments in Lieu of Taxes	36,303,789	32,760,370	---	---	36,303,789	32,760,370
(Loss)/Gain from Sale of Assets	(1,818)	40,557	---	---	(1,818)	40,557
Unrestricted Investment Earnings	68,368	85,292	57	235	68,425	85,527
Other Revenues	1,565,692	251,884	22,080	125,763	1,587,772	377,647
Total Revenues	124,756,742	126,151,696	1,027,189	1,127,644	125,783,931	127,279,340
Expenses:						
General Government-Administrative	7,160,925	6,156,260	---	---	7,160,925	6,156,260
General Government-Judicial	10,997,020	10,170,275	---	---	10,997,020	10,170,275
Public Safety	20,606,988	21,808,715	---	---	20,606,988	21,808,715
Public Works	539,158	382,221	---	---	539,158	382,221
Human Services	63,928,968	66,610,338	---	---	63,928,968	66,610,338
Culture and Recreation	363,350	633,913	---	---	363,350	633,913
Conservation and Development	3,167,560	4,644,918	---	---	3,167,560	4,644,918
Emergency Communications Services	2,663,033	2,769,880	---	---	2,663,033	2,769,880
Employee Benefits	2,460,262	3,098,493	---	---	2,460,262	3,098,493
Debt Service	2,280,505	2,609,779	---	---	2,280,505	2,609,779
Unallocated Depreciation	3,665,163	3,866,131	---	---	3,665,163	3,866,131
Central Park Complex	---	---	1,050,457	1,092,734	1,050,457	1,092,734
Cambria Connected	---	---	855,473	853,420	855,473	853,420
Total Expenses	117,832,932	122,750,923	1,905,930	1,946,154	119,738,862	1424,697,077
Changes in Net Assets Transfers and Capital Contributions	6,923,810	3,400,773	(878,741)	(818,510)	6,045,069	2,582,263
Transfers in/(out) Primary Government	(272,727)	(293,500)	272,727	293,500	---	---
Transfers in/(out) Component Units	(3,311,109)	(3,133,625)	---	---	(3,311,109)	(3,133,625)
Gain/(Loss) from Sale of Laurel Crest Capital Contributions	---	(14,903,947)	---	6,168,208	---	(8,735,739)
Change in Net Assets	3,339,974	(14,930,299)	(606,014)	5,643,198	2,733,960	(9,287,101)
Net Assets – Beginning of Year	2,716,502	17,646,801	(1,332,752)	(6,975,950)	1,383,750	10,670,851
Net Assets – End of Year	\$6,056,476	\$2,716,502	\$(1,938,766)	\$(1,332,752)	\$4,117,710	\$1,383,750

Governmental activities revenues: Revenues for Cambria County's governmental activities were \$124.8 million for the year ended December 31, 2011, a decrease of 1.1% from 2010. The following pie chart reflects the sources of those revenues by percent:

**Revenues by Source - Governmental Activities
For the Year Ended December 31, 2011**



The largest source of governmental activities revenue is operating grants and contributions amounting to \$73.5 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 \$54.6 million or 74.2% of those revenues. For the most part, Human Services operating grants fund mandated services, which usually require that general fund revenue be used to fund a portion of the costs.

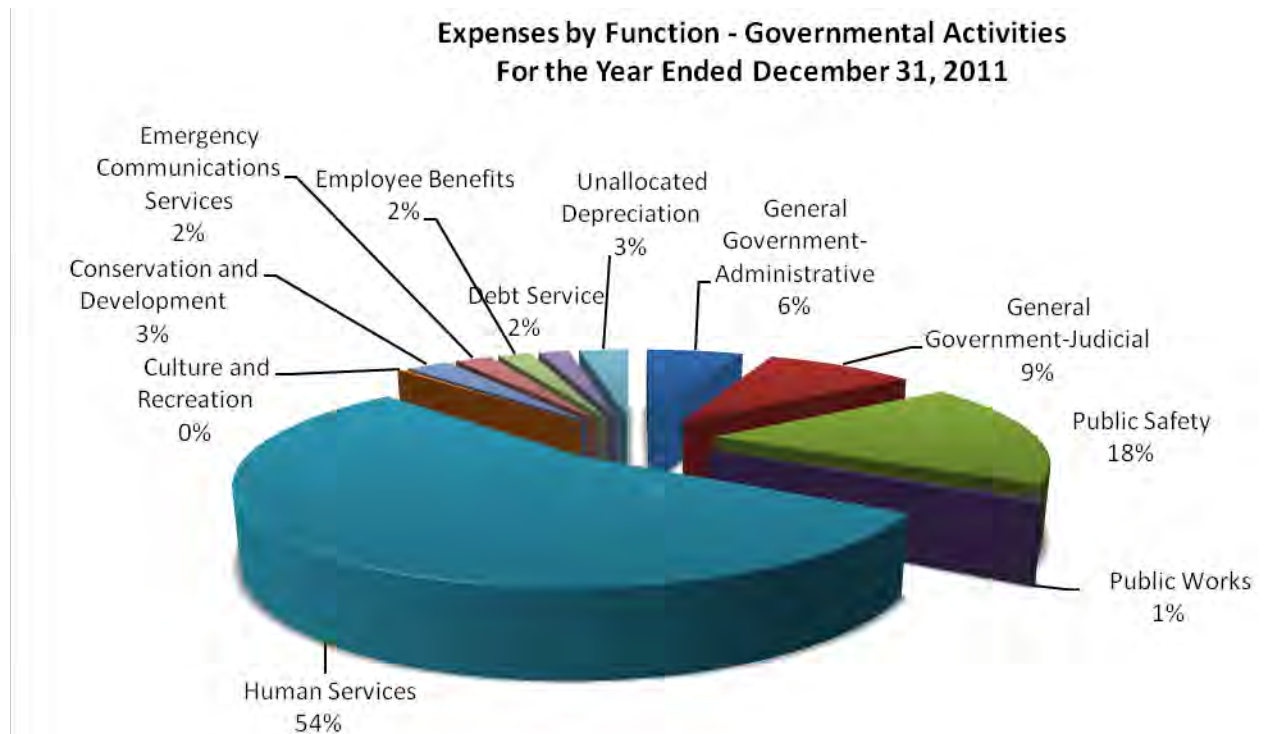
Taxes and payments in lieu of taxes provide the next largest source of governmental activities revenue at \$36.3 million or 29.1%. For 2011, the real estate tax rate increased 2.6 mills to 29.5 mills. Of this amount, 23.5 mills was designated for general purposes, 4.0 mills for debt service, 1.0 mill 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 2011. 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 2011, the hotel tax receipts amounted to \$402,840.

Cambria County also receives payments in lieu of taxes from various sources. The County received \$220,636 in payments in lieu of taxes in 2011.

Charges for services amounted to \$13.2 million or 10.6% 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 \$1.7 million or 1.4% of governmental activities revenue.

Governmental activities expenses: Expenses for Cambria County's governmental activities were \$122.8 million for the year ended December 31, 2010. 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 \$64.0 million or 54.3% for 2011.

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 \$11.0 million or 9.3% in 2011.

Public Safety includes Emergency Management, HMER, SHARP, Prison, Adult Probation, Juvenile Court, and Detention/Shelter. Expenses in 2011 were 17.5% or \$20.6 million.

Employee Benefits were \$2.5 million or 2.1% 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 \$7.2 million or 6.1%.

Debt Service on the County's General Obligation Bonds, Lease Rental Indebtedness, and Notes was \$2.3 million or 1.9% of governmental activities expenses.

The remaining expenses of \$10.4 million or 8.8% 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, 2011, the General Fund reported a fund balance of \$492 thousand, which was an increase of \$2.0 million from the prior year's fund balance of \$(1.5) million. For 2011, expenditures and other financing uses exceeded revenues and other financing sources by \$1.9 million.

The Behavioral Health/Intellectual Disabilities & Early Intervention special revenue fund maintains no fund balance. Revenues in the fund decreased to \$10.9 million from \$11.7 million in 2010, a decrease of \$800 thousand or 7.3%.

The Health Choices Fund maintains a zero fund balance. Revenues in the Health Choices Fund decreased \$1.9 million or 5.9% from 2010.

The Children and Youth Fund also maintains a zero fund balance. The revenue for the Children and Youth Fund increased \$517,489 or 7.1% to \$7.8 million in 2011.

Proprietary Funds: Cambria County maintains two proprietary funds. The first proprietary fund is the Central Park Complex Fund. Created in 2007, the second proprietary fund is the Cambria Connected Fund. The fund financial statements for the business-type activity enterprise fund contain the same information as the government-wide statements but in greater detail.

The net assets of the Central Park Complex (CPC) fund were \$0 on December 31, 2011. The net assets reflect that \$91,895 was unrestricted and \$(91,895) was invested in capital assets net of related debt netting to a zero balance in the fund. The county transferred \$149,877 from the CPC fund to the general fund for 2011.

The Cambria Connected 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 assets of the Cambria Connected fund were \$(1,938,766) on December 31, 2011. This reflects a decrease in net assets of \$606,014 or 45.5% from 2010. The unrestricted net assets was \$(2,183,901) and the investment in capital assets net of related debt was \$245,135.

General Fund Budgetary Highlights

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

The original budgeted general fund revenue was \$55.1 million in 2011 and \$49.9 million in 2010. The final budgeted general fund revenue was \$56.5 million in 2011 and \$50.6 million in 2010. The actual revenue received during 2011 was \$55.5 million. The following are negative variances in final budgeted revenue to actual revenue during 2011: actual charges for services was \$688,537 or 7.6% less than budgeted and actual interest and investment income was \$44,991 or 48.1% less than budgeted. Actual intergovernmental revenue was \$10,885,378 or 8.6% less than budgeted. Actual real estate tax revenue exceeded the budgeted amount by \$710,682 or 2.0% and other revenue exceeded the budgeted amount by \$55,791 or 10.4%.

The original budgeted general fund expenditure amounts were \$45.8 million in 2011 and \$42.3 million in 2010. The final budgeted general fund expenditure amounts were \$47.2 million in 2010 and \$42.7 million in 2010. The actual expenditures were \$44.5 million for 2011. Positive variances were in general government – administrative for \$612,027 or 7.3%, general government – judicial for \$24,693 or 0.3%, public safety for \$1,545,352 or 8.8%, public works for \$1,473 or 0.1%, human services for \$112,235 or 1.8%, culture and recreation for \$322,110 or 30.7%, and employee benefits for \$376,206 or 11.2%. Negative variances were in conservation and development for \$132,101 or 10.3%, and debt service for \$179,443 or 139.3%. Many of the variances are attributable to applying employee benefit expenditures to the departmental budget beginning in 2010.

The original budgeted operating transfers in were \$1.0 million in 2011 and \$2.5 million in 2010. The final budgeted operating transfers in were \$30.0 million in 2011 and \$2.5 million in 2010. For 2011, the actual operating transfers in were \$1.6 million or 94.6% under budget. The original budgeted operating transfers out were \$10.3 million in 2011 and \$10.1 million in 2010. The final budgeted operating transfers out were \$38.9 million in 2011 and \$10.3 million in 2010. The actual operating transfers out were \$39.2 million or 0.9% over budget in 2011.

Overall, the general fund had an excess of revenues and other financing sources over/(under) expenditures and other financing uses of \$1.9 million for the year ending December 31, 2011.

Capital Assets and Debt Administration

Capital Assets:

The County's investment in capital assets at December 31, 2011, net of accumulated depreciation, amounted to \$61.8 million. This was a decrease of \$2.4 million or 3.7% from the previous year. The following table summarizes the County's investment in capital assets:

Summary of Capital Assets			
	Governmental Activities	Business-type Activities	Balance at December 31, 2011
Construction-in-progress	\$ 12,333	\$ ---	\$ 12,333
Land	---	290,116	290,116
Site/land improvements	3,797,272	---	3,797,272
Infrastructure	14,725,074	---	14,725,074
Building and permanent fixtures	50,264,921	6,383,472	56,648,393
Office furniture and equipment	2,715,947	---	2,715,947
General equipment	4,504,369	---	4,504,369
Machinery and equipment	---	5,130,793	5,130,793
Radio equipment	7,885,703	---	7,885,703
Computer hardware and software	6,970,580	---	6,970,580

Vehicles	4,673,714	---	4,673,714
Less accumulated depreciation	(41,688,200)	(3,884,824)	(45,573,024)
Total	<u>\$ 53,861,713</u>	<u>\$ 7,919,557</u>	<u>\$ 61,781,270</u>

Highlights of the changes during 2011 for major capital assets include:

- In 2008, the County began the infrastructure project of the Dean Bridge replacement. The project was completed in 2011, and the cost was \$1,377,267.

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

Long-term Debt:

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

As of December 31, 2011, Cambria County had outstanding debt and capital lease obligations of \$57.6 million. During 2011, the County's general obligation bonds, notes and capital leases decreased by \$3.8 million or 6.2%.

In June of 2011, the County retired the 1998 General Obligation Bonds by issuing 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 2.85% fixed for five (5) years; thereafter the interest rate will be result to the tax free equivalent of the sum of the Federal Home Loan Bank of Pittsburgh Five Year Rate plus 2.85% for the remaining term.

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

Economic Factors and 2012 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 April 2011, the County's unemployment rate was 8.1%, which was down from 9.4% in April 2010. The Commonwealth's rate was 7.5% and the national rate was 9.0% for April 2011.
- The County's taxable assessed value on real estate increased \$13.6 million or 1.1% from 2010 to 2011.

