



**FINANCIAL STATEMENT
CAMBRIA COUNTY
PENSION FUND
For Year Ending December 31, 2008**

MILAN GJURICH, Chairman
COUNTY COMMISSIONER

WILLIAM G. HARRIS
VICE CHAIRMAN
COUNTY COMMISSIONER

P.J. STEVENS,
PRESIDENT
BOARD OF COMMISSIONERS



ED CERNIC, JR., Secretary
CONTROLLER

BARBARA J. KLINE
TREASURER

ANTOINETTE SHERRY
ASSISTANT SECRETARY

MILAN GJURICH
CHAIRMAN

WILLIAM G. HARRIS
VICE CHAIRMAN

P.J. STEVENS
PRESIDENT
Board of Commissioner



ED CERNIC, JR.
SECRETARY
County Controller

BARBARA J. KLINE
Treasurer

ANTONETTE SHERRY
Assistant Secretary

Cambria County Retirement Board

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

March 2009

Its that time of the year when the Cambria County Retirement Board presents its annual report of the County Pension Fund activities for the prior year.

2008 has proven to be a year of uncertainty and the Board has closely monitored the funds activities, and made some manager changes and adjustments to the allocations. The Fund experienced its most challenging year in quite a while. There was not any place that was a safe haven for investors in 2008. Just when we thought we saw the worst of the market in late summer, the fourth quarter proved to show new volatilities.

Overall the Cambria County Fund performance last year was a disappointing -22.9%. In actual dollars we experienced a loss of \$40,786,000. However, we have remained steadfast in commitment to the Investment Policy, and we are confident that when the market starts the up turn again, we are positioned to capitalize on the rally.

In addition to trying to improve the performance of the managers, we are constantly looking to reduce the costs associated with the operation of the Fund. As you will see in the following reporting pages the Fund paid over \$5 million in benefits to over 700 retirees last year.

If you should have any questions pertaining to the Pension Fund in general or your personal portion in particular, please don't hesitate to contact the Controllers Office on the first floor of the Court House or at 814-472-1620.

Very Truly Yours,

Cambria County Retirement Board

Milan Gjurich Commissioner/Chairman

William Harris Commissioner/Vice Chairman

P.J. Stevens Commissioner/Trustee

Barbara Kline Treasurer/Trustee

Ed Cernic, Jr. Controller/Secretary

CAMBRIA COUNTY
Employees' Retirement Fund 2008 Financial Report

Statement of Changes in Plan Net Assets For The Year Ended December 31, 2008

Total Assets (cost value) January 1, 2008	\$ <u>156,167,937.98</u>
Member Contributions (incl. mbr. share of milit./l.a.)	<u>3,659,424.04</u>
Member purchase of County share of milit./l.a.	<u>59,894.65</u>
County Contributions	<u>255,108.00</u>
Investment Income:	
Interest	<u>1,558,513.97</u>
Dividends	<u>3,336,922.91</u>
Realized Capital Gains	<u>(1,221,623.53)</u>
Net Accrued Interest/other	<u>588,146.16</u>
Miscellaneous	<u>0.00</u>
Total Additions	+ \$ <u>8,236,386.20</u>
 <u>Deductions / Expenses</u>	
Member Contributions Refunded	<u>950,515.21</u>
Retirement allowances paid (includes C-O-L and accum. deduct. w/d under Opt. 4)	<u>6,299,962.46</u>
Death Benefits	<u>110,008.33</u>
Administrative Expenses	<u>59,664.84</u>
Investment expenses	<u>758,097.89</u> **
Miscellaneous	<u> </u>
Change in Accounts Payable	<u>302,903.65</u>
Total Deductions	-\$ <u>8,481,152.38</u>
<u>Net Increase</u>	\$ <u>(244,766.18)</u>
Total Assets (cost value) December 31, 2008	\$ <u><u>155,923,171.80</u></u>
Unrealized appreciation/depreciation	<u>(22,839,109.31)</u>
Total Assets (market value) December 31, 2008	\$ <u><u>133,084,062.49</u></u>

