

**COUNTY OF SCHUYLKILL**  
**POTTSVILLE, PENNSYLVANIA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

COUNTY OF SCHUYLKILL  
YEAR ENDED DECEMBER 31, 2008

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# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITORS' REPORT

County Commissioners  
County of Schuylkill  
Pottsville, 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 COUNTY OF SCHUYLKILL as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the COUNTY OF SCHUYLKILL. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component units, Child Development, Inc. and the North Central Highway Safety Network's financial statements which reflect total assets of \$1,448,620 and \$2,022,286, respectively, and total revenues of \$9,133,894 and \$8,203,094, respectively, that were included in the COUNTY OF SCHUYLKILL's financial statements as of and for the year ended December 31, 2008. 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 discretely presented component units, Child Development, Inc., and North Central Highway Safety Network, is based solely on the reports of 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. 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 the 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 SCHUYLKILL as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2008 the COUNTY OF SCHUYLKILL adopted the provisions of Governmental Accounting Standard Board's Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation", Statement No. 50, "Pension Disclosures", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards"

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# Zelenkofske Axelrod LLC

County Commissioners  
County of Schuylkill  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2009, on our consideration of the COUNTY OF SCHUYLKILL's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

The management's discussion and analysis, schedule of employer contributions, and budgetary comparison information on pages 3 through 16 and 62 through 70 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Zelenkofske Axelrod LLC*

ZELENKOFSKÉ AXELROD LLC

Harrisburg, Pennsylvania  
September 28, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Schuylkill's comprehensive annual financial report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2008. This analysis should be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the County's financial condition at December 31, 2008.

### FINANCIAL HIGHLIGHTS

- For Fiscal Year 2008, the County's total real estate millage rate remained the same at 11.98 mills. The levy for general purposes was 11.42 mills and the levy for debt purposes was .56 mills.
- The County had \$16,520,000 of General Obligation Debt outstanding at the end of the year. This was a decrease of \$1,885,516 or 10.24% from the previous year.
- The General Fund Unreserved Fund Balance was \$7,801,334 at the end of the year. This was an increase of \$1,702,398 or 27.91% from the previous year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of three parts: management's discussion and analysis, the basic financial statements (including notes to the financial statements), and required supplemental information. The basic financial statements include two types of financial statements (*Government-Wide Financial Statements and Fund Financial Statements*); they present a dual perspective on the financial activities of the County.

#### Government-wide Financial Statements

The government-wide financial statements consist of a *Statement of Net Assets and a Statement of Activities*; they are designed to provide readers with a broad overview of the County finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, except fiduciary funds, with the difference between the two reported as *Net Assets*. Net Assets is one way to measure the County's financial health or position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the County's financial position is improving or deteriorating. However, other non-financial factors such as changes in the County's real property tax base and general economic conditions must be considered to assess the overall position of the County.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it identifies to what extent each program has to rely on taxes for funding.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-Type Activities*). Schuylkill County's governmental activities include general government, judicial government, public safety, public works, human services, culture/recreation, and conservation/development. The County has two business-type activities – operation of Rest Haven Nursing Home and operation of the 911 Center.

The government-wide financial statements include not only Schuylkill County itself (known as the primary government), but also include legally separate entities which are financially accountable to the County (known as component units). These component units include Child Development, Inc. and the North Central Highway Safety Network. Financial information for these component units is reported separately from the financial information presented for the primary government itself. In addition, the Schuylkill County Conservation District is also a legally separate entity; however, it functions for all practical purposes as a department of Schuylkill County. Therefore, the Schuylkill County Conservation District has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 17 through 18 of this report.

### **Fund Financial Statements**

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: *Governmental Funds*, *Proprietary Funds*, and *Fiduciary Funds*.

*Governmental Funds* are used to account for essentially the same functions reported as *Governmental Activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *Governmental*

*Funds* with similar information presented for *Governmental Activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *Governmental Funds* and *Governmental Activities*.

Schuylkill County maintains the following six major governmental funds: the General Fund, Mental Health/Mental Retardation Fund, Children and Youth Fund, Liquid Fuels Fund, Other Agency Fund and the Debt Service Fund. The County also maintains twenty non-major governmental funds that are combined into a single aggregated presentation.

The governmental fund financial statements can be found on pages 19 through 22 of this report.

*Proprietary Funds* of the County consist of two enterprise funds and an internal service fund. *Enterprise Funds* are used to report the same functions presented as *Business-Type Activities* in the government-wide financial statements. Schuylkill County has two enterprise funds - the Rest Haven Nursing Home and the 911 Fund. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Schuylkill County uses an internal service fund to account for self-insurance activities in connection with workers compensation claim liabilities.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Rest Haven County Home and the 911 Fund, which are considered to be major funds of the County. The remaining proprietary fund, which is an internal service fund, is combined into a single, aggregated presentation in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 23 through 25 of this report.

*Fiduciary Funds* of the County consist of the employee's retirement trust fund and certain agency funds. The County is the trustee, or fiduciary, for the employee's retirement system. In addition, the County is also responsible for certain agency funds which are clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations or government agencies to which they belong. The County is responsible for ensuring that the assets reported in the fund are used for its intended purpose. All of the County's fiduciary asset and liability balances are reported in the statement of fiduciary net assets. A statement of changes in fiduciary net assets is presented for the pension trust fund only. All fiduciary activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

The fiduciary fund financial statements can be found on pages 26 through 27 of this report.

### 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 to the financial statements can be found on pages 28 through 60 of this report.

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

This is the seventh year Schuylkill County is presenting its financial statements using the new reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB Statement #34), "Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments". A comparative analysis of financial data of prior year information is included in this report.

#### Net Assets

Schuylkill County's net assets as of December 31, 2008 and December 31, 2007 are presented below:

#### County Net Assets as of December 31, 2008 and 2007

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Other Assets	\$44,861,606	\$39,573,807	\$ 3,420,109	\$4,304,855
Capital Assets, Non Depreciable	1,418,346	2,325,117	145,927	215,500
Capital Assets, Depreciable, net	<u>23,993,949</u>	<u>23,945,275</u>	<u>8,006,317</u>	<u>4,386,514</u>
<b>Total Assets</b>	70,273,901	65,844,199	11,572,353	8,906,869
Other Liabilities	16,911,015	12,873,818	1,033,926	1,026,338
Long-term Liabilities	<u>22,605,742</u>	<u>19,858,736</u>	<u>4,755,605</u>	<u>2,394,627</u>
<b>Total Liabilities</b>	39,516,757	32,732,554	5,789,531	3,420,965
Net Assets:				
Capital Assets, net of debt	22,761,774	24,377,346	5,206,079	2,848,569
Restricted	7,415,407	7,908,372	-	-
Unrestricted	<u>579,963</u>	<u>825,927</u>	<u>576,743</u>	<u>2,637,335</u>
<b>Total Net Assets</b>	\$30,757,144	\$33,111,645	\$5,782,822	\$5,485,904

Net assets of the County's governmental activities were \$30,757,144. Of this amount, \$22,761,774 represents the investment in capital assets, net of related debt, while \$7,415,407 was restricted for various purposes. The unrestricted net asset balance as of the end of the year was \$579,963.

Net assets of the County's business-type activities were \$5,782,822. Of this amount, \$5,206,079 represents investment in capital assets, net of related debt. The unrestricted net asset balance as of the end of the year was \$576,743.

The following table presents the County's changes in net assets for the fiscal year ended December 31, 2008 and December 31, 2007:

**County's Changes in Net Assets as of December 31, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 9,704,424	\$ 10,326,544	\$12,738,578	\$12,212,987
Operating Grants & Contributions	81,754,711	74,371,245		
Capital Grants & Contributions	26,501	145,707		
<b>General Revenues:</b>				
Property Taxes	27,760,575	27,144,306		
Interest, Invest. Earnings & Royalties	1,359,748	1,862,018	57,473	19,775
Hotel Tax	235,571	224,234		
Per Capita Tax	404,135	411,643		
Miscellaneous	<u>603,037</u>	<u>826,539</u>	<u>592,679</u>	<u>811,886</u>
<b>Total Revenues</b>	<b>121,848,702</b>	<b>115,312,236</b>	<b>13,388,730</b>	<b>13,044,648</b>
<b>Expenses:</b>				
General Government	15,855,555	11,615,839		
Judicial Government	18,444,560	18,143,115		
Public Safety	7,382,540	7,071,530		
Public Works	5,137,198	4,176,386		
Human Services	68,343,018	60,228,280		
Culture/Recreation	569,223	587,508		
Conservation/Development	6,839,994	6,244,504		
Interest on Long-Term Debt	447,801	602,741		
911 Fund	-	-	3,224,833	2,906,250
Nursing Home	-	-	<u>10,772,436</u>	<u>9,503,075</u>
<b>Total Expenses</b>	<b>123,019,889</b>	<b>108,669,903</b>	<b>13,997,269</b>	<b>12,409,325</b>
Change in Net Assets before Losses and Transfers	(1,171,187)	6,642,333	(608,539)	635,323
Transfers	(920,507)	(859,523)	920,507	859,523
Loss on Disposal of Capital Assets	(125,717)	-	(15,050)	-
Impairment Loss	<u>(137,090)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(2,354,501)	5,782,810	296,918	1,494,846
Net Assets – Beginning	<u>33,111,645</u>	<u>27,328,835</u>	<u>5,485,904</u>	<u>3,991,058</u>
<b>Net Assets – Ending</b>	<b>\$ 30,757,144</b>	<b>\$ 33,111,645</b>	<b>\$ 5,782,822</b>	<b>\$ 5,485,904</b>

During 2008, total net assets of the County's governmental activities decreased by \$2,354,501 or 7.1% to \$30,757,144. The decrease resulted from aggregate Expense, Loss and transfer activity exceeding Revenue activity for the same fiscal period. Significant increases in Revenue from the prior reporting period include a 10% or \$7.38 million increase in the Operating Grants and Contributions Category.

For Expenses, increases in the General Government Category for \$4.2 million or 36% over the prior year and the Human Service Category for \$8.1 million or 13%, as compared to fiscal 2007.

During 2008, total net assets of the County's business-type activities increased by \$296,918 or 5.4% to \$5,782,822. The increase was attributable to increases in revenue; specifically, the Charges for services category, for both 911 and Rest Haven Nursing facility, for a total of \$525,591 or 4% over the 2007 amount. Increases in Expenses for the 911 operation included \$318,000 or 11% over the prior year and for Rest Haven an increase of \$1.2 million or 13% in expenses as compared to the prior year reporting period.

### Governmental Activities and Business-Type Activities

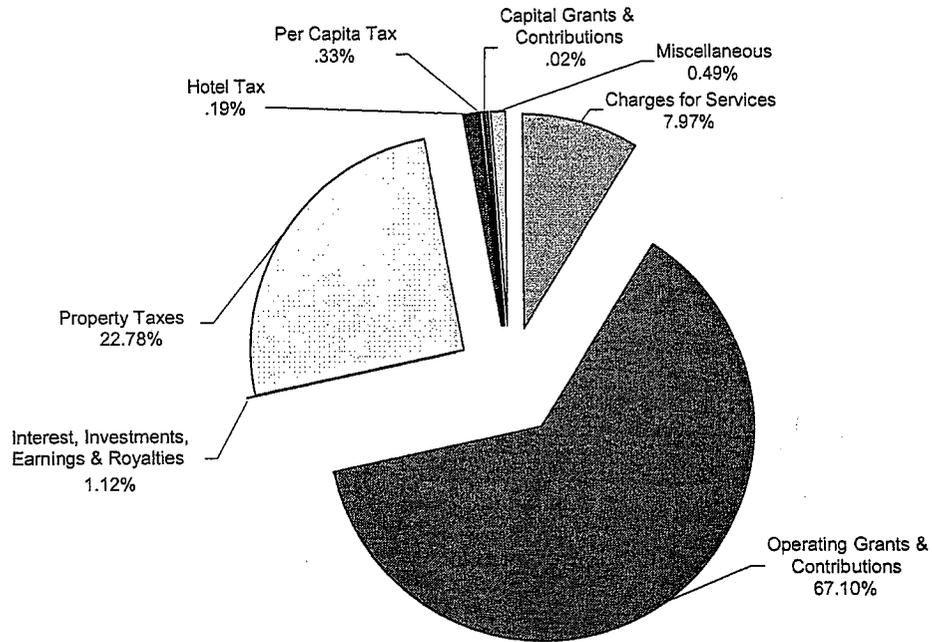
The following table presents the sources of revenues for the fiscal year ended December 31, 2008:

#### Sources of Revenues

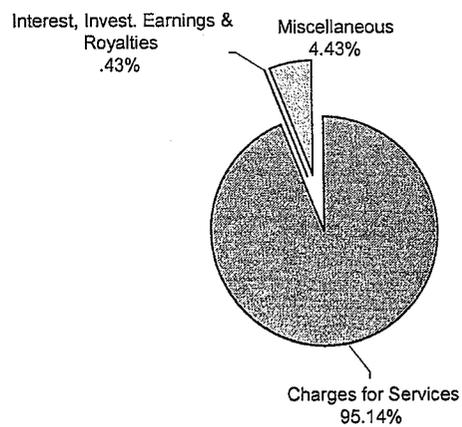
	<u>Governmental</u> <u>Activities</u>		<u>Business – Type</u> <u>Activities</u>	
<b>Revenues</b>				
Charges for Services	\$ 9,704,424	7.97%	\$12,738,578	95.14%
Operating Grants & Contributions	81,754,711	67.10%	-	0.00%
Capital Grants & Contributions	26,501	0.02%	-	0.00%
Property Taxes	27,760,575	22.78%	-	0.00%
Interest, Investments, Earnings & Royalties	1,359,748	1.12%	57,473	0.43%
Hotel Tax	235,571	0.19%	-	0.00%
Per Capita Tax	404,135	0.33%	-	0.00%
Miscellaneous	603,037	0.49%	592,679	4.43%
<b>Total Revenues</b>	<b>\$121,848,702</b>	<b>100.00%</b>	<b>\$13,388,730</b>	<b>100.00%</b>

*(See the accompanying pie charts on next page)*

### Sources of Revenues - Governmental Activities



### Sources of Revenues - Business - Type Activities

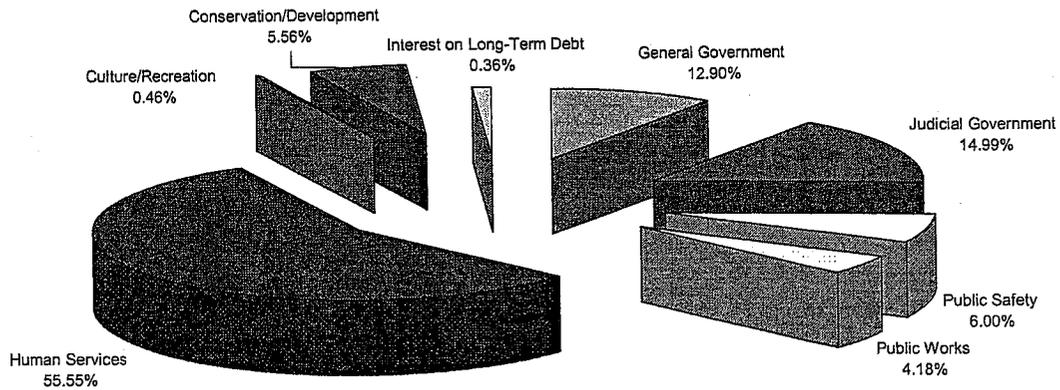


The following table presents the functional expenses for the fiscal year ended December 31, 2008:

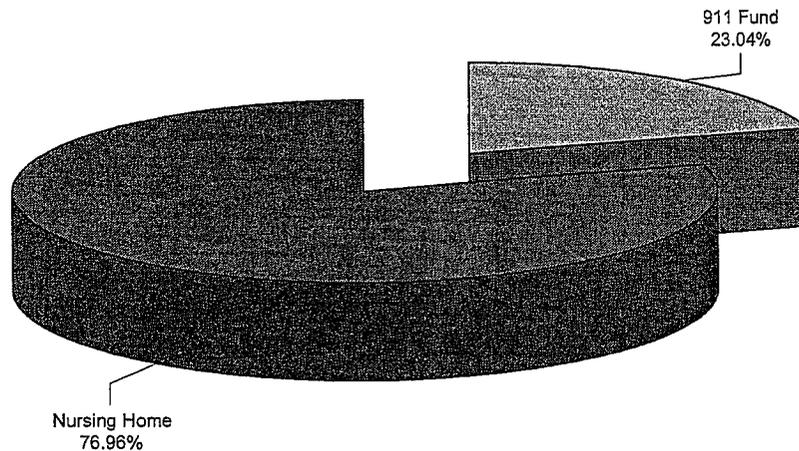
### Functional Expenses

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
<b>Expenses:</b>				
General Government	\$ 15,855,555	12.90%		
Judicial Government	18,444,560	14.99%		
Public Safety	7,382,540	6.00%		
Public Works	5,137,198	4.18%		
Human Services	68,343,018	55.55%		
Culture/Recreation	569,223	0.46%		
Conservation/Development	6,839,994	5.56%		
Interest on Long-Term Debt	447,801	0.36%		
911 Fund			\$ 3,224,833	23.04%
Nursing Home			10,772,436	76.96%
<b>Total Expenses</b>	<b>\$ 123,019,889</b>	<b>100.00%</b>	<b>\$ 13,997,269</b>	<b>100.00%</b>

### Functional Expenses - Governmental Activities



### Functional Expenses - Business-Type Activities



### FINANCIAL ANALYSIS OF COUNTY'S FUNDS

As noted earlier, Schuylkill County uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The General Fund, Mental Health/Mental Retardation Special Revenue Fund, Children and Youth Special Revenue Fund, Liquid Fuels Special Revenue Fund, Other Agency Fund, and Debt Service Fund make up the County's major governmental funds. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved/undesignated fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year. For the year ended December 31, 2008, Schuylkill County governmental funds reported a combined ending fund balance of \$24,129,558. This was an increase of \$1,037,853 or 4.49% from the previous year.

**General Fund** – The General Fund is the primary operating fund of the County. At the end of 2008, the General Fund reported a fund balance of \$8,015,845. This was an increase of \$1,916,909 or 31.43% from the previous year. The increase occurred, in part, as a result of budgeted operating transfers not being executed for Fiscal 2008. Specifically, for the 911 center \$997,990 and the Capital Reserve Fund \$210,000.

The unreserved fund balance in the General Fund was \$7,801,334 as of December 31, 2008.

**Mental Health/Mental Retardation Fund** – At the end of 2008, the Mental Health/Mental Retardation Fund maintains no fund balance because the General Fund transfers a sufficient amount to bring the fund balance to zero.

**Children and Youth Fund** - At the end of 2008, the Children and Youth Fund maintains no fund balance because the General Fund transfers a sufficient amount to bring the fund balance to zero.

**Liquid Fuels Fund** – At the end of 2008, the Liquid Fuels Fund reported a fund balance of \$5,447,919. This was an increase of \$403,751 or 8.00% from the previous year. This increase was the result of postponing actual major repair work on several bridge projects from 2008 until 2009.

**Other Agency Fund** – At the end of 2008, the Other Agency Fund maintains no fund balance because the General Fund transfers a sufficient amount to bring the fund balance to zero.

**Debt Service Fund** – At the end of 2008, the Debt Service Fund reported a fund balance of \$8,698,306. This was a decrease of \$386,091 or 4.25% from the previous year. The decrease was the result of total expenditures exceeding total revenues for the fund. The 2008 expenditures were budgeted to exceed the total budgetary revenues with the difference to be offset by the corresponding fund balance.

*Proprietary Funds* - The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

**Rest Haven Nursing Home** – At the end of 2008, the Nursing Home reported net assets of \$3,104,062. This was an increase of \$235,432 or 8.21% from the previous year. The increase was attributable to the increase in operating transfers for Fiscal 2008. Approximately \$1.3 million was received by the Facility during 2008 via C.C.A.P. (County Commissioners Association of Pennsylvania). The funding was to be utilized for Capital related improvements and upgrades at the Facility. The C.C.A.P. funding, along with other transfer activity and the reported net operating period loss of \$751,111 equated to the increase in Net Assets of \$235,432.

**911 Fund** - At the end of 2008, the 911 Fund reported net assets of \$2,678,760. This was an increase of \$61,486 or 2.35% from the previous year. The increase occurred as a result of an increase in wireless funding received by the center for fiscal 2008. The wireless funding increase exceeded the prior year amount by approximately \$500,000.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the original general fund budget was modified to accommodate budgetary adjustments that were approved by the Board of County Commissioners.

The County's original revenue and other financing sources budget increased from \$44,302,806 to \$45,079,894, an increase of \$777,088 or 1.75%. The increase was due to various miscellaneous adjustments. Actual revenues and other financing sources received were \$41,383,785 or 91.80% of the final budget. The variance between actual revenues and other financing sources vs. final budgetary revenue and other financing sources totaled \$3,696,109. The negative variance resulted, in part, from the following: a decrease in state grants for the Engineering Department for \$1.3 million, a decrease in host fees for the Solid Waste Department for \$437,000, a decrease in overall revenue for the Parks and Recreation Department for \$491,000, and \$357,000 less in actual transfers received, versus the amount anticipated, related to agency Fringe Benefit reimbursements.

The County's original expenditure and other financing uses budget increased from \$44,302,806 to \$46,760,665, an increase of \$2,457,859 or 5.55%. The increase was due to various miscellaneous adjustments. Actual expenditures and other financing uses were \$39,466,876 or 84.40% of the final budget. The variance between actual expenditures vs. final budgetary expenditures and other financing uses totaled \$7,293,789. This positive variance was primarily the result of overall decreases in anticipated expenses for the following departments: County Allocations/Reimbursements, County Contributions, Engineering, Fringe Benefits, County Prison, and Parks and Recreation.

## **CAPITAL ASSETS**

Schuylkill County's investment in capital assets for its governmental and business-type activities as of December 31, 2008 was \$33,564,539 (net of accumulated depreciation). This was an increase of \$2,692,133 or 8.72% over the previous year. Capital assets consist primarily of land, construction in progress, works of art collections, land improvements, buildings and improvements, machinery and equipment, motor vehicles, computer equipment and software, agricultural easements, and infrastructure.

Major capital asset events during the fiscal year included the following:

**Governmental Activities**

- Construction in Progress decreased by a net amount of \$999,684; this primarily was the result of the completion of work on Bridge #134 and expanding the entrance road and parking areas at Sweet Arrow Lake. Both of these projects were transferred to Infrastructure.
- Infrastructure increased by a net amount of \$1,260,540; this primarily was the result of the transfer of assets from Construction in Progress and additional payments for Bridge 134 and the entrance road and parking lot located at Sweet Arrow Lake.
- Agricultural Easements increased by a net amount of \$669,557; this primarily was the result of purchasing thirteen additional agricultural easements in connection with the farmland preservation act.
- Computer Software increased by a net amount of \$55,155; this was the result of a majority of purchases made by the M.I.S Department.
- Motor vehicles increased by a net amount of \$855,008; this was the result of purchasing 21 vehicles during the year. A majority of the purchases were made for Schuylkill Transportation System (STS), Solid Waste Management and MH/MR Agency.

**Business-Type Activities**

- Construction in Progress decreased by a net amount of \$215,500; this primarily was the net result of the completion of a replacement microwave at the 911 radio tower located on Rt. 183, and the completion of the new sprinkler system at Rest Haven.
- Buildings and Improvements increased by a net amount of \$1,293,929; this primarily was the net result of the completion of the new sprinkler system at Rest Haven.
- Leasehold Improvements increased by a net amount of \$2,346,355; this primarily was the net result of the energy upgrade located at Rest Haven, and the leasing of dispatch equipment located at the 911 Communication Center.

The following is a summary of capital assets as of December 31, 2008 and December 31, 2007:

### Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Balance at</u>	<u>Balance at</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>December 31,</u>	<u>December 31,</u>
					<u>2008</u>	<u>2007</u>
Land	\$ 794,630	\$ 701,717	\$ 145,927	\$ -	\$ 940,557	\$ 701,717
Construction In Progress	449,716	1,449,400	-	215,500	449,716	1,664,900
Works of Art	174,000	174,000	-	-	174,000	174,000
Collections						
Land Improvements	2,284,975	2,251,123	158,645	158,645	2,443,620	2,409,768
Buildings and Improvements	24,028,136	24,015,196	8,893,839	7,599,910	32,921,975	31,615,106
Machinery and Equipment	6,462,039	6,416,336	4,431,950	4,395,423	10,893,989	10,811,759
Motor Vehicles	9,272,812	8,417,804	104,374	104,374	9,377,186	8,522,178
Computer Equipment/Software	2,569,636	2,450,150	1,271,222	1,274,900	3,840,858	3,725,050
Agricultural Easements	2,034,641	1,365,084	-	-	2,034,641	1,365,084
Infrastructure	8,243,061	6,982,521	-	-	8,243,061	6,982,521
Leasehold Assets	646,123	1,113,179	2,350,466	4,111	2,996,589	1,117,290
Accumulated Depreciation	<u>(31,547,474)</u>	<u>(29,066,118)</u>	<u>(9,204,179)</u>	<u>(9,150,850)</u>	<u>(40,751,653)</u>	<u>(38,216,968)</u>
Total Capital Assets, Net of Accumulated Depreciation	\$ 25,412,295	\$ 26,270,392	\$ 8,152,244	\$ 4,602,013	\$ 33,564,539	\$ 30,872,405

More detailed information about the County's capital assets can be found in Note 6 of the notes to the financial statements.

### LONG-TERM DEBT

As of December 31, 2008, Schuylkill County had \$16,520,000 in general obligation debt outstanding. This was a decrease of \$1,885,516 or 10.24% from the previous year. The following is a summary of general obligation debt activity during 2008:

### Summary of General Obligation Debt Activity

	<u>Governmental Activities</u>	<u>Business – Type Activities</u>	<u>Total</u>
Beginning Balance at January 1, 2008	\$ 16,655,000	\$ 1,750,516	\$ 18,405,516
Additions	15,657,326	1,597,674	17,255,000
Principal Payments	<u>(17,390,000)</u>	<u>(1,750,516)</u>	<u>(19,140,516)</u>
Ending Balance at December 31, 2008	\$ 14,922,326	\$ 1,597,674	\$ 16,520,000

More detailed information about the County's long-term debt can be found in Note 10 of the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

### **ECONOMIC FACTORS**

The key economic factors affecting the County included the following:

- The County's total real estate assessed valuation increased from \$2,338,841,895 in 2007 to \$2,409,440,990 in 2008. The real estate tax levy increased from \$28,019,343 in 2007 to \$28,865,120 in 2008.
- The unemployment rate in Schuylkill County was 7.9% as of December 31, 2008. This was higher than the State unemployment rate of 6.4% and the National unemployment rate of 7.2%.

### **NEXT YEAR'S BUDGET AND RATES**

For Fiscal Year 2009, the County's total real estate millage will remain the same at 11.98 mills. The General Fund millage will remain the same at 11.42 mills and the Funded Debt millage will remain the same at .56 mills. The 2009 General Fund appropriation was approved at \$46,154,454 on December 24, 2008. This was an increase of \$1,851,649 above the previous year.

### **REQUEST FOR INFORMATION**

The separately issued financial statements on the two discrete component units – Child Development Inc and the North Central Highway Safety Network may be obtained by directly contacting their respective offices.

This financial report is designed to provide a general overview of Schuylkill County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Controller, 401 North Second Street, Pottsville, PA 17901.