For fiscal year 2011, the County's real property tax rate increased 2.6 mills to 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 mill, and the community college and the library millage is 1.0 and 0.5, respectively. For 2012, the County issued a Tax and Revenue Anticipation Note with First National Bank in the amount of \$10.0 million at 1.57% with a maturity date of December 31, 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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Johnstown, PA 15901
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INDEPENDENT AUDITOR'S REPORT

June 22, 2012

Board of Commissioners
County of Cambria
Ebensburg, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cambria, Pennsylvania, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Cambria, Pennsylvania's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component units, all of which are discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Cambria County Library Association, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cambria, Pennsylvania, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2012, on our consideration of the County of Cambria, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page III and budgetary comparison information on pages 65 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Government 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, Pennsylvania's basic financial statements. The employee retirement plan analysis of funding and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



WESSEL & COMPANY
Certified Public Accountants

COUNTY OF CAMBRIA
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units
ASSETS:				
<u>Current Assets:</u>				
Cash and cash equivalents (Note 2)	\$ 4,744,839	\$ 19,973	\$ 4,764,812	\$ 13,670,290
Investments (Note 2)	-	-	-	993,692
Restricted cash (Note 3)	50,870	-	50,870	-
Restricted investments	-	-	-	322,789
Receivables (net of allowance for uncollectibles)				
Accounts	2,491,996	19,901	2,511,897	564,786
Taxes (Note 4)	3,888,688	-	3,888,688	-
Due from other governments (Note 5)	10,121,251	-	10,121,251	5,111,975
Prepaid expenses and other assets	298,471	-	298,471	1,884,879
Internal balances (Note 1k)	2,068,318	(2,068,318)	-	-
Inventory	-	-	-	412,714
Total Current Assets	<u>23,664,433</u>	<u>(2,028,444)</u>	<u>21,635,989</u>	<u>22,961,125</u>
<u>Non-Current Assets:</u>				
Deferred loan costs	399,063	106,531	505,594	80,093
Note receivable (Note 17)	301,300	-	301,300	-
Fixed assets net of accumulated depreciation (Note 6)	53,861,713	7,919,557	61,781,270	52,088,209
Total Non-Current Assets	<u>54,562,076</u>	<u>8,026,088</u>	<u>62,588,164</u>	<u>52,168,302</u>
Total Assets	<u>\$ 78,226,509</u>	<u>\$ 5,997,644</u>	<u>\$ 84,224,153</u>	<u>\$ 75,129,427</u>
LIABILITIES:				
<u>Current Liabilities:</u>				
Accounts payable and accrued liabilities	\$ 13,696,551	\$ 48,117	\$ 13,744,668	\$ 2,233,558
Deferred revenues (Note 1f)	3,624,948	-	3,624,948	9,585,696
Due to other governments (Note 5)	42,885	-	42,885	4,597,860
Custodial payable	724,868	-	724,868	-
Compensated absences (Note 11 and 14)	1,514,093	9,666	1,523,759	-
Notes payable (Note 11)	1,876,838	240,429	2,117,267	950,922
Obligations under capital leases (Note 12)	1,264,249	260,033	1,524,282	127,804
Accrued interest	470,405	237,047	707,452	-
Other liabilities	6,213	-	6,213	-
Total Current Liabilities	<u>23,221,050</u>	<u>795,292</u>	<u>24,016,342</u>	<u>17,495,840</u>
<u>Non-Current Liabilities:</u>				
Compensated absences (Note 11 and 14)	590,579	5,779	596,358	-
Due to other governments (Note 5)	-	-	-	101,739
Notes payable (Note 11)	31,510,923	3,814,247	35,325,170	3,417,736
Estimated workers' compensation claim (Note 9 and 11)	1,564,896	-	1,564,896	-
OPEB obligation (Note 8 and 11)	11,031	-	11,031	-
Obligations under capital leases (Note 12)	15,271,554	3,321,092	18,592,646	86,648
Total Non-Current Liabilities	<u>48,948,983</u>	<u>7,141,118</u>	<u>56,090,101</u>	<u>3,606,123</u>
Total Liabilities	<u>72,170,033</u>	<u>7,936,410</u>	<u>80,106,443</u>	<u>21,101,963</u>
<u>NET ASSETS:</u>				
Investments in capital assets, net of related debt	3,866,807	153,240	4,020,047	47,505,099
Unrestricted	2,170,679	(2,092,006)	78,673	3,886,295
Restricted - (Note 1m)	18,990	-	18,990	2,636,070
Total Net Assets	<u>6,056,476</u>	<u>(1,938,766)</u>	<u>4,117,710</u>	<u>54,027,464</u>
Total Liabilities and Net Assets	<u>\$ 78,226,509</u>	<u>\$ 5,997,644</u>	<u>\$ 84,224,153</u>	<u>\$ 75,129,427</u>

COUNTY OF CAMBRIA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government - administrative	\$ 7,160,925	\$ 1,178,305	\$ -	\$ -	\$ (5,982,620)	\$ -	\$ (5,982,620)
General government - judicial	10,997,020	3,176,257	3,519,109	-	(4,301,654)	-	(4,301,654)
Public safety	20,606,988	4,801,417	4,919,184	-	(10,886,387)	-	(10,886,387)
Public works	539,158	-	824,379	-	285,221	-	285,221
Human services	63,928,968	2,959,074	59,868,138	-	(1,101,756)	-	(1,101,756)
Culture and recreation	363,350	40,032	-	-	(323,318)	-	(323,318)
Conservation and development	3,167,560	319,950	3,271,673	-	424,063	-	424,063
Emergency communication services	2,663,033	730,704	1,101,330	111,159	(719,840)	-	(719,840)
Employee benefits	2,460,262	-	-	-	(2,460,262)	-	(2,460,262)
Debt service	2,280,505	-	-	-	(2,280,505)	-	(2,280,505)
Unallocated depreciation and amortization	3,665,163	-	-	-	(3,665,163)	-	(3,665,163)
Total Governmental Activities	117,832,932	13,205,739	73,503,813	111,159	(31,012,221)	-	(31,012,221)
Business-type Activities:	-	-	-	-	-	-	-
Central Park Complex	1,050,457	777,722	-	-	-	(272,735)	(272,735)
Cambria Connect	655,473	227,330	-	-	-	(628,143)	(628,143)
Total Business-type Activities	1,905,930	1,005,052	-	-	-	(900,878)	(900,878)
Total Primary Government	\$ 119,738,862	\$ 14,210,791	\$ 73,503,813	\$ 111,159	\$ (31,012,221)	\$ (900,878)	\$ (31,913,099)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 29,012,468	\$ -	\$ 29,012,468
Property Taxes, Levied for Debt Retirement					4,880,566	-	4,880,566
Property Taxes, Levied for Community College					1,160,275	-	1,160,275
Property Taxes, Levied for County Library					627,004	-	627,004
Payments in Lieu of Taxes					220,636	-	220,636
County Hotel Lodging Taxes					402,840	-	402,840
Gain/(loss) from Sale of Assets					(1,818)	-	(1,818)
Transfers in/(out) primary government					(272,727)	272,727	-
Transfers in/(out) component units					(3,311,109)	-	(3,311,109)
Unrestricted Investment Earnings					68,368	57	68,425
Other Revenues					1,565,692	22,080	1,587,772
Total General Revenues and Transfers					34,352,195	294,864	34,647,059
Total Change in Net Assets					3,339,974	(606,014)	2,733,960
Net Assets - Beginning of Year					2,716,502	(1,332,752)	1,383,750
Net Assets - End of Year					\$ 6,056,476	\$ (1,938,766)	\$ 4,117,710

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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Units:					Component Units
Governmental Activities:					
Redevelopment Authority	\$ 1,927,697	\$ 65,421	\$ 2,315,310	\$ -	\$ 453,034
Conservation and Recreation Authority	492,415	-	280,299	-	(212,116)
Library Association	1,695,524	59,439	874,928	-	(761,157)
Total Component Unit Governmental Activities	4,115,636	124,860	3,470,537	-	(520,239)
Business-type Activities:					
Planning Commission	427,723	292,768	-	-	(134,955)
Municipal Airport Authority	1,690,735	362,114	526	-	(1,328,095)
Transit Authority	10,096,401	932,044	6,515,555	-	(2,648,802)
Solid Waste Management Authority	516,005	5,003	73,778	-	(437,224)
Community College	16,593,681	5,616,415	10,031,809	-	(945,457)
Behavioral Health of Cambria County	31,955,805	10,050	31,224,342	-	(721,213)
War Memorial Arena Authority	266,403	-	-	-	(266,403)
Total Component Unit Business-type Activities	61,546,553	7,218,394	47,846,010	-	(6,482,149)
Total Component Units	\$ 65,662,189	\$ 7,343,254	\$ 51,316,547	\$ -	\$ (7,002,388)
General Revenues:					
(Loss) from Sale of Assets					\$ (21,349)
Unrestricted Investment Earnings					86,484
Other Revenues					1,792,822
Transfers from Primary Government					3,311,109
Total General Revenues and Transfers					5,169,066
Change in Net Assets Before Capital Contributions					(1,833,322)
Capital Contributions					505,288
Total Change in Net Assets					(1,328,034)
Net Assets - Beginning of Year					55,645,196
Prior Period Adjustment					(289,698)
Net Assets - Beginning of Year, as restated					55,355,498
Net Assets - End of Year					\$ 54,027,464

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

COUNTY OF CAMBRIA
BALANCE SHEET - GOVERNMENTAL FUNDS
(INCLUDING THE RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES)
DECEMBER 31, 2011

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General	Behavioral Health/ Intellectual Disabilities & Early Intervention	Health Choices Fund	Children and Youth Fund		
ASSETS:						
Cash and cash equivalents	\$ 515,740	\$ 1,737,934	\$ 16	\$ -	\$ 1,316,905	\$ 3,570,595
Restricted cash	49,364	-	-	-	1,506	50,870
Receivables (net of allowance for uncollectibles)						
Accounts	1,267,933	339,608	-	-	530,846	2,138,387
Taxes	3,888,688	-	-	-	-	3,888,688
Due from other governments	110,532	127,328	4,892,956	3,410,738	1,560,287	10,101,841
Prepaid expenses and other assets	286,461	-	-	12,010	-	298,471
Due from other funds (Note 1k)	9,394,512	800,000	-	-	5,336,299	15,530,811
Total Assets	<u>\$ 15,513,230</u>	<u>\$ 3,004,870</u>	<u>\$ 4,892,972</u>	<u>\$ 3,422,748</u>	<u>\$ 8,745,843</u>	<u>\$ 35,579,663</u>
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 4,214,966	\$ 1,101,735	\$ 4,892,972	\$ 940,999	\$ 1,591,725	\$ 12,742,397
Deferred revenues	3,041,823	1,903,135	-	2,661	1,695,405	6,643,024
Payable from restricted assets	724,868	-	-	-	-	724,868
Other liabilities	6,213	-	-	-	-	6,213
Due to other governments	-	-	-	31,847	-	31,847
Due to other funds (Note 1k)	7,032,925	-	-	2,447,241	3,426,637	12,906,803
Total Liabilities	<u>15,020,795</u>	<u>3,004,870</u>	<u>4,892,972</u>	<u>3,422,748</u>	<u>6,713,767</u>	<u>33,055,152</u>
FUND BALANCES						
Unassigned fund balance/(deficit)	473,445	-	-	-	(2,316,378)	(1,842,933)
Assigned fund balance	-	-	-	-	4,348,454	4,348,454
Restricted for:						
Library (Note 1l)	18,990	-	-	-	-	18,990
Total Fund Balance	<u>492,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,032,076</u>	<u>2,524,511</u>
Total Liabilities and Fund Balance	<u>\$ 15,513,230</u>	<u>\$ 3,004,870</u>	<u>\$ 4,892,972</u>	<u>\$ 3,422,748</u>	<u>\$ 8,745,843</u>	<u>35,579,663</u>

Amounts reported for governmental activities in the statement of net assets 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	(53,675,505)
The difference in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two methods	3,018,076
Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds	53,861,713
Notes receivable recorded as cash outlays in the funds	301,300
Adjustment to eliminate change in net assets of internal service fund within governmental activities	26,381
Net assets of governmental activities	<u>\$ 6,056,476</u>

COUNTY OF CAMBRIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Major Funds				Other Nonmajor Governmental Funds	Totals
	General	Behavioral Health/ Intellectual Disabilities & Early Intervention	Health Choices Fund	Children and Youth Fund		
Revenues						
Real estate taxes	\$ 35,611,051	\$ -	\$ -	\$ -	\$ -	\$ 35,611,051
Charges for services	8,322,879	2,299,545	-	163,618	2,343,910	13,129,952
Interest and investment income	48,509	2,858	264	-	16,737	68,368
Intergovernmental revenues	10,885,378	8,565,813	30,216,794	7,648,609	14,282,943	71,599,537
Other income	592,995	9,547	-	150	2,129,026	2,731,718
Total Revenues	<u>55,460,812</u>	<u>10,877,763</u>	<u>30,217,058</u>	<u>7,812,377</u>	<u>18,772,616</u>	<u>123,140,626</u>
Expenditures						
General government - administrative	7,720,389	-	-	-	38,975	7,759,364
General government - judicial	7,978,754	-	-	-	3,480,718	11,459,472
Public safety	15,988,060	-	-	-	4,663,403	20,651,463
Public works	1,113,966	-	-	-	734,396	1,848,362
Human services	6,263,765	11,348,015	30,217,058	8,729,841	8,908,598	65,467,277
Culture and recreation	727,096	-	-	-	502,504	1,229,600
Conservation and development	1,420,824	-	-	-	2,284,834	3,705,658
Employee benefits	2,971,205	-	-	-	-	2,971,205
Emergency communication services	-	-	-	-	2,709,868	2,709,868
Debt service	308,243	-	-	-	5,547,782	5,856,025
Total Expenditures	<u>44,492,302</u>	<u>11,348,015</u>	<u>30,217,058</u>	<u>8,729,841</u>	<u>28,871,078</u>	<u>123,658,294</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>10,968,510</u>	<u>(470,252)</u>	<u>-</u>	<u>(917,464)</u>	<u>(10,098,462)</u>	<u>(517,668)</u>
Other Financing Sources/(Uses)						
Payments for refinancing	-	-	-	-	(28,585,000)	(28,585,000)
Proceeds from refinancing	28,585,000	-	-	-	-	28,585,000
Operating transfers in	1,603,156	470,252	-	917,464	37,393,287	40,384,159
Operating transfers (out)	(39,211,828)	-	-	-	(8,058)	(39,219,886)
Total Other Financing Sources/(Uses)	<u>(9,023,672)</u>	<u>470,252</u>	<u>-</u>	<u>917,464</u>	<u>8,800,229</u>	<u>1,164,273</u>
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>1,944,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,298,233)</u>	<u>646,605</u>
Fund Balance/(Deficit) - Beginning of Year	<u>(1,452,403)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,330,309</u>	<u>1,877,906</u>
Fund Balance/(Deficit) - End of Year	<u>\$ 492,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,032,076</u>	<u>\$ 2,524,511</u>

