

**County of Schuylkill
Pottsville, Pennsylvania
Financial Statements
Year Ended December 31, 2010**

County of Schuylkill
Year Ended December 31, 2010

	<u>Page</u>
Independent Auditors' Report	1-2
Management Discussion and Analysis	3-13
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet-Governmental Funds	16
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Fund Net Assets – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets—Proprietary Funds	21
Statement of Cash Flows—Proprietary Funds	22
Statement of Fiduciary Net Assets—Fiduciary Funds	23
Statement of Changes in Fiduciary Net Assets	24
Notes to Financial Statements	25-59
Required Supplemental Information	
Pension Plan—Schedule of Funding Progress	60
Post Employment Benefit Plan—Schedule of Funding Progress	61
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—General Fund for the Year Ended December 31, 2010	62-64
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Mental Health/Mental Retardation—Special Revenue Fund for the Year Ended December 31, 2010	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Children and Youth Services—Special Revenue Fund for the Year Ended December 31, 2010	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Liquid Fuels—Special Revenue Fund for the Year Ended December 31, 2010	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Other Agency—Special Revenue Fund for the Year Ended December 31, 2010	68



L. SAMUEL DEEGAN, P.C.

Certified Public Accountant

321 West Market Street

Pottsville, PA 17901

Telephone (570) 622-2011

Fax (570) 622-1399

Independent Auditors' Report

***We Want to Help
Our Clients Achieve
What They Want in Life
and Have Fun Doing It.***

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 the COUNTY OF SCHUYLKILL as of and for the year ended December 31, 2010, 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., the North Central Highway Safety Network's, Schuylkill Transportation System financial statements which reflect total assets of \$2,241,204, \$1,577,186, and \$2,981,872, respectively, and total revenues of \$9,930,605, \$5,651,552, and \$8,055,036, respectively, that were included in the COUNTY OF SCHUYLKILL's financial statements as of and for the year ended December 31, 2010. Those financial statements were audited by other auditors whose reports thereon have been furnished for us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, Child Development, Inc., North Central Highway Safety Network, and Schuylkill Transportation System, 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, 2010, 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 2010 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 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."

Business Development Specialists

Member: American Institute of Certified Public Accountants

Member: Pennsylvania Institute of Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2011 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 13 and 62 through 68 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 the 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.

A handwritten signature in blue ink that reads "L. Samuel Deegan". The signature is written in a cursive style with a long, sweeping underline.

L. Samuel Deegan CPA, P.C.
Pottsville, Pennsylvania
September 30, 2011

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, 2010. 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, 2010.

FINANCIAL HIGHLIGHTS

- For Fiscal year 2010, 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 \$12,505,000 of General Obligation Debt outstanding at the end of the year. This was a decrease of \$2,045,000 or 14.05% from the previous year.
- The General Fund Unreserved Fund Balance was \$11,138,290 at the end of the year. This was an increase of \$641,199 or 6.1% 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 14-15 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 *Government 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 16 through 19 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 20 through 22 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 employees' 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 23 through 24 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 25 through 59 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

This is the ninth 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Assets

Schuylkill County's net assets as of December 31, 2010, and December 31, 2009, are presented below:

	County Net Assets as of December 31, 2010 and 2009			
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Other Assets	\$ 53,033,034	\$ 49,465,635	\$ 3,310,468	\$ 4,068,194
Capital Assets, Non-Depreciable	1,885,898	1,308,431	145,927	145,927
Capital Assets, Depreciable	21,843,309	23,341,712	6,619,484	7,394,023
Total Assets	<u>76,762,241</u>	<u>74,115,778</u>	<u>10,075,879</u>	<u>11,608,144</u>
Other Liabilities	16,328,650	14,878,794	1,988,755	881,822
Long-term Liabilities	29,624,215	27,907,374	5,569,786	5,975,907
Total Liabilities	45,952,865	42,786,168	7,558,541	6,857,729
Net Assets:				
Capital Assets, net of debt	21,319,521	23,303,589	4,231,626	4,664,997
Restricted	8,751,088	8,315,392	-	-
Unrestricted	738,767	(289,371)	(1,714,287)	85,418
Total Net Assets	<u>\$ 30,809,376</u>	<u>\$ 31,329,610</u>	<u>\$ 2,517,339</u>	<u>\$ 4,750,415</u>

Net assets of the County's governmental activities were \$30,809,376. Of this amount, \$21,319,521 represents the investment in capital assets, net of related debt, while \$8,751,088 was restricted for various purposes. The unrestricted net asset balance as of the end of the year was \$738,767.

Net assets of the County's business-type activities were \$2,517,339. Of this amount, \$4,231,626 represents investment in capital assets, net of related debt. The unrestricted net asset balance as of the end of the year was (\$1,714,287).

The following table presents the County's changes in net assets for the fiscal year ended December 31, 2010, and December 31, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 10,239,275	\$ 9,949,298	\$ 12,502,321	\$ 13,503,228
Operating Grants & Contributions	64,443,903	70,969,046	-	-
Capital Grants & Contributions	-	27,364	-	-
General Revenues:				
Property Taxes	27,906,099	28,536,820	-	-
Interest, Invest. Earnings & Royalties	333,129	270,464	14,965	19,806
Hotel Tax	194,002	194,465	-	-
Per Capita Tax	399,638	390,421	-	-
Miscellaneous	6,193,834	8,060,018	-	-
Total Revenues	\$ 109,709,880	\$ 118,397,896	\$ 12,517,286	\$ 13,523,034
Expenses:				
General Government	25,450,371	11,587,380	-	-
Judicial Government	14,154,669	22,167,689	-	-
Public Safety	5,640,561	7,571,422	-	-
Public Works	10,061,592	3,730,450	-	-
Human Services	47,578,101	64,140,595	-	-
Culture/Recreation	350,787	460,918	-	-
Conservation	5,539,844	6,419,491	-	-
Interest on Long-Term Debt	550,567	729,639	-	-
911 Fund	-	-	3,992,808	3,299,561
Nursing Home	-	-	11,661,176	11,697,088
Total Expenses	109,326,492	116,807,584	15,653,984	14,996,649
Change in Net Assets before Losses and Transfers	383,388	1,590,312	(3,136,698)	(1,473,615)
Transfers	(903,622)	(454,275)	903,622	454,275
Loss on Disposal of Capital Assets	-	(563,571)	-	(13,067)
Changes in Net Assets	(520,234)	572,466	(2,233,076)	(1,032,407)
Net Assets-Beginning	31,329,610	30,757,144	4,750,415	5,782,822
Net Assets-Ending	\$ 30,809,376	\$ 31,329,610	\$ 2,517,339	\$ 4,750,415