COUNTY OF SCHUYLKILL  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2008

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 22,502,300	\$ 2,166,170	\$ 24,668,470	\$ 1,135,265
Restricted Cash	4,689,105	100,337	4,789,442	-
Investments	2,553,969	-	2,553,969	-
Accounts Receivable	-	1,526,901	1,526,901	26,047
Due From Third Party	374,890	-	374,890	-
Interest Receivable	91,060	-	91,060	-
Taxes Receivable	4,660,729	-	4,660,729	-
Due From Other Governmental Units	3,833,386	-	3,833,386	2,168,590
Internal Balances	373,299	(373,299)	-	-
Notes Receivable	5,535,000	-	5,535,000	-
Debt Issuance Costs	247,868	-	247,868	38,883
Capital Assets, Non Depreciable	1,418,346	145,927	1,564,273	-
Capital Assets, Depreciable, Net	23,993,949	8,006,317	32,000,266	102,121
<b>Total Assets</b>	<b>70,273,901</b>	<b>11,572,353</b>	<b>81,846,254</b>	<b>3,470,906</b>
<b>Liabilities</b>				
Accounts Payable	5,669,635	470,167	6,139,802	533,901
Accrued Expenses and Withholdings	867,912	236,966	1,104,878	27,574
Due to Other Governments	-	-	-	411,189
Unearned Revenues	3,624,380	-	3,624,380	-
Taxes Held in Escrow (Road and School)	616,720	-	616,720	-
Escrow Funds- Other	1,034,597	-	1,034,597	-
Excess of Taxes - Tax Claim Bureau	581,990	-	581,990	-
Escrow Land Sales	365,304	-	365,304	-
Funds Held in Fiduciary Capacity	1,998,948	100,337	2,099,285	-
Interest Payable	212,141	-	212,141	-
Current Portions of Long Term Liabilities:				
Loans and Notes Payable	-	-	-	323,272
General Obligation Bonds Payable	1,770,674	199,326	1,970,000	-
Capital Lease Payable	74,928	27,130	102,058	-
Unamortized Bond Premium	93,786	-	93,786	-
Non-Current Portions of Long Term Liabilities:				
Loans and Notes Payable	-	-	-	1,351,328
General Obligation Bonds Payable	12,875,104	1,398,348	14,273,452	-
Capital Lease Payable	492,993	1,321,361	1,814,354	-
Unamortized Bond Premium	345,041	-	345,041	-
Liability for Other Postemployment Benefits	4,056,126	1,188,425	5,244,551	-
Accrued Compensated Absences	4,051,515	847,471	4,898,986	-
Self Insurance Claims Payable	784,963	-	784,963	-
<b>Total Liabilities</b>	<b>39,516,757</b>	<b>5,789,531</b>	<b>45,306,288</b>	<b>2,647,264</b>
<b>Net Assets</b>				
Invested In Capital Assets, Net of Related Debt	22,761,774	5,206,079	27,967,853	28,224
Restricted:				
Capital Projects	547,709	-	547,709	-
Library	243	-	243	-
Program Purposes	6,867,455	-	6,867,455	-
Unrestricted	579,963	576,743	1,156,706	795,418
<b>Total Net Assets</b>	<b>\$ 30,757,144</b>	<b>\$ 5,782,822</b>	<b>\$ 36,539,966</b>	<b>\$ 823,642</b>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
						Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 15,855,555	\$ (3,950,511)	\$ 2,871,990	\$ 454,318	\$ 26,501	\$ (8,552,235)	\$ (8,552,235)	
Judicial Government	18,444,560	2,543,454	2,535,122	4,423,233	-	(14,029,659)	(14,029,659)	
Public Safety	7,382,540	512,825	468,531	1,001,906	-	(6,424,928)	(6,424,928)	
Public Works	5,137,198	65,271	1,678,242	5,914,470	-	2,390,243	2,390,243	
Human Services	68,343,018	619,085	1,136,779	65,106,009	-	(2,719,315)	(2,719,315)	
Culture/Recreation	569,223	-	-	6,436	-	(562,787)	(562,787)	
Conservation/Development	6,839,994	209,876	1,013,760	4,848,339	-	(1,187,771)	(1,187,771)	
Interest on Long-Term Debt	447,801	-	-	-	-	(447,801)	(447,801)	
<b>Total Governmental Activities</b>	<b>123,019,889</b>	<b>-</b>	<b>9,704,424</b>	<b>81,754,711</b>	<b>26,501</b>	<b>(31,534,253)</b>	<b>(31,534,253)</b>	
<b>Business-Type Activities:</b>								
911 Operations	3,224,833	-	3,297,397	-	-	72,564	72,564	
Nursing Home	10,772,436	-	9,441,181	-	-	(1,331,255)	(1,331,255)	
<b>Total Business-Type Activities</b>	<b>13,997,269</b>	<b>-</b>	<b>12,738,578</b>	<b>-</b>	<b>-</b>	<b>(1,258,691)</b>	<b>(1,258,691)</b>	
<b>Total Primary Government</b>	<b>\$ 137,017,158</b>	<b>\$ -</b>	<b>\$ 22,443,002</b>	<b>\$ 81,754,711</b>	<b>\$ 26,501</b>	<b>(31,534,253)</b>	<b>(31,534,253)</b>	
<b>Component Units:</b>								
Human Services	\$ 9,107,445	-	\$ 470,832	\$ 8,608,288	\$ -	-	\$ (28,325)	
Public Safety	8,174,952	-	-	8,190,857	-	-	15,905	
<b>Total Component Units</b>	<b>\$ 17,282,397</b>	<b>\$ -</b>	<b>\$ 470,832</b>	<b>\$ 16,799,145</b>	<b>\$ -</b>	<b>-</b>	<b>(12,420)</b>	
<b>General Revenues:</b>								
Property Taxes - General Levy						27,760,575	27,760,575	
Interest, Investment Earnings and Royalties						1,359,748	1,417,221	10,910
Hotel Tax						235,571	235,571	-
Per Capita Tax						404,135	404,135	-
Miscellaneous						603,037	592,679	56,101
Loss on Disposal of Capital Assets						(125,717)	(15,050)	-
Impairment Loss (Note 16)						(137,090)	(140,767)	-
Transfers (Internal Activities)						(920,507)	(920,507)	-
<b>Total General Revenues and Transfers</b>						<b>29,179,752</b>	<b>1,555,609</b>	<b>67,011</b>
<b>Change in Net Assets</b>						<b>(2,354,501)</b>	<b>296,918</b>	<b>54,591</b>
<b>Net Assets - Beginning</b>						<b>33,111,645</b>	<b>5,485,904</b>	<b>769,051</b>
<b>Net Assets - Ending</b>						<b>\$ 30,757,144</b>	<b>\$ 5,782,822</b>	<b>\$ 823,642</b>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

Assets	General	Mental Health/ Mental Retardation	Children and Youth	Liquid Fuels	Other Agency	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Cash on Hand	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Cash and Cash Equivalents	6,029,676	1,130,520	2,512,355	3,756,551	1,879,863	3,107,604	4,001,947	22,418,516
Restricted Cash	4,597,559	-	-	-	-	-	-	4,597,559
Investments	-	-	-	1,692,269	-	-	93,209	1,785,478
Taxes Receivable	4,440,058	-	-	-	-	220,671	-	4,660,729
Notes Receivable	-	-	-	-	-	5,535,000	-	5,535,000
Due from Third Party	374,890	-	-	-	-	-	-	374,890
Due from Other Governments	227,682	-	1,324,715	-	79,130	-	2,201,859	3,833,386
Due from Other Funds	1,899,638	46,809	-	-	3,220	5,340	-	1,955,007
<b>Total Assets</b>	<b>\$ 17,589,503</b>	<b>\$ 1,177,329</b>	<b>\$ 3,837,070</b>	<b>\$ 5,448,820</b>	<b>\$ 1,962,213</b>	<b>\$ 8,868,615</b>	<b>\$ 6,297,015</b>	<b>\$ 45,180,565</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts Payable	\$ 481,746	\$ 4,434	\$ 1,637,904	\$ 901	\$ 377,528	\$ -	\$ 3,068,468	\$ 5,570,981
Accrued Expenses and Withholdings	560,988	9,636	96,148	-	-	-	201,140	867,912
Deferred Revenues	3,478,268	1,159,560	1,027	-	1,522,744	170,309	941,049	7,272,957
Due From Third Party	374,890	-	-	-	-	-	-	374,890
Taxes Held in Escrow (Road and School)	616,720	-	-	-	-	-	-	616,720
Excess of Taxes - Tax Claim Bureau	581,990	-	-	-	-	-	-	581,990
Escrow Funds - Other	1,034,597	-	-	-	-	-	-	1,034,597
Escrow Land Sales	365,304	-	-	-	-	-	-	365,304
Funds Held in Fiduciary Capacity	1,998,948	-	-	-	-	-	-	1,998,948
Due to Other Funds	80,207	3,699	2,101,991	-	61,941	-	118,870	2,366,708
<b>Total Liabilities</b>	<b>9,573,658</b>	<b>1,177,329</b>	<b>3,837,070</b>	<b>901</b>	<b>1,962,213</b>	<b>170,309</b>	<b>4,329,527</b>	<b>21,051,007</b>
<b>Fund Balances</b>								
Fund Balances (Reserved)	-	-	-	-	-	-	-	8,698,306
Debt Service	-	-	-	-	-	8,698,306	547,709	547,709
Capital Projects	-	-	-	-	-	-	243	243
Library	-	-	-	-	-	-	-	214,511
Rest Haven Nursing Home	214,511	-	-	-	-	-	-	6,867,455
Program Purposes	-	-	-	5,447,919	-	-	1,419,536	7,801,334
Unreserved	7,801,334	-	-	-	-	-	-	24,129,558
<b>Total Fund Balances</b>	<b>8,015,845</b>	<b>-</b>	<b>-</b>	<b>5,447,919</b>	<b>-</b>	<b>8,698,306</b>	<b>1,967,488</b>	<b>45,180,565</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 17,589,503</b>	<b>\$ 1,177,329</b>	<b>\$ 3,837,070</b>	<b>\$ 5,448,820</b>	<b>\$ 1,962,213</b>	<b>\$ 8,868,615</b>	<b>\$ 6,297,015</b>	<b>\$ 45,180,565</b>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF NET ASSETS  
 DECEMBER 31, 2008

Total Fund Balances of Governmental Funds:	\$ 24,129,558
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets, including Infrastructure assets, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	25,412,295
An internal service fund is used by management to charge the costs and accrue the liability for worker's compensation claims for which the county is self-insured. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	825,204
Interest Receivable on long term receivables is not accrued in the current period and accordingly not reported as a fund asset.	91,060
The funds record only the tax revenue received through a period of 60 days subsequent to year-end. The statement of net assets includes a receivable for the County's anticipated collections on the levy.	3,648,577
The funds record a unearned revenue for a due from third party receivable that will not be satisfied within 180 days subsequent to year-end. The statement of net assets includes a receivable and the revenue is recognized.	374,890
The funds record bond issuance costs as a current period expenditure while those costs are capitalized on the statement of net assets and amortized over the life of the bonds.	247,868
Long-term liabilities are not due and payable in the current period and accordingly not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of:	
General Obligation Bonds Payable	(14,922,326)
Capital Lease Payable	(567,921)
Unamortized Bond Premium	(438,827)
Deferred Refunding Loss	276,548
Accrued Interest Payable	(212,141)
Accrued Compensated Absences	(4,051,515)
Post Employment Benefits	(4,056,126)
Total Net Assets of Governmental Activities	\$ 30,757,144

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2008

	General	Mental Health/ Mental Retardation	Children and Youth	Liquid Fuels	Other Agency	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Real Estate Taxes	\$ 26,132,293	\$ -	\$ -	\$ -	\$ -	\$ 1,281,600	\$ 8	\$ 27,413,901
Per Capita Taxes	404,135	-	-	-	-	-	-	404,135
Hotel Tax	235,571	-	-	-	-	-	-	235,571
Interest and Royalties	517,983	49,087	47,777	186,827	25,711	405,388	63,433	1,296,206
Grants and Gifts	3,371,769	22,581,810	13,435,640	716,924	4,615,724	-	37,059,345	81,781,212
Charges for Services	7,471,366	31,181	830,975	-	-	-	1,370,902	9,704,424
Other Revenue	474,857	-	-	-	-	1,329	86,903	563,089
<b>Total Revenues</b>	<b>38,607,974</b>	<b>22,662,078</b>	<b>14,314,392</b>	<b>903,751</b>	<b>4,641,435</b>	<b>1,688,317</b>	<b>38,580,591</b>	<b>121,398,538</b>
<b>Expenditures</b>								
General Government	9,674,732	-	-	-	38,603	215,495	219,403	10,148,233
Judicial Government	15,065,346	-	-	-	1,671,613	-	1,443,199	18,180,158
Public Safety	5,873,283	-	-	-	-	-	1,273,072	7,146,355
Public Works	331,218	-	-	47,986	-	-	3,450,210	3,829,414
Human Services	567,643	22,542,685	16,493,042	-	2,576,283	-	25,726,907	67,906,560
Culture/Recreation	442,393	-	-	-	-	-	4,405,067	442,393
Conservation/Development	2,230,534	-	-	-	-	1,530,000	-	1,530,000
Debt Service - Principal	-	-	-	-	-	663,800	-	663,800
Debt Service - Interest	-	-	-	-	-	-	-	-
Capital Projects	728,763	298,440	9,397	270,169	4,899	-	1,369,037	2,680,705
<b>Total Expenditures</b>	<b>34,913,912</b>	<b>22,841,125</b>	<b>16,502,439</b>	<b>318,155</b>	<b>4,291,398</b>	<b>2,409,295</b>	<b>37,886,895</b>	<b>119,163,219</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,694,062</b>	<b>(179,047)</b>	<b>(2,188,047)</b>	<b>585,596</b>	<b>350,037</b>	<b>(720,978)</b>	<b>693,696</b>	<b>2,235,319</b>
<b>Other Financing Sources (Uses)</b>								
Operating Transfers In	2,775,811	253,947	3,241,503	-	66,775	128,137	1,611,625	8,077,798
Operating Transfers (Out)	(4,552,964)	(74,900)	(1,053,456)	(181,845)	(416,812)	(3,835)	(3,202,037)	(9,485,849)
Premium on Bonds Issued	-	-	-	-	-	475,485	-	475,485
Payments to Retire Debt	-	-	-	-	-	(15,922,226)	-	(15,922,226)
Bond Issuance Proceeds	-	-	-	-	-	15,657,326	-	15,657,326
<b>Total Other Financing Sources (Uses)</b>	<b>(1,777,153)</b>	<b>179,047</b>	<b>2,188,047</b>	<b>(181,845)</b>	<b>(350,037)</b>	<b>334,887</b>	<b>(1,590,412)</b>	<b>(1,197,466)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>1,916,909</b>	<b>-</b>	<b>-</b>	<b>403,751</b>	<b>-</b>	<b>(386,091)</b>	<b>(896,716)</b>	<b>1,037,853</b>
<b>Fund Balances - Beginning of Year</b>	<b>6,098,936</b>	<b>-</b>	<b>-</b>	<b>5,044,168</b>	<b>-</b>	<b>9,084,397</b>	<b>2,864,204</b>	<b>23,091,705</b>
<b>Fund Balances - End of Year</b>	<b>\$ 8,015,845</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,447,919</b>	<b>\$ -</b>	<b>\$ 8,698,306</b>	<b>\$ 1,967,488</b>	<b>\$ 24,129,558</b>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2008

Net Change in fund balances - total governmental funds		\$ 1,037,853
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital purchases as expenditures. In the Statement of Activities, the cost of these assets is depreciated over the estimated useful lives and is reported as depreciation expense. The difference in the current period between capital expenditures \$3,165,749 and depreciation expense (\$3,366,817) is a reconciling item.		(201,068)
Governmental funds do not report capital assets that are donated, these assets are recorded as revenue and capital expenditures on the full accrual basis.		39,948
Governmental funds do not report capital assets that are disposed of, these assets are written off and an offsetting loss on the full accrual basis		(696,977)
Additional tax revenue recorded on statement of activities. The funds report only receipts through 60 days of subsequent period. Statement of Activities includes full amount of levy deemed collectible by County.		346,674
Funds do not record interest earned on long term notes receivable until it is paid. The interest receivable is recorded on the Statement of Net Assets with the revenue included in the statement of activities.		63,542
An internal service fund is used by management to charge the costs and accrue the liability for worker's compensation claims for which the county is self-insured. The net revenue of the internal service funds is included in governmental activities in the statement of activities.		(62,355)
The issuance of long-term liabilities provide financial resources to governmental funds and contribute to the change in fund balance. However, the issuance of debt does not affect the Statement of Activities since it increases long-term liabilities in the Statement of Net Assets. Accordingly, the repayment of principal is reported as an expenditure in the governmental funds, but reduces the liability in the Statement of Net Assets. The amounts related to the above items that make up differences are:		
Principal Repayments		1,530,000
Capital Lease Payments		215,999
Pursuant to the modified basis of accounting, governmental funds do not recognize expenditures for transactions that are not normally paid with expendable available financial resources. Pursuant to the accrual basis of accounting, the Statement of Activities reports expenses and liabilities regardless of when financial resources are available. In addition, interest on long-term debt is not recognized in the governmental funds until due, while it is accrued in the Statement of Activities. The differences for the items discussed above are:		
Capital Lease additions		(485,044)
Gain on Settlement of Capital Lease		434,170
Compensated absence expense		(158,818)
Accrual of interest on long-term debt		(131,008)
Amortization of issuance costs		(20,706)
Bond Issuance Proceeds - Premium		(475,485)
Bond Issuance Proceeds		(15,657,326)
Payments to Retire Debt		15,922,226
Post Employment Benefits Expense		(4,056,126)
Change in Net Assets of governmental activities		<u>\$ (2,354,501)</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS  
DECEMBER 31, 2008