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, 2011

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

Net change in fund balance - total governmental funds (page 7)	\$ 646,605
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.)	411,251
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of the differences in the treatment of long-term debt on the statement of activities	3,432,977
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	117,390
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.	18,131
The difference in the change in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two accounting methods	289,898
The net effect of various transactions involving capital assets, (i.e. purchases, disposals, depreciation, etc.) is to increase net assets	(1,903,959)
Notes receivable recorded as cash outlays in the funds	301,300
Adjustment to eliminate change in net assets of internal service fund within governmental activities	<u>26,381</u>
Change in net assets of governmental activities (page 4)	<u><u>\$ 3,339,974</u></u>

COUNTY OF CAMBRIA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities
	Central Park Complex	Cambria County Network	Total	Internal Service
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 1,111	\$ 18,862	\$ 19,973	\$ 1,174,244
Accounts receivable	10,936	8,965	19,901	353,609
Due from other funds	127,238	1,488,761	1,615,999	-
Total Current Assets	139,285	1,516,588	1,655,873	1,527,853
Non-current Assets				
Deferred loan costs	72,338	34,193	106,531	-
Fixed assets (net of accumulated depreciation and amortization)	3,954,164	3,965,393	7,919,557	-
Total Assets	<u>\$ 4,165,787</u>	<u>\$ 5,516,174</u>	<u>\$ 9,681,961</u>	<u>\$ 1,527,853</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 31,945	\$ 16,172	\$ 48,117	\$ 954,154
Accrued interest	63,721	173,326	237,047	-
Deferred revenue	-	-	-	-
Compensated absences	9,666	-	9,666	-
Notes payable	240,429	-	240,429	-
Obligation under capital lease	-	260,033	260,033	-
Due to other governments	-	-	-	11,038
Due to other funds	-	3,684,317	3,684,317	536,280
Total Current Liabilities	345,761	4,133,848	4,479,609	1,501,472
Non-current Liabilities				
Compensated absences	5,779	-	5,779	-
Obligation under capital lease	-	3,321,092	3,321,092	-
Notes payable	3,814,247	-	3,814,247	-
Total Liabilities	<u>4,165,787</u>	<u>7,454,940</u>	<u>11,620,727</u>	<u>1,501,472</u>
Net Assets				
Investment in capital assets net of related debt	(91,895)	245,135	153,240	-
Unrestricted	91,895	(2,183,901)	(2,092,006)	26,381
Total Net Assets	<u>-</u>	<u>(1,938,766)</u>	<u>(1,938,766)</u>	<u>26,381</u>
Total Liabilities and Net Assets	<u>\$ 4,165,787</u>	<u>\$ 5,516,174</u>	<u>\$ 9,681,961</u>	<u>\$ 1,527,853</u>

COUNTY OF CAMBRIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities
	Central Park Complex	Cambria County Network	Total	Internal Service
Operating Revenues:				
Charges for service	\$ -	\$ 227,330	\$ 227,330	\$ 10,648,517
Stop loss payments	-	-	-	773,367
Rental income	777,722	-	777,722	-
Total Operating Revenues	777,722	227,330	1,005,052	11,421,884
Operating Expenses:				
Depreciation and amortization	225,504	348,815	574,319	-
Maintenance and operating	630,045	347,923	977,968	11,401,387
Total Operating Expenses	855,549	696,738	1,552,287	11,401,387
Operating Income/(Loss)	(77,827)	(469,408)	(547,235)	20,497
Non-Operating Revenues/(Expenses):				
Investment income	8	49	57	5,884
Other income	-	22,080	22,080	-
Interest expense	(194,908)	(158,735)	(353,643)	-
Total Non-Operating Revenues/(Expenses)	(194,900)	(136,606)	(331,506)	5,884
Income/(Loss) Before Transfers	(272,727)	(606,014)	(878,741)	26,381
Other Financing Sources/(Uses):				
Operating transfers in	422,604	-	422,604	-
Operating transfers (out)	(149,877)	-	(149,877)	-
Total Other Financing Sources/(Uses)	272,727	-	272,727	-
Change in Net Assets	-	(606,014)	(606,014)	26,381
Net assets - Beginning of Year	-	(1,332,752)	(1,332,752)	-
Net Assets - End of Year	\$ -	\$ (1,938,766)	\$ (1,938,766)	\$ 26,381

COUNTY OF CAMBRIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities
	Central Park Complex	Cambria County Network	Total	Internal Service
Cash Flows From Operating Activities				
Cash received from customers	\$ 778,092	\$ 229,599	\$ 1,007,691	\$ -
Cash received from interfund services provided	-	-	-	10,648,517
Cash received from provider	-	-	-	419,758
Cash payments to employees for services	(169,116)	-	(169,116)	-
Cash payments to suppliers for goods and services	(450,429)	(346,330)	(796,759)	(10,436,195)
Net Cash (Used For)/Provided By Operating Activities	<u>158,547</u>	<u>(116,731)</u>	<u>41,816</u>	<u>632,080</u>
Cash Flows From Non-Capital Financing Activities				
Transfers in from other funds	422,604	-	422,604	-
Transfers out to other funds	(149,877)	-	(149,877)	-
Loan issuance costs	(21,410)	-	(21,410)	-
Net Cash Provided By Non-Capital Financing Activities	<u>251,317</u>	<u>-</u>	<u>251,317</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities				
Purchase of property and equipment	-	(9,000)	(9,000)	-
Payment on debt (net)	(227,696)	(249,066)	(476,762)	-
Interest paid	(214,416)	(170,790)	(385,206)	-
Net (decrease)/increase in interfund payables	31,998	451,026	483,024	536,280
Proceeds from capital grant	-	14,343	14,343	-
Net Cash (Used For)/Provided By Capital and Related Financing Activities	<u>(410,114)</u>	<u>36,513</u>	<u>(373,601)</u>	<u>536,280</u>
Cash Flows From Investing Activities				
Interest on cash equivalents	<u>8</u>	<u>49</u>	<u>57</u>	<u>5,884</u>
Net Cash Provided By Investing Activities	<u>8</u>	<u>49</u>	<u>57</u>	<u>5,884</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	(242)	(80,169)	(80,411)	1,174,244
Cash and Cash Equivalents Beginning of Year	<u>1,353</u>	<u>99,031</u>	<u>100,384</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,111</u>	<u>\$ 18,862</u>	<u>\$ 19,973</u>	<u>\$ 1,174,244</u>

COUNTY OF CAMBRIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities
	Central Park Complex	Cambria County Network	Total	Internal Service
Reconciliation of Operating Income to Net Cash (Used For)/Provided By Operating Activities:				
Operating Income/(Loss)	\$ (77,827)	\$ (469,408)	\$ (547,235)	\$ 20,497
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:				
Depreciation and amortization	225,504	348,815	574,319	-
Changes in assets and liabilities:				
Decrease/(Increase) in accounts receivable	370	2,269	2,639	(353,609)
Increase in accounts payable and accrued liabilities	9,647	1,593	11,240	965,192
Increase in accrued vacation	853	-	853	-
Total Adjustments	236,374	352,677	589,051	611,583
Net Cash (Used For)/Provided By Operating Activities	\$ 158,547	\$ (116,731)	\$ 41,816	\$ 632,080

COUNTY OF CAMBRIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	<u>Non-AFDC IRS Fund</u>	<u>Prison Resident Fund</u>	<u>Prison Canteen Fund</u>	<u>Recorder of Deeds</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 11,355	\$ 51,520	\$ 31,873	\$ 264,954
Investments	-	-	17,058	-
Restricted assets:				
Cash	-	-	-	39,220
Investments	-	-	-	-
Accounts receivable	-	-	5,452	179
Due from other governments	-	-	4,420	-
Prepaid expenses and other assets	-	-	-	-
Total Assets	<u>\$ 11,355</u>	<u>\$ 51,520</u>	<u>\$ 58,803</u>	<u>\$ 304,353</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Due to other governments	\$ -	\$ 4,780	\$ 6,978	\$ 291,147
Other liabilities	11,355	46,740	12,144	13,206
Due to other funds	-	-	-	-
Total Liabilities	<u>11,355</u>	<u>51,520</u>	<u>19,122</u>	<u>304,353</u>
Net Assets				
Held in trust for the prison canteen (Note 1m)	-	-	39,681	-
Held in trust for workers' compensation (Note 1m)	-	-	-	-
Held in trust for pension benefits (Note 1m)	-	-	-	-
Total Net Assets	<u>-</u>	<u>-</u>	<u>39,681</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 11,355</u>	<u>\$ 51,520</u>	<u>\$ 58,803</u>	<u>\$ 304,353</u>

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

COUNTY OF CAMBRIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	<u>Registrar of Wills</u>	<u>Sheriff's Office</u>	<u>Office of the Prothonotary</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 73,989	\$ 186,230	\$ 369,937
Investments	-	-	-
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	-	-
Prepaid expenses and other assets	-	-	-
Total Assets	<u>\$ 73,989</u>	<u>\$ 186,230</u>	<u>\$ 369,937</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ 40,025	\$ 7,393	\$ 23,610
Other liabilities	33,964	178,837	346,327
Due to other funds	-	-	-
Total Liabilities	<u>73,989</u>	<u>186,230</u>	<u>369,937</u>
Net Assets			
Held in trust for the prison canteen (Note 1m)	-	-	-
Held in trust for workers' compensation (Note 1m)	-	-	-
Held in trust for pension benefits (Note 1m)	-	-	-
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 73,989</u>	<u>\$ 186,230</u>	<u>\$ 369,937</u>

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

COUNTY OF CAMBRIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	<u>Clerk of Courts</u>	<u>Domestic Relations Support</u>	<u>Intermediate Punishment Unit</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 773,548	\$ 82,619	\$ 78,470
Investments	-	-	-
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	-	-
Prepaid expenses and other assets	-	-	-
Total Assets	<u>\$ 773,548</u>	<u>\$ 82,619</u>	<u>\$ 78,470</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Due to other governments	\$ 464,270	\$ -	\$ -
Other liabilities	309,278	82,619	78,470
Due to other funds	-	-	-
Total Liabilities	<u>773,548</u>	<u>82,619</u>	<u>78,470</u>
Net Assets			
Held in trust for the prison canteen (Note 1m)	-	-	-
Held in trust for workers' compensation (Note 1m)	-	-	-
Held in trust for pension benefits (Note 1m)	-	-	-
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 773,548</u>	<u>\$ 82,619</u>	<u>\$ 78,470</u>

COUNTY OF CAMBRIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	Workers' Compensation Trust Fund	Retirement Trust Fund	Total
	<u>ASSETS</u>		
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 1,924,495
Investments	-	148,590,991	148,608,049
Restricted assets:			
Cash	-	5,557,730	5,596,950
Investments	710,665	-	710,665
Accounts receivable	5,985	649,485	661,101
Due from other governments	-	-	4,420
Prepaid expenses and other assets	-	21,623	21,623
	<u>\$ 716,650</u>	<u>\$ 154,819,829</u>	<u>\$ 157,527,303</u>
	<u>LIABILITIES AND NET ASSETS</u>		
Liabilities			
Due to other governments	\$ -	\$ -	\$ 838,203
Other liabilities	666	79,917	1,193,523
Due to other funds	-	19,410	19,410
	<u>666</u>	<u>99,327</u>	<u>2,051,136</u>
Net Assets			
Held in trust for the prison canteen (Note 1m)	-	-	39,681
Held in trust for workers' compensation (Note 1m)	715,984	-	715,984
Held in trust for pension benefits (Note 1m)	-	154,720,502	154,720,502
	<u>715,984</u>	<u>154,720,502</u>	<u>155,476,167</u>
Total Net Assets	<u>\$ 716,650</u>	<u>\$ 154,819,829</u>	<u>\$ 157,527,303</u>
Total Liabilities and Net Assets	<u>\$ 716,650</u>	<u>\$ 154,819,829</u>	<u>\$ 157,527,303</u>

COUNTY OF CAMBRIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
WORKERS' COMPENSATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Revenues	
Interest income	\$ 68,391
Net appreciation in fair value of investments	<u>73,854</u>
Total Revenues	<u>142,245</u>
Expenses	
Operating expenses	<u>6,558</u>
Total Expenses	<u>6,558</u>
Other Financing Sources/(Uses)	
Operating transfers (out)	<u>(1,437,000)</u>
Total Sources/(Uses)	<u>(1,437,000)</u>
Excess/(Deficiency) of Revenues Over Other Financing Sources/(Uses)	(1,301,313)
Net Assets Held in Trust for Specific Purposes - Beginning of Year	<u>2,017,297</u>
Net Assets Held in Trust for Specific Purposes - End of Year	<u><u>\$ 715,984</u></u>

COUNTY OF CAMBRIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
RETIREMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Additions

Contributions:

Employer	\$ 2,146,500
Employee	<u>2,559,625</u>

Total Contributions	<u>4,706,125</u>
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Investment Income:

Interest	1,726,276
Dividends	2,099,309
Net (depreciation) in fair value of investments	<u>(3,238,423)</u>

587,162

Less: Investment expense	<u>466,566</u>
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Net investment income	<u>120,596</u>
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Total Additions	<u>4,826,721</u>
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Deductions

Benefits	10,196,200
Administrative expenses	<u>60,233</u>

Total Deductions	<u>10,256,433</u>
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(Decrease) in Net Assets	(5,429,712)
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Net Assets Held in Trust for Employee Pension Benefits:

Beginning of Year	<u>160,150,214</u>
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End of Year	<u><u>\$ 154,720,502</u></u>
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See Independent Auditor's Report and
Accompanying Notes to Financial Statements

COUNTY OF CAMBRIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011.

