

COUNTY OF CAMBRIA, PENNSYLVANIA

CITIZENS FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008



PREPARED BY THE OFFICE OF THE CONTROLLER

ED CERNIC, JR., CONTROLLER

Visit www.co.cambria.pa.us

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County of Cambria



ANTOINETTE SHERRY
DEPUTY CONTROLLER

KRISTINE A. SEGGEAR, CPA
2nd DEPUTY/SENIOR ACCOUNTING
MANAGER

Office of County Controller

200 South Center Street
Ebensburg, PA 15931

To the Residents of Cambria County:

I am pleased to provide you with our Citizens Financial Report Summary of Cambria County, Pennsylvania referencing the year 2008.

The information contained in this Citizen Financial Report Summary was obtained from Cambria County's 2008 audited Financial Statements. We recommend that for a detailed financial report comprised of all notes, schedules and reports that make up this summary you refer to the Financial Statements. The Financial Statements are available at the Controllers Office, 200 South Center Street, Ebensburg, PA 15931, by calling the office at (814) 472-1620 or on the County's website at www.co.cambria.pa.us, under the Controller's page.

This Citizens Financial Report Summary is a first of what we expect to be an annual report to the citizens in a condensed, easy to read format overview of Cambria County finances and operations. This report does not conform to generally Accepted Accounting Principals. The Citizens Financial Report Summary is unaudited, and is without material disclosures or notes that may be referenced in the detailed Audit Report. For any or all of the details referencing this report please contact us at the Controllers Office. I am responsible for the accuracy of the information contained in these reports as the County Controller.

I hope that you will find this report informative and interesting on how the finances of Cambria County are handled as income and expenditures and the overall financial picture of Cambria County. I would also like to commend the staff of the Controllers Office in their effort in assembling and composing this report, especially Kristine Segear, Amber Hamilton and Emily Krug.



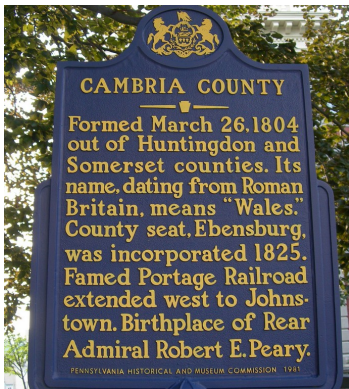
Sincerely,

Ed Cernic, Jr.
Controller of Cambria County

WELCOME TO CAMBRIA COUNTY!

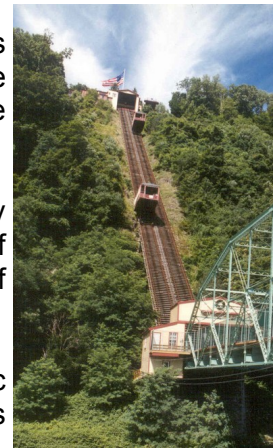


Nestled in the heart of the Allegheny Mountains, Cambria County offers a wide range of activities for residents and visitors year round. From Thunder in the Valley to PotatoFest there is always something to do.



Cambria County was created on March 26, 1804 from parts of Bedford, Huntingdon and Somerset counties. It was the 41st county formed in Pennsylvania. The name Cambria was derived from the ancient Celtic word for Wales, also known as the “land of Compatriots.”

Cambria County is home to the world's steepest vehicular inclined plane, built in the aftermath of the 1889 flood so that people could live safely off of the floodplain.



The County has 63 political subdivisions, consisting of one City (Johnstown), 32 boroughs and 30 townships with the Borough of Ebensburg being the County Seat. The County has a population of approximately 144,000 and covers 692 square miles.

Cambria County is home to six colleges and universities and 14 public school districts and many private and parochial schools, as well as many historic sites, state parks and local museums.



The County currently employs 1,364 people and has 753 retirees.

Photos throughout the book courtesy of the following: Jimmy Emerson, James Hall, Harry Hunt, Emily Krug, and the Pennsylvania Tourism Office/visitPA.com.



County Commissioners from left:
Milan Gjurich, PJ Stevens, President Commissioner and Bill Harris

Financial Position Summary

The summary of the County's financial position, below, shows the County's resources versus the amount owed at year-end for the governmental and business-type activities.