	Business-type Activites - Enterprise Funds			Governmental Activites
	Rest Haven Nursing Home	911 Fund	Totals	Internal Service Fund
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 983,596	\$ 1,182,574	\$ 2,166,170	\$ 63,784
Due From Other Funds	3,157	-	3,157	785,000
Accounts Receivable, net of Allowance	1,426,065	100,836	1,526,901	-
<b>Total Current Assets</b>	<b>2,412,818</b>	<b>1,283,410</b>	<b>3,696,228</b>	<b>848,784</b>
Non-Current Assets:				
Restricted Cash	100,337	-	100,337	91,546
Restricted Investments	-	-	-	768,491
Capital Assets, not being Depreciated	145,927	-	145,927	-
Capital Assets, being Depreciated				
Eligible Capital Assets	9,915,433	6,459,073	16,374,506	-
Non-Eligible Capital Assets	-	835,990	835,990	-
Eligible Accumulated Depreciation	(6,644,433)	(2,423,807)	(9,068,240)	-
Non-Eligible Accumulated Depreciation	-	(135,939)	(135,939)	-
<b>Capital Assets, net</b>	<b>3,416,927</b>	<b>4,735,317</b>	<b>8,152,244</b>	<b>-</b>
<b>Total Non-Current Assets</b>	<b>3,517,264</b>	<b>4,735,317</b>	<b>8,252,581</b>	<b>860,037</b>
<b>Total Assets</b>	<b>5,930,082</b>	<b>6,018,727</b>	<b>11,948,809</b>	<b>1,708,821</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	402,342	67,825	470,167	56,654
Accrued Expenses and Withholdings	178,347	58,619	236,966	42,000
Self Insurance Liabilities	-	-	-	784,963
Bonds Payable - Current Portion	-	199,326	199,326	-
Capital Lease Payable - Current Portion	2,317	24,813	27,130	-
Due to Other Funds	370,565	5,891	376,456	-
<b>Total Current Liabilities</b>	<b>953,571</b>	<b>356,474</b>	<b>1,310,045</b>	<b>883,617</b>
Long-Term Liabilities				
Patient Funds Held in Safekeeping	100,337	-	100,337	-
Compensated Absences	606,320	241,151	847,471	-
Liability for Other Postemployment Benefits	1,069,755	118,670	1,188,425	-
Bonds Payable	-	1,398,348	1,398,348	-
Capital Lease Payable	96,037	1,225,324	1,321,361	-
<b>Total Long-Term Liabilities</b>	<b>1,872,449</b>	<b>2,983,493</b>	<b>4,855,942</b>	<b>-</b>
<b>Total Liabilities</b>	<b>2,826,020</b>	<b>3,339,967</b>	<b>6,165,987</b>	<b>883,617</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	3,318,573	1,887,506	5,206,079	-
Unrestricted	(214,511)	791,254	576,743	825,204
<b>Total Net Assets</b>	<b>\$ 3,104,062</b>	<b>\$ 2,678,760</b>	<b>\$ 5,782,822</b>	<b>\$ 825,204</b>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities
	Rest Haven Nursing Home	911 Fund	Total	Internal Service Fund
Operating Revenues				
Net Patient Service	\$ 9,441,181	\$ -	\$ 9,441,181	\$ -
Miscellaneous Revenue	580,144	12,535	592,679	67,202
Tariff Revenue	-	3,297,397	3,297,397	-
Total Operating Revenues	<u>10,021,325</u>	<u>3,309,932</u>	<u>13,331,257</u>	<u>67,202</u>
Operating Expenditures				
Administration Services	1,440,408	118,670	1,559,078	2,500
Dietary and Food	1,053,914	-	1,053,914	-
Laundry	234,465	-	234,465	-
Housekeeping	382,373	-	382,373	-
Plant Operations	166,766	-	166,766	-
Maintenance	155,955	-	155,955	-
Boiler House	54,238	-	54,238	-
Nursing	3,803,149	-	3,803,149	-
Practitioners	36,439	-	36,439	-
Social Services	124,358	-	124,358	-
Patient Services	198,024	-	198,024	-
Pharmacy and Medical Supplies	159,070	-	159,070	-
Physical, Speech, and Occupational Therapy	948,524	-	948,524	-
Medical Records	40,182	-	40,182	-
Depreciation	323,542	484,618	808,160	-
Other	1,651,039	-	1,651,039	-
Emergency Communications	-	2,525,196	2,525,196	-
Workers' Compensation	-	-	-	600,257
Total Operating Expenditures	<u>10,772,436</u>	<u>3,128,484</u>	<u>13,900,920</u>	<u>602,757</u>
Operating Income (Loss)	<u>(751,111)</u>	<u>181,448</u>	<u>(569,663)</u>	<u>(535,555)</u>
Nonoperating Revenues and Expenses				
Interest Income	17,365	40,108	57,473	63,542
Interest Expense	-	(96,349)	(96,349)	-
Loss on Disposal of Capital Assets	(11,626)	(3,424)	(15,050)	-
Total Nonoperating Revenues and Expenses	<u>5,739</u>	<u>(59,665)</u>	<u>(53,926)</u>	<u>63,542</u>
Income (Loss) Before Other Financing Sources (Uses)	<u>(745,372)</u>	<u>121,783</u>	<u>(623,589)</u>	<u>(472,013)</u>
Other Financing Sources (Uses)				
Operating Transfers In	1,331,673	-	1,331,673	487,544
Operating Transfers Out	(350,869)	(60,297)	(411,166)	-
Payments to Retire Debt	-	(1,597,674)	(1,597,674)	-
Bond Issuance Proceeds	-	1,597,674	1,597,674	-
Total Other Financing Sources (Uses)	<u>980,804</u>	<u>(60,297)</u>	<u>920,507</u>	<u>487,544</u>
Net Income	<u>235,432</u>	<u>61,486</u>	<u>296,918</u>	<u>15,531</u>
Net Assets - Beginning of Year	<u>2,868,630</u>	<u>2,617,274</u>	<u>5,485,904</u>	<u>809,673</u>
Net Assets - End of Year	<u>\$ 3,104,062</u>	<u>\$ 2,678,760</u>	<u>\$ 5,782,822</u>	<u>\$ 825,204</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Types			
	Rest Haven Nursing Home	911 Fund	Total Enterprise	Internal Service Fund
<b>Cash Flow from Operating Activities</b>				
Patient Service Revenue Receipts	\$ 9,460,459	\$ -	\$ 9,460,459	\$ -
911 Tariff Revenue Receipts	-	3,305,240	3,305,240	-
Payments to Suppliers	(5,012,699)	(1,105,509)	(6,118,208)	(659,321)
Payments to Employees	(4,400,682)	(1,409,564)	(5,810,246)	-
Internal - Payments To Other Funds	-	-	-	82,428
Other Receipts	563,064	12,535	575,599	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>610,142</b>	<b>802,702</b>	<b>1,412,844</b>	<b>(576,893)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of Investments	-	-	-	(250,049)
Interest Receipts	17,365	40,108	57,473	63,542
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>17,365</b>	<b>40,108</b>	<b>57,473</b>	<b>(186,507)</b>
<b>Cash Flows from Capital Activities</b>				
Purchase of Capital Assets	(1,741,855)	(2,631,585)	(4,373,440)	-
<b>Net Cash Used in Capital Activities</b>	<b>(1,741,855)</b>	<b>(2,631,585)</b>	<b>(4,373,440)</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>				
Increase in Capital Leases	98,354	1,247,208	1,345,562	-
Payments on Long-Term Debt	-	(1,750,516)	(1,750,516)	-
Proceeds from Bond Issuance	-	1,597,674	1,597,674	-
Net Operating Transfers	980,804	(60,297)	920,507	487,544
Interest Paid	-	(58,931)	(58,931)	-
<b>Net Cash Provided by Financing Activities</b>	<b>1,079,158</b>	<b>975,138</b>	<b>2,054,296</b>	<b>487,544</b>
<b>Net Decrease in Cash</b>	<b>(35,190)</b>	<b>(813,637)</b>	<b>(848,827)</b>	<b>(275,856)</b>
Cash - Beginning of Year	1,119,123	1,996,211	3,115,334	431,186
<b>Cash - End of Year</b>	<b>\$ 1,083,933</b>	<b>\$ 1,182,574</b>	<b>\$ 2,266,507</b>	<b>\$ 155,330</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating Income (Loss)	\$ (751,111)	\$ 181,448	\$ (569,663)	\$ (535,555)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation	323,542	484,618	808,160	-
(Increase) Decrease in Assets:				
Accounts Receivable	68,215	7,843	76,058	-
Due from Other Funds	-	-	-	(15,263)
Increase (Decrease) in Liabilities:				
Accounts Payable	(100,591)	558	(100,033)	(41,301)
Accrued Liabilities	53,529	6,220	59,749	15,226
Compensated Absenses	12,820	14,071	26,891	-
Liability for Other Postemployment Benefits	1,069,755	118,670	1,188,425	-
Patient Funds Held in Escrow	(17,080)	-	(17,080)	-
Due to Other Funds	(48,937)	(10,726)	(59,663)	-
<b>Total Adjustments</b>	<b>1,361,253</b>	<b>621,254</b>	<b>1,982,507</b>	<b>(41,338)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 610,142</b>	<b>\$ 802,702</b>	<b>\$ 1,412,844</b>	<b>\$ (576,893)</b>

The accompanying notes are an integral part of the financial statements.

County of Schuylkill  
Statement of Fiduciary Net Assets  
December 31, 2008

	<u>Employee Retirement</u>	<u>Agency</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 24,519,958	\$ 4,251,931	\$ 28,771,889
Investments	<u>49,609,249</u>	<u>-</u>	<u>49,609,249</u>
Total Assets	<u>74,129,207</u>	<u>4,251,931</u>	<u>78,381,138</u>
Liabilities			
Funds Held in Fiduciary Capacity	<u>-</u>	<u>4,251,931</u>	<u>4,251,931</u>
Total Liabilities	<u>-</u>	<u>4,251,931</u>	<u>4,251,931</u>
Net Assets held for Employees' Pension Benefits	<u>\$ 74,129,207</u>	<u>\$ -</u>	<u>\$ 74,129,207</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED DECEMBER 31, 2008

	Employee Pension
Additions:	
Contributions:	
Employee	\$ 2,148,399
Employer	733,243
Total Contributions	2,881,642
Investment Income:	
Interest	1,131,682
Dividends	1,710,590
Net Depreciation in Fair Value of Investments	(18,581,758)
Less: Investment Expense	(1,422,897)
Net Investment Income	(17,162,383)
Total Additions	(14,280,741)
Deductions:	
Administrative Costs	395,598
Retirement Benefits	4,431,751
Death Benefits	2,513
Member Contribution Refunds	572,674
Total Deductions	5,402,536
Net Decrease	(19,683,277)
Net Assets Held in Trust for Employees' Pension Benefits:	
Beginning of Year	93,812,484
End of Year	\$ 74,129,207

The accompanying notes are an integral part of the financial statements.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Schuylkill (the "County") which was formed on March 1, 1811, operates under the direction of an elected Board of Commissioners and provides the following services: general administrative services, tax assessment and collections, judicial, public improvements, public safety, and human services programs. The accompanying basic financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB").

A summary of the County's significant accounting policies consistently applied in the preparation of the accompanying basic financial statements is as follows:

A) Reporting Entity

The County follows the criteria promulgated by GASB for purposes of determining the scope of its reporting entity. As required by GAAP, the basic financial statements of the reporting entity include those of the County of Schuylkill (the Primary Government) and its Component Units. The Component Units discussed below are included in the County's reporting entity because of their operational or financial relationship with the County.

1. Component Units

In conformity with GAAP, the financials of Component Units have been included in the financial reporting entity either as a Blended Component Unit or as a Discretely Presented Component Unit.

a. Blended Component Unit

The Schuylkill County Conservation District was formed on September 25, 1955, to establish and to administer the programs to conserve soil, water, and related natural resources and for land use practices to control and to prevent soil erosion. The Schuylkill Conservation District is fiscally dependent upon the County. In addition, the employees of the Schuylkill Conservation District are County employees. Therefore, the Schuylkill Conservation District is included in the Special Revenue Funds of the financial statements of the reporting entity. The reporting period for the Schuylkill Conservation District is for the year ended December 31, 2008.

b. Discretely Presented Component Units

The Component Units' columns in the basic financial statements include the financial data of the following Component Units and is reported in a separate column to emphasize that it is legally separate from the County.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

A) Reporting Entity (Continued)

1. Component Units (Continued)

b. Discretely Presented Component Units (Continued)

Child Development, Inc. (the "Corporation") is a nonprofit organization that was formed on July 1, 1982, to provide child care services and a comprehensive development program for children ranging from birth to nine years of age. Child Development, Inc. is fiscally dependent upon the County. The reporting period for Child Development, Inc. is for the year ended June 30, 2008.

The North Central Highway Safety Network, Inc., (the "Organization") is a nonprofit organization that was formed to provide safety awareness to the community by developing educational highway safety programs targeted at the public to include schools, healthcare providers, law enforcement agencies, and industry. The reporting period for North Central Highway Safety Network, Inc., is for the year ended December 31, 2008.

c. Condensed Financial Statements

The following presents the condensed financial statements of the Discretely Presented Component Units. Complete and more detailed financial statements for the individual component units can be obtained from their administrative offices.