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, 2011.

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, 2011.

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, 2011.

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, 2011.

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

b. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

c. Fund Accounting

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

Governmental Funds

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

The following are the County's major governmental funds:

General Fund

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

Behavioral Health/Intellectual Disabilities & Early Intervention Programs

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

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 assets, financial position, and cash flows. The County's proprietary funds may be used to account for any activity for which a fee is charged to external users for goods or services.

The following are the County's major proprietary funds:

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, Mental Health/Mental Retardation, Children & Youth, and Drug & Alcohol) and leases the first floor space to Johnstown Business District Coalition. The rental income is used to maintain the building and pay the related utility bills for the building.

Cambria County Network

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

Fiduciary Funds

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

d. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

In accordance with GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the County and its component units apply all GASB pronouncements and all Financial Accounting Standards Board (FASB) 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 assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

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

e. Basis of Accounting for Component Units

Cambria County Planning Commission

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

the Commission are accounted for within a single proprietary (enterprise) fund.

Redevelopment Authority of Cambria County

For the year ended December 31, 2011 the Redevelopment Authority of Cambria County complied with GASB No. 34. The accounts of the Authority are maintained in general and special revenue funds. The government-wide statements are prepared using the accrual basis of accounting. The fund financial statements are prepared on the modified accrual basis of accounting.

Cambria Library Association

The financial statements of the Cambria Library Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The financial statement preparation follows the recommendations of the Financial Accounting Standards Board 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 operations of the Johnstown-Cambria County Airport Authority are accounted for through a single enterprise fund. An enterprise fund is used to account for operations, which are financed and operated in a manner similar to private business, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The financial statements include the implementation of GASB No. 34.

Cambria County Transit Authority

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

Cambria County Solid Waste Management Authority

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

Cambria County Conservation and Recreation Authority

The Cambria County Conservation and Recreation Authority maintains its books on the modified accrual basis of accounting. Under this method revenues are recognized when received, unless they are susceptible to accrual, and expenses are recognized when incurred. For the year ended December 31, 2011 the Authority complied with GASB No. 34. The accounts of the Authority are maintained in general and special revenue funds.

Pennsylvania Highlands Community College

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

Cambria County War Memorial Arena Authority

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

Behavioral Health of Cambria County

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, 2011, but were levied to finance 2011 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 5 to 30 year estimated useful lives. Upon retirement, asset cost and related depreciation are removed from the books. Repairs and maintenance are expensed when incurred.

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

Balances at December 31, 2011 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Governmental Fund Types</u>		
General Fund	\$ <u>9,394,512</u>	\$ <u>7,032,925</u>
Special Revenue Funds		
Domestic Relations	---	408,590
Juvenile Probation	---	673,676
Jail/Detention	46,912	---
Detention/Shelter	27,557	---
Farmland Preservation	---	10,719
911 Emergency Communications	---	128,551
County Records Improvement	30,115	---
Area Agency on Aging	1,564,865	---
Register of Wills Automation	5,866	---
Clerk of Courts Automation	30,070	---
Coroner Vital Statistics	36,831	---
Foster Grandparents	---	7,760
Prothonotary Automation	34,290	---
Substance Abuse	554,465	---
Children and Youth	---	2,447,241
Drug and Alcohol	353,082	---
Human Services	90,669	---

Behavioral Health/Intellectual Disabilities & Early Intervention	800,000	---
HMER	---	---
Parks and Playgrounds	---	464,326
DUI	<u>1,561,637</u>	<u>---</u>
Total Special Revenue Funds	<u>5,136,359</u>	<u>4,140,863</u>
Debt Service Fund	<u>---</u>	<u>1,733,015</u>
Capital Projects Fund	<u>999,940</u>	<u>---</u>
Total Governmental Fund Types	<u>15,530,811</u>	<u>12,906,803</u>
<u>Proprietary Fund Types</u>		
Central Park Complex	127,238	---
Cambria County Network	1,488,761	3,684,317
Internal Service	<u>---</u>	<u>536,280</u>
Total Proprietary Fund Types	<u>1,615,999</u>	<u>4,220,597</u>
<u>Fiduciary Fund Types</u>		
Retirement Trust Fund	<u>---</u>	<u>19,410</u>
Total Fiduciary Fund Types	<u>---</u>	<u>19,410</u>
Total Interfunds	<u>\$ 17,146,810</u>	<u>\$ 17,146,810</u>

I. Fund Balance

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

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

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

Committed fund balance – 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 – 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 – 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	\$ <u>18,990</u>
------------------------	------------------

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

m. Net Assets

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

The following is a summary of the County's restricted net assets as of December 31, 2011:

Primary Government

Restricted for Library	\$ <u>18,990</u>
Total Restricted Net Assets	\$ <u>18,990</u>

Fiduciary Funds

Retirement Trust Fund \$154,720,502

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

Workers' Compensation Trust \$715,984

This represents funds restricted to fund workers' compensation claims.

Prison Canteen/Resident \$39,681

This represents funds restricted for the welfare of prison inmates.

Component Units

Cambria Library Association \$322,789

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

Transit Authority \$913,281

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

Community College \$1,400,000

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

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 Issuance Costs

Bond Issuance Costs are being amortized over the lives of the related bonds issued using the straight-line method. Amortization expense for December 31, 2011 totaled \$30,756. Of this balance \$5,603 was for the Central Park Complex Fund and \$25,153 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"), CSA Nonprofit, Inc. ("Nonprofit") and Manufacturer's Water Company ("MWC"). All significant inter-company transactions have been eliminated in the combination.

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

Financial Information

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

	Year Ended December 31, 2011
Current Assets	\$ 459,018
Total Assets	16,308,760
Current Liabilities	1,445,172
Total Liabilities	10,652,357
Net Assets	5,656,403
Operating Revenues	1,362,974
Operating Expenses	(1,276,248)
Non-Operating Revenues	56,913
Non-Operating Expenses	(428,679)
Capital Contribution	117,323
Change in Net Assets	(167,717)

Financial Reporting Relationship between Cambria County and Cambria Somerset Authority

Cambria County has provided a guaranty agreement in which the County guarantees the payment of \$3,242,500 of the Authority's Tax Exempt Revenue Note, Series of 2001 and \$1,798,434 of the Authority's Tax Exempt Revenue Note, 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 P.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, 2011, 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, 2011 are classified in the accompanying financial statements as follows:

Statements of net assets:	
Cash and investments	\$ 4,764,811
Restricted cash and investments	50,870
Fiduciary funds:	
Cash and investments	150,532,544
Restricted cash and investments	<u>6,307,615</u>
Total Cash and Investments	<u>\$ 161,655,840</u>

Cash and investments as of December 31, 2011 consist of the following:

Cash on hand	\$ 31,560
Deposits with financial institutions	12,305,566
Investments	<u>149,318,714</u>
Total Cash and Investments	<u>\$ 161,655,840</u>

Interest Rate Risk

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

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

Type	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Fixed Income Securities	<u>\$ 3,539,627</u>	<u>\$ 9,324,296</u>	<u>\$ 9,938,173</u>	<u>\$ 20,723,947</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:

Type	AAA	AA	A	BAA
Government:				
Treasury	\$ 7,755,129	\$ -	\$ -	\$ -
Agency	18,419,164	412,463	-	-
Corporate:				
Industrial	183,328	2,086,772	4,544,461	1,166,637
Utility	-	-	1,096,268	-
Finance	1,038,786	1,474,739	2,285,064	176,237
Transportation	-	975,704	601,373	-
Totals	<u>\$ 27,396,407</u>	<u>\$ 4,949,678</u>	<u>\$ 8,527,166</u>	<u>\$ 1,342,874</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, 2011, 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	\$ 27,140,899
Corporate Obligations	16,379,063
Domestic Equity	84,085,623
International Equity	21,634,550
Temporary Investment - Cash	<u>5,619,251</u>
	<u>\$ 154,859,386</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 \$21,634,500 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 Assets. Restricted cash is composed of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Governmental Activities:			
General Fund:			
Tax Claim Department amounts received from tax sales which ultimately will be distributed to other tax authorities. The aggregate amount is offset with a corresponding General Fund liability captioned payable from restricted assets	\$ 49,364	\$ ---	\$ 49,364
Farmland Preservation Fund:			
Amount restricted for future preservation activities	<u>1,506</u>	<u>---</u>	<u>1,506</u>
Total Governmental Activities	<u>\$ 50,870</u>	<u>\$ ---</u>	<u>\$ 50,870</u>

Fiduciary Funds:

Trust Funds:

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

\$ 5,557,730 \$ --- \$ 5,557,730

Amount established to provide
source of funds for the realty
transfer tax collected on behalf
of the Commonwealth.

39,220 --- 39,220

Amount established to provide
source of funds for workers'
compensation claims and offset
by a reserve in fund balance for
workers' compensation.

--- 710,665 710,665

Total Fiduciary Funds

\$ 5,596,950 \$ 710,665 \$ 6,307,615

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 2011 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 \$3,888,688 as stated on the Governmental Funds Balance Sheet, are actual legal claims of lien properties. The County has deferred \$3,041,823 in taxes receivable on the fund level financial statements, to comply with GASB No. 22, reported on the modified accrual basis of accounting.

Government-Wide Financial Statement

In addition to the taxes receivable noted above, the Statement of Net Assets includes taxes receivable from years 2011 and prior that are summarized as follows:

	<u>Gross Taxes Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Estimated to be Collectible</u>
Property taxes	<u>\$5,434,237</u>	<u>(\$1,545,549)</u>	<u>\$ 3,888,688</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, 2011. 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, 2011.

NOTE 6 - FIXED ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Disposal</u>	<u>Balance 12/31/11</u>
Government activities:				
Capital assets not being depreciated:				
Construction-in-progress	<u>\$ 1,491,380</u>	<u>\$ 411,553</u>	<u>(\$ 1,890,600)</u>	<u>\$ 12,333</u>
Total capital assets not being depreciated	<u>1,491,380</u>	<u>411,553</u>	<u>(1,890,600)</u>	<u>12,333</u>

Other capital assets:

Site improvements	3,281,198	516,074	---	3,797,272
Infrastructure	13,173,722	1,551,352	---	14,725,074
Building and permanent fixtures	49,842,424	428,701	(6,204)	50,264,921
Office furniture and equipment	2,707,072	103,377	(94,502)	2,715,947
General equipment	4,445,956	84,282	(25,869)	4,504,369
Radio equipment	7,817,851	67,852	---	7,885,703
Computer hardware and software	6,852,925	127,176	(9,521)	6,970,580
Vehicles	<u>4,329,798</u>	<u>343,916</u>	(---)	<u>4,673,714</u>
Total capital assets, at cost	<u>92,450,946</u>	<u>3,222,730</u>	(<u>136,096</u>)	<u>95,537,580</u>

Less accumulated depreciation for:

Site improvements	(1,185,115)	(103,869)	---	(1,288,984)
Infrastructure	(3,923,858)	(295,171)	---	(4,219,029)
Building and permanent fixtures	(18,709,264)	(1,241,278)	2,008	(19,948,534)
Office furniture and equipment	(1,199,868)	(187,258)	92,110	(1,295,016)
General equipment	(1,770,725)	(335,596)	24,825	(2,081,496)
Radio equipment	(2,997,049)	(390,472)	---	(3,387,521)
Computer hardware and software	(5,982,224)	(632,384)	9,521	(6,605,087)
Vehicles	(<u>2,408,550</u>)	(<u>453,983</u>)	---	(<u>2,862,533</u>)
Total accumulated Depreciation	(<u>38,176,653</u>)	(<u>3,640,011</u>)	<u>128,464</u>	(<u>41,688,200</u>)
Governmental activities capital assets, net	<u>\$ 55,765,673</u>	(<u>\$ 5,728</u>)	(<u>\$ 1,898,232</u>)	<u>\$ 53,861,713</u>

Business-type activities:

Capital assets not being depreciated:

Land	\$ 290,116	\$ ---	\$ ---	\$ 290,116
Construction-in-progress	---	---	---	---
Total capital assets not being depreciated	<u>290,116</u>	<u>---</u>	<u>---</u>	<u>290,116</u>

Other Capital assets:

Land improvements	---	---	---	---
Buildings and permanent fixtures	6,383,472	---	---	6,383,472
Machinery & equipment	<u>5,121,793</u>	<u>9,000</u>	<u>---</u>	<u>5,130,793</u>
Total capital assets at cost	<u>11,505,265</u>	<u>9,000</u>	<u>---</u>	<u>11,514,265</u>

Less accumulated depreciation for:

