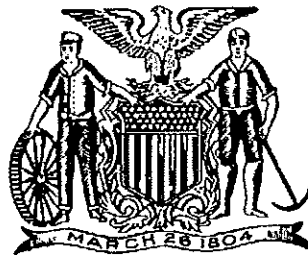


**FINANCIAL STATEMENT
CAMBRIA COUNTY
PENSION FUND
For Year Ending December 31, 2010**

MILAN GJURICH, Chairman
COUNTY COMMISSIONER

SALVATORY "SAM" VALENTY,
VICE CHAIRMAN
COUNTY COMMISSIONER

P.J. STEVENS,
PRESIDENT
BOARD OF COMMISSIONERS



ED CERNIC JR., Secretary
COUNTY CONTROLLER

BARBARA J. KLINE
TREASURER

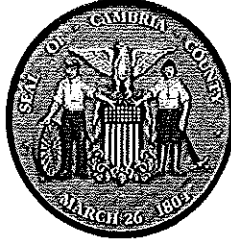
DANA DESCAVISH
ASSISTANT SECRETARY

MILAN GJURICH
CHAIRMAN

SAM VALENTY
VICE CHAIRMAN

P.J. STEVENS
PRESIDENT
Board of Commissioners

County of Cambria



ED CERNIC, JR.
SECRETARY
County Controller

BARBARA J. KLINE
Treasurer

DANA DESCAVISH
Assistant Secretary

Cambria County Retirement Board

200 South Center Street
Ebensburg, PA 15931
(814) 472-5440

February 2011

The Cambria County Retirement Fund is pleased to present its annual report of the County Retirement Fund activities for the year ending December 31, 2010.

The Controllers Office and the Retirement Board noted a busy year as we saw an increase in our assets and the further diversification of our fund. The economy during 2010 tried to advance and in some aspects made gains, while in others, such as oil, we saw increases in pricing through the end of the year. Consumer confidence seemed to stabilize with unemployment holding around the 9.5% - 10% level. Domestic production rebounded and exports seem to be on the rise.

Once again, we have summarized the expenses and revenues of the Retirement Fund on the next few pages. You will notice that during 2010 we made some changes to the managers of the fund, and our demand for all of them to increase their values continues. Overall we have been optimistic about their performance. Our fund started the year at \$148,350,306 and ended the year at \$160,002,302. 2010 was the first year for the Fund after the sale of the County's nursing home, Laurel Crest Manor, which resulted in a large increase in the number of County Retirees. As of this writing, the number of County Retirees is 876 individuals.

In 2010, the County General Fund made a contribution of \$2,265,930 to the retirement fund to help maintain the solvency of the Fund for all retirees. If you have any questions concerning any part of the Fund, please direct your inquiries to the Controllers Office at 814-472-1620, we will be more than happy to assist you in any manner.

With all Best Wishes,

Cambria County Retirement Board

Milan Gjurich Commissioner/Chairman
Salvatore "Sam" Valenty Vice -Chairman

Ed Cernic Jr. Controller/Secretary

P.J. Stevens Commissioner/Trustee
Barbara Kline Treasurer/Trustee

CAMBRIA COUNTY
Employees' Retirement Fund 2010 Financial Report

Statement of Changes in Plan Net Assets For The Year Ended December 31, 2010

Total Assets (cost value) January 1, 2010	\$ <u>145,918,567.57</u>
Member Contributions (incl. mbr. share of milit./l.a.)	<u>2,518,989.49</u>
Member purchase of County share of milit./l.a.	<u>4,962.42</u>
County Contributions	<u>2,265,930.00</u>
Investment Income:	
Interest	<u>1,201,712.16</u>
Dividends	<u>1,865,415.98</u>
Realized Capital Gains	<u>2,822,517.98</u>
Net Accrued Interest/other	<u>389,752.24</u>
Miscellaneous	<u>0.00</u>
Total Additions	+\$ <u>11,069,280.27</u>
 <u>Deductions / Expenses</u>	
Member Contributions Refunded	<u>2,837,384.63</u>
Retirement allowances paid (includes C-O-L and accum. deduct. w/d under Opt. 4)	<u>7,731,756.80</u>
Death Benefits	<u>358,214.22</u>
Administrative Expenses	<u>89,395.26</u>
Investment expenses	<u>450,584.65</u> **
Miscellaneous	<u> </u>
Change in Accounts Payable	<u>(7,353.38)</u>
Total Deductions	-\$ <u>11,459,982.18</u>
<u>Net Increase</u>	<u>\$ (390,701.91)</u>
Total Assets (cost value) December 31, 2010	<u>\$ 145,527,865.66</u>
Unrealized appreciation/depreciation	<u>14,747,863.90</u>
Total Assets (market value) December 31, 2010	<u>\$ 160,275,729.56</u>