	<u>2006</u>	<u>2007</u>	<u>2008</u>
	(in thousands)		
Assets			
Current Assets			
Cash and investments	\$ 12,554	\$ 15,217	\$ 10,148
Other current assets	12,966	15,956	18,812
Capital assets and other	73,313	82,390	82,418
Total Assets	<u>98,833</u>	<u>113,563</u>	<u>111,378</u>
Liabilities			
Current Liabilities	20,100	29,693	28,975
Non-current liabilities	60,437	68,318	71,253
Total Liabilities	<u>80,537</u>	<u>98,011</u>	<u>100,228</u>
Net Assets			
Investments in capital assets	13,434	14,280	10,962
Unrestricted	4,838	1,244	137
Restricted	24	27	51
Total Net Assets	<u>\$ 18,296</u>	<u>\$ 15,551</u>	<u>\$ 11,150</u>

Cash & Investments: Of the \$10.1 million of cash and investments at December 31, 2008, approximately 2.2 million is limited to a specific purpose. The following are restricted cash and investments that are not available for discretionary spending:



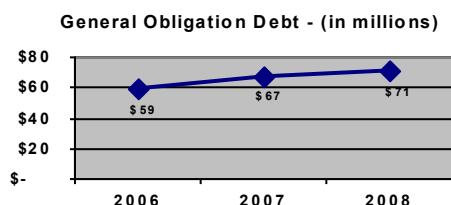
- **\$2.7 million** - Human Services
- **\$766 thousand** - Tax Claim Department amounts received from tax sales which ultimately will be distributed to other tax authorities.
- **\$382 thousand** - 911 Wireless grant revenue received to aid in implementation of wireless technology.
- **\$576 thousand** - Patient accounts comprising funds held by Laurel Crest Manor in escrow for residents.
- **\$440 thousand** - Cambria Connected investments

Significant changes in 2008....

- ♦ County real estate tax revenue increased \$1.5 million due to a rate increase of 1 mill.
- ♦ Actual interest and investment income was \$207 thousand or 59.1% less than budgeted.
- ♦ Net Assets increased \$139,000 for the governmental activities, however, the net assets for the business-type activities decreased \$4.5 million. The decrease is a result of a \$4.52 million operating loss at Laurel Crest Manor for 2008.

General Obligation Debt

At December 31, 2008, the County had \$70,970,398.50 of general obligation debt outstanding.



- Standard's & Poor's September 6, 2005 report upgraded the County's bond rating to "BB" with a stable outlook. For 2006 and 2007, Standard & Poor's affirmed its "BB" with a stable outlook underlying rating for the County during their annual review.
- In June of 2007, the County entered into a sublease with the Cambria County Financing Authority to finance equipment necessary for the network infrastructure to upgrade the public safety/9-1-1 communication system and to establish broadband internet system. M&T Bank provided the \$10 million equipment lease at 4.356% for a term of 15 years.
- On November 18, 2008, the County received court approval to issue a general obligation note in the amount of \$6 million for unfunded debt incurred in the operation of Laurel Crest Rehabilitation and Special Care Center.

Did you know...

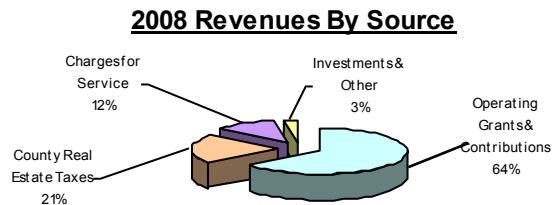
Governmental Funds: There are 31 individual funds reported as governmental activities. Of these funds, the following have been identified as major funds: General Fund, Capital Projects, Mental Health/Mental Retardation, Health Choices, and 911 Emergency Communication.

Proprietary Funds: There are 4 funds that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges and are reported as business-type activities: Laurel Crest Rehabilitation and Special Care Center, Laurel Crest DME, Central Park Complex, and Cambria Connected.

Fiduciary Funds: Are used to account for resources held for the benefit of the parties outside of the government and to insure the funds are used for the intended purposes. Two examples of this fund include the Retirement Trust and Worker's Compensation.

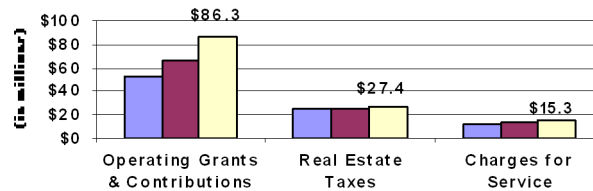
Revenue Summary, Trends, and Highlights

Summary: County revenues totaled \$132.4 million in 2008, an increase of 20.5% over the prior year.



Revenue Trends

■ 2006 ■ 2007 ■ 2008



Highlights: Grants - The Health Choices Fund was added as a major governmental fund for 2008. These funds are passed through directly to Behavioral Health of Cambria County (BHoCC), a non-profit corporation. Revenues in the Health Choices Fund increased \$14.5 million or 105.6% from 2007.

Real Estate Taxes - Increased \$1.5 million in 2008 due to a tax rate increase of 1 mill.

Charges for Service - Increased \$1.2 million in MH/MR due to Value Behavioral Health's higher reimbursement rates for their eligible medical assistance clients.