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

CAMBRIA COUNTY RETIREMENT PLAN PORTFOLIO AS OF 12/31/08

COST	CASH EQUIVLNTS	GOV'T & AGENCIES	CORPORATE	MUNICIPAL OBLIGATIONS	MUTUAL FUNDS	EQUITIES	TOTAL
CHASE INVEST.	412,114.67					18,206,630.60	18,618,745.27
CS MCKEE	1,201,671.54	18,071,940.10	13,470,286.18	583,486.32			33,327,384.14
CS MCKEE SMALL CAP	353,365.75					15,090,094.54	15,443,460.29
BRANDES NON-US EQUITY PORTFOLIO					17,452,540.00		17,452,540.00
EVERGREEN INTL GROWTH FD					7,679,205.29		7,679,205.29
FIRST NATIONAL TRUST CO	3,841,336.99	7,734,201.00	5,069,994.50		2,751,838.64		19,397,371.13
MONEY MARKET (AMERISERV)	1,053,167.48						1,053,167.48
MUTUAL FUNDS CASH	377.88						377.88
THORNBURG GLOBAL EQUITY					9,700,000.00		9,700,000.00
VALLEY FORGE ASSET MGMT	534,404.23					4,187,320.64	4,721,724.87
VALLEY FORGE CAPITAL ADVISORS	72,266.64					3,312,320.22	3,384,586.86
VANGUARD INDEX TRUST					24,447,987.35		24,447,987.35
	7,468,705.18	25,806,141.10	18,540,280.68	583,486.32	62,031,571.28	40,796,366.00	155,226,550.56

MARKET

CHASE INVEST	412,114.67					16,925,899.00	17,338,013.67
CS MCKEE	1,201,671.54	18,254,795.92	13,408,692.09	609,311.62			33,474,471.17
CS MCKEE SMALL CAP	353,365.75					11,805,282.34	12,158,648.09
BRANDES NON-US EQUITY PORTFOLIO					12,170,755.00		12,170,755.00
EVERGREEN INTL GROWTH FD					4,315,200.74		4,315,200.74
FIRST NATIONAL TRUST CO	3,841,336.99	8,234,115.75	5,163,150.50		2,795,442.64		20,034,045.88
MONEY MARKET (AMERISERV)	1,053,167.48						1,053,167.48
MUTUAL FUNDS CASH	377.88						377.88
THORNBURG GLOBAL EQUITY					6,799,700.00		6,799,700.00
VALLEY FORGE ASSET MGMT	534,404.23					3,388,621.66	3,923,025.89
VALLEY FORGE CAPITAL ADVISORS	72,266.64					3,124,623.33	3,196,889.97
VANGUARD INDEX TRUST					17,923,145.48		17,923,145.48
	7,468,705.18	26,488,911.67	18,571,842.59	609,311.62	44,004,243.86	35,244,426.33	132,387,441.25

ACCRUALS

	INTEREST	DIVIDENDS	CASH	TOTAL MKT VAL
CHASE INVEST		31,130.76		17,369,144.43
CS MCKEE	396,473.34		4,812.50	33,875,757.01
CS MCKEE SMALL CAP		10,702.55		12,169,350.64
BRANDES NON-US EQUITY PORTFOLIO				12,170,755.00
EVERGREEN INTL GROWTH FD				4,315,200.74
FIRST NATIONAL TRUST CO	128,826.25			20,162,872.13
MONEY MARKET (AMERISERV)	1,440.89			1,054,608.37
MUTUAL FUNDS CASH	68.86			446.74
THORNBURG GLOBAL EQUITY				6,799,700.00
VALLEY FORGE ASSET MGMT		10,117.47		3,933,143.36
VALLEY FORGE CAPITAL ADVISORS		3,116.03	208.96	3,200,214.96
VANGUARD INDEX TRUST				17,923,145.48
	526,809.34	23,936.05	5,021.46	132,974,338.86