Land improvements	---	---	---	---
Buildings and permanent fixtures	(3,305,311)	(563,910)	---	(3,869,221)
Machinery & equipment	(<u>13,749</u>)	(<u>1,854</u>)	<u>---</u>	(<u>15,603</u>)
Total accumulated depreciation	(<u>3,319,060</u>)	(<u>565,764</u>)	<u>---</u>	(<u>3,884,824</u>)
Business-type activities capital assets, net	<u>\$ 8,476,321</u>	(<u>\$ 556,764</u>)	<u>\$ ---</u>	<u>\$ 7,919,557</u>

COMPONENT UNITS:

Summaries of the component units' fixed assets as of December 31, 2011 follow:

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/11</u>
Planning Commission:				
Equipment	\$ 27,487	\$ 1,566	(\$ 5,996)	\$ 23,057
Equipment under capital lease	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Less: Accumulated depreciation	(<u>26,168</u>)	(<u>845</u>)	<u>5,996</u>	(<u>21,017</u>)
Total capital assets, net	<u>\$ 1,319</u>	<u>\$ 721</u>	<u>\$ ---</u>	<u>\$ 2,040</u>
Redevelopment Authority:				
Construction in progress	\$ 843,895	\$ 575,187	(\$ 1,408,593)	\$ 10,489
Land	---	70,768	---	70,768
Buildings & improvements	---	1,333,163	---	1,333,163
Furniture & equipment	<u>20,374</u>	<u>4,662</u>	<u>---</u>	<u>25,036</u>
Total capital assets at cost	<u>864,269</u>	<u>1,983,780</u>	(<u>1,408,593</u>)	<u>1,439,456</u>
Less: Accumulated depreciation	(<u>18,451</u>)	(<u>25,485</u>)	<u>---</u>	(<u>43,936</u>)
Total capital assets, net	<u>\$ 845,818</u>	<u>\$ 1,958,295</u>	(<u>\$ 1,408,593</u>)	<u>\$ 1,395,520</u>

Library Association:

Books & audio visual	\$ 1,549,162	\$ 89,104	(\$ 19,344)	\$ 1,618,922
Improvements	189,158	---	---	189,158
Furniture & equipment	107,341	3,920	---	111,261
Software	121,752	---	---	121,752
Computer equipment	293,971	14,324	---	308,295
Automobiles	<u>28,021</u>	<u>---</u>	<u>---</u>	<u>28,021</u>
Total capital assets at cost	<u>2,289,405</u>	<u>107,348</u>	<u>(19,344)</u>	<u>2,377,409</u>
Less: Accumulated depreciation	<u>(1,540,300)</u>	<u>(112,329)</u>	<u>19,344</u>	<u>(1,633,285)</u>
Total capital assets, net	<u>\$ 749,105</u>	<u>(\$ 4,981)</u>	<u>\$ ---</u>	<u>\$ 744,124</u>

Municipal Airport Authority:

Land	\$ 1,909,798	\$ ---	\$ ---	\$ 1,909,798
Construction-in-progress	1,300,568	43,743	(451,069)	893,242
Improvements	37,311,458	451,069	---	37,762,527
Building & improvements	4,236,280	---	---	4,236,280
Vehicles & equipment	<u>2,177,252</u>	<u>3,593</u>	<u>---</u>	<u>2,180,845</u>
Total capital assets at cost	<u>46,935,356</u>	<u>498,405</u>	<u>(451,069)</u>	<u>46,982,692</u>
Less: Accumulated depreciation	<u>(30,954,828)</u>	<u>(1,203,632)</u>	<u>---</u>	<u>(32,158,460)</u>
Total capital assets, net	<u>\$ 15,980,528</u>	<u>(\$ 705,227)</u>	<u>(\$ 451,069)</u>	<u>\$ 14,824,232</u>

Transit Authority:

Land – Inclined Plane	\$ 666,712	\$ ---	\$ ---	\$ 666,712
Construction in Progress	40,699	39,644	---	80,343
Land Improvements	24,340	---	---	24,340
Buildings & Improvements	19,359,372	71,523	(51,065)	19,379,830
Vehicles, equipment and other	<u>15,567,026</u>	<u>417,886</u>	<u>(827,622)</u>	<u>15,157,290</u>
Total capital assets at cost	<u>35,658,149</u>	<u>529,053</u>	<u>(878,687)</u>	<u>35,308,515</u>
Less: Accumulated depreciation	<u>(18,983,479)</u>	<u>(1,774,985)</u>	<u>857,338</u>	<u>(19,901,126)</u>
Total capital assets, net	<u>\$ 16,674,670</u>	<u>(\$ 1,245,932)</u>	<u>(\$ 21,349)</u>	<u>\$ 15,407,389</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>542,126</u>)	(<u>54,543</u>)	<u>---</u>	(<u>596,669</u>)
Total capital assets, net	<u>\$ 413,705</u>	(<u>\$ 54,543</u>)	<u>\$ ---</u>	<u>\$ 359,162</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>141,986</u>)	(<u>41,226</u>)	<u>---</u>	(<u>183,212</u>)
Total capital assets, net	<u>\$ 7,493,898</u>	(<u>\$ 41,226</u>)	<u>\$ ---</u>	<u>\$ 7,452,672</u>

**Pennsylvania Highlands
Community College:**

Equipment	\$ 3,183,802	\$ 1,001,120	(\$ 390,606)	\$ 3,791,316
Construction-In-Progress	90,271	1,245,035	---	1,335,306
Leasehold improvements	8,901,176	936,389	---	9,837,565
Computer software	<u>839,372</u>	(<u>592,461</u>)	<u>---</u>	<u>246,911</u>
Total capital assets at cost	<u>13,014,621</u>	<u>2,590,083</u>	(<u>390,606</u>)	<u>15,214,098</u>
Less: Accumulated depreciation	(<u>3,390,754</u>)	(<u>858,608</u>)	<u>390,606</u>	(<u>3,858,756</u>)
Total capital assets, net	<u>\$ 9,623,867</u>	<u>\$ 1,731,475</u>	<u>\$ ---</u>	<u>\$ 11,355,342</u>

War Memorial Arena Authority:

Equipment	\$ 474,506	\$ 32,736	\$ ---	\$ 507,242
Leasehold improvements	<u>471,322</u>	<u>73,490</u>	<u>---</u>	<u>544,812</u>
Total capital assets at cost	<u>945,828</u>	<u>106,226</u>	<u>---</u>	<u>1,052,054</u>
Less: Accumulated depreciation	(<u>455,123</u>)	(<u>67,080</u>)	<u>---</u>	(<u>522,203</u>)
Total capital assets, net	<u>\$ 490,705</u>	<u>\$ 39,146</u>	<u>\$ ---</u>	<u>\$ 529,851</u>

**Behavioral Health of Cambria
County:**

Equipment	\$ 17,776	\$ ---	\$ ---	\$ 17,776
Vehicles	<u>17,538</u>	<u>---</u>	<u>--</u>	<u>17,538</u>
Total capital assets at cost	<u>35,314</u>	<u>---</u>	<u>---</u>	<u>35,314</u>
Less: Accumulated depreciation	(<u>7,249</u>)	(<u>10,188</u>)	<u>---</u>	(<u>17,437</u>)
Total capital assets, net	\$ <u>28,065</u>	(\$ <u>10,188</u>)	\$ <u>---</u>	\$ <u>17,877</u>
Total Component Unit Capital Assets at December 31, 2011				\$ <u>52,088,209</u>

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, 2011, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	916
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	209
Active Plan Members	<u>768</u>
	<u>1,893</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 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 2011, 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 \$2,146,500 for 2011. 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, 2009	\$1,696,673	100%	\$ ---
December 31, 2010	\$2,267,852	100%	\$ ---
December 31, 2011	\$2,148,200	100%	\$ ---

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

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Components of Net OPEB Obligation

Annual Required Contribution	\$ 2,811,367
Interest on Net OPEB Obligation	2,187
Adjustment to Annual Required Contribution	(2,260)
Annual OPEB Cost (Expense)	2,811,294
Contributions Made or Accrued	(2,829,425)
(Decrease) in Net Obligation	(18,131)
Net OPEB Obligation 1/1/11	29,162
Net OPEB Obligation 12/31/11	\$ 11,031

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost</u>	<u>Net OPEB Obligation</u>
12/31/11	\$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, 2011, 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 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 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, 2011 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, 2011 was 26 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 Assets 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 Assets.

The accrued liability for workers' compensation is determined by an actuary in accordance with actuarial principles; such claims are not discounted. There have been no changes in insurance coverages, retention limits or excess loss policies from the prior year. The amounts of settlements for the past three fiscal years did not exceed excess loss insurance coverages.

The accrued workers' compensation self-insurance liability at December 31, 2011 is \$1,564,896, which is included as a long-term obligation on the government-wide statement of net assets.

The following summary provides aggregate information on workers' compensation self-insurance liabilities; incurred claims and payments during the years ended December 31, 2011 and 2010:

<u>Year</u>	<u>January 1, Liability</u>	<u>Net Incurred/(Settled) Claims</u>	<u>Payments</u>	<u>December 31, Liability</u>
2011	<u>\$ 2,057,708</u>	<u>(\$ 322,649)</u>	<u>\$ 170,163</u>	<u>\$ 1,564,896</u>
2010	<u>\$ 2,404,280</u>	<u>(\$ 113,411)</u>	<u>\$ 233,161</u>	<u>\$ 2,057,708</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, 2011 follow:

Municipal Airport Authority

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

Grants for capital asset acquisition, facility development and rehabilitation and eligible long-term planning studies are reported in the Statement of Revenues, Expenses, and Changes in Net Assets, after non-operating revenues and expenses as capital contributions which amounted to \$34,909 at December 31, 2011.

Transit Authority

Capital grant contributions from federal and state governments amounted to \$375,379 for the Transit Authority at December 31, 2011.

Community College

Capital grant contributions from federal and state governments amounted to \$95,000 for the College at December 31, 2011. This amount represents a grant from the Commonwealth of Pennsylvania Redevelopment Assistance Capital Program to assist with the College's building project.

NOTE 11 – LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Balance 12/31/10	Additions	Reductions	Balance 12/31/11	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
1998 General Obligation Bonds	\$ 24,302,628	\$ ---	(\$ 24,302,628)	\$ ---	\$ ---
2006 General Obligation Notes	4,019,639	---	(281,651)	3,737,988	296,395
2006 Tax Exempt Bank Loan	6,844,560	---	(205,111)	6,639,449	215,872
2011 General Obligation Notes	---	24,302,628	(1,292,304)	23,010,324	1,364,571
Other Liabilities:					
Accrued Vacation	1,411,417	102,676	---	1,514,093	1,514,093
Accrued Sick Pay	611,694	---	(21,115)	590,579	---
OPEB Obligation	29,162	---	(18,131)	11,031	---
Estimated Workers' Compensation Liability	<u>2,057,708</u>	<u>---</u>	(<u>492,812</u>)	<u>1,564,896</u>	<u>---</u>
Governmental Activities Long-term Liabilities	<u>\$ 39,276,808</u>	<u>\$ 24,405,304</u>	<u>(\$ 26,613,752)</u>	<u>\$ 37,068,360</u>	<u>\$ 3,390,931</u>
	Balance 12/31/10	Additions	Reductions	Balance 12/31/11	Amounts Due Within One Year
Business-type Activities:					
Bonds and Notes Payable:					
1998 General Obligation Bonds	\$ 4,282,372	\$ ---	(\$ 4,282,372)	\$ ---	\$ ---
2011 General Obligation Notes	---	4,282,372	(227,696)	4,054,676	240,429
Other Liabilities:					
Accrued Vacation Pay	10,150	---	(484)	9,666	9,666
Accrued Sick Pay	<u>4,442</u>	<u>1,337</u>	<u>---</u>	<u>5,779</u>	<u>---</u>
Business-type Activities Long-term Liabilities	<u>\$ 4,296,964</u>	<u>\$ 4,283,709</u>	<u>(\$ 4,510,552)</u>	<u>\$ 4,070,121</u>	<u>\$ 250,095</u>

Description of Debt

Pertinent information regarding general obligation debt outstanding is presented below:

General Obligation Bonds, Series of 1998

The County issued \$40,835,000 in General Obligation Bonds in 1998 to partially advance refund the 1994 General Obligation Bond issue and finance capital improvements and renovations to certain County facilities. These bonds were retired with the issuance of the General Obligation Notes, Series of 2011.