** See Attached Schedule - Investment Expense Detail for a Breakdown of Investment Expense

CAMBRIA COUNTY

Statement of Plan Assets As Of December 31, 2010

<u>Assets</u>	Cost Value	Market Value
Cash and Short Term Investments	\$ <u>3,915,487.90</u>	\$ <u>3,915,487.90</u>
Receivables	<u>389,752.24</u>	<u>389,752.24</u>
Investments:		
U.S. Government Obligations	<u>24,726,794.61</u>	<u>25,581,090.79</u>
Domestic Corporate Bonds	<u>13,762,669.32</u>	<u>14,162,753.24</u>
Fixed Income Mutual Funds	<u>5,515,869.42</u>	<u>6,027,559.34</u>
Domestic Equities	<u>31,396,619.19</u>	<u>38,591,324.03</u>
Global Equities	<u>38,693,355.59</u>	<u>43,571,997.29</u>
Domestic Mutual Funds	<u>22,542,864.52</u>	<u>22,872,776.82</u>
Real Estate	<u>4,584,452.87</u>	<u>5,162,987.91</u>
Total Assets December 31, 2010	\$ <u><u>145,527,865.66</u></u>	\$ <u><u>160,275,729.56</u></u>

CAMBRIA COUNTY RETIREMENT PLAN PORTFOLIO AS OF 12/31/10

COST	CASH EQUIVLNTS	GOVT & AGENCIES	CORPORATE	MUNICIPAL OBLIGATIONS	MUTUAL FUNDS	EQUITIES	TOTAL
BIONDO	110,736.81					4,190,473.62	4,301,210.43
CIM	46,162.54					4,020,896.68	4,067,059.22
CS MCKEE	698,845.27	16,109,343.36	10,259,119.07	-			27,067,307.70
CS MCKEE SMALL CAP	392,113.09					15,388,012.31	15,780,125.40
CAPITAL WORLD					12,267,179.21		12,267,179.21
FIRST NATIONAL TRUST CO	435,913.50	8,617,451.25	3,503,550.25		5,515,869.42		18,072,784.42
GMO GLOBAL EQUITY					10,440,726.14		10,440,726.14
HIGHLAND FINANCIAL	164.92				3,093,906.04		3,094,070.96
MONEY MARKET (AMERISERV)	1,399,906.13						1,399,906.13
MUTUAL FUNDS CASH	-						-
RAYMOND JAMES	70,694.41					2,940,931.15	3,011,625.56
THORNBURG GLOBAL EQUITY					12,891,544.20		12,891,544.20
VALLEY FORGE ASSET MGMT	179,739.63					4,856,305.43	5,036,045.06
VANGUARD INDEX TRUST					22,542,864.52		22,542,864.52
VANGUARD REAL ESTATE INVESTMENT TRUST					4,584,452.87		4,584,452.87
	3,334,276.30	24,726,794.61	13,762,669.32	-	71,336,542.40	31,396,619.19	144,556,901.82

MARKET

BIONDO	110,736.81					5,190,202.50	5,300,939.31
CIM	46,162.54					4,427,775.83	4,473,938.37
CS MCKEE	698,845.27	16,543,465.29	10,534,200.49				27,776,511.05
CS MCKEE SMALL CAP	392,113.09					19,661,216.20	20,053,329.29
CAPITAL WORLD					13,527,567.62		13,527,567.62
FIRST NATIONAL TRUST CO	435,913.50	9,037,625.50	3,628,552.75		6,027,559.34		19,129,651.09
GMO GLOBAL EQUITY					11,571,153.58		11,571,153.58
HIGHLAND FINANCIAL	164.92				3,669,946.04		3,670,110.96
MONEY MARKET (AMERISERV)	1,399,906.13						1,399,906.13
MUTUAL FUNDS CASH	-						-
RAYMOND JAMES	70,694.41					3,920,437.00	3,991,131.41
THORNBURG GLOBAL EQUITY					14,803,330.05		14,803,330.05
VALLEY FORGE ASSET MGMT	179,739.63					5,391,692.50	5,571,432.13
VANGUARD INDEX TRUST					22,872,776.82		22,872,776.82
VANGUARD REAL ESTATE INVESTMENT					5,162,987.91		5,162,987.91
	3,334,276.30	25,581,090.79	14,162,753.24	-	77,635,321.36	38,591,324.03	159,304,765.72