CAMBRIA COUNTY RETIREMENT FUND

COMPARISON OF MARKET VALUE BY FUND TO MANAGEMENT FEES

	YEAR END MARKET VALUE	ANNUAL FEES	INCENTIVE FEES	CASH MGMT FEES (AMERISERV)	TOTAL MGMT FEES	Fees as % of Mkt Val	NOTES
CHASE INVEST (EQUITIES)	17,369,144.43	136,304.00		3,138.02	139,442.02	0.8028%	
CS MCKEE	46,045,107.65	147,221.99		6,759.69	153,981.68	0.3344%	
BRANDES NON-US EQUITY PORTFOLIO	12,170,755.00	142,991.00			142,991.00	1.1749%	
EVERGREEN INTERMED BOND TRUST		29,991.00			29,991.00		SOLD 8/08
EVERGREEN INTERNL GROWTH FD	4,315,200.74					0.0000%	
FIRST NATIONAL TRUST COMPANY	20,162,872.13	9,208.56		7,431.29	16,639.85	0.0825%	New Mgr 10/08
MONEY MARKET	1,054,608.37			35.78	35.78	0.0034%	
MUTUAL FUNDS TRUST ACCT	446.74			2,066.97	2,066.97		
THB (MELLON)			83,728.00		83,728.00		SOLD 3/08
THORNBURG GLOBAL EQUITY	6,799,700.00				0.00		New Mgr 9/08
VALLEY FORGE ASSET MANAGEMENT	3,933,143.36	16,392.32		2,939.05	19,331.37	0.4915%	New Mgr 3/08
VALLEY FORGE CAPITAL ADVISORS	3,200,214.96	15,578.61		608.28	16,186.89	0.5058%	New Mgr 3/08
VANGUARD INDEX TRUST	17,923,145.48				0.00		New Mgr 3/08
	132,974,338.86	497,687.48	83,728.00	22,979.08	464,952.54		
AMERISERV TRUST (CUSTODIAL FEES)		63,663.33					
CBIZ		23,040.00					
PEIRCE PARK		67,000.00					
		651,390.81	83,728.00	22,979.08			

After a few years of our fund experiencing double-digit gains in value 2008 was a year that we saw a severe decrease of assets based on the national and international economy.

The Presidential election year saw the national economy sink to lows that we have not known since the 1980 's. It seems that there were no safe havens in the market for any investments. Coupled by the fact that more fraudulent investment schemes were uncovered bringing us back to the Enron type scandals and sort made all investors hesitant on the entire market. On bright spot was that we saw the price of crude oil drop down to the \$40.00 a barrel mark, however the price of retail gas and fuel didn't experience the same relative drop.