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, 2011 amounted to \$3,737,988 (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 \$6,639,449 (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 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 Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2006 General Obligation Notes			
<u>Years Ending December 31:</u>			
2012	\$ 296,395	\$ 183,327	\$ 479,722
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
2017-2021	<u>2,099,466</u>	<u>300,432</u>	<u>2,399,898</u>
	<u>\$ 3,737,988</u>	<u>\$ 1,059,549</u>	<u>\$ 4,797,537</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>3,737,988</u>	<u>1,059,549</u>	<u>4,797,537</u>
	<u>\$ 3,737,988</u>	<u>\$ 1,059,549</u>	<u>\$ 4,797,537</u>
	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2006 Tax Exempt Bank Loans			
<u>Years Ending December 31:</u>			
2012	\$ 215,872	\$ 329,018	\$ 544,890
2013	226,801	318,089	544,890
2014	238,283	306,607	544,890
2015	250,346	294,544	544,890
2016	263,019	281,870	544,890
2017-2021	1,528,831	1,195,618	2,724,449
2022-2026	1,957,034	767,416	2,724,449
2027-2030	<u>1,959,263</u>	<u>220,296</u>	<u>2,179,559</u>
	<u>\$ 6,639,449</u>	<u>\$ 3,713,458</u>	<u>\$ 10,352,907</u>
To be Retired by:			
Business-Type Activities	\$ ---	\$ ---	\$ ---
Governmental Activities	<u>6,639,449</u>	<u>3,713,458</u>	<u>10,352,907</u>
	<u>\$ 6,639,449</u>	<u>\$ 3,713,458</u>	<u>\$ 10,352,907</u>
	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2011 General Obligation Notes			
<u>Years Ending December 31:</u>			
2012	\$ 1,605,000	\$ 1,109,665	\$ 2,714,665
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
2017-2021	11,575,000	2,810,345	14,385,345
2022-2023	<u>6,540,000</u>	<u>405,490</u>	<u>6,945,490</u>
	<u>\$ 27,065,000</u>	<u>\$ 8,069,005</u>	<u>\$ 35,134,005</u>

To be Retired by:			
Business-Type Activities	\$ 4,054,676	\$ 1,208,836	\$ 5,263,512
Governmental Activities	<u>23,010,324</u>	<u>6,860,169</u>	<u>29,870,493</u>
	<u>\$ 27,065,000</u>	<u>\$ 8,069,005</u>	<u>\$ 35,134,005</u>

NOTE 12 - CAPITAL LEASES

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/11</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Capital Leases:					
Series 2006A and 2006B Lease Revenue Notes	\$ 9,617,480	\$ ---	(\$ 352,301)	\$ 9,265,179	\$ 369,872
2007 Cambria County General Financing Authority	4,681,345	---	(304,414)	4,376,931	317,818
2004 CLT Efficient Tech Group	642,910	---	(182,821)	460,089	191,309
2005 Equipment Lease	300,280	---	(59,955)	240,325	62,929
2008 Equipment Lease	544,362	---	(21,827)	522,535	26,483
2009 Equipment Lease	129,463	---	(22,924)	106,539	24,106
2009 Prison Security Upgrades	1,824,657	---	(260,452)	1,564,205	271,732
2009 VoIP Lease	<u>331,155</u>	<u>---</u>	<u>(331,155)</u>	<u>---</u>	<u>---</u>
Governmental Activities Capital Leases	<u>\$ 18,071,652</u>	<u>\$ ---</u>	<u>(\$ 1,535,849)</u>	<u>\$ 16,535,803</u>	<u>\$ 1,264,249</u>
	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/11</u>	<u>Amounts Due Within One Year</u>
Business-type Activities:					
Capital Leases:					
2007 Cambria County General Financing Authority	\$ 3,830,191	\$ ---	(\$ 249,066)	\$ 3,581,125	\$ 260,033
Business-type Activities Capital Leases	<u>\$ 3,830,191</u>	<u>\$ ---</u>	<u>(\$ 249,066)</u>	<u>\$ 3,581,125</u>	<u>\$ 260,033</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 and the Debt Service Fund based on the percentage of equipment allocated to internet connectivity and 911 communications.

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, 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%.

During 2009, the County entered into a lease purchase agreement for Voice over Internet Protocol (VoIP) equipment. The total value of the leased equipment amounted to \$994,565. The term of the lease is for 36 months with an effective interest rate of 5.91%.

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

2012	\$ 1,524,282
2013	1,596,158
2014	1,530,913
2015	1,500,646
2016	1,500,397
Thereafter	<u>12,464,532</u>
	<u>\$ 20,116,928</u>
To be Retired by:	
Business Type Activities	\$ 3,581,125
Government Type Activities	<u>16,535,803</u>
	<u>\$ 20,116,928</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, is acting as a guarantee of indebtedness in the Economic Development Partnership Loan Program. Under this program, the Department of Commerce loaned UMF Holding Company, Inc. of Cambria County an amount of \$800,000 to be repaid to the Department over a fifteen-year period at two percent. The loan is to be used for expansion of current operations within the Company. In the event of default, the Redevelopment Authority as guarantor will be responsible for payments to the Department of Commerce. The balance of the loan as of December 31, 2011, was \$150,447.

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 are being issued by the Authority on behalf of Pennsylvania Highlands Community College to finance a project consisting of the design, construction, improvement, and equipping of a portion of a building which is owned by the Richland School District and is to be leased to the College and which will be used by the College as its main campus.

The bonds will also be used in paying the costs and expenses of issuing and insuring the 2006 Bonds. In connection with the issuance of the 2006 Bonds, the Authority will enter into the loan agreement with the College, which requires the College to make loan repayments to the Authority in amounts sufficient to pay the debt service payments on the 2006 Bonds. The long-term debt is the general obligation of the College. In the event of default, Cambria County will be responsible for payments to the State Public School Building Authority. The balance of the loan as of June 30, 2011 was \$2,650,000.

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 1st 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, 2011, the following funds' expenditures exceeded budget by the following amounts:

<u>Fund</u>	<u>Amount</u>
Hotel Tax	\$ 35,876
Foster Grandparents	\$ 41,217
Drug and Alcohol	\$143,113

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 assets as of December 31, 2011.

<u>Fund</u>	<u>Amount</u>
Cambria County Network	\$ 1,938,766
Debt Service Fund	\$ 1,732,306
Hotel Tax	\$ 294
911 Emergency Communication	\$ 118,997
Parks and Playground Fund	\$ 464,326
Farmland Preservation	\$ 455

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>94,250</u>
Cambria Library Association	\$ <u>608,015</u>
Cambria County Municipal Airport Authority	\$ <u>156,750</u>
Cambria County Transit Authority	\$ <u>560,972</u>
Cambria County Solid Waste Management Authority	\$ <u>285,000</u>
Cambria County Conservation and Recreation Authority	\$ <u>142,884</u>
Pennsylvania Highlands Community College	\$ <u>1,205,000</u>
Cambria County War Memorial Authority	\$ <u>258,238</u>

County Appropriations to Related Organizations:

Cambria County Child Development Corp.	\$ <u>4,839,443</u>
Cambria County Industrial Development Authority	\$ <u>50,000</u>
Upper Yoder Township Authority	\$ <u>828,706</u>
Cambria Somerset Authority	\$ <u>140,000</u>
Cambria County General Financing Authority	\$ <u>906,224</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 to be advanced for 2011 was \$301,300, which was made in January 2012 and the disbursement is included within accounts payable as of December 31, 2011. 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 Assets.

NOTE 18 - LITIGATION

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

NOTE 19 - SUBSEQUENT EVENTS

Tax Anticipation Note

In January 2012, the County issued a tax and revenue anticipation note of \$10,000,000 with an interest rate of 1.57%. The due date of the note is December 31, 2011.

Sale of Building

In May of 2012, the County agreed to sell a building which was purchased in December of 2011 for approximately \$250,000. The agreed upon sales price was \$225,000.

Subsequent events were evaluated through June 22, 2012, 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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
Revenues				
Real estate taxes	\$ 34,900,369	\$ 34,900,369	\$ 35,611,051	\$ 710,682
Charges for services	9,011,416	9,011,416	8,322,879	(688,537)
Interest and investment income	93,500	93,500	48,509	(44,991)
Intergovernmental revenues	10,715,543	11,913,168	10,885,378	(1,027,790)
Other	373,788	537,204	592,995	55,791
Total Revenues	55,094,616	56,455,657	55,460,812	(994,845)
Expenditures				
General government - Administrative	7,383,180	8,332,416	7,720,389	612,027
General government - Judicial	7,979,261	8,003,447	7,978,754	24,693
Public safety	17,290,160	17,533,412	15,988,060	1,545,352
Public works	1,115,439	1,115,439	1,113,966	1,473
Human services	6,361,500	6,376,000	6,263,765	112,235
Culture and recreation	865,083	1,049,206	727,096	322,110
Conservation and development	1,199,043	1,288,723	1,420,824	(132,101)
Employee benefits	3,491,347	3,347,411	2,971,205	376,206
Debt service	128,800	128,800	308,243	(179,443)
Total Expenditures	45,813,813	47,174,854	44,492,302	2,682,552
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	9,280,803	9,280,803	10,968,510	1,687,707
Other Financing Sources/(Uses)				
Proceeds from refinancing	-	-	28,585,000	28,585,000
Operating transfers in	1,009,300	29,594,300	1,603,156	(27,991,144)
Operating transfers (out)	(10,290,103)	(38,875,103)	(39,211,828)	(336,725)
Total Other Financing Sources/(Uses)	(9,280,803)	(9,280,803)	(9,023,672)	257,131
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	1,944,838	1,944,838
Fund Balance/(Deficit) - Beginning of Year	-	-	(1,452,403)	(1,452,403)
Fund Balance - End of Year	\$ -	\$ -	\$ 492,435	\$ 492,435

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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
Revenues				
Intergovernmental revenues	\$ 8,947,000	\$ 8,947,000	\$ 8,565,813	\$ (381,187)
Charges for services	2,094,099	2,094,099	2,299,545	205,446
Interest and investment income	-	-	2,858	2,858
Other income	200,000	200,000	9,547	(190,453)
Total Revenues	11,241,099	11,241,099	10,877,763	(363,336)
Expenditures				
Human services	11,691,099	11,691,099	11,348,015	343,084
Total Expenditures	11,691,099	11,691,099	11,348,015	343,084
(Deficiency)/Excess of Revenue Over/(Under)				
Expenditures	(450,000)	(450,000)	(470,252)	(20,252)
Other Financing Sources/(Uses)				
Operating transfers in	450,000	450,000	470,252	20,252
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	450,000	450,000	470,252	20,252
Excess of Revenues and Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	-	-	-	-
Fund Balance/(Deficit) - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

COUNTY OF CAMBRIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -HEALTH CHOICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
Revenues				
Intergovernmental revenues	\$ 23,600,000	\$ 23,600,000	\$ 30,216,794	\$ 6,616,794
Charges for services	-	-	-	-
Interest and investment income	-	-	264	264
Other income	-	-	-	-
Total Revenues	23,600,000	23,600,000	30,217,058	6,617,058
Expenditures				
Human Services	23,600,000	23,600,000	30,217,058	(6,617,058)
Total Expenditures	23,600,000	23,600,000	30,217,058	(6,617,058)
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	-	-	-	-
Other Financing Sources/(Uses)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balance/(Deficit) - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final	Amounts	
Revenues				
Intergovernmental revenues	\$ 9,454,394	\$ 9,454,394	\$ 7,648,609	\$ (1,805,785)
Charges for services	108,013	108,013	163,618	55,605
Interest and investment income	800	800	-	(800)
Other income	-	-	150	150
Total Revenues	9,563,207	9,563,207	7,812,377	(1,750,830)
Expenditures				
Human services	11,247,398	11,247,398	8,729,841	2,517,557
Total Expenditures	11,247,398	11,247,398	8,729,841	2,517,557
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(1,684,191)	(1,684,191)	(917,464)	766,727
Other Financing Sources/(Uses)				
Operating transfers in	1,684,191	1,684,191	917,464	(766,727)
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	1,684,191	1,684,191	917,464	(766,727)
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balance/(Deficit) - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

SUPPLEMENTARY
INFORMATION

COUNTY OF CAMBRIA
EMPLOYEE RETIREMENT PLAN -
SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule of Employer Contributions - Six Year Supplementary Information

<u>Year Ended</u>	<u>Annual Required Contribution ("ARC")</u>	<u>Percentage of ARC Contributed</u>
December 31, 2006	\$ 623,387	100%
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%

Funded Status and Funding Progress

As of December 31, 2011, 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 79 percent funded. The Entry Age actuarial accrued liability for benefits was \$196.1 million, and the actuarial value of assets was \$154.8 million, resulting in an unfunded Entry Age actuarial accrued liability (UAAL) of \$41.3 million. The covered payroll (annual payroll of active employees covered by the Plan) was \$25.4 million and the ratio of the UAAL to the covered payroll was 163 percent.

COUNTY OF CAMBRIA NONMAJOR FUNDS

The following are the County's nonmajor funds, for the year ending December 31, 2011:

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 30th. 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: 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 GRANDPARENT FUND: The Foster Grandparent program receives federal funding through the National Senior Service Corporation. The program is made up of individuals 60 years and older who volunteer 20 hours a week and receive a small stipend. These individuals work with children with special needs at head starts, schools, day care centers, emergency shelters, and hospitals.

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

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

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

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

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.