MANAGEMENT'S DISCUSSION AND ANALYSIS

During 2010, total net assets of the County's governmental activities decreased by \$520,234 or 1.66% to \$30,809,376. The decrease resulted from transfers out exceeding the change in net assets before losses and transfers. Significant decreases in Revenue from the prior reporting period include a \$6,525,143 or 9.19% decrease in the Operating Grants and Gifts Category.

For Expenses, there was a decrease in the Human Service Category for \$16,562,494 or 25.82%, as compared to fiscal period 2009.

During 2010, total net assets of the County's business-type activities decreased by \$2,233,076 or 47% to \$2,517,339. Revenues decreased by \$1,005,748 or 7.44% as compared to the prior year reporting period. The majority of the decrease resulted from a revenue accrual adjustment to the 911 Fund. Total expenses increased by \$657,335 or 4.38% over the prior period.

Governmental Activities and Business-Type Activities

The following table presents the sources of revenues for the fiscal year ended December 31, 2010:

Sources of Revenues

	Governmental Activities		Business-Type Activities	
Revenues				
Charges for Services	\$ 10,239,275	9.33%	\$ 12,502,321	99.88%
Operating Grants & Contributions	64,443,903	58.74%		
Capital Grants & Contributions	-	0.0%		
Property Taxes	27,906,099	25.44%		
Interest, Investments, Earnings & Royalties	333,129	.30%	14,965	0.12%
Hotel Tax	194,002	.18%		
Per Capita Tax	399,638	.36%		
Miscellaneous	6,193,834	5.65%		
Total Revenues	\$ 109,709,880	100.00%	\$ 12,517,286	100.00%

The following table presents the functional expenses for the fiscal year ended December 31, 2010:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Functional Expenses

	Governmental Activities		Business-Type Activities	
Expenses				
General Government	\$	25,450,371		23.27%
Judicial Government		14,154,669		12.95%
Public Safety		5,640,561		5.15%
Public Works		10,061,592		9.20%
Human Services		47,578,101		43.52%
Culture/ Recreation		350,787		.32%
Conservation		5,539,844		5.07%
Interest on Long-Term Debt		550,567		.52%
911 Fund			\$ 3,992,808	25.51%
Nursing Home			11,661,176	74.49%
Total Expenses	\$	109,326,492	100.00%	\$ 15,653,984 100.00%

FINANCIAL ANALYSIS OF COUNTY'S FUND

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, 2010, Schuylkill County governmental funds reported a combined ending fund balance of \$30,022,068. This was an increase of \$1,159,014 or 4.01% from the previous year.

General Fund – The General Fund is the primary operating fund of the County. At the end of 2010, the General Fund reported a fund balance of \$13,929,588. This was an increase of \$1,662,362 or 13.55% from the previous year.

The unreserved fund balance in the General Fund was \$11,138,290 as of December 31, 2010.

Mental Health/Mental Retardation Fund – At the end of 2010, 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 2010, the Children and Youth Fund maintain 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 2010, the Liquid Fuels Fund reported a fund balance of \$5,737,862. This was a decrease of \$77,220 or 1.3% from the previous year. This decrease was the result of an increase in expenditures for capital projects in 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Agency Fund – At the end of 2010, 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 2010, the Debt Service Fund reported a fund balance of \$7,341,392. This was a decrease of \$939,044 or 11.34% from the previous year. The decrease was the result of total expenditures exceeding total revenues for the fund. The 2010 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 2010, the Nursing Home reported net assets of \$42,709. This was a decrease of \$1,420,738 or 97.08% from the previous year. This decrease was the result of total expenditures exceeding total revenues for the fund.

911 Fund – At the end of 2010, the 911 Fund reported net assets of \$2,474,630. This was a decrease of \$812,336 or 24.71% from the previous year. The decrease occurred as a result of a decrease in revenue which resulted from an accrual adjustment.

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 \$45,240,816 to \$45,698,606, an increase of \$457,790 or 1.01%. The increase was due to various miscellaneous adjustments. Actual revenues and other financing sources received were \$44,255,473 or 96.8% of the final budget. The variance between actual revenues and other financing sources vs. final budgetary revenue and other financing revenues and other financing sources totaled \$1,443,134. This negative variance resulted, in part, from a decrease in state grants.

The County's original expenditure and other financing uses budget increased from \$48,748,972 to \$50,556,148, an increase of \$1,807,176 or 3.7%. The increase was due to various miscellaneous adjustments. Actual expenditures and other financing uses were \$42,593,111 or 84.24% of the final budget. The variance between actual expenditures vs. final budgetary expenditures and other financing uses totaled \$7,963,037. This positive variance was primary the result of overall decrease in anticipated expenses for the following departments: County Contributions, Engineering, Fringe Benefits, County Prison, and Parks and Recreation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

Schuylkill County's investment in capital assets for its governmental and business-type activities as of December 31, 2010 was \$30,494,618 (net of accumulated depreciation). This was a decrease of \$1,709,398 or 5.31% 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 increased by a net amount of \$577,467; this primarily was the result of work performed on County bridges.
- Motor Vehicles increased by a net amount of \$432,876; this primarily was the result of purchasing three STS buses.
- Infrastructure increased by a net amount of \$308,713; this primarily was the result of work completed on County bridges.
- Total Accumulated Depreciation increased from \$31,486,973 to \$34,093,801.