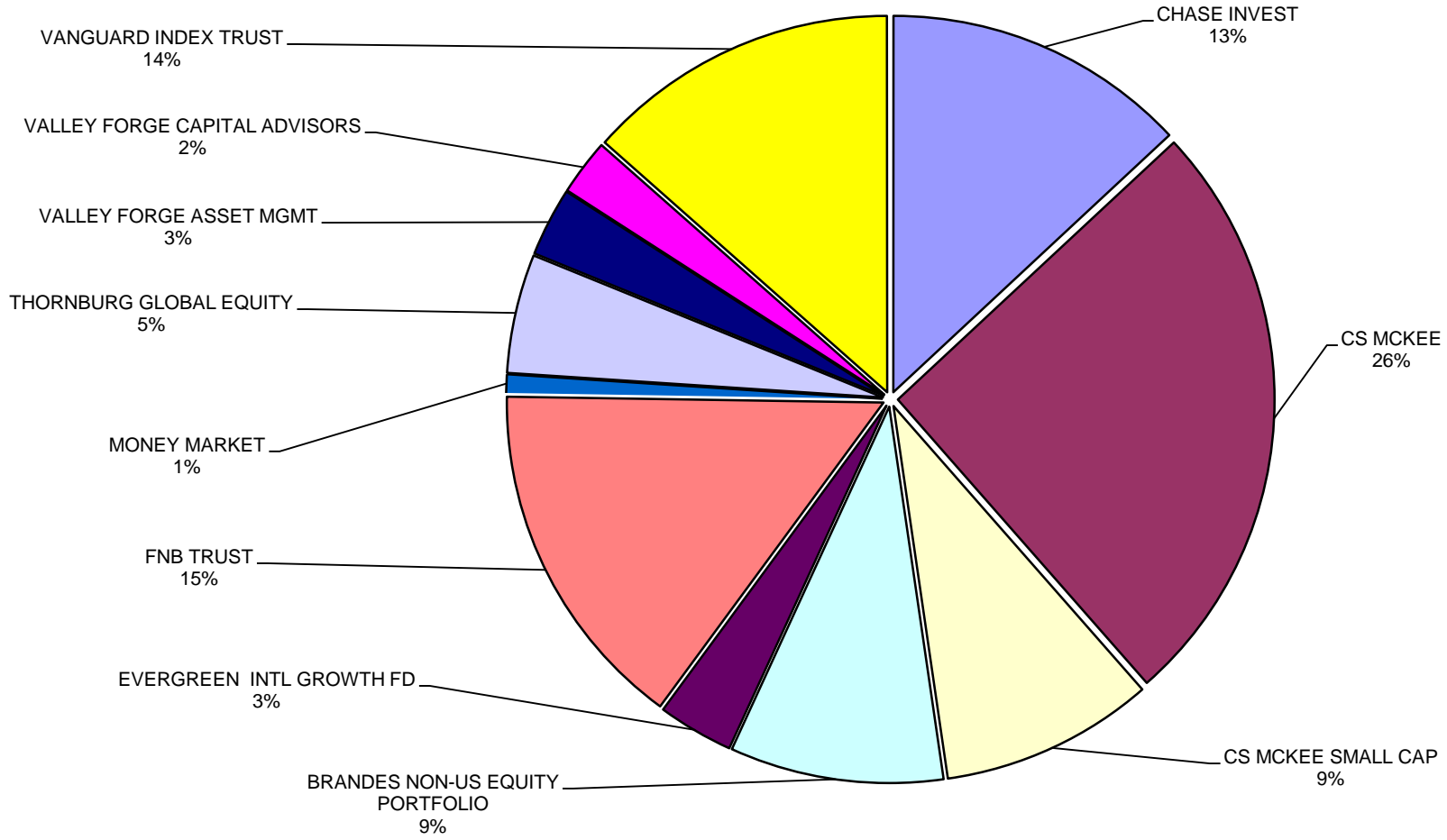
The fourth quarter rally that some had hoped for never materialized, and the consumers were reserved on purchases providing a slump in retail sales. As well, housing starts were down and business investment in expansion was put on hold.

The federal government started with stimulus programs to help jump start the economy, however by year end nothing seemed to help. Economists predict that the markets will go lower and that we will not see any dramatic turnaround for at least twelve months. Most investors at year-end have positioned themselves in a defensive mode for the near future.

Your Retirement Board is not satisfied with the funds performance, and we are constantly monitoring manager performance as well as continuing to stay with in our investment policy so that we are not in a management by crisis mode. We are confident the market will turn around, and the bottom line is that your pension benefits you are receiving will continue at there present level, and that the fund has about \$132,000,000 in assets at year end.