COUNTY OF CAMBRIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Debt Service Fund	Hotel Tax Fund	Redevelopment Authority	Liquid Fuels Tax Fund
	<u>Fund</u>	<u>Fund</u>	<u>Authority</u>	<u>Fund</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 709	\$ 14,817	\$ -	\$ 881,651
Restricted cash	-	-	-	-
Accounts receivable	-	55,131	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 709</u>	<u>\$ 69,948</u>	<u>\$ -</u>	<u>\$ 881,651</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 70,242	\$ -	\$ -
Deferred revenues	-	-	-	-
Due to other funds	<u>1,733,015</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,733,015</u>	<u>70,242</u>	<u>-</u>	<u>-</u>
Fund Balance				
Unassigned	(1,732,306)	(294)	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>881,651</u>
Total Fund Balance	<u>(1,732,306)</u>	<u>(294)</u>	<u>-</u>	<u>881,651</u>
Total Liabilities and Fund Balance	<u>\$ 709</u>	<u>\$ 69,948</u>	<u>\$ -</u>	<u>\$ 881,651</u>

COUNTY OF CAMBRIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	911 Emergency Communication Fund	Domestic Relations Office Fund	Drug and Alcohol Fund	Coroner Vital Statistics
	<u>ASSETS</u>			
Assets				
Cash and cash equivalents	\$ 24,673	\$ 45,297	\$ 842	\$ -
Restricted cash	-	-	-	-
Accounts receivable	108,582	-	4,099	-
Due from other governments	-	421,191	-	-
Due from other funds	-	-	353,082	36,831
	<u>-</u>	<u>-</u>	<u>353,082</u>	<u>36,831</u>
Total Assets	<u>\$ 133,255</u>	<u>\$ 466,488</u>	<u>\$ 358,023</u>	<u>\$ 36,831</u>
	<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities				
Accounts payable and accrued liabilities	\$ 123,701	\$ 57,898	\$ 244,803	\$ -
Deferred revenues	-	-	113,220	-
Due to other funds	128,551	408,590	-	-
	<u>128,551</u>	<u>408,590</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>252,252</u>	<u>466,488</u>	<u>358,023</u>	<u>-</u>
Fund Balance				
Unassigned	(118,997)	-	-	-
Assigned	-	-	-	36,831
	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,831</u>
Total Fund Balance	<u>(118,997)</u>	<u>-</u>	<u>-</u>	<u>36,831</u>
Total Liabilities and Fund Balance	<u>\$ 133,255</u>	<u>\$ 466,488</u>	<u>\$ 358,023</u>	<u>\$ 36,831</u>

See Independent Auditor's Report

COUNTY OF CAMBRIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<u>Detention/ Shelter Fund</u>	<u>Juvenile Probation Fund</u>	<u>Jail/ Detention Fund</u>	<u>Parks & Playgrounds Fund</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 6	\$ -
Restricted cash	-	-	-	-
Accounts receivable	-	-	2,111	-
Due from other governments	19,633	844,215	-	-
Due from other funds	<u>27,557</u>	<u>-</u>	<u>46,912</u>	<u>-</u>
Total Assets	<u>\$ 47,190</u>	<u>\$ 844,215</u>	<u>\$ 49,029</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 47,190	\$ 170,539	\$ -	\$ -
Deferred revenues	-	-	-	-
Due to other funds	<u>-</u>	<u>673,676</u>	<u>-</u>	<u>464,326</u>
Total Liabilities	<u>47,190</u>	<u>844,215</u>	<u>-</u>	<u>464,326</u>
Fund Balance				
Unassigned	-	-	-	(464,326)
Assigned	<u>-</u>	<u>-</u>	<u>49,029</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>49,029</u>	<u>(464,326)</u>
Total Liabilities and Fund Balance	<u>\$ 47,190</u>	<u>\$ 844,215</u>	<u>\$ 49,029</u>	<u>\$ -</u>

COUNTY OF CAMBRIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Human Services Fund	Foster Grand- Parents Fund	Substance Abuse Fund	Capital Projects
	<u>ASSETS</u>			
Assets				
Cash and cash equivalents	\$ 12	\$ 7	\$ 72	\$ 8,812
Restricted cash	-	-	-	-
Accounts receivable	38,442	-	17,209	-
Due from other governments	-	20,000	-	-
Due from other funds	90,669	-	554,465	999,940
Total Assets	<u>\$ 129,123</u>	<u>\$ 20,007</u>	<u>\$ 571,746</u>	<u>\$1,008,752</u>
	<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities				
Accounts payable and accrued liabilities	\$ 119,771	\$ 3,587	\$ 7,531	\$ -
Deferred revenues	9,352	8,660	-	-
Due to other funds	-	7,760	-	-
Total Liabilities	<u>129,123</u>	<u>20,007</u>	<u>7,531</u>	<u>-</u>
Fund Balance				
Unassigned	-	-	-	-
Assigned	-	-	564,215	1,008,752
Total Fund Balance	<u>-</u>	<u>-</u>	<u>564,215</u>	<u>1,008,752</u>
Total Liabilities and Fund Balance	<u>\$ 129,123</u>	<u>\$ 20,007</u>	<u>\$ 571,746</u>	<u>\$1,008,752</u>

COUNTY OF CAMBRIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Farmland Preservation Fund	Driving Under the Influence Fund	Affordable Housing Fund	Register of Wills Automation Fund
	<u>ASSETS</u>			
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 142,066	\$ 1
Restricted cash	1,506	-	-	-
Accounts receivable	10,389	51,875	-	450
Due from other governments	-	-	10,362	-
Due from other funds	-	1,561,637	-	5,866
	<u>-</u>	<u>1,561,637</u>	<u>-</u>	<u>5,866</u>
Total Assets	<u>\$ 11,895</u>	<u>\$ 1,613,512</u>	<u>\$ 152,428</u>	<u>\$ 6,317</u>
	<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities				
Accounts payable and accrued liabilities	\$ 1,631	\$ 143,717	\$ -	\$ 2,000
Deferred revenues	-	-	-	-
Due to other funds	10,719	-	-	-
	<u>12,350</u>	<u>143,717</u>	<u>-</u>	<u>2,000</u>
Total Liabilities	<u>12,350</u>	<u>143,717</u>	<u>-</u>	<u>2,000</u>
Fund Balance				
Unassigned	(455)	-	-	-
Assigned	-	1,469,795	152,428	4,317
	<u>(455)</u>	<u>1,469,795</u>	<u>152,428</u>	<u>4,317</u>
Total Fund Balance	<u>(455)</u>	<u>1,469,795</u>	<u>152,428</u>	<u>4,317</u>
Total Liabilities and Fund Balance	<u>\$ 11,895</u>	<u>\$ 1,613,512</u>	<u>\$ 152,428</u>	<u>\$ 6,317</u>

COUNTY OF CAMBRIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Dirt and Gravel Road Fund	Prothonotary Automation Fund	Clerk of Courts Automation Fund	Area Agency on Aging Fund
	<u>ASSETS</u>			
Assets				
Cash and cash equivalents	\$ 102,009	\$ 8	\$ 9	\$ 2,679
Restricted cash	-	-	-	-
Accounts receivable	-	-	-	242,558
Due from other governments	-	1,085	641	235,595
Due from other funds	-	34,290	30,070	1,564,865
	<u>-</u>	<u>34,290</u>	<u>30,070</u>	<u>1,564,865</u>
Total Assets	<u>\$ 102,009</u>	<u>\$ 35,383</u>	<u>\$ 30,720</u>	<u>\$ 2,045,697</u>
	<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities				
Accounts payable and accrued liabilities	\$ 45	\$ 12,186	\$ -	\$ 583,488
Deferred revenues	101,964	-	-	1,462,209
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>102,009</u>	<u>12,186</u>	<u>-</u>	<u>2,045,697</u>
Fund Balance				
Unassigned	-	-	-	-
Assigned	-	23,197	30,720	-
	<u>-</u>	<u>23,197</u>	<u>30,720</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>23,197</u>	<u>30,720</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 102,009</u>	<u>\$ 35,383</u>	<u>\$ 30,720</u>	<u>\$ 2,045,697</u>

COUNTY OF CAMBRIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	County Records Improvement Fund	HMER A Fund	SHARP Fund	Total
	<u>ASSETS</u>			
Assets				
Cash and cash equivalents	\$ 34,689	\$ 39,713	\$ 18,833	\$ 1,316,905
Restricted cash	-	-	-	1,506
Accounts receivable	-	-	-	530,846
Due from other governments	7,565	-	-	1,560,287
Due from other funds	30,115	-	-	5,336,299
	<u>30,115</u>	<u>-</u>	<u>-</u>	<u>5,336,299</u>
Total Assets	<u>\$ 72,369</u>	<u>\$ 39,713</u>	<u>\$ 18,833</u>	<u>\$ 8,745,843</u>
	<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities				
Accounts payable and accrued liabilities	\$ 3,015	\$ 381	\$ -	\$ 1,591,725
Deferred revenues	-	-	-	1,695,405
Due to other funds	-	-	-	3,426,637
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,426,637</u>
Total Liabilities	<u>3,015</u>	<u>381</u>	<u>-</u>	<u>6,713,767</u>
Fund Balance				
Unassigned	-	-	-	(2,316,378)
Assigned	69,354	39,332	18,833	4,348,454
	<u>69,354</u>	<u>39,332</u>	<u>18,833</u>	<u>4,348,454</u>
Total Fund Balance	<u>69,354</u>	<u>39,332</u>	<u>18,833</u>	<u>2,032,076</u>
Total Liabilities and Fund Balance	<u>\$ 72,369</u>	<u>\$ 39,713</u>	<u>\$ 18,833</u>	<u>\$ 8,745,843</u>

See Independent Auditor's Report

COUNTY OF CAMBRIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Debt Service Fund	Hotel Tax Fund	Redevelopment Authority	Liquid Fuels Tax Fund
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ 1,749,430	\$ 756,782
Charges for services	-	-	-	-
Interest and investment income	202	42	-	2,619
Other income	-	402,840	-	-
Total Revenues	202	402,882	1,749,430	759,401
Expenditures				
General government - administrative	-	-	-	-
Human services	-	-	-	-
General government -judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	734,396
Culture and recreation	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	5,547,782	-	-	-
Conservation and development	-	395,118	1,749,430	-
Total Expenditures	5,547,782	395,118	1,749,430	734,396
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(5,547,580)	7,764	-	25,005
Other Financing Sources/(Uses)				
Payments for refinancing	(28,585,000)	-	-	-
Operating transfers in	33,192,956	-	-	-
Operating transfers (out)	-	(8,058)	-	-
Total Other Financing Sources/ (Uses)	4,607,956	(8,058)	-	-
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(939,624)	(294)	-	25,005
Fund Balance - Beginning of Year	(792,682)	-	-	856,646
Fund Balance - End of Year	\$ (1,732,306)	\$ (294)	\$ -	\$ 881,651

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COUNTY OF CAMBRIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	911 Emergency Communication Fund	Domestic Relations Office Fund	Drug and Alcohol Fund	Coroner Vital Statistics
Revenues				
Intergovernmental revenues	\$ 1,096,466	\$ 1,515,810	\$ 1,682,344	\$ 36,831
Charges for services	730,704	29,199	-	-
Interest and investment income	1,543	106	357	-
Other income	4,864	-	-	-
Total Revenues	1,833,577	1,545,115	1,682,701	36,831
Expenditures				
General government - administrative	-	-	-	-
Human services	-	-	1,705,905	-
General government -judicial	-	2,508,595	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Emergency communication services	2,709,868	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	-
Total Expenditures	2,709,868	2,508,595	1,705,905	-
(Deficiency)/Excess of Revenue (Under) Expenditures	(876,291)	(963,480)	(23,204)	36,831
Other Financing Sources/(Uses)				
Payments for refinancing	-	-	-	-
Operating transfers in	400,000	963,480	23,204	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	400,000	963,480	23,204	-
(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(476,291)	-	-	36,831
Fund Balance - Beginning of Year	357,294	-	-	-
Fund Balance - End of Year	\$ (118,997)	\$ -	\$ -	\$ 36,831

COUNTY OF CAMBRIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Detention/ Shelter Fund	Juvenile Probation Fund	Jail/ Detention Fund	Parks & Playgrounds Fund
Revenues				
Intergovernmental revenues	\$ -	\$ 964,444	\$ -	\$ -
Charges for services	982,711	-	-	-
Interest and investment income	-	-	60	-
Other income	-	431,305	22,611	-
Total Revenues	982,711	1,395,749	22,671	-
Expenditures				
General government - administrative	-	-	-	-
Human services	-	-	-	-
General government -judicial	-	-	17,498	-
Public safety	1,606,521	2,981,596	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	502,504
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	-
Total Expenditures	1,606,521	2,981,596	17,498	502,504
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	(623,810)	(1,585,847)	5,173	(502,504)
Other Financing Sources/(Uses)				
Payments for refinancing	-	-	-	-
Operating transfers in	623,810	1,585,847	-	603,990
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	623,810	1,585,847	-	603,990
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	5,173	101,486
Fund Balance - Beginning of Year	-	-	43,856	(565,812)
Fund Balance - End of Year	\$ -	\$ -	\$ 49,029	\$ (464,326)

COUNTY OF CAMBRIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Human Services Fund	Foster Grand- Parent Fund	Substance Abuse Fund	Capital Projects
Revenues				
Intergovernmental revenues	\$ 652,151	\$ 430,157	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	126	78	795	22
Other income	-	227,982	271,399	-
Total Revenues	652,277	658,217	272,194	22
Expenditures				
General government - administrative	-	-	-	-
Human services	652,277	658,217	-	-
General government -judicial	-	-	275,434	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	-	-	-	-
Total Expenditures	652,277	658,217	275,434	-
(Deficiency)/Excess of Revenue Over/(Under) Expenditures	-	-	(3,240)	22
Other Financing Sources/(Uses)				
Payments for refinancing	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	-	-	-	-
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	(3,240)	22
Fund Balance - Beginning of Year	-	-	567,455	1,008,730
Fund Balance - End of Year	\$ -	\$ -	\$ 564,215	\$ 1,008,752

COUNTY OF CAMBRIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Farmland Preservation Fund	Driving Under the Influence Fund	Affordable Housing Fund	Register of Wills Automation Fund
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	1	3,946	343	8
Other income	10,390	582,939	119,376	7,475
Total Revenues	10,391	586,885	119,719	7,483
Expenditures				
General government - administrative	-	-	-	-
Human services	-	-	-	-
General government -judicial	-	605,130	-	6,629
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	11,998	-	127,546	-
Total Expenditures	11,998	605,130	127,546	6,629
Excess of Revenue Over/(Under) Expenditures	(1,607)	(18,245)	(7,827)	854
Other Financing Sources/(Uses)				
Payments for refinancing	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	-	-	-	-
(Deficiency)/Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,607)	(18,245)	(7,827)	854
Fund Balance - Beginning of Year	1,152	1,488,040	160,255	3,463
Fund Balance - End of Year	\$ (455)	\$ 1,469,795	\$ 152,428	\$ 4,317