Business-Type Activities

- Total accumulated depreciation increased from \$9,875,246 to \$10,660,341. Therefore, total capital assets (net of accumulated depreciation) decreased from \$7,553,873 to \$6,765,411.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of capital assets as of December 31, 2010, and December 31, 2009.

Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Balance at December 31,	Balance at December 31,
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 701,717	\$ 701,717	\$ 145,927	\$ 145,927	\$ 853,644	\$ 847,644
Construction In Progress	1,010,181	432,714	-	-	1,010,181	432,714
Works of Art Collections	174,000	174,000	-	-	174,000	174,000
Land Improvements	2,628,090	2,601,883	150,101	150,101	2,778,191	2,751,984
Buildings & Improvement	21,927,730	21,729,871	8,766,307	8,760,858	30,694,037	30,490,729
Machinery & Equipment	6,496,639	6,452,361	4,489,166	4,440,414	10,985,805	10,892,775
Motor Vehicles	9,546,668	9,113,792	104,374	104,374	9,651,042	9,218,166
Computer Equipment/Software	2,783,353	2,664,220	1,269,373	1,326,941	4,052,726	3,991,161
Agricultural Easements	2,079,641	2,079,641	-	-	2,079,641	2,079,641
Infrastructure	8,726,109	8,417,396	-	-	8,726,109	8,417,396
Leasehold Assets	1,748,880	1,769,521	2,500,504	2,500,504	4,299,438	4,270,025
Accumulated Depreciation	(34,093,801)	(31,486,973)	(10,660,341)	(9,875,246)	(44,754,142)	(41,362,219)
Total Capital Assets, Net of Accumulated Depreciation	\$ 23,729,207	\$ 24,650,143	\$ 6,765,411	\$ 7,553,873	\$ 30,494,618	\$ 32,204,016

More detailed information about the County's capital assets can be found in Note 5 of the notes to the financial statements.

LONG-TERM DEBT

As of December 31, 2010, Schuylkill County had \$12,505,000 in general obligation debt outstanding. This was a decrease of \$2,045,000 or 14.05% from the previous year. The following is a summary of general obligation debt activity during 2010:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of General Obligation Debt Activity

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Balance at January 1, 2010	\$ 13,151,653	\$ 1,398,347	\$ 14,550,000
Less:			
Principal Payments	<u>1,849,811</u>	<u>195,189</u>	<u>2,045,000</u>
Ending Balance at December 31, 2010	<u>\$ 11,301,842</u>	<u>\$ 1,203,158</u>	<u>\$ 12,505,000</u>

More detailed information about the County's long-term debt can be found in Note 9 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

ECONOMIC FACTORS

- The County's total real estate assessed valuation increased from \$2,448,866,920 in 2009 to \$2,471,234,835 in 2010. The real estate tax levy increased from \$29,337,443 in 2009 to \$29,605,410 in 2010.
- The unemployment rate in Schuylkill County was 10.0% as of December 31, 2010. This was higher than the State unemployment rate of 8.5% and the National unemployment rate of 9.4%.

NEXT YEAR'S BUDGET AND RATES

For Fiscal Year 2011, 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 2011 General Fund appropriation was approved at \$47,597,358 on December 22, 2010. This was a decrease of \$1,151,614 from the previous year.

REQUEST FOR INFORMATION

The separately issued financial statements on the three discrete component units—Child Development Inc., the North Central Highway Safety Network, and Schuylkill Transportation System 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 County Administration, 401 North Second Street, Pottsville, PA 17901.

COUNTY OF SCHUYLKILL
STATEMENT OF NET ASSETS
December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 33,219,021	\$ 2,597,588	\$ 35,816,609	\$ 2,455,382
Restricted Cash	3,938,134	129,439	4,067,573	1,143,949
Investments	3,101,132	-	3,101,132	-
Accounts Receivable	1,180,884	1,749,732	2,930,616	258,431
Prepaid Expenses	-	-	-	48,484
Taxes Receivable	4,948,526	-	4,948,526	-
Due From Other Governmental Units	5,330,567	-	5,330,567	1,756,320
Inventories	-	-	-	126,878
Internal Balances	1,166,291	(1,166,291)	-	-
Other Assets	-	-	-	32,054
Debt Issuance Costs	148,479	-	148,479	-
Capital Assets, Not Depreciable	1,885,898	145,927	2,031,825	-
Capital Assets, Depreciable	21,843,309	6,619,484	28,462,793	978,764
Total Assets	76,762,241	10,075,879	86,838,120	6,800,262
Liabilities				
Accounts Payable	4,759,461	442,906	5,202,367	999,721
Accrued Expenses and Withholdings	941,109	337,835	1,278,944	200,551
Due to Other Governments	-	-	-	114,036
Unearned Revenues	6,573,350	-	6,573,350	833,557
Taxes Held in Escrow (Road & School)	352,536	-	352,536	-
Escrow Funds - Other	32,163	-	32,163	-
Excess of Taxes - Tax Claim Bureau	292,423	-	292,423	-
Escrow Land Sales	169,375	-	169,375	-
Funds Held in Fiduciary Capacity	3,044,513	129,439	3,173,952	-
Interest Payable	163,720	-	163,720	-
Accrued Interest	-	20,924	20,924	-
Current Portions of Long Term Liabilities	-	-	-	-
Loans and Notes Payable	-	-	-	918,845
General Obligation Bonds Payable	1,878,416	205,971	2,084,387	-
Capital Lease Payable	102,581	142,041	244,622	-
Unamortized Bond Premium	72,379	-	72,379	-
Non-Current Portions of Long Term Debt	-	-	-	-
Loans and Notes Payable	-	-	-	208,788
General Obligation Bonds Payable	9,257,766	997,187	10,254,953	-
Capital Lease Payable	1,415,612	1,188,586	2,604,198	-
Unamortized Bond Premium	190,490	-	190,490	-
Liability for Other Postemployment Benefits	11,953,183	3,254,574	15,207,757	-
Accrued Compensated Absences	3,696,862	839,077	4,535,939	-
Self Insurance Claims Payable	1,056,926	-	1,056,926	-
Total Liabilities	45,952,865	7,558,540	53,511,405	3,275,498
Net Assets				
Invested in Capital Assets, Net of Related Debt	21,319,521	4,231,626	25,551,147	978,764
Restricted:				
Capital Projects	443,084		443,084	
Library	248		248	
Program Purposes	8,307,756		8,307,756	1,919,966
Temporarily Restricted				30,000
Unrestricted	738,767	(1,714,287)	(975,520)	596,034
Total Net Assets	\$ 30,809,376	\$ 2,517,339	\$ 33,326,715	\$ 3,524,764