Administrative Offices

Child Development, Inc.  
Route 61  
Schuylkill Haven, PA 17972

North Central Highway Safety Network, Inc.  
118 South Claude A. Lord Boulevard  
Pottsville, PA 17901

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

A) Reporting Entity (Continued)

1. Component Units (Continued)

c. Condensed Financial Statements (Continued)

Condensed Balance Sheets

	Child Development, Inc. June 30, 2008	North Central Highway Safety Network December 31, 2008
<u>Assets</u>		
Other Assets	\$ 1,352,811	\$ 2,015,974
Capital Assets, Net	95,809	6,312
Total Assets	1,448,620	2,022,286
<u>Liabilities</u>		
	965,926	1,681,338
<u>Net Assets</u>		
Unrestricted	460,782	334,636
Invested in Capital Assets, Net of Related Debt	21,912	6,312
Total Net Assets	\$ 482,694	\$ 340,948

Condensed Statements of Revenues,  
Expenditures, and Changes in Net Assets

	Child Development, Inc. Year Ended June 30, 2008	North Central Highway Safety Network Year Ended December 31, 2008
Revenues	\$ 9,133,894	\$ 8,203,094
Expenditures	9,107,445	8,174,952
Excess of Revenues Over Expenditures	26,449	28,142
Net Assets - Beginning of Year	456,245	312,806
Net Assets - End of Year	\$ 482,694	\$ 340,948

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

A) Reporting Entity (Continued)

2. Related Organizations

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

- Schuylkill County Airport Authority
- Schuylkill County Municipal Authority
- Schuylkill County Solid Waste Authority
- Schuylkill County Housing Authority
- Schuylkill County Rail Transport Authority
- Schuylkill County Visitors Bureau
- Schuylkill County Redevelopment Authority
- Schuylkill County Industrial Development Authority
- Schuylkill County Council for the Arts
- Schuylkill County Economic Opportunity Cabinet
- Schuylkill County Veterans Advisory Board
- Schuylkill County Communications Committee
- Schuylkill County Vision
- Schuylkill Keep it Pretty
- Schuylkill Women in Crisis
- Schuylkill Economic Development Corp.
- Regional Development Corporation

B) Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B) Measurement Focus and Basis of Accounting (Continued)

1. Government-wide Financial Statements (Continued)

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The County chooses to eliminate the indirect costs between governmental activities to avoid "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statements includes financial information for agency funds and the County's Retirement Trust fund. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B) Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

**Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues, except taxes, to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and thus have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B) Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

**Proprietary Funds**

The County's enterprise funds and internal service fund are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The Board applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

C) Basis of Presentation

The determination of major funds is based on minimum criteria as set forth in GASB Statement Number 34. The non-major funds are combined in a column in the fund financial statements. The following are the County's major funds:

1. Governmental Fund Types

a. General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, State and Federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund, including operation of general County government, boards, commissions, the court system, and health and welfare activities.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

C) Basis of Presentation (Continued)

1. Governmental Fund Types (Continued)

b. Mental Health/Mental Retardation Fund

The Mental Health/Mental Retardation Fund is used to account for the proceeds of specific revenue sources related to the provision of Mental Health/Mental Retardation services that are restricted to expenditures for those specified purposes.

c. Children and Youth

The Children and Youth Fund is used to account for the proceeds of specific revenue sources related to the provision of Children and Youth services that are restricted to expenditures for those specified purposes.

d. Liquid Fuels

The Liquid Fuels Fund is used to account for the proceeds of specific revenue sources related to the provision of infrastructure programs that are restricted to expenditures for those specified purposes.

e. Other Agency Fund

The Other Agency Fund is used to account for the proceeds of specific revenue sources related to the provision of various human services programs that are restricted to expenditures for those specified purposes.

f. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

2. Proprietary Fund Types

a. Enterprise/Rest Haven - County Long-term Care Facility

An Enterprise Fund is used to account for operations of the Schuylkill County Nursing Home - Rest Haven, that is financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, and cost reimbursement plans.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

C) Basis of Presentation (Continued)

2. Proprietary Fund Types (Continued)

b. Enterprise/911 Fund

The 911 Fund is used to account for operations of the County's Emergency Communication System, that is financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, and cost reimbursement plans.

3. Other Fund Types

a. Internal Service Fund

An Internal Service Fund is used to account for the financing of workers' compensation insurance costs which are being incurred by the County for all departments, agencies and Rest Haven.

b. Retirement Trust Fund

The Employee Retirement Trust Fund is used to account for the revenue (i.e., member contributions, County appropriations, and net investment income) and the expenditures (i.e., allowance contributions refunded, retirement allowances, and death benefits paid) of the Retirement Trust Fund.

c. Agency Funds

Agency Funds consist of restricted assets of the various row offices of the County. The row office funds, in essence, are escrow funds maintained with the row offices for bail posted, funds held from sheriff's sales, realty transfer taxes held and owed to other governmental entities, and other funds reserved for disposition of legal actions.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D) 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, Certain Special Revenue Funds, Capital Projects Funds, Debt Service Fund, Enterprise Funds and Internal Service Fund, and is based on estimates of revenues and expenditures or expenses approved by the Commissioners. The budget is adopted on a basis consistent with generally accepted accounting principles. The County of Schuylkill 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 administrator'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. A 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 and as amended by the County Commissioners.

Each Fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by major function level and may not exceed appropriations at this level. During the course of the year, departmental needs may change, emergencies may occur and additional revenue sources may arrive. As a result, funds are occasionally transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a major function level basis and are approved by the County Commissioners.

E) Cash and Cash Equivalents

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

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

F) Restricted Cash

Restricted cash represents cash set aside for liquidation of specific obligations as detailed in Note 3.

G) Investments

Investments are stated at fair value in all funds. Investments that do not have an established market value are reported at estimated fair value.

H) Allowance for Doubtful Accounts

Accounts receivable have been reported net of allowance for doubtful accounts of \$215,700.

I) 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 government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$1,000 (\$75,000 for infrastructure assets) and an estimated useful life exceeding one year. Such assets are recorded at historical costs. Donated capital assets are recorded at the estimated fair market value at the time of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Land Improvements	10 - 15 Years
Buildings and Improvements	10 - 50 Years
Machinery and Equipment	8 - 20 Years
Motor Vehicles	3 - 5 Years
Computer Equipment	3 - 5 Years
Agricultural Easements	40 Years
Leasehold Assets	10 Years
Infrastructure	20 - 50 Years

J) Interfund Transactions

The County affects a variety of transactions between the funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2008, appropriate interfund receivables or payables have been established.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

J) Interfund Transactions (Continued)

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as Internal Balances.

K) Compensated Absences

The County accrues accumulated unpaid vacation and sick leave when earned by the employee in the government-wide and proprietary fund financial statements.

L) Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the County has adopted the following policy for current refundings and advance refundings resulting in defeasance of debt reported in proprietary funds.

The difference between the reacquisition price and the net carrying amount of the old debt, as well as the related bond issuance costs, will be deferred and amortized in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the balance sheet, the deferred amount and bond issuance costs are reported as a deduction from or an addition to the new debt liability.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as bond issuance costs in the debt service fund.

M) Deferred Revenues/Unearned Revenues

Unearned Revenues are reported in government-wide financial statements. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues. The County deems revenues received within 180 days of year-end to be available with the exception of property taxes, which must be received within 60 days of year-end to be deemed available.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

N) Net Assets/Fund Balances

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

O) Adoption of Governmental Accounting Standards Board Statement

The County adopted the provisions of GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*". The adoption of this statement had an effect on the noncurrent liabilities, expenses, and the post employment benefits disclosure of the County.

The County adopted the provisions of GASB Statement No. 49, "*Accounting and Financial Reporting for Pollution Remediation*". The adoption of this statement had no effect on the financial reporting information of the County.

The County adopted the provisions of GASB Statement No. 50, "*Pension Disclosures*". The adoption of this statement had an effect on the pension disclosure of the County.

The County adopted the provisions of GASB Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The adoption of this statement had no effect on the financial reporting information of the County.

The County adopted the provisions of GASB Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*". The adoption of this statement had no effect on the financial reporting information of the County.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

P) Pending Changes in Accounting Principles

In July 2007, the GASB issued Statement No. 51, "Accounting and Financial Report for Intangible Assets". The County is required to adopt Statement No. 51 for its calendar year 2010 financial statements.

In November 2007, the GASB issued Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments". The County is required to adopt Statement No. 52 for its calendar year 2009 financial statements.

In June 2008, the GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". The County is required to adopt Statement No. 53 for its calendar year 2010 financial statements.

In March 2009, the GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The County is required to adopt Statement No. 54 for its calendar year 2011 financial statements.

The County has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2: DEPOSIT AND INVESTMENT RISK

As of December 31, 2008, the County had the following debt investments and maturities within its operating fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Cash Equivalent	\$ 1,785,478	\$ 1,785,478	\$ -	\$ -	\$ -
Total	\$ 1,785,478	\$ 1,785,478	\$ -	\$ -	\$ -

As of December 31, 2008, the County had the following debt investments and maturities within its Internal Service Fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 275,152	\$ 76,347	\$ 82,395	\$ 116,410	\$ -
U.S. Government Agencies	319,719	-	181,344	138,375	-
Corporate Bonds	173,620	-	74,991	98,629	-
Total	\$ 768,491	\$ 76,347	\$ 338,730	\$ 353,414	\$ -

As of December 31, 2008, the County had the following debt investments and maturities within its Retirement Fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 1,414,742	\$ 508,762	\$ 310,089	\$ 595,891	\$ -
U.S. Government Agencies	8,621,907	-	5,071,002	3,023,431	527,474
Corporate Bonds	11,649,701	6,227,639	3,052,366	1,573,324	796,372
Total	\$21,686,350	\$6,736,401	\$8,433,457	\$5,192,646	\$ 1,323,846

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

*Interest Rate Risk* – As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy is to invest funds to meet the projected cash flow requirements. Investments of the General Fund, Special Revenue Funds, and the Self-Insurance Internal Service Fund are made in accordance with the Commonwealth of Pennsylvania County Code as long as such investments are made at financial institutions approved by the County Commissioners and are fully collateralized by securities with a fair value equal to or exceeding the cost of the investment. Investments must be made in accordance with the Commonwealth of Pennsylvania's Act 72 and the financial institution must be on the County Commissioner's approval list.

The County's Retirement Plan Investment Policy (Retirement Investment Policy) states that emphasis shall be placed on providing adequate and timely investment cash flow to permit benefit payments from the Retirement Plan when due. Fixed income investment allocation is targeted to 35% (with an allowable range of +/- 5%) of the portfolio. The investments may be adjusted to meet economic and/or investment market conditions.

*Credit Risk* – The County's investment policy limits operating and self-insurance investments in federal agency securities that carry direct or implied guarantees of the U.S. Government. The County's governmental activities investments of \$1,785,478 were comprised of various certificates of deposit, which mature within one year, U.S. Government Treasuries, U.S. Government Agencies, and Corporate Bonds, which have various maturity dates as noted above.

The County's Retirement Investment Policy limits fixed income securities to a minimum of "BBB" or better at the time of purchase. At no time should securities rated less than "A" exceed 20% of the portfolio. No issuer, other than the U.S. Government or other federal agencies, may represent more than 15% of the total market value of the fixed income portfolio. As of December 31, 2008, the County's retirement investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
U.S. Government Treasuries	AAA	100%
U.S. Government Agencies	AAA	90%
U.S. Government Agencies	n/a	10%
Corporate Bonds	AAA	5%
Corporate Bonds	AA1	2%
Corporate Bonds	AA2	5%
Corporate Bonds	AA3	9%
Corporate Bonds	A1	57%
Corporate Bonds	A2	11%
Corporate Bonds	A3	2%
Corporate Bonds	BAA1	5%
Corporate Bonds	BAA2	4%

*Custodial Credit Risk* – For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2008, the County's cash, restricted cash and investments balances for its governmental activities, business-type activities and agency fund were \$36,263,812 and its bank balances were \$39,105,292. Of those bank balances, \$36,378,362 was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name. The entire cash and cash equivalent balance in the Retirement Fund was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

*Concentration of Credit Risk* – The County's investment policy for pooled and self-insurance funds is to invest in U.S. Government or Federal agency securities for which there is no limit to the investment amount.

The County's Retirement Investment Policy limits investments, other than those in U.S. Government or other federal agencies, to no more than 5% of the total market value of the fixed income portfolio. More than 5% of the County's Retirement Fund investments are in the Federal Home Loans Banks. These investments are 6% of the total Retirement Fund Portfolio.

The County entered into a Guaranteed Investment Contract (GIC) on October 27, 2006, with Nationwide Life Insurance Company of America. The GIC is a fixed-income Fund in which substantially all the assets of the Fund are invested in high quality investment grade issues focusing on public bonds, private placements and commercial mortgages. The Fund targets investments with five to seven year maturities for yield and one to five year maturities for liquidity purposes. The Fund runs on a seven year cycle, however, the county may terminate their contact with Nationwide Life Insurance Company of America at any time. The market value of the County's portion of the Fund was \$4,443,531 as of December 31, 2008.

NOTE 3: RESTRICTED CASH

Restricted cash of \$100,337 at December 31, 2008 in the balance sheet - Enterprise Fund is composed of patient account funds held by Rest Haven in escrow for residents and offset by a corresponding liability captioned "patients' funds held in safekeeping."

Restricted cash of \$91,546 at December 31, 2008 in the Internal Service Fund is composed of cash held in an irrevocable trust account for self-insurance purposes.

Restricted cash of \$4,597,559 at December 31, 2008 in the General Fund is comprised of the following:

Cash for Road and School District Taxes	\$ 616,720
Cash in Excess of Taxes held by Tax Claim Bureau	581,990
Cash held in Escrow Funds	1,034,597
Cash held in Escrow from Land Sales	365,304
Cash for Pre-Release Center and Various County Departments and Row Offices	<u>1,998,948</u>
	<u>\$4,597,559</u>

NOTE 4: NOTES RECEIVABLE

On March 16, 1992 (1992A Note), the Penn State Advisory Board (the "Company"), a 501(c)(3) Corporation, borrowed from the County in the original amount of \$4,925,000 for the purpose of refinancing its two existing notes payable to the County, one dated July 27, 1988, in the original amount of \$2,505,000 and the other dated May 23, 1990, in the original amount of \$1,975,000. The average interest rates were 7.441% on the \$2,505,000 and 7.085% on the \$1,975,000 and both were secured by a mortgage on the real estate of the Company and a security agreement that encumbered all furniture and equipment and rental income of the Company. The purpose of the original notes were to finance dormitory projects of the Company.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

## NOTE 4: NOTES RECEIVABLE (CONTINUED)

On February 28, 1997 (1997A Note), the Company borrowed from the County the original amount of \$2,000,000 for the purpose of funding the construction of student housing for the Penn State Schuylkill Campus. The Company borrowed an additional note (1998C Note) in the amount of \$2,000,000 for the purpose of replacing the 1997A Note and to continue the construction of student housing for the Penn State Schuylkill Campus.

Both of the above notes are secured by a mortgage and security agreement encumbering all of the real estate of the Company and all of the tangible personal property of the Company which it now owns or may acquire as well as all rents to which the Company is or may be entitled in the future.