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, 2011

	Dirt and Gravel Road Fund	Prothonotary Automation Fund	Clerk of Courts Automation Fund	Area Agency on Aging Fund
Revenues				
Intergovernmental revenues	\$ 568	\$ -	\$ -	\$ 5,368,238
Charges for services	-	-	-	495,911
Interest and investment income	174	74	66	6,015
Other income	-	14,050	8,011	22,035
Total Revenues	742	14,124	8,077	5,892,199
Expenditures				
General government - administrative	-	-	-	-
Human services	-	-	-	5,892,199
General government -judicial	-	48,252	19,180	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Emergency communication services	-	-	-	-
Debt service	-	-	-	-
Conservation and development	742	-	-	-
Total Expenditures	742	48,252	19,180	5,892,199
Excess of Revenue Over/(Under) Expenditures	-	(34,128)	(11,103)	-
Other Financing Sources/(Uses)				
Payments for refinancing	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Financing Sources/ (Uses)	-	-	-	-
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	(34,128)	(11,103)	-
Fund Balance - Beginning of Year	-	57,325	41,823	-
Fund Balance - End of Year	\$ -	\$ 23,197	\$ 30,720	\$ -

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, 2011

	County Records Improvement Fund	HMER Fund	SHARP Fund	Total
Revenues				
Intergovernmental revenues	\$ -	\$ 29,722	\$ -	\$ 14,282,943
Charges for services	88,085	17,300	-	2,343,910
Interest and investment income	53	63	44	16,737
Other income	-	3,500	249	2,129,026
Total Revenues	88,138	50,585	293	18,772,616
Expenditures				
General government - administrative	38,975	-	-	38,975
Human services	-	-	-	8,908,598
General government -judicial	-	-	-	3,480,718
Public safety	-	67,581	7,705	4,663,403
Public works	-	-	-	734,396
Culture and recreation	-	-	-	502,504
Emergency communication services	-	-	-	2,709,868
Debt service	-	-	-	5,547,782
Conservation and development	-	-	-	2,284,834
Total Expenditures	38,975	67,581	7,705	28,871,078
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	49,163	(16,996)	(7,412)	(10,098,462)
Other Financing Sources/(Uses)				
Payments for refinancing	-	-	-	(28,585,000)
Operating transfers in	-	-	-	37,393,287
Operating transfers (out)	-	-	-	(8,058)
Total Other Financing Sources/ (Uses)	-	-	-	8,800,229
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	49,163	(16,996)	(7,412)	(1,298,233)
Fund Balance - Beginning of Year	20,191	56,328	26,245	3,330,309
Fund Balance - End of Year	\$ 69,354	\$ 39,332	\$ 18,833	2,032,076

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COMPONENT UNIT COMBINING
AND
INDIVIDUAL FUND
FINANCIAL STATEMENTS

COUNTY OF CAMBRIA
COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS
DECEMBER 31, 2011

	Planning Commission	Redevelopment Authority	Library Association	Municipal Airport Authority	Transit Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 40,181	\$ 298,208	\$ 236,818	\$ 280,389	\$ 7,576,489
Investments	-	-	693,692	300,000	-
Restricted investments	-	-	322,789	-	-
Accounts receivable	45,469	-	18,629	40,694	227,781
Due from other governments	-	214,445	97,500	18,150	213,884
Inventory	-	-	-	-	412,714
Prepaid expenses and other assets	1,599	636,899	22,019	-	180,436
Total current assets	<u>87,249</u>	<u>1,149,552</u>	<u>1,391,447</u>	<u>639,233</u>	<u>8,611,304</u>
Non-current assets					
Fixed assets (net of accumulated depreciatio	2,040	1,395,520	744,124	14,824,232	15,407,389
Deferred Costs	-	-	-	-	-
Total non-current assets	<u>2,040</u>	<u>1,395,520</u>	<u>744,124</u>	<u>14,824,232</u>	<u>15,407,389</u>
Total Assets	<u>\$ 89,289</u>	<u>\$ 2,545,072</u>	<u>\$ 2,135,571</u>	<u>\$ 15,463,465</u>	<u>\$ 24,018,693</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 11,513	\$ 568,833	\$ 61,556	\$ 20,471	\$ 424,156
Deferred revenue	-	590,054	122,640	765,422	6,757,613
Due to other governments	-	108,661	-	-	-
Notes payable	-	-	-	54,712	-
Obligation under capital lease	-	-	-	-	-
Total current liabilities	<u>11,513</u>	<u>1,267,548</u>	<u>184,196</u>	<u>840,605</u>	<u>7,181,769</u>
Non-current liabilities					
Due to other governments	-	-	-	-	-
Notes payable	-	-	-	296,137	-
Obligation under capital lease	-	-	-	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,137</u>	<u>-</u>
Total Liabilities	<u>11,513</u>	<u>1,267,548</u>	<u>184,196</u>	<u>1,136,742</u>	<u>7,181,769</u>
NET ASSETS					
Investment in fixed assets, net of related deb	2,040	1,395,520	744,124	14,473,383	15,407,389
Restricted (Note 1m)	-	-	322,789	-	913,281
Unrestricted	<u>75,736</u>	<u>(117,996)</u>	<u>884,462</u>	<u>(146,660)</u>	<u>516,254</u>
Total Net Assets	<u>77,776</u>	<u>1,277,524</u>	<u>1,951,375</u>	<u>14,326,723</u>	<u>16,836,924</u>
Total Liabilities and Net Assets	<u>\$ 89,289</u>	<u>\$ 2,545,072</u>	<u>\$ 2,135,571</u>	<u>\$ 15,463,465</u>	<u>\$ 24,018,693</u>

COUNTY OF CAMBRIA
COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS
DECEMBER 31, 2011

	Solid Waste Management Authority	Conservation and Recreation Authority	Community College	Behavioral Health of Cambria County	War Memorial Arena Authority	Totals
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 67,585	\$ 455,481	\$ 3,593,639	\$ 1,102,727	\$ 18,773	\$ 13,670,290
Investments	-	-	-	-	-	993,692
Restricted investments	-	-	-	-	-	322,789
Accounts receivable	19,563	39,403	154,197	354	18,696	564,786
Due from other governments	79,450	-	13,705	4,474,841	-	5,111,975
Inventory	-	-	-	-	-	412,714
Prepaid expenses and other assets	7,597	-	139,685	896,644	-	1,884,879
Total current assets	174,195	494,884	3,901,226	6,474,566	37,469	22,961,125
Non-current assets						
Fixed assets (net of accumulated depreciation)	359,162	7,452,672	11,355,342	17,877	529,851	52,088,209
Deferred Costs	-	-	80,093	-	-	80,093
Total non-current assets	359,162	7,452,672	11,435,435	17,877	529,851	52,168,302
Total Assets	\$ 533,357	\$ 7,947,556	\$ 15,336,661	\$ 6,492,443	\$ 567,320	\$ 75,129,427
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	\$ 16,532	\$ 87,926	\$ 911,771	\$ 66,350	64,450	\$ 2,233,558
Deferred revenue	-	299,278	159,460	891,229	-	9,585,696
Due to other governments	-	-	40,720	4,448,479	-	4,597,860
Notes payable	-	-	889,239	-	6,971	950,922
Obligation under capital lease	-	-	127,804	-	-	127,804
Total current liabilities	16,532	387,204	2,128,994	5,406,058	71,421	17,495,840
Non-current liabilities						
Due to other governments	-	-	101,739	-	-	101,739
Notes payable	-	-	3,089,791	-	31,808	3,417,736
Obligation under capital lease	-	-	86,648	-	-	86,648
Total non-current liabilities	-	-	3,278,178	-	31,808	3,606,123
Total Liabilities	16,532	387,204	5,407,172	5,406,058	103,229	21,101,963
NET ASSETS						
Investment in fixed assets, net of related debt	359,162	7,452,672	7,161,860	17,877	491,072	47,505,099
Restricted (Note 1m)	-	-	1,400,000	-	-	2,636,070
Unrestricted	157,663	107,680	1,367,629	1,068,508	(26,981)	3,886,295
Total Net Assets	516,825	7,560,352	9,929,489	1,086,385	464,091	54,027,464
Total Liabilities and Net Assets	\$ 533,357	\$ 7,947,556	\$ 15,336,661	\$ 6,492,443	\$ 567,320	\$ 75,129,427

COUNTY OF CAMBRIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN NET ASSETS - GOVERNMENTAL TYPE COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Redevelopment Authority	Library Association	Conservation and Recreation Authority	Total
Revenues:				
Intergovernmental revenues	\$ 2,315,310	\$ 874,928	\$ 280,299	\$ 3,470,537
County appropriations	-	608,015	142,884	750,899
Charges for services	65,421	59,439	-	124,860
Interest and investment income	-	45,733	33	45,766
Realized gain on investments	-	811	-	811
Unrealized gain on investments	-	9,498	-	9,498
Other	-	78,944	27,554	106,498
Total Revenues	<u>2,380,731</u>	<u>1,677,368</u>	<u>450,770</u>	<u>4,508,869</u>
Expenditures:				
Conservation and development	1,927,697	-	492,415	2,420,112
Culture and recreation	-	1,695,524	-	1,695,524
Total Expenditures	<u>1,927,697</u>	<u>1,695,524</u>	<u>492,415</u>	<u>4,115,636</u>
Change in Net Assets	<u>453,034</u>	<u>(18,156)</u>	<u>(41,645)</u>	<u>393,233</u>
Net Assets - Beginning of Year	824,490	2,254,319	7,601,997	10,680,806
Prior Period Adjustment	-	(284,788)	-	(284,788)
Net Assets - Beginning of Year, as restated	<u>824,490</u>	<u>1,969,531</u>	<u>7,601,997</u>	<u>10,396,018</u>
Net Assets - End of Year	<u>\$ 1,277,524</u>	<u>\$ 1,951,375</u>	<u>\$ 7,560,352</u>	<u>\$ 10,789,251</u>

COUNTY OF CAMBRIA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR BUSINESS-TYPE ACTIVITY COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Planning Commission	Municipal Airport Authority	Transit Authority	Solid Waste Management Authority
Operating Revenues:				
Charges for services	\$ 292,768	\$ 362,114	\$ 932,044	\$ 5,003
Intergovernmental revenues	-	526	138,845	73,778
Other	363	175,999	297,965	106,516
Total Operating Revenues	293,131	538,639	1,368,854	185,297
Operating Expenses:				
Public works	426,877	468,894	8,321,416	461,462
Human Services	-	-	-	-
Education and general	-	-	-	-
Depreciation	846	1,203,632	1,774,985	54,543
Total Operating Expenses	427,723	1,672,526	10,096,401	516,005
Operating (Loss)	(134,592)	(1,133,887)	(8,727,547)	(330,708)
Non-Operating Revenues/(Expenses):				
Investment income	54	1,617	14,881	73
Gain/(loss) on sale of assets	-	-	(21,349)	-
Federal appropriations	-	-	1,263,521	-
State appropriations	-	-	5,113,189	-
County appropriations	94,250	156,750	560,972	285,000
Other non-operating revenue/(expense)	-	29,589	-	-
Interest expense	-	(18,209)	-	-
Total Non-Operating Revenues/ (Expenses)	94,304	169,747	6,931,214	285,073
Change in Net Assets Before Capital Contributions	(40,288)	(964,140)	(1,796,333)	(45,635)
Capital Contributions	-	34,909	375,379	-
Total Change in Net Assets	(40,288)	(929,231)	(1,420,954)	(45,635)
Net Assets Beginning of Year	118,064	15,260,864	18,257,878	562,460
Prior Period Adjustment	-	(4,910)	-	-
Net Assets Beginning of Year, as restated	118,064	15,255,954	18,257,878	562,460
Net Assets - End of Year	\$ 77,776	\$ 14,326,723	\$ 16,836,924	\$ 516,825

COUNTY OF CAMBRIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR BUSINESS-TYPE ACTIVITY COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Community College	Behavioral Health of Cambria County	War Memorial Arena Authority	Total
Operating Revenues:				
Charges for services	\$ 5,616,415	\$ 10,050	\$ -	\$ 7,218,394
Intergovernmental revenues	6,482,650	31,224,342	-	37,920,141
Other	108,017	891,229	-	1,580,089
Total Operating Revenues	12,207,082	32,125,621	-	46,718,624
Operating Expenses:				
Public works	-	-	-	9,678,649
Human Services	-	31,955,605	-	31,955,605
Education and general	15,637,111	-	266,403	15,903,514
Depreciation	875,799	-	-	3,909,805
Total Operating Expenses	16,512,910	31,955,605	266,403	61,447,573
Operating (Loss)	(4,305,828)	170,016	(266,403)	(14,728,949)
Non-Operating Revenues/(Expenses):				
Investment income	-	13,784	-	30,409
Gain/(loss) on sale of assets	-	-	-	(21,349)
Federal appropriations	-	-	-	1,263,521
State appropriations	3,549,159	-	-	8,662,348
County appropriations	1,205,000	-	258,238	2,560,210
Other non-operating revenue/(expense)	76,445	-	201	106,235
Interest expense	(80,771)	-	-	(98,980)
Total Non-Operating Revenues/ (Expenses)	4,749,833	13,784	258,439	12,502,394
Change in Net Assets Before Capital Contributions	444,005	183,800	(7,964)	(2,226,555)
Capital Contributions	95,000	-	-	505,288
Total Change in Net Assets	539,005	183,800	(7,964)	(1,721,267)
Net Assets Beginning of Year	9,390,484	902,585	472,055	44,964,390
Prior Period Adjustment	-	-	-	(4,910)
Net Assets Beginning of Year, as restated	9,390,484	902,585	472,055	44,959,480
Net Assets - End of Year	\$ 9,929,489	\$ 1,086,385	\$ 464,091	\$ 43,238,213