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

COUNTY OF SCHUYLKILL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Program Revenues					Net (Expenses) Revenue & Changes in Net Assets			Component Units
	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:									
Government Activities:									
General Government	\$ 25,450,371	\$ (4,475,158)	\$ 2,994,845	\$ 114,572	\$ -	\$ (26,816,112)	\$ -	\$ (26,816,112)	
Judicial Government	14,154,669	2,939,661	2,732,625	3,669,282	-	(4,813,101)	-	(4,813,101)	
Public Safety	5,640,561	675,873	452,730	74,510	-	(4,437,448)	-	(4,437,448)	
Public Works	10,061,592	68,341	2,334,841	10,183,329	-	2,524,919	-	2,524,919	
Human Services	47,578,101	529,320	1,263,987	47,441,834	-	1,657,040	-	1,657,040	
Culture/Recreation	350,787	-	-	-	-	(350,787)	-	(350,787)	
Conservation Development	5,539,844	261,963	460,247	2,960,376	-	(1,857,258)	-	(1,857,258)	
Interest on Long-Term Debt	550,567	-	-	-	-	(550,567)	-	(550,567)	
Total Government Activities	109,326,492	-	10,239,275	64,443,903	-	(34,643,314)	-	(34,643,314)	
Business-Type Activities:									
911 Operations	3,992,808	-	2,265,348	-	-	-	(1,727,460)	(1,727,460)	
Nursing Home	11,661,176	-	10,236,973	-	-	-	(1,424,203)	(1,424,203)	
Total Business-Type Activities	15,653,984	-	12,502,321	-	-	-	(3,151,663)	(3,151,663)	
Total Primary Government	\$ 124,980,476	\$ -	\$ 22,741,596	\$ 64,443,903	\$ -	(34,643,314)	(3,151,663)	(37,794,977)	
Component Units:									
Human Services	\$ 17,892,745	\$ -	\$ 2,392,378	\$ 11,629,655	\$ 3,960,110				\$ 89,398
Public Safety	5,713,930	-	-	5,651,267	-				\$ (62,663)
Total Component Units	\$ 23,606,675	\$ -	\$ 2,392,378	\$ 17,280,922	\$ 3,960,110				26,735
General Revenues:									
Property Taxes - General Levy						27,906,099	-	27,906,099	-
Interest, Investment Earnings & Royalties						333,129	14,967	348,096	3,783
Hotel Tax						194,002	-	194,002	-
Per Capita Tax						399,638	-	399,638	-
Miscellaneous						6,193,834	-	6,193,834	-
Transfers (Internal Activities)						(903,622)	903,622	-	-
General Revenues & Transfers						34,123,080	918,589	35,041,669	3,783
Change in Net Assets						(520,234)	(2,233,074)	(2,753,308)	30,518
Net Assets - Beginning						31,329,610	4,750,415	36,080,025	3,494,246
Net Assets - Ending						\$ 30,809,376	\$ 2,517,341	\$ 33,326,717	\$ 3,524,764