On December 30, 1998 (1998A Note), the Schuylkill Economic Development Corporation (SEDCO) a 501(C)(3) Corporation, borrowed from the County in the original amount of \$2,000,000 for the purpose of capital purchases.

On May 20, 1998 (1998B Note), the Schuylkill County Industrial Development Authority (SCIDA), a public instrumentality of the Commonwealth of Pennsylvania and a body corporate and politic organized and duly existing under Pennsylvania Economic Development Financing Law Act of August 23, 1967, P.L. 251 as amended, borrowed from the County in the original amount of \$4,235,000 for the purpose of infrastructure improvements and capital purchases.

Repayment terms on all notes as of December 31, 2008, require the following principal and interest payments:

Notes Receivable - Principal Payments

<u>Year</u>	<u>1992A Note</u>	<u>1998A Note</u>	<u>1998B Note</u>	<u>1998C Note</u>	<u>Total</u>
2009	\$ 405,000	\$ 100,000	\$ 245,000	\$ 100,000	\$ 850,000
2010	185,000	105,000	255,000	100,000	645,000
2011	-	110,000	265,000	105,000	480,000
2012	-	115,000	280,000	110,000	505,000
2013	-	120,000	290,000	120,000	530,000
2014 - 2018	-	710,000	1,130,000	685,000	2,525,000
	<u>\$ 590,000</u>	<u>\$1,260,000</u>	<u>\$2,465,000</u>	<u>\$1,220,000</u>	<u>\$5,535,000</u>

Notes Receivable - Interest Payments

<u>Year</u>	<u>1992A Note</u>	<u>1998A Note</u>	<u>1998B Note</u>	<u>1998C Note</u>	<u>Total</u>
2009	\$ 37,465	\$ 58,120	\$ 111,383	\$ 56,200	\$ 263,168
2010	11,747	53,508	100,133	51,700	217,088
2011	-	48,616	88,301	47,035	183,952
2012	-	43,412	75,696	42,063	161,171
2013	-	37,888	64,298	36,656	138,842
2014 - 2018	-	91,567	101,975	88,459	282,001
	<u>\$ 49,212</u>	<u>\$ 333,111</u>	<u>\$ 541,786</u>	<u>\$ 322,113</u>	<u>\$1,246,222</u>

The principal amount of \$5,535,000 is reflected as an asset of the Debt Service Fund. The Debt Service Fund will utilize the above funds as received for debt service.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 5: REAL ESTATE TAXES

Real estate taxes for the calendar year are levied on March 1 of each year. Unpaid real estate taxes attach as an enforceable lien on property as at January 1 of the following year. 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.

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on funded debt.

The County's 2008 real estate taxes are based on assessed values established by the County's Bureau of Assessments. Assessed values of real property are generally 50% of the market value as determined by the Schuylkill County Bureau of Assessments. The last reevaluation was completed for the property list in 1996 upon which the 1997 levy was based. The total 2008 real estate taxes assessed equaled \$28,865,120 based on a total County valuation of \$2,409,440,990. Based on the 2008 levy of 11.98 mills (11.42 mills allocated for general purposes; .56 mills allocated for debt purposes) a property owner would pay \$11.98 per \$1,000 of assessed valuation.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

## NOTE 6: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2008 was as follows:

## Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 701,717	\$ 92,913	\$ -	\$ 794,630
Construction-In-Progress	1,449,400	212,393	(1,212,077)	449,716
Works of Art Collections	174,000	-	-	174,000
<b>Total Capital Assets, Not Being Depreciated</b>	<b>2,325,117</b>	<b>305,306</b>	<b>(1,212,077)</b>	<b>1,418,346</b>
Capital Assets, Being Depreciated:				
Land Improvements	2,251,123	41,300	(7,448)	2,284,975
Buildings and Improvements	24,015,196	117,141	(104,201)	24,028,136
Machinery and Equipment	6,416,336	350,270	(304,567)	6,462,039
Motor Vehicles	8,417,804	956,685	(101,677)	9,272,812
Computer Equipment	2,450,150	231,931	(112,445)	2,569,636
Agricultural Easements	1,365,084	669,557	-	2,034,641
Infrastructure	6,982,521	1,260,540	-	8,243,061
Leasehold Assets	1,113,179	485,044	(952,100)	646,123
<b>Total Capital Assets, Being Depreciated</b>	<b>53,011,393</b>	<b>4,112,468</b>	<b>(1,582,438)</b>	<b>55,541,423</b>
<b>Total Capital Assets, Historical Cost</b>	<b>55,336,510</b>	<b>4,417,774</b>	<b>(2,794,515)</b>	<b>56,959,769</b>
Less Accumulated Depreciation for:				
Land Improvements	(580,626)	(83,996)	2,979	(661,643)
Buildings and Improvements	(14,903,395)	(591,158)	38,678	(15,455,875)
Machinery and Equipment	(4,066,898)	(562,225)	254,308	(4,374,815)
Motor Vehicles	(5,293,149)	(1,379,779)	96,856	(6,576,072)
Computer Equipment	(1,777,088)	(277,176)	111,800	(1,942,464)
Agricultural Easement	(72,874)	(42,496)	-	(115,370)
Infrastructure	(2,047,656)	(280,212)	-	(2,327,868)
Leasehold Assets	(324,432)	(149,775)	380,840	(93,367)
<b>Total Accumulated Depreciation</b>	<b>(29,066,118)</b>	<b>(3,366,817)</b>	<b>885,461</b>	<b>(31,547,474)</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 26,270,392</b>	<b>\$ 1,050,957</b>	<b>\$ (1,909,054)</b>	<b>\$ 25,412,295</b>

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

## NOTE 6: CAPITAL ASSETS (CONTINUED)

## Business-Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ -	\$ 145,927	\$ -	\$ 145,927
Construction-In-Progress	215,500	-	(215,500)	-
<b>Total Capital Assets, Not Being Depreciated</b>	<b>215,500</b>	<b>145,927</b>	<b>(215,500)</b>	<b>145,927</b>
Capital Assets, Being Depreciated:				
Land Improvements	158,645	-	-	158,645
Buildings and Improvements	7,599,910	1,351,911	(57,982)	8,893,839
Machinery and Equipment	4,395,423	631,767	(595,240)	4,431,950
Motor Vehicles	104,374	-	-	104,374
Computer Equipment	1,274,900	112,980	(116,658)	1,271,222
Leasehold Assets	4,111	2,346,355	-	2,350,466
<b>Total Capital Assets, Being Depreciated</b>	<b>13,537,363</b>	<b>4,443,013</b>	<b>(769,880)</b>	<b>17,210,496</b>
<b>Total Capital Assets</b>	<b>13,752,863</b>	<b>4,588,940</b>	<b>(985,380)</b>	<b>17,356,423</b>
Less Accumulated Depreciation for:				
Land Improvements	(148,740)	(2,588)	-	(151,328)
Buildings and Improvements	(5,109,546)	(292,535)	49,747	(5,352,334)
Machinery and Equipment	(2,764,460)	(293,259)	588,425	(2,469,294)
Motor Vehicles	(100,265)	(4,109)	-	(104,374)
Computer Equipment	(1,026,605)	(99,169)	116,658	(1,009,116)
Leasehold Assets	(1,233)	(116,500)	-	(117,733)
<b>Total Accumulated Depreciation</b>	<b>(9,150,849)</b>	<b>(808,160)</b>	<b>754,830</b>	<b>(9,204,179)</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 4,602,014</b>	<b>\$ 3,780,780</b>	<b>\$ (230,550)</b>	<b>\$ 8,152,244</b>

Depreciation expense was charged to functions/programs of the primary government as follows:

## Governmental Activities:

General Government	\$ 790,765
Judicial Government	264,402
Public Safety	236,185
Public Works	1,307,784
Human Services	436,458
Culture/Recreation	126,830
Conservation/Development	204,393
	<u>\$ 3,366,817</u>

## Business-Type Activities:

Rest Haven Nursing Home	\$ 323,542
911 Operations	484,618
	<u>\$ 808,160</u>

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

## NOTE 7: EMPLOYEE RETIREMENT TRUST FUND

Plan Description

The County of Schuylkill provides a single-employer defined benefit pension plan that is administered by the County Retirement Board. All employees with the expectation of working over 1,000 hours per year are required to enter the plan, and County elected officials have the option of enrolling in the plan. The plan is included in the financial statements of County of Schuylkill as a pension trust fund and does not issue a stand-alone report. 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). Cost-of-living adjustments are provided at the discretion of the County Retirement Board.

Basis of Accounting

The financial statements of the pension 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 pension trust fund are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Membership

Membership of the plan consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	473
Terminated Plan Members Entitled to but not yet Receiving Benefits	36
Active Plan Members	<u>716</u>
Total	<u>1,225</u>

Contributions

Plan members are required to contribute 8% of their salary. The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs may be financed through investment earnings.

The Schuylkill County Employee's Retirement System uses the aggregate actuarial cost method, therefore a schedule of funding progress is presented as required supplementary information.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Actuarial Valuation Information

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:	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.5% (including 3% inflation)
Projected Salary Increases	4.5% (including 3% inflation)

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2008, was determined as part of the January 1, 2009, actuarial valuation. The County's annual pension cost and net pension obligation to the Schuylkill County Employee's Retirement System for 2008, was as follows:

Annual Required Contribution	\$(733,243)
Interest on Net Pension Obligation	2,128
Adjustment to Annual Required Contribution	<u>(3,425)</u>
Annual Pension Cost	(734,540)
Contribution	<u>733,243</u>
Change in Net Pension Obligation	(1,297)
Net Pension Asset (Obligation) - January 1, 2008	<u>28,367</u>
Net Pension Asset (Obligation) - December 31, 2008	<u>\$ 27,070</u>

Annual Pension Cost - Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Asset (Obligation)</u>
December 31, 2006	\$ (1,228,964)	99.89%	\$ 29,699
December 31, 2007	(1,219,143)	99.89%	28,367
December 31, 2008	(734,540)	99.82%	27,070

Economic Conditions – The negative events in the credit market as well as the general economic conditions in the United States and worldwide have caused a significant decrease in investment values either directly invested in or tied to the equity markets. Those declines, at present, are expected to be temporary and not permanent declines, however equity market recovery, if it occurs, may take some time. The major resulting impact of the equity market's decline on the County will be in the form of increased annual required contributions and increased pension expense with respect to its pension plan.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

## NOTE 8: POST-EMPLOYMENT BENEFIT PLAN

Plan Description. The County sponsors a post-employment benefits plan that covers health insurance benefits for eligible retirees. The County provides health insurance coverage for eligible retirees under the terms of agreements with the unions that represent them. Groups of retirees that are eligible for OPEB were affiliated with the following: AFSCME Local 1512, AFSCME Local 1721, AFL-CIO Local 1512, AFL-CIO Local 668, Court Related Union Unit 1, Court Related Union Unit 2, Teamsters Local Union 429, and Non-Union/Management. The plan does not issue a publicly available financial report.

Funding Policy. The contribution requirements of the County are established and may be amended through future union negotiations. The Plan does require contributions from some retirees. The retiree contributions are based on their related contributions while they were employed by the County. The County funds the Plan on a pay-as-you-go basis. For 2008, the County contributed \$ 2,912,635 to the plan for the current premiums.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty 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 to the Plan:

	<u>Governmental Activities</u>	<u>County Nursing Home</u>	<u>911 Fund</u>	<u>Total Primary Government</u>
Annual required contribution	\$ 5,763,993	\$ 2,233,222	\$ 159,971	\$ 8,157,186
Contributions made	1,707,867	1,163,467	41,301	2,912,635
Increase in net OPEB obligation	4,056,126	1,069,755	118,670	5,244,551
Net OPEB obligation – beginning of year	-	-	-	-
Net OPEB obligation – end of year	\$ 4,056,126	\$ 1,069,755	\$ 118,670	\$ 5,244,551

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2008 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Cost</u>
12/31/08	\$ 8,157,186	35.7%	\$ 5,244,551

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 8: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

The County adopted GASB 45 on a prospective basis in 2008, therefore only one year is presented in the above schedule.

Funded Status and Funding Progress. As of January 1, 2008 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$100,373,898 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 100,373,898. The covered payroll (annual payroll of active employees covered by the plan) was \$ 22,120,281, and the ratio of the UAAL to the covered payroll was 0 %.

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 retirement, mortality, and medical inflation. 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between the employer and the 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, 2008, actuarial valuation, the Entry Age Normal Method was used. The actuarial assumptions included a 4 % investment rate of return, which is the expected long-term investment yield on the investments that are expected to be used to finance the payments of benefits, a health care cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% in 2021. The UAAL is being amortized using the level dollar method over a period of 30 years on a closed basis.

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/08	\$ -	\$ 100,373,898	\$ 100,373,898	0%	\$ 22,120,281	0%

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 9: RISK MANAGEMENT

Workers' Compensation Self-Insurance

The County has elected to self-insure the potential obligations applicable to workers' compensation. The County established an Internal Service Fund to account for all the transactions associated with workers' compensation.

The County has elected to retain a portion of the Risk of Loss from Workers' Compensation claims by reducing insurance coverage to obtain benefits of reduced premium costs. The County provides coverage up to a maximum of \$1,000,000 for each Workers' Compensation claim and has purchased insurance coverage for excess obligations over the \$1,000,000 limit.

As required by the Pennsylvania Department of Labor and Industry, the County has established a trust account for workers' compensation with a cash and investment balance of \$860,037 at December 31, 2008. The County was not required to fund the account in 2008, a result of the County's loss reserves not exceeding the loss reserves calculated by the Pennsylvania Department of Labor and Industry. The purpose of the account is to provide a source of funds for claimants entitled to benefits under Article III Section 305 of the Pennsylvania Workers' Compensation Act in case the County could not pay claims.

The accrued liability for workers' compensation claims is determined by an actuary in accordance with actuarial principles; such claims are not discounted for workers' compensation.

The following summary reflects the changes in the actuarially determined liability for workers' compensation for the year ended December 31, 2007 and 2008:

	<u>2007</u>	<u>2008</u>
January 1, Liability	\$ 725,914	\$ 769,737
Incurred Claims and Changes in Estimate	161,118	117,646
Payments	<u>(117,295)</u>	<u>(102,420)</u>
December 31, Liability	<u>\$ 769,737</u>	<u>\$ 784,963</u>

There have been no significant reductions in insurance coverage from coverage in the prior year and the amount of settlements have not exceeded insurance coverage for each of the past three years.