Cambria County Prison:



- The county prison has approximately 500 available beds for prisoners. Under a new contract with the State, some state inmates will be moved into the County prison to help offset operating costs.
- In 2008, the prison's income was \$2.7 million with expenses totaling \$7.9 million, resulting in a net loss of \$5.2 million.

Expense Summary, Trends, and Highlights

Expense Summary: The following chart illustrates the trends in County expenses for funds in which the expense exceeded \$1 million. Expenses for all other funds are grouped under the "other county funds". Expenses for the County's governmental activities, based upon the modified accrual basis on accounting, were \$132.4 million for 2008. The graph to the right reflects the uses of those expenses. As indicated by the graph, the human services programs comprised the largest portion of the governmental activities expenses, which amounted to 67.3% or \$89 million.

Major Funds:	2006	2007	2008
General Fund	\$ 33,598,888	\$ 34,499,991	\$ 41,543,584
Capital Projects	1,051,809	593,086	195,005
MH/MR	25,213,290	26,590,548	27,936,744
Health Choices	-	13,756,649	28,287,659
9-1-1	4,395,285	2,525,776	2,531,638

Other Governmental Activities:

Children & Youth	8,750,342	8,682,648	8,929,742
Area Agency on Aging	5,152,237	5,828,873	5,794,684
Debt Service	3,744,556	3,609,409	4,247,199
Juvenile Probation	2,683,873	2,670,297	2,925,002
Domestic Relations	2,097,913	2,190,100	2,154,313
Drug & Alcohol	2,047,337	1,555,343	1,588,060
Detention Shelter	1,368,245	1,448,040	1,439,951
Other County Funds	4,969,353	5,313,066	4,853,495

TOTAL EXPENSES

Business-type Activities:

Laurel Crest Manor	\$ 28,854,474	\$ 31,964,845	\$ 28,403,424
Laurel Crest DME	154,839	36,090	60,275
Central Park Complex	886,899	838,579	863,252
Cambria Connected	-	-	282,534
TOTAL EXPENSES	\$ 29,896,212	\$ 32,839,514	\$ 29,609,485

- Human Service 67.3%
- Public Safety 11.2%
- Administrative 7.4%
- Judicial 5.2%
- Debt Service 3.3%
- Highways/Streets 2.7%
- Conservation 2.0%
- Culture/Recreation 0.8%
- Capital Outlay 0.1%



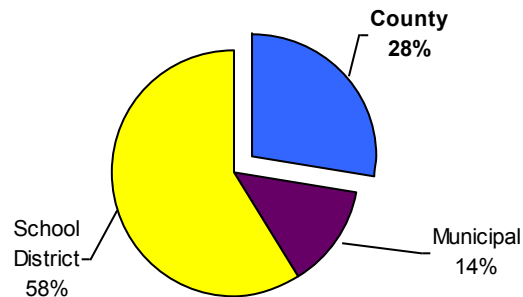


YOUR REAL ESTATE TAXES— THE COUNTY'S PORTION

The pie chart illustrates that on average, 28% of your local real estate taxes is paid to the county.

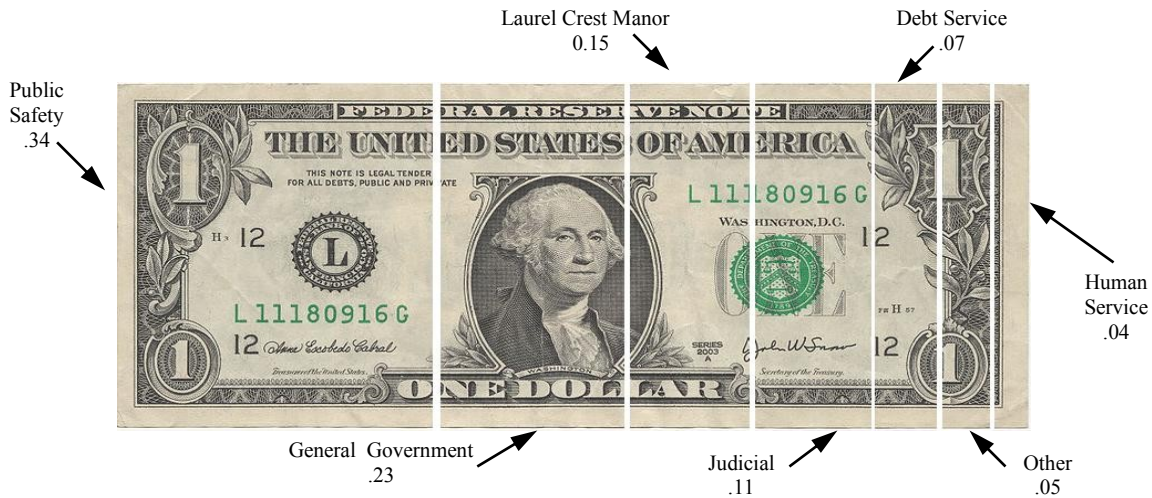
Cambria County residents paid an average of \$845 in local real estate on \$10,000 of assessed value for 2008. Of that average, \$233 (28%) is paid to the County.