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

COUNTY OF SCHUYLKILL
BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2010

<u>Assets</u>	General	Mental Health/Mental Retardation	Children & Youth	Liquid Fuels	Other Agency	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	10,663,438	520,819	2,748,833	5,763,126	2,357,226	6,764,175	4,425,133	33,242,750
Restricted Cash	3,891,010	-	-	-	-	-	-	3,891,010
Investments	1,323,275	-	-	-	287,446	-	622,270	2,232,991
Taxes Receivable	4,717,227	-	-	-	-	231,299	-	4,948,526
Due from Third Party	-	-	-	-	-	-	-	-
Due from Other Governments	209,252	174,850	3,338,404	-	63,946	-	1,544,115	5,330,567
Due from Other Funds	3,578,609	33,652	-	-	-	517,429	1,007,612	5,137,302
Total Assets	\$ 24,382,811	\$ 729,321	\$ 6,087,237	\$ 5,763,126	\$ 2,708,618	\$ 7,512,903	\$ 7,599,130	\$ 54,783,146
 <u>Liabilities and Fund Balances</u>								
Liabilities								
Accounts Payable	1,021,481	6,074	1,703,662	25,265	343,485	-	1,634,261	4,734,228
Accrued Expenses and Withholdings	652,352	10,570	142,521	-	-	-	135,666	941,109
Deferred Revenues	3,425,533	695,152	1,794,653	-	2,302,724	167,911	1,780,821	10,166,794
Taxes Held in Escrow (Road and School)	352,536	-	-	-	-	-	-	352,536
Excess of Taxes-Tax Claim Bureau	292,423	-	-	-	-	-	-	292,423
Escrow Funds - Other	32,163	-	-	-	-	-	-	32,163
Escrow Land Sales	169,375	-	-	-	-	-	-	169,375
Funds Held in Fiduciary Capacity	3,044,513	-	-	-	-	-	-	3,044,513
Due to Other Funds	1,462,846	17,525	2,446,401	-	-	3,600	1,097,565	5,027,937
Total Liabilities	10,453,222	729,321	6,087,237	25,265	2,646,209	171,511	4,648,313	24,761,078
 Fund Balances								
Fund Balances (Reserved)								
Debt Service	-	-	-	-	-	7,341,392	-	7,341,392
Capital Projects	-	-	-	-	-	-	443,084	443,084
Library	-	-	-	-	-	-	248	248
Rest Haven Nursing Home	2,791,298	-	-	-	-	-	-	2,791,298
Program Purposes	-	-	-	5,737,862	62,409	-	2,507,485	8,307,756
Unreserved	11,138,290	-	-	-	-	-	-	11,138,290
Total Fund Balances	13,929,588	-	-	5,737,862	62,409	7,341,392	2,950,817	30,022,068
Total Liabilities & Fund Balances	\$ 24,382,810	\$ 729,321	\$ 6,087,237	\$ 5,763,127	\$ 2,708,618	\$ 7,512,903	\$ 7,599,130	\$ 54,783,146

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, 2010

Total Fund Balances of Governmental Funds:	\$ 30,022,068
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	23,729,207
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.	866,303
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 and anticipated collection of health care received.	4,774,328
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.	148,479
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	(11,301,842)
Capital Lease Payable	(1,518,193)
Unamortized Bond Premium	(262,869)
Deferred Refunding Loss	165,660
Accrued Interest Payable	(163,720)
Accrued Compensated Absences	(3,696,862)
Post Employment Benefits	<u>(11,953,183)</u>
Total Net Assets of Governmental Activities	<u>\$ 30,809,376</u>

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, 2010

	General	Mental Health/Mental Retardation	Children & Youth	Liquid Fuels	Other Agency	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Real Estate Taxes	\$ 27,001,289		\$ -	\$ -	\$ -	\$ 1,327,282	\$ 2	\$ 28,328,573
Per Capita Taxes	399,638		-	-	-	-	-	399,638
Hotel Tax	194,002		-	-	-	-	-	194,002
Interest and Royalties	163,588	5,385	1,208	69,798	8,225	41,779	43,146	333,129
Grants and Gifts	3,115,294	7,009,037	12,650,475	812,493	4,275,529	-	36,581,075	64,443,903
Charges for Services	8,367,339	62,062	775,419	-	982	-	1,033,473	10,239,275
Other Revenue	4,503,966	-	-	-	129,086	321,643	58,255	5,012,950
Total Revenues	\$ 43,745,116	\$ 7,076,484	\$ 13,427,102	\$ 882,291	\$ 4,413,822	\$ 1,690,704	\$ 37,715,951	\$ 108,951,470
Expenditures								
General Government	19,828,075	-	-	-	-	27,125	447,043	20,302,243
Judicial Government	9,907,087	-	-	-	2,086,230	-	2,007,719	14,001,036
Public Safety	4,357,297	-	-	-	-	-	1,063,022	5,420,319
Public Works	457,091	-	-	321,284	-	-	9,594,627	10,373,002
Human Services	297,874	7,361,350	15,953,383	-	2,327,592	-	21,584,612	47,524,811
Culture/Recreation	303,474	-	-	-	-	-	-	303,474
Conservation/Development	1,606,424	-	-	-	-	-	3,742,049	5,348,473
Debt Service - Principal	-	-	-	-	-	2,045,000	-	2,045,000
Debt Service - Interest	-	-	-	-	-	557,623	-	557,623
Capital Projects	-	979	5,719	638,227	-	-	367,928	1,012,853
Total Expenditures	36,757,322	7,362,329	15,959,102	959,511	4,413,822	2,629,748	38,807,000	106,888,834
Excess of Revenues Over (Under) Expenditures	6,987,794	(285,845)	(2,532,000)	(77,220)	-	(939,044)	(1,091,049)	2,062,636
Other Financing Sources (Uses)								
Operating Transfers In	510,357	285,845	2,532,000	-	-	-	2,212,260	5,540,462
Operating Transfers Out	(5,835,789)	-	-	-	-	-	(608,295)	(6,444,084)
Total Other Financing Sources (Uses)	(5,325,432)	285,845	2,532,000	-	-	-	1,603,965	(903,622)
Excess of Revenues and Other Financial Sources Over (Under) Expenditures & Other Financing								
Uses	1,662,362	-	-	(77,220)	-	(939,044)	512,916	1,159,014
Fund Balances - Beginning of Year	12,267,226	-	-	5,815,082	62,409	8,280,436	2,437,901	28,863,054
Fund Balances - End of Year	\$ 13,929,588	\$ -	\$ -	\$ 5,737,862	\$ 62,409	\$ 7,341,392	\$ 2,950,817	\$ 30,022,068

The accompanying notes are an integral part of the financial statements

COUNTY OF SCHUYLKILL
RECONCILIATION OF STATEMENT REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Net Change in fund balances – total governmental funds	\$ 1,159,014
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 \$2,174,641 and depreciation expense (3,095,150) is (920,509).	(920,509)
Governmental funds do not report capital assets that are donated; these assets are recorded as revenue and capital expenditures on the full accrual basis.	8,000
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.	(424,474)
Record of additional miscellaneous income.	1,180,884
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.	328,572
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	2,130,274
Capital Lease Payments	126,345
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	(31,419)
Changes in Post Employment Benefits	(4,089,460)
Compensated absence expense	5,483
Accrual of interest on long-term debt	23,084
Amortization of issuance costs	(46,415)
Amortization of Deferred Loss on Refunding	(51,785)
Amortization of Bond Premium	<u>82,172</u>
Change in Net Assets of governmental activities	\$ (520,234)