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

## NOTE 10: LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2008, consisted of the following:

	Governmental Activities	Business- Type Activities	Total Long-term Obligations
General Obligation Bonds	\$14,922,326	\$ 1,597,674	\$16,520,000
Unamortized Bond Premium	438,827	-	438,827
Capital Leases	550,521	1,348,491	1,899,012
Compensated Absences	4,051,515	847,471	4,898,986
Workers' Compensation Liability	784,963	-	784,963
	<u>\$20,748,152</u>	<u>\$ 3,793,636</u>	<u>\$24,541,788</u>

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

A summary of changes in long-term obligations is as follows:

	Governmental Activities				911 Fund		Rest Haven Nursing Home		Internal Service Fund			
	General Obligation Bonds Payable	Unamortized Bond Premium	Capital Lease Obligations	Compensated Absences	General Obligation Bonds Payable	General Obligation Note Payable	Capital Lease Obligations	Compensated Absences	Capital Lease Obligations	Compensated Absences	Workers' Compensation Liability	Total Long-term Debt
Outstanding at January 1, 2008	\$16,655,000	\$ -	\$ 733,046	\$ 3,892,697	\$ 1,025,000	\$ 725,516	\$ 2,929	\$ 227,080	\$ -	\$ 593,500	\$ 769,737	\$24,624,505
Additions:	15,657,326	475,485	485,044	-	1,597,674	-	2,248,000	-	98,354	-	-	20,561,883
General Obligation Debt Principal Retirements	(17,390,000)	-	-	-	(1,025,000)	(725,516)	-	-	-	-	-	(19,140,516)
Capital Lease Payments	-	-	(667,569)	-	-	-	(1,000,792)	-	-	-	-	(1,668,361)
Amortization of Bond Premium	-	(36,658)	-	-	-	-	-	-	-	-	-	(36,658)
Increase in Compensated Absences	-	-	-	158,818	-	-	-	14,071	-	12,820	-	185,709
Increase in Workers' Comp. Liability	-	-	-	-	-	-	-	-	-	-	15,226	15,226
Outstanding at December 31, 2008	\$14,922,326	\$ 438,827	\$ 550,521	\$ 4,051,515	\$ 1,597,674	\$ -	\$ 1,250,137	\$ 241,151	\$ 98,354	\$ 606,320	\$ 784,963	\$24,541,788

An analysis of debt service requirements to maturity on these obligations follows with the exception of accrued vacation pay, accrued sick time, workers' compensation liability, unamortized bond premium, and capital lease obligations. For analysis of capital lease obligations see Note 11.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

## NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

The following table summarizes long-term bonds principal and interest payments for debt outstanding as of December 31, 2008:

<u>Years Ending December 31,</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Requirements</u>
2009	\$ 1,970,000	\$ 636,423	\$ 2,606,423
2010	2,045,000	557,622	2,602,622
2011	2,130,000	491,160	2,621,160
2012	2,215,000	413,447	2,628,447
2013	2,345,000	302,697	2,647,697
2014-2018	5,450,000	498,667	5,948,667
2019-2023	215,000	63,579	278,579
2024-2026	150,000	14,260	164,260
	<u>\$16,520,000</u>	<u>\$ 2,977,855</u>	<u>\$19,497,855</u>
To be Retired by:			
Business-type Activities	\$ 1,597,674	\$ 415,646	\$ 2,013,320
Governmental Activities	14,922,326	2,562,209	17,484,535
	<u>\$16,520,000</u>	<u>\$ 2,977,855</u>	<u>\$19,497,855</u>

The following is a summary of the bonds outstanding as of December 31, 2008:

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2008</u>	<u>Amounts due within one Year</u>
2008	\$17,255,000	General Obligation Bonds, Series of 2008 issued to currently refund all of the General Obligation Variable Rate Bonds, Series of 2000, all of the General Obligation Bonds, Series of 2001, all of the General Obligation Bonds, Series of 2002, all of the General Obligation Bonds, Series A of 2002, all of the General Obligation Note, Series of 2006, and the related costs and expenses related to issuing and insuring the Bonds. Interest rates vary from 3.00% to 5.00% over the life of the Bonds.	<u>\$ 16,520,000</u>	<u>\$ 1,970,000</u>
Total General Obligations Debt at December 31, 2008			<u>\$ 16,520,000</u>	<u>\$ 1,970,000</u>

## NOTE 11: CAPITAL LEASES

In September 2008, the County entered into a Capital Lease with M&T Bank in order to finance the purchase of Energy Performance Upgrades for the Courthouse and Rest Haven Nursing Home through PPL Energy Services. The total estimated amount of the Capital Lease is \$1,897,448 with a lease rate of 4.551% over the 15 year term of the lease. As of December 31, 2008, only \$556,535 is recorded as capital lease payable, which is the total cost incurred through that date.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 11: CAPITAL LEASES (CONTINUED)

The Capital Lease payments are calculated as annual payments of \$10,579 based on the amount already incurred. Payments are scheduled to begin July 1, 2009, and will continue for 15 years through April 1, 2024.

In July 2008, the County entered into a Capital Lease with Motorola, Inc. in order to finance the purchase of 911 software, equipment and implementation. The amount of the Capital Lease is \$2,248,000 with a lease rate of 3.906% over the 10 year term of the lease. The Capital Lease payments are calculated as quarterly payments of \$42,384. Payments began on August 1, 2009, and will continue for 10 years through May 1, 2018.

In May 2008, the County entered into a Capital Lease with Ford Motor Credit Company in order to finance the purchase of a vehicle. The amount of the Capital Lease is \$26,863 with a lease rate of 5.95% over the 3 year term of the lease. The Capital Lease payments are calculated as annual payments of \$9,600. Payments began on May 31, 2009, and will continue for 3 years through May 31, 2011.

During 2007, the County entered into a Capital Lease with the Pennsylvania State University in order to finance the purchase of various computers. The amount of the Capital Lease is \$19,330 with 4 year term. The Capital Lease payments are calculated as annual payments of \$4,700. Payments will continue for 4 years through May 2010.

In April 2007, the County entered into a Capital Lease with Ford Motor Credit Company in order to finance the purchase of a vehicle. The amount of the Capital Lease is \$25,826 with a lease rate of 6.90% over the 3 year term of the lease. The Capital Lease payments are calculated as annual payments of \$8,990. Payments began on April 2, 2008, and will continue for 3 years through April 2, 2009.

In March 2006, the County entered into a Capital Lease with Sun Trust Leasing Corporation in order to finance the purchase and implementation of a new computer software system. The amount of the Capital Lease is \$952,100 with a lease rate of 3.69% over the 5 year term of the lease. On February 14, 2008, the County issued a notice of termination of the contract to New World Systems Corporation. A settlement was reached with both New World Systems and Sun Trust Leasing Corporation. The termination of the contract with New World Systems Corporation will result in an impairment of the capital asset recorded for the computer software, and the need for it to be written off and a corresponding loss on impairment of assets, see Note 16.

In April 2006, the County also entered into a Capital Lease with Key Equipment Finance, Inc. in order to finance copiers for various offices within the County. The amount of the Capital Lease is \$90,284 with the aggregate principal amounts of \$86,173 and \$4,111 to be retired by Governmental Activities and the 911 Proprietary Fund, respectively. The term of the lease is 5 years. The Capital Lease payments are calculated as 60 monthly payments of \$1,854. Payments began on May 17, 2006, and will continue for 5 years through April 17, 2011. In August 2008, the County entered into three add-on lease agreements for additional copies for various offices within the County. These additional agreements increased the aggregate principal amount for Governmental Activities to \$97,923 and no change to the 911 Fund amounts. The monthly lease payments increased to \$2,118.

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2008

## NOTE 11: CAPITAL LEASES (CONTINUED)

In January 2006, the County also entered into a Capital Lease with Pitney Bowes in order to finance the purchase of a Digital Mailing System. The amount of the Capital Lease is \$18,000. The term of the lease is 5 years. The Capital Lease payments are calculated as 60 monthly payments of \$313. Payments began on January 31, 2006, and will continue for 5 years through December 31, 2010.

The assets acquired through the capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Leasehold Assets	\$ 646,123	\$ 2,350,466	\$ 2,996,589
Less: Accumulated Depreciation	(93,367)	(117,733)	(211,100)
	<u>\$ 552,756</u>	<u>\$ 2,232,733</u>	<u>\$ 2,785,489</u>

Future minimum lease payments under the agreements together with present value of the net minimum lease payments are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Years ending December 31</u>			
2009	\$ 72,612	\$ 90,323	\$ 162,935
2010	82,154	179,634	261,788
2011	50,438	178,960	229,398
2012	42,316	178,621	220,937
2013	42,316	178,622	220,938
2014-2018	213,908	808,340	1,022,248
2019-2023	209,360	45,420	254,780
2024	21,039	4,534	25,573
Total Payments	<u>\$ 734,143</u>	<u>\$ 1,664,454</u>	<u>\$ 2,398,597</u>
Less: Amounts representing Interest			<u>(499,585)</u>
Total Present value minimum Lease Payments			<u>\$ 1,899,012</u>

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

## NOTE 12: INTERFUND BALANCES

Interfund receivable and payable balances of each individual fund as of December 31, 2008, are as follows:

<u>Governmental Fund Types</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,899,638	\$ 80,207
Debt Service Fund	5,340	-
Special Revenue Funds		
Domestic Relations Office	-	39,476
Drug and Alcohol	-	38,312
Mental Health/Mental Retardation	46,809	3,699
Children and Youth Services	-	2,101,991
Office of Senior Services	-	22,072
SCBG	-	19,010
Other Agency	3,220	61,941
Total Special Revenue Funds	<u>50,029</u>	<u>2,286,501</u>
Total Governmental Fund Types	<u>1,955,007</u>	<u>2,366,708</u>
<u>Proprietary Fund Types</u>		
Rest Haven Nursing Home	3,157	370,565
911 Operations	-	5,891
Internal Service	785,000	-
Total Proprietary Funds	<u>788,157</u>	<u>376,456</u>
	<u>\$ 2,743,164</u>	<u>\$ 2,743,164</u>

These balances exist because the General Fund, Debt Service Fund Mental Health and Mental Retardation Fund, Other Agency Fund, Rest Haven Nursing Home, and Internal Service Fund have funded the expenditure or expenses of other funds. These amounts have not been repaid at December 31, 2008.

Interfund transfers are executed as a result of the requirement for certain funds to fund a portion of the expenditures or expenses of other funds. The amounts transferred for the year ended December 31, 2008, are as follows:

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

## NOTE 12: INTERFUND BALANCES (CONTINUED)

<u>Governmental Fund Types</u>	<u>Transferred from Other Funds</u>	<u>Transferred to Other Funds</u>
General Fund	\$ 2,775,811	\$ 4,552,964
Debt Service Fund	128,137	3,835
Capital Projects Fund	-	1,331,673
Special Revenue Funds:		
Human Service Complex	253,703	70,196
Liquid Fuels Tax	-	181,845
Domestic Relations Office	575,218	547,847
Drug and Alcohol	166,547	137,919
DUI	33,508	251,758
Mental Health/Mental Retardation	253,947	74,900
Children and Youth	3,241,503	1,053,456
Office of Senior Services	27,844	644,365
Other Agency	66,775	416,812
Farmland Preservation	200,000	-
Transportation	199,156	-
Demolition	135,587	-
Conduit	20,062	25,768
SCBG	-	192,511
Total Special Revenue Fund	<u>5,173,850</u>	<u>3,597,377</u>
Total Governmental Fund Types	<u>\$ 8,077,798</u>	<u>\$ 9,485,849</u>
<u>Proprietary Fund Types</u>		
Rest Haven Nursing Home	\$ 1,331,673	\$ 350,869
911 Operations	-	60,297
Internal Service	487,544	-
Total Proprietary Fund Types	<u>\$ 1,819,217</u>	<u>\$ 411,166</u>
Total	<u>\$ 9,897,015</u>	<u>\$ 9,897,015</u>

## NOTE 13: OPERATING LEASES

The County leases office space under several operating lease agreements which have expiration dates ranging from 2009 to 2014. Some of the agreements contain renewal provisions at the County's option. The following is a schedule of the future minimum rental payments to be made under the various leases as of December 31, 2008:

<u>Years</u>	<u>Courts</u>	<u>Agencies</u>	<u>Certain Other Departments</u>	<u>Total</u>
2009	\$ 170,562	\$ 138,686	\$ 141,049	\$ 450,297
2010	170,562	138,686	141,049	450,297
2011	170,562	138,686	141,049	450,297
2012	170,562	138,686	141,049	450,297
2013	170,562	138,686	141,049	450,297
2014	170,562	138,686	141,049	450,297
	<u>\$1,023,372</u>	<u>\$ 832,116</u>	<u>\$ 846,294</u>	<u>\$2,701,782</u>

Expenses incurred by the County under these leases in 2008 totaled \$450,733.

## NOTE 14: LITIGATION

In the normal course of business, there are various claims and suits pending against the County and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the County's financial position at December 31, 2008.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

NOTE 15: DUE FROM THIRD PARTY

The County is owed \$374,890 from a third party based on an Independent Consulting Services report. This receivable is based on excess payments to a provider in prior years. This amount is recorded as a receivable and unearned revenue in the general fund of the fund level financial statements and is recorded as a receivable in the entity-wide financial statements.

NOTE 16: IMPAIRMENT LOSS

The County financial statements include an impairment loss of \$137,090. This is a result of the termination of the contract with New World Systems Corporation. The Computer Software had a carrying value of \$571,260 and a related capital lease with Sun Trust Leasing Corporation with an outstanding balance of \$451, 570.

The County reached a settlement agreement with New World Systems Corporation which resulted in New World Systems Corporation refunding the County \$150,000. The County also reached a settlement agreement with Sun Trust Leasing Corporation which indicated that the County pays a lump sum of \$150,000 plus the December 2008 monthly payment of \$17,400, which was paid in January 2009, therefore resulting in a Liability of that amount as of December 31, 2008. The \$150,000 refund from New World Systems Corporation was used to pay the \$150,000 lump some payment to Sun Trust Leasing Corporation.

NOTE 17: SUBSEQUENT EVENTS

Tax and Revenue Anticipation Note

In January 2009, the County issued a Tax and Revenue Anticipation Note with a financial institution in the aggregate principal amount of \$4,000,000 at a fixed interest rate of 3.25%. The county made a partial prepayment on the Note in April 2009 in the principal amount of \$1,000,712, another prepayment on the Note in May 2009 in the principal amount of \$1,500,000, and the remaining principal balance of \$1,499,288 was prepaid in June 2009.

Loan Guarantee

In May 2009 the County guaranteed part of a loan to Boscov's Department Stores, LLC in the amount of \$5,833,000. The County is part of the Pennsylvania Loan Consortium consisting of six counties. Neither the general credit nor the taxing power of the County is pledged for any payment. Boscov's Department Stores, LLC is responsible to make the principal and the interest payments on the loan.

Due from Third Party Settlement Agreement

In January 2009, the County approved and settlement and release agreement related to the Due from Third Party receivable outstanding as of December 31, 2008 as noted in Note 15. The County agreed to accept \$352,000 paid in a lump sum payment of \$202,000 on the date of the settlement agreement and three equal installments of \$50,000 in 60 day increments from the settlement date.