ACCRUALS

	INTEREST	DIVIDENDS	CASH
BIONDO		954.34	
CIM		5,344.62	39.20
CS MCKEE	205,655.70		307,277.10
CS MCKEE SMALL CAP		6,762.30	
CAPITAL WORLD			
FIRST NATIONAL TRUST CO	161,687.09		
GMO GLOBAL EQUITY			
HIGHLAND FINANCIAL		0.02	
MONEY MARKET (AMERISERV)	173.09		-
MUTUAL FUNDS CASH	-		
RAYMOND JAMES		1,162.89	
THORNBURG GLOBAL EQUITY			
VALLEY FORGE ASSET MGMT		8,012.19	468.00
VANGUARD INDEX TRUST			
VANGUARD REAL ESTATE INVESTMENT TRUST			
	367,515.88	22,236.36	307,784.30

TOTAL MKT VAL

5,301,893.65
4,479,322.19
28,289,443.85
20,060,091.59
13,527,567.62
19,291,338.18
11,571,153.58
3,670,110.98
1,400,079.22
-
3,992,294.30
14,803,330.05
5,579,912.32
22,872,776.82
5,162,987.91
160,002,302.26 *

67,937,815.98

* This market value amount does not include Cash and Short Term Investments of \$3,915,487.90.

CAMBRIA COUNTY RETIREMENT FUND

COMPARISON OF MARKET VALUE BY FUND TO MANAGEMENT FEES

	YEAR END MARKET VALUE	ANNUAL FEES	CASH MGMT FEES (AMERISERV)	TOTAL MGMT FEES	Fees as % of Mkt Val	NOTES
BIONDO	5,301,893.65	14,205.58	0.00	14,205.58	0.2679%	New Mgr 6/2010
CAPITAL WORLD	13,527,567.62					
CHASE		9,822.00	0.00	9,822.00	#DIV/0!	Sold 3/2010
CIM	4,479,322.19	16,794.22	0.00	16,794.22	0.3749%	New Mgr 3/2010
CS MCKEE	48,349,535.44	157,973.44	0.00	157,973.44	0.3267%	
FIRST NATIONAL TRUST COMPANY	19,291,338.18	45,890.29	0.00	45,890.29	0.2379%	
GMO GLOBAL EQUITY	11,571,153.58			14,630.00	0.1264%	
HIGHLAND FINANCIAL	3,670,110.98	4,350.15	0.00	4,350.15	0.1185%	New Mgr 6/2010
MONEY MARKET	1,400,079.22		0.00	0.00	0.0000%	
MUTUAL FUNDS TRUST ACCT	-			0.00		
RAYMOND JAMES (CLEARBRIDGE)	3,992,294.30	11,268.40	0.00	11,268.40	0.2823%	New Mgr 8/2010
THORNBURG GLOBAL EQUITY	14,803,330.05			0.00		
VALLEY FORGE ASSET MANAGEMENT	5,579,912.32	28,343.40	0.00	28,343.40	0.5080%	
VALLEY FORGE CAPITAL ADVISORS		4,018.70	0.00	4,018.70	#DIV/0!	Sold 3/2010
VANGUARD INDEX TRUST	22,872,776.82			0.00		
VANGUARD REAL ESTATE TRUST	5,162,987.91			0.00		
	160,002,302.26	292,666.18		307,296.18		

AMERISERV TRUST (CUSTODIAL FEES)

58,378.47

CBIZ

23,040.00

PEIRCE PARK

76,500.00

450,584.65

0.00

G/L ACCT #510.5100.0000.51404

450,584.65

DIFFERENCE

(0.00)

In the beginning of 2010 we started out with our fund at a little over \$149 million. We knew that 2010 would be a busy year in the retirement department because of the potential number of retirees as a result of the sale of Laurel Crest Manor. At the end of 2009 we had 770 retirees, at the end of 2010 the total was 868 that is an increase of 98 individuals. The monthly retiree payroll is approximately \$675,001 per month. The monthly retiree hospitalization cost is approximately \$259,893 per month which computes to over \$3.1 million per year, and is fully funded by the County's general fund.

In 2010, the Cambria County Retirement Fund paid out a total of \$11,336,114.39, which consisted of the following: \$7,721,203.20 for retiree payroll, \$3,206,152.45 in withdrawals for individuals who left County employment and \$408,758.74 in death benefits.

In conclusion, as we continue to be stewards of the County Retirement Fund, we constantly monitor manager performance and make adjustments as required. The Fund ended 2010 at \$160,002,302.26 with the County's annual contribution being \$2,265,930 for a net increase of approximately \$11 million. We will continue our diligence to maintain and insure that the retirement fund remains a stable and ongoing reliable source of retirement income for the employees, and retirees of Cambria County Government.