COUNTY OF SCHUYLKILL
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business Activities - Enterprise Funds			Governmental Activities
	Rest Haven	911 Fund	Totals	Internal Service Fund
	Nursing Home			
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 303,434	\$ 2,294,154	\$ 2,597,588	\$ 23,395
Due From Other Funds	17,512	-	17,512	1,068,886
Accounts Receivable, net of Allowance	1,670,126	79,606	1,749,732	-
Total Current Assets	1,991,072	2,373,760	4,364,832	1,092,281
Non-Current Assets:				
Restricted Cash	129,439	-	129,439	47,124
Restricted Investments	-	-	-	821,017
Capital Assets, not being Depreciated	145,927	-	145,927	-
Capital Assets, being Depreciated				
Eligible Capital Assets	9,927,892	6,513,350	16,441,242	-
Non-eligible Capital Assets	-	838,582	838,582	-
Eligible Accumulated Depreciation	(7,009,378)	(3,433,128)	(10,442,506)	-
Non-eligible Accumulated Depreciation	-	(217,834)	(217,834)	-
Capital Assets, net	3,064,441	3,700,970	6,765,411	-
Total Non-Current Assets	3,193,880	3,700,970	6,894,850	868,141
Total Assets	5,184,952	6,074,730	11,259,682	1,960,422
LIABILITIES				
Current Liabilities				
Accounts Payable	380,389	62,517	442,906	25,233
Accrued Expenses and Withholdings	284,239	53,596	337,835	-
Self Insurance Liabilities	-	-	-	1,056,926
Bonds Payable - Current Portion	-	205,971	205,971	-
Capital Lease Payable - Current Portion	12,668	129,373	142,041	-
Accrued Interest	-	20,924	20,924	-
Due to Other Funds	657,656	526,147	1,183,803	11,960
Total Current Liabilities	1,334,952	998,528	2,333,480	1,094,119
Long-Term Liabilities				
Patient Funds Held in Safekeeping	129,439	-	129,439	-
Compensated Absences	602,634	236,443	839,077	-
Liability for Other Postemployment Benefits	2,857,452	397,122	3,254,574	-
Bonds Payable	-	997,187	997,187	-
Capital Lease Payable	217,766	970,820	1,188,586	-
Total Long-Term Liabilities	3,807,291	2,601,572	6,408,863	-
Total Liabilities	5,142,243	3,600,100	8,742,343	1,094,119
NET ASSETS				
Invested in Capital Assets, net of Related Debt	2,834,007	1,397,619	4,231,626	-
Unrestricted	(2,791,298)	1,077,011	(1,714,287)	866,303
Total Net Assets	\$ 42,709	\$ 2,474,630	\$ 2,517,339	\$ 866,303

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

COUNTY OF SCHUYLKILL
STATEMENT OF FUND REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	<u>Business Activities - Enterprise Funds</u>			Governmental Activities
	Nursing	911 Fund	Totals	Internal Service Fund
	Home			Fund
Operating Revenues				
Net Patient Service	\$ 9,304,102	\$ -	\$ 9,304,102	\$ -
Miscellaneous Revenue	932,871	-	932,871	660,849
Tariff Revenue	-	2,265,348	2,265,348	-
	<u>10,236,973</u>	<u>2,265,348</u>	<u>12,502,321</u>	<u>660,849</u>
Total Operating Revenues				
Operating Expenditures				
Activities	188,603	-	188,603	-
Administration Services	426,294	-	426,294	-
Barber and Beauty	9,500	-	9,500	-
Dietary and Food	1,101,062	-	1,101,062	-
Laundry	231,921	-	231,921	-
Housekeeping	398,922	-	398,922	-
Plant Operations	272,089	-	272,089	-
Maintenance	144,402	-	144,402	-
Boiler House	30,019	-	30,019	-
Nursing	4,775,869	-	4,775,869	-
Practitioners	37,411	-	37,411	-
Social Services	116,158	-	116,158	-
Patient Services	-	-	-	-
Pharmacy and Medical Supplies	160,680	-	160,680	-
Physical, Speech, and Occupational Therapy	861,884	-	861,884	-
Medical Records	40,938	-	40,938	-
Depreciation	358,485	543,365	901,850	-
Other	2,506,939	-	2,506,939	-
Emergency Communications	-	3,349,224	3,349,224	-
Workers' Compensation	-	-	-	332,277
	<u>11,661,176</u>	<u>3,892,589</u>	<u>15,553,765</u>	<u>332,277</u>
Total Operating Expenditures				
Operating Income (Loss)	<u>(1,424,203)</u>	<u>(1,627,241)</u>	<u>(3,051,444)</u>	<u>328,572</u>
Nonoperating Revenues and Expenses				
Interest Income	3,465	11,502	14,965	7,358
Interest Expense	-	(100,219)	(100,219)	-
Loss on Disposal of Capital Assets	-	-	-	-
	<u>3,465</u>	<u>(88,717)</u>	<u>(85,252)</u>	<u>7,358</u>
Total Nonoperating Revenues & Expenses				
Income (Loss) Before Othert Financing Sources (Uses)	<u>(1,420,738)</u>	<u>(1,715,958)</u>	<u>(3,136,696)</u>	<u>335,930</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	903,622	903,622	-
Operating Transfers Out	-	-	-	-
Loss on Disposal of Net Assets	-	-	-	-
	<u>-</u>	<u>903,622</u>	<u>903,622</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Income	<u>(1,420,738)</u>	<u>(812,336)</u>	<u>(2,233,074)</u>	<u>335,930</u>
Net Assets - Beginning of Year	<u>1,463,447</u>	<u>3,286,966</u>	<u>4,750,413</u>	<u>530,373</u>
Net Assets - End of Year	<u>\$ 42,709</u>	<u>\$ 2,474,630</u>	<u>\$ 2,517,339</u>	<u>\$ 866,303</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, 2010