The county's millage rate is 23.25, with each mill generating approximately \$1.2 million in taxes. In 2008, the County Commissioners passed a resolution increasing the county millage rate by 1.0 mills.



Below is an illustration of how the County's portion of your real estate taxes are spent.

The majority (79% or \$105 million) of the County's spending is funded by state federal grants, charges for services, investments and other income. The remaining (\$30 million) must be paid primarily with your County real estate taxes.



Millage Rates

	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Purposes	17.50	16.50	15.50
Debt Purposes	4.00	4.00	5.00
Community College	0.75	0.75	0.75
County Library	0.50	0.50	0.50
Parks & Playgrounds	0.50	0.50	0.50
Total millage rates	<u>23.25</u>	<u>22.25</u>	<u>22.25</u>



CAMBRIA COUNTY SERVICES

Below are the services provided to County citizens

General Government - Administrative

Includes services provided by the Commissioners, Controller, Recorder of Deeds, Treasurer, Election Office and other internal County Offices.

General Government – Judicial

Includes services provided by the Courts, District Attorney, Public Defender, Clerk of Courts, Prothonotary, Sheriff, Magisterial District Judges, Coroner, Register of Wills and others.

Office of aging

Provides services and programs for County residents age 60 and over which enhances their quality of life by promoting their well-being, dignity, independence, and safety.

Mental Health / Mental Retardation

Provides access to a comprehensive array of quality behavioral health services that are effective, efficient, courteous, and responsive to the individual's needs and values of Cambria County residents with mental disabilities.

Children & Youth

Provides resources to effectively and efficiently identify, investigate and prevent abuse and neglect of the children of Cambria County.

Veteran Services

Assists veterans and their families in the process necessary to obtain veteran benefits.

Emergency Services

Operates and maintains the County's 9-1-1 emergency response communications system.

Laurel Crest Rehabilitation & Special Care Center

Provides licensed nursing, rehabilitation and physician care to residents.

Conservation

Advocates and assists the public through programs, projects and leadership in stewardship of natural resources to sustain and enhance the quality of life in Cambria County



Farmland Preservation

Using funds provided by the PA Department of Agriculture this program assists farmers in buying easement or development rights in order for farms to remain as farms forever.

County Prison

Provides the Care, Custody and Control of those who have been charged or convicted of a criminal offense as determined by the legal committing authority.

Roads and bridges maintenance

Uses state aid revenues to build and improve road and bridges.

CAMBRIA COUNTY ELECTED OFFICIALS

<u>Official</u>	<u>Phone</u>	<u>Email</u>
Commissioners		
PJ Stevens, President	(814) 472-1606	hgeorge@co.cambria.pa.us
Milan Gjurich		
Bill Harris		
Controller		
Ed Cernic, Jr.	(814) 472-1620	ecernic@co.cambria.pa.us
Clerk of Courts		
Susan Kuhar	(814) 472-1540	skuhar@co.cambria.pa.us
Coroner		
Dennis Kwiatkowski	(814) 535-6222	coroner@co.camrbrai.pa.us
District Attorney		
Patrick Kiniry	(814) 472-1680	
Prothonotary		
Patty Berkebile	(814) 472-1638	pberkebile@co.cambria.pa.us
Recorder of Deeds		
Andrea Fedore Sims	(814) 472-1473	
Register of Wills		
Patty Sharbaugh	(814) 472-1440	
Sheriff		
Bob Kolar	(814) 472-1690	
Treasurer		
Barbara Kline	(814) 472-1643	bkline@co.cambria.pa.us
Jury Commissioners		
Tom Chernisky	(814) 472-1501	tpapcunik@co.cambria.pa.us
Rich Speicher		

Do you suspect fraud or abuse?

If you think you have knowledge of....

- Suspected theft or misuse of County property or cash
- False reporting of hours worked
- Submission of illegitimate vendor invoices
- Falsification of expense reimbursements
- Mismanagement of tax dollars
- Other suspected fraud or abuse



YOU can help because...

- U.S organizations lose an estimated 5% of their annual revenue to fraud*
- Frauds are more likely to be detected by a tip than by other means.*

To keep it confidential....

- Mail your tip to: The Controller's Office, 200 S Center St., Ebensburg, PA 15931
- Call (814)472-1620

* Source: Association of Certified Fraud Examiners' Report to the Nation