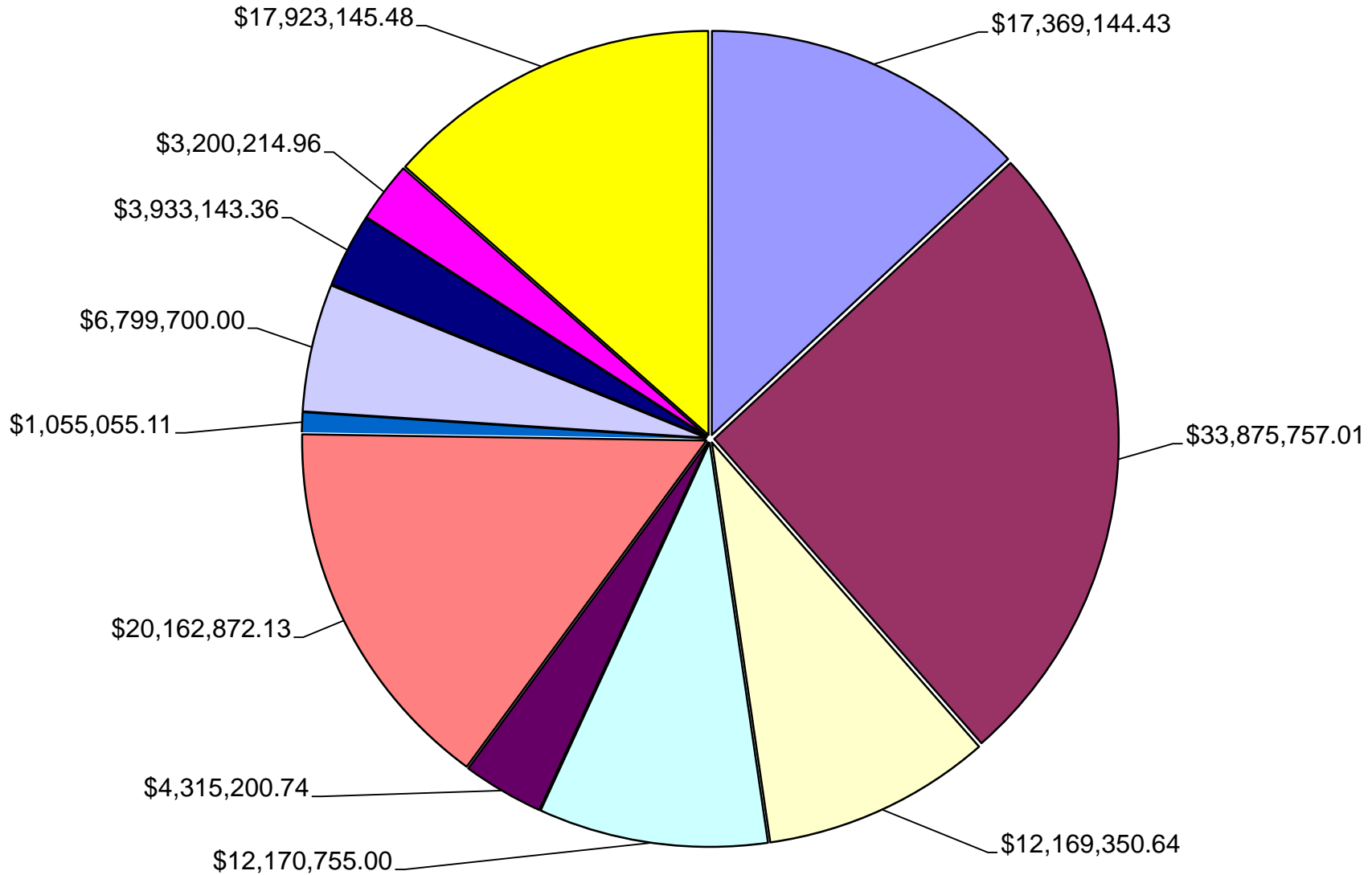
In 2008 the Cambria County Retirement Board paid out \$6,299,962.46 in retirement benefits to the retirees, and additional \$950,515.21 was paid in withdrawals to individuals who left County employment, and \$110,008.33 in death benefits. The grand total of benefits paid from the fund in 2008 was \$7,360,486.

CAMBRIA COUNTY RETIREMENT PLAN PORTFOLIO AS OF 12/31/08 (% OF PORTFOLIO BY MANAGER)



■ CHASE INVEST	■ CS MCKEE
□ CS MCKEE SMALL CAP	□ BRANDES NON-US EQUITY PORTFOLIO
■ EVERGREEN INTL GROWTH FD	■ FNB TRUST
■ MONEY MARKET	□ THORNBURG GLOBAL EQUITY
■ VALLEY FORGE ASSET MGMT	■ VALLEY FORGE CAPITAL ADVISORS
■ VANGUARD INDEX TRUST	

CAMBRIA COUNTY RETIREMENT PLAN PORTFOLIO AS OF 12/31/08



- | | | |
|-----------------------------------|----------------------------|---------------------------|
| ■ CHASE INVEST | ■ CS MCKEE | □ CS MCKEE SMALL CAP |
| □ BRANDES NON-US EQUITY PORTFOLIO | ■ EVERGREEN INTL GROWTH FD | ■ FNB TRUST |
| ■ MONEY MARKET | □ THORNBURG GLOBAL EQUITY | ■ VALLEY FORGE ASSET MGMT |
| ■ VALLEY FORGE CAPITAL ADVISORS | ■ VANGUARD INDEX TRUST | |