	Proprietary Fund Types			
	Rest Haven		Total	Internal
	Nursing Home	911 Fund		
Cash Flow from Operating Activities				
Charges for Services	\$ -	\$ -	\$ -	\$ 660,849
Patient Service Revenue Receipts	9,253,080	-	9,253,080	-
911 Tariff Revenue Receipts	-	2,721,864	2,721,864	-
Payments to Suppliers	(6,610,922)	(2,020,629)	(8,631,551)	(25,012)
Payments to Employees	(3,834,219)	(1,153,344)	(4,987,563)	(444,757)
Internal - Payments to Other Funds	-	-	-	-
Other Receipts	932,871	-	932,871	-
Net Cash Provided by (Used in) Operating Activities	(259,190)	(452,109)	(711,299)	191,080
Cash Flows from Investing Activities				
Purchase of Investments				(40,397)
Interest Receipts	3,465	11,502	14,967	7,358
Net Cash Provided by (Used in) Investing Activities	3,465	11,502	14,967	(33,039)
Cash Flows from Capital Activities				
Purchase of Capital Assets	(109,105)	(23,618)	(132,723)	-
Sale of Capital Assets	-	-	-	-
Net Cash Used in Capital Activities	(109,105)	(23,618)	(132,723)	-
Cash Flows from Financing Activities				
Increase in Capital Leases	(12,043)	(125,131)	(137,174)	-
Payments on Long-Term Debt	-	(203,994)	(203,994)	-
Net Operating Transfers	254,736	1,170,582	1,425,318	(271,963)
Interest Paid	-	(79,295)	(79,295)	-
Net Cash Provided by Financing Activities	242,693	762,162	1,004,855	(271,963)
Net Decrease in Cash	(122,137)	297,937	175,800	(113,922)
Cash - Beginning of Year	555,010	1,996,217	2,266,507	137,317
Cash - End of Year	432,873	2,294,154	2,727,027	23,395
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating Income (Loss)	(1,424,203)	(1,627,241)	(3,051,444)	328,572
Net Cash Provided by (Used in) Operating Activities				
Depreciation	358,485	543,365	901,850	-
(Increase) Decrease in Assets:				
Accounts Receivable	(51,022)	456,516	405,494	-
Due from Other Funds	-	-	-	-
Increase (Decrease) in Liabilities:				
Accounts Payable	(84,100)	39,084	(45,016)	(25,012)
Accrued Liabilities	90,812	(5,692)	85,120	-
Compensated Absences	(34,075)	5,856	(28,219)	-
Liability for Other Postemployment Benefits	884,913	136,003	1,020,916	-
Patient Funds Held in Escrow	-	-	-	-
Self-Insurance Liability	-	-	-	(112,480)
Due to Other Funds	-	-	-	-
Total Adjustments	1,165,013	1,175,132	2,340,145	(137,492)
Net Cash Provided by (Used in) Operating Activities	\$ (259,190)	\$ (452,109)	\$ (711,299)	\$ 191,080

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

County of Schuylkill
Statement of Fiduciary Net Assets
December 31, 2010

	Employment Retirement	Agency	Total
Assets			
Cash and Cash Equivalents	\$ 16,735,044	\$ 6,510,583	\$ 23,245,627
Investments	79,683,990	-	79,683,990
Total Assets	<u>96,419,034</u>	<u>6,510,583</u>	<u>102,929,617</u>
Liabilities			
Vouchers Payable	67,721	31,623	99,344
Funds Held in Fiduciary Capacity	-	6,478,960	6,478,960
Total Liabilities	<u>67,721</u>	<u>6,510,583</u>	<u>6,578,304</u>
Net Assets held for Employee's Pension	<u>\$ 96,351,313</u>	<u>\$ -</u>	<u>\$ 96,351,313</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, 2010

	Employee Pension
Additions:	
Contributions:	
Employee	\$ 2,219,603
Employer	3,148,444
Total Contributions	<u>5,368,047</u>
Interest	1,882,939
Dividends	571,506
Net Appreciation in Fair Value of Investments	7,611,683
Less: Investment Expenses	<u>(346,007)</u>
Net Investment Income	9,720,121
Total Additions	15,088,168
Deductions:	
Administrative Costs	6,121
Retirement Benefits	5,136,282
Death Benefits	-
Member Contribution Refunds	<u>331,720</u>
Total Deductions	5,474,123
Net Increase	9,614,045
Net Assets Held in Trust for Employees' Pension Benefits:	
Beginning of Year	<u>86,737,268</u>
End of Year	<u><u>\$ 96,351,313</u></u>

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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.

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, 2010.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

b. Discretely Presented Component Units

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

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, 2010.

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, 2010.

Schuykill Transportation Systems (STS) exists to serve the public transportation needs of all of the residents of Schuykill County. The reporting period for STS is for the year ended June 30, 2010. On May 26, 2010, the Schuykill County Transportation Authority (SCTA) was formed and was incorporated on June 28, 2010 to operate STS.