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

SCHUYLKILL COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 PENSION PLAN  
 SCHEDULE OF FUNDING PROGRESS  
 YEAR ENDED DECEMBER 31, 2008

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL)(B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
01/01/08	\$ 97,213,001	\$ 95,781,127	\$ (1,431,874)	101.5%	\$ 26,094,042	(5.5)%
01/01/09	90,642,099	101,240,012	10,598,013	89.5%	26,268,179	40.3%

SCHUYLKILL COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 POST EMPLOYMENT BENEFIT PLAN  
 SCHEDULE OF FUNDING PROGRESS  
 YEAR ENDED DECEMBER 31, 2008

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Liability (AAL) - Entry Age (B)</u>	<u>Unfunded AAL (UAAL)(B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll [(B-A)/C]</u>
1/1/08	\$ -	\$ 100,373,898	\$ 100,373,898	0%	\$ 22,120,281	0%

COUNTY OF SCHUYLKILL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
<b>Revenues</b>				
Real Estate Taxes	\$ 26,518,113	\$ 26,518,113	\$ 26,132,293	\$ (385,820)
Per Capita Taxes	409,708	409,708	404,135	(5,573)
Hotel Tax	225,000	225,000	235,571	10,571
Grants and Gifts	4,939,171	5,455,264	3,371,769	(2,083,495)
Interest and Royalties	369,200	369,200	517,983	148,783
Charges for Services	8,040,193	8,041,193	7,471,366	(569,827)
Other Revenue	42,200	186,924	474,857	287,933
<b>Total Revenues</b>	<b>40,543,585</b>	<b>41,205,402</b>	<b>38,607,974</b>	<b>(2,597,428)</b>
<b>Expenditures</b>				
<b>General Government - Administrative</b>				
Commissioners	278,321	308,309	324,816	(16,507)
Solicitor	180,019	180,019	157,142	22,877
County Administrator	125,728	140,750	143,255	(2,505)
Maintenance	771,945	775,536	845,977	(70,441)
Voter Registration and Elections	674,609	932,940	921,355	11,585
Central Services	471,909	471,909	455,872	16,037
Tax Assessment	665,388	664,988	661,366	3,622
Treasurer	687,299	687,299	637,083	50,216
Tax Claim	424,946	424,946	404,606	20,340
Controller	435,973	435,973	414,386	21,587
Engineering and Real Estate	77,035	61,415	49,430	11,985
Planning and Zoning	305,441	305,441	173,407	132,034
Recorder of Deeds	435,368	435,368	319,752	115,616
Data Processing	637,139	597,139	459,683	137,456
Records Management	181,800	181,800	176,667	5,133
Personnel	192,777	193,777	192,788	989
Public Defender	1,500	1,500	1,297	203
Veteran Affairs	160,313	160,313	152,541	7,772
Grant Writer	31,131	33,031	32,341	690
Tax Refunds	56,233	56,233	11,068	45,165
Fringe Benefits	3,012,881	3,029,363	2,701,870	327,493
Insurances	773,200	843,200	376,708	466,492
Contributions to Various Agencies	289,269	761,512	12,879	748,633
Contingency	-	152,525	48,443	104,082
<b>Total - General Government Administrative</b>	<b>10,870,224</b>	<b>11,835,286</b>	<b>9,674,732</b>	<b>2,160,554</b>

COUNTY OF SCHUYLKILL  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
<b>Public Safety</b>				
Adults in Non-County institutions	11,000	11,000	9,195	1,805
County Prison	4,207,465	4,202,990	3,974,433	228,557
Emergency Management	268,867	277,211	265,441	11,770
Fringe Benefits	1,766,293	1,775,955	1,583,964	191,991
Contributions to Various Agencies	40,250	40,250	40,250	-
<b>Total - Public Safety</b>	<b>6,293,875</b>	<b>6,307,406</b>	<b>5,873,283</b>	<b>434,123</b>
<b>Public Works</b>				
Engineering	1,505,852	1,532,353	214,677	1,317,676
Fringe Benefits	120,055	120,712	107,662	13,050
Contributions to Various Agencies	8,879	8,879	8,879	-
<b>Total - Public Works</b>	<b>1,634,786</b>	<b>1,661,944</b>	<b>331,218</b>	<b>1,330,726</b>
<b>General Government - Judicial</b>				
Registrar of Wills	267,072	267,072	277,879	(10,807)
Sheriff	938,397	942,897	931,940	10,957
Coroner	213,459	214,959	214,583	376
Prothonotary	345,371	345,371	337,567	7,804
Clerk of Courts	475,138	475,138	457,686	17,452
Public Defender	673,142	678,752	710,630	(31,878)
District Attorney	1,264,525	1,387,777	1,383,683	4,094
Law Library	278,837	278,837	279,100	(263)
Courts	1,663,438	1,663,519	1,720,110	(56,591)
District Justices	1,119,965	1,119,965	1,123,904	(3,939)
Constables	15,000	15,000	9,283	5,717
Jury Commissioners	25,985	25,985	25,936	49
Adult Probation	1,739,444	1,795,445	1,827,173	(31,728)
Juvenile Probation	1,022,663	1,022,663	1,077,265	(54,602)
Fringe Benefits	5,033,166	5,060,700	4,688,607	372,093
<b>Total - General Government - Judicial</b>	<b>15,075,602</b>	<b>15,294,080</b>	<b>15,065,346</b>	<b>228,734</b>
<b>Conservation and Development</b>				
Coal Lands	73,768	73,768	64,334	9,434
Economic Development	140,268	217,486	192,718	24,768
Solid Waste Management	519,797	514,944	272,633	242,311
Recycling Program	-	-	3,439	(3,439)
West Nile Virus	81,546	82,636	70,072	12,564
Parks and Recreation	995,407	995,407	76,328	919,079
Agricultural Extension	304,482	280,482	276,707	3,775
Soil Conservation	443,952	443,952	420,425	23,527
Fringe Benefits	569,454	572,570	510,671	61,899
Contributions to Various Agencies	274,752	347,252	343,207	4,045
<b>Total - Conservation and Development</b>	<b>3,403,426</b>	<b>3,528,497</b>	<b>2,230,534</b>	<b>1,297,963</b>
<b>Culture and Recreation</b>				
Contributions to Various Agencies	449,780	449,780	442,393	7,387
<b>Human Services</b>				
Human Services Administration	435,965	436,465	399,367	37,098
Fringe Benefits	118,651	119,300	106,403	12,897
Contributions to Various Agencies	61,873	61,873	61,873	-
<b>Total - Human Services</b>	<b>616,489</b>	<b>617,638</b>	<b>567,643</b>	<b>49,995</b>
<b>Capital Projects</b>	<b>358,612</b>	<b>762,450</b>	<b>728,763</b>	<b>33,687</b>
<b>Total Expenditures</b>	<b>38,702,794</b>	<b>40,457,081</b>	<b>34,913,912</b>	<b>5,543,169</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,840,791</b>	<b>748,321</b>	<b>3,694,062</b>	<b>(2,945,741)</b>

COUNTY OF SCHUYLKILL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Other Financing Sources (Uses)				
Operating Transfers In				
Drug and Alcohol	74,939	74,939	75,558	619
Mental Health/Mental Retardation	62,755	62,755	1,245	(61,510)
Children and Youth Services	903,313	903,313	662,225	(241,088)
Domestic Relations Office	597,862	597,862	510,191	(87,671)
Juvenile Training	54,178	54,178	54,178	-
Offender Supervision	197,424	197,424	197,441	17
Liquid Fuels Tax	20,580	20,580	-	(20,580)
Office of Senior Services	673,519	673,519	579,582	(93,937)
Conduit Fund	122,645	122,645	71,237	(51,408)
Human Services Complex Fund	70,000	70,000	652	(69,348)
Hazmat	35,000	35,000	25,768	(9,232)
Transportation	35,000	35,000	37,936	2,936
Highway Safety	-	-	21,804	21,804
Community Development Block Grant	65,000	65,000	56,711	(8,289)
Driving Under the Influence	36,400	151,671	125,879	(25,792)
Conservation District	43,433	43,433	43,433	-
Rest Haven	515,129	515,129	248,094	(267,035)
911	63,544	63,544	56,656	(6,888)
Internal Service	180,000	180,000	-	(180,000)
Other Funds	8,500	8,500	7,221	(1,279)
	<u>3,759,221</u>	<u>3,874,492</u>	<u>2,775,811</u>	<u>(1,098,681)</u>
Operating Transfers (Out)				
Farmland Preservation	200,000	200,000	200,000	-
Mental Health/Mental Retardation	205,806	205,808	174,468	31,340
Children and Youth Services	3,110,704	3,110,704	3,110,704	-
Domestic Relations Office	575,218	575,218	575,218	-
Office of Senior Services	10,000	10,000	10,000	-
Drug and Alcohol	34,588	34,588	34,588	-
Transportation Fund	199,156	199,156	199,156	-
Human Services Complex	56,550	56,550	28,275	28,275
Capital Projects	210,000	210,000	-	210,000
Other Funds	-	703,570	220,555	483,015
911 Tariff Fund	997,990	997,990	-	997,990
	<u>5,600,012</u>	<u>6,303,584</u>	<u>4,552,964</u>	<u>1,750,620</u>
Total Operating Transfers (Out)	<u>5,600,012</u>	<u>6,303,584</u>	<u>4,552,964</u>	<u>1,750,620</u>
Total Other Financing Uses	<u>(1,840,791)</u>	<u>(2,429,092)</u>	<u>(1,777,153)</u>	<u>(2,849,301)</u>
Excess of Revenue Over Expenditures and Other Financing Uses	-	(1,680,771)	1,916,909	3,597,680
Fund Balances - Beginning of Year	-	1,680,771	6,098,936	4,418,165
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,015,845</u>	<u>\$ 8,015,845</u>

COUNTY OF SCHUYLKILL  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - MENTAL HEALTH/MENTAL RETARDATION - SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Grants and Gifts	\$ 22,987,473	\$ 22,987,473	\$ 22,581,810	\$ (405,663)
Interest and Royalties	32,400	32,400	49,087	16,687
Charges for Services	85,475	85,475	31,181	(54,294)
Total Revenues	<u>23,105,348</u>	<u>23,105,348</u>	<u>22,662,078</u>	<u>(443,270)</u>
Expenditures				
Human Services	23,300,157	23,278,556	22,542,685	735,871
Capital Projects	11,000	1,261	298,440	(297,179)
Total Expenditures	<u>23,311,157</u>	<u>23,279,817</u>	<u>22,841,125</u>	<u>438,692</u>
Excess of Revenues Over (Under) Expenditures	<u>(205,809)</u>	<u>(174,469)</u>	<u>(179,047)</u>	<u>(4,578)</u>
Other Financing Sources (Uses)				
Operating Transfers In	205,809	174,469	253,947	79,478
Operating Transfers (Out)	-	-	(74,900)	(74,900)
Total Other Financing Sources (Uses)	<u>205,809</u>	<u>174,469</u>	<u>179,047</u>	<u>4,578</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SCHUYLKILL  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - CHILDREN AND YOUTH - SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 12,499,221	\$ 12,899,221	\$ 13,435,640	\$ 536,419
Interest and Royalties	32,200	32,200	47,777	15,577
Charges for Services	971,769	1,016,769	830,975	(185,794)
Total Revenues	<u>13,503,190</u>	<u>13,948,190</u>	<u>14,314,392</u>	<u>366,202</u>
Expenditures				
Human Services	16,528,694	17,898,694	16,493,042	1,405,652
Capital Projects	85,200	40,200	9,397	30,803
Total Expenditures	<u>16,613,894</u>	<u>17,938,894</u>	<u>16,502,439</u>	<u>1,436,455</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,110,704)</u>	<u>(3,990,704)</u>	<u>(2,188,047)</u>	<u>1,802,657</u>
Other Financing Sources (Uses)				
Operating Transfers In	3,110,704	3,110,704	3,241,503	130,799
Operating Transfers (Out)	-	-	(1,053,456)	(1,053,456)
Total Other Financing Sources (Uses)	<u>3,110,704</u>	<u>3,110,704</u>	<u>2,188,047</u>	<u>(922,657)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(880,000)	-	880,000
Fund Balances - Beginning of Year	<u>-</u>	<u>880,000</u>	<u>-</u>	<u>(880,000)</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SCHUYLKILL  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - LIQUID FUELS - SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 590,000	\$ 678,179	\$ 716,924	\$ 38,745
Interest and Royalties	84,000	84,000	186,827	102,827
Other General Revenue	-	-	-	-
Total Revenues	<u>674,000</u>	<u>762,179</u>	<u>903,751</u>	<u>141,572</u>
Expenditures				
Public Works	330,680	330,680	47,986	282,694
Capital Projects	927,000	1,015,179	270,169	745,010
Total Expenditures	<u>1,257,680</u>	<u>1,345,859</u>	<u>318,155</u>	<u>1,027,704</u>
Excess of Revenues Over (Under) Expenditures	<u>(583,680)</u>	<u>(583,680)</u>	<u>585,596</u>	<u>1,169,276</u>
Other Financing Sources (Uses)				
Operating Transfers (Out)	-	-	(181,845)	(181,845)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(181,845)</u>	<u>(181,845)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(583,680)</u>	<u>(583,680)</u>	<u>403,751</u>	<u>987,431</u>
Fund Balances - Beginning of Year	<u>583,680</u>	<u>583,680</u>	<u>5,044,168</u>	<u>4,460,488</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,447,919</u>	<u>\$ 5,447,919</u>

COUNTY OF SCHUYLKILL  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - OTHER AGENCY - SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
<b>Revenues</b>				
Grants and Gifts	\$ 4,591,121	\$ 4,678,831	\$ 4,615,724	\$ (63,107)
Interest and Royalties	20,300	20,300	25,711	5,411
Other Revenue	79,844	79,844	-	(79,844)
Total Revenues	<u>4,691,265</u>	<u>4,778,975</u>	<u>4,641,435</u>	<u>(137,540)</u>
<b>Expenditures</b>				
General Government	-	-	38,603	(38,603)
Judicial Government	1,680,000	1,680,000	1,671,613	8,387
Human Services	2,846,697	3,103,487	2,576,283	527,204
Capital Projects	2,400	2,652	4,899	(2,247)
Total Expenditures	<u>4,529,097</u>	<u>4,786,139</u>	<u>4,291,398</u>	<u>533,344</u>
Excess of Revenues Over (Under) Expenditures	<u>162,168</u>	<u>(7,164)</u>	<u>350,037</u>	<u>395,804</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	66,775	66,775
Operating Transfers (Out)	(54,960)	(54,960)	(416,812)	(361,852)
Total Other Financing Sources (Uses)	<u>(54,960)</u>	<u>(54,960)</u>	<u>(350,037)</u>	<u>(295,077)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	107,208	(62,124)	-	62,124
Fund Balances - Beginning of Year	<u>(107,208)</u>	<u>62,124</u>	<u>-</u>	<u>(62,124)</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>