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.
2880 Pottsville Minersville Highway - Suite 210
Pottsville, Pa 17901

North Central Highway Safety Network, Inc.
405 West Norwegian St.
Pottsville, PA 17901

Schuykill Transportation System
Union Station
300 S. Centre Street
Pottsville, Pa 17901

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

Condensed Balance Sheets

	Child Development Inc. June 30, 2010	North Central Highway Safety Network December 31, 2010	Schuylkill Transportation System June 30, 2010
Assets			
Other Assets	\$ 1,270,171	\$ 1,569,455	\$ 2,981,872
Capital Assets, Net	<u>971,033</u>	<u>7,731</u>	<u> </u>
Total Assets	2,241,204	1,577,186	2,981,872
Liabilities	1,029,354	1,200,649	1,045,495
Net Assets			
Unrestricted	510,215	368,806	597,020
Invested in Capital Assets	671,635	7,731	-
Net of Related Debt	-	-	-
Restricted	-	-	1,339,357
Temporarily Restricted	<u>30,000</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>\$ 1,211,850</u>	<u>\$ 376,537</u>	<u>\$ 1,936,377</u>

Condensed Statements of Revenues,
Expenditures and Changes in Net Assets

	Child Development Inc. June 30, 2010	North Central Highway Safety Network December 31, 2010	Schuylkill Transportation System June 30, 2010
Revenues	\$ 9,930,605	\$ 5,651,552	\$ 8,055,036
Expenditures	9,316,018	5,713,930	8,576,727
Excess of Revenues Over Expenditures	614,587	(62,378)	(521,691)
Net-Assets Beginning of year	<u>597,263</u>	<u>438,915</u>	<u>2,458,068</u>
Net Assets End of Year	<u>\$ 1,211,850</u>	<u>\$ 376,537</u>	<u>\$ 1,936,377</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies 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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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 transaction 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 another 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 sent and the means by which spending activities are controlled.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

A fund financial statement 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 include 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.

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.

Government 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.

Noncurrent 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 excludes amounts represented by noncurrent liabilities.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

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 another 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.

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 expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another 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:

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

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.

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

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.

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 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.

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

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.

F) Restricted Cash

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

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 \$206,420.

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
Building 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, 2010, appropriate interfund receivables or payables have been established.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies 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 refunding and advance refunding 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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

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.

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 represents 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 past employment benefits disclosure of the County.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: Nature of Entity and Summary of Significant Accounting Policies Continued

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.

In November 2007, the GASB issued Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments*". The adoption of this statement had no effect on the financial reporting information of the County.

P) Pending Changes in Accounting Principles

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.

Q) Subsequent Events

Management has considered subsequent events through September 30, 2011, the date of the financial statements.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2: DEPOSIT AND INVESTMENT RISK

As of December 31, 2010, the County had the following debt investments and maturities within its operating fund accounts:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	More than 10
Cash Equivalent	\$ 6,857,047	\$ 6,857,047	\$ -	\$ -	\$ -
Total	\$ 6,857,047	\$ 6,857,047	\$ -	\$ -	\$ -

As of December 31, 2010, the County had the following debt investments and maturities within its Internal Service Fund accounts:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	More than 10
U.S. Government Treasuries	\$ 214,285	\$ 25,031	\$ 79,126	\$ 110,128	\$ -
U.S. Government Agencies	386,622	50,706	290,926	26,990	-
Corporate Bonds	293,651	-	186,120	107,531	-
Total	\$894,558	\$75,737	\$556,172	\$ 244,649	\$ -

As of December 31, 2010, the County had the following debt investments and maturities within its Retirement Fund accounts:

Investment Type	Fair Value
U.S. Government Securities	\$ 11,002,235
Corporate Bonds	9,446,323
Total	\$20,448,558

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2: Deposit and Investment Risk Continued

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 \$4,715,083 were comprised of various certificates of deposit, which mature within one year, U.S. 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 rates 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, 2010, 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	26.5%
U.S. Government Agencies	AAA	25.3%
Corporate Bonds	AAA	7.9%
Corporate Bonds	AA	4.5%
Corporate Bonds	A	28.1%
Corporate Bonds	BBB	7.4%
Corporate Bonds	BB	0.1%
Corporate Bonds	B	0.0%
Corporate Bonds	CCC & Lower	0.1%

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2: Deposit and Investment Risk Continued

recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2010, the County's cash, restricted cash and investments balances for its governmental activities, business-type activities and agency fund were \$39,899,333, not included in this amount are the Retirement Fund, Workman's Comp Fund and the Debt Service Fund. Those bank balances, are 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.

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 Loan Banks. These investments are 7.5% 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 contract with Nationwide Life Insurance Company of America at any time. The market value of the County's portion of the Fund was \$4,080,829 as of December 31, 2010.

NOTE 3: RESTRICTED CASH

Restricted cash of \$129,439 at December 31, 2010, 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 \$47,124 at December 31, 2010, in the Internal Service Fund is composed of cash held in an irrevocable trust account for self-insurance purposes.

**COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 3: Restricted Cash Continued

Restricted cash of \$3,891,010 at December 31, 2010, in the General Fund is comprised of the following:

Cash for Road and School District Taxes	\$ 352,536
Cash in Excess of Taxes held by Tax Claim Bureau	292,423
Cash held in Escrow Funds	32,163
Cash held in Escrow from Land Sales	169,375
Cash for Pre-Release Center and Various County Departments and Row Offices	3,044,513
	\$3,891,010

NOTE 4: 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 of 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 2010 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 2010 real estate taxes assessed equaled \$29,605,410 based on a total County valuation of \$2,471,234,835. Based on the 2010 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
December 31, 2010

NOTE 5: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2010, was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 701,717	\$ -	\$ -	\$ 701,717
Construction -in-Progress	432,714	591,836	(14,369)	1,010,181
Works of Art Collections	174,000	-	-	174,000
Total Capital Assets, Not Being Depreciated	<u>1,308,431</u>	<u>591,836</u>	<u>(14,369)</u>	<u>1,885,898</u>
Capital Assets, Being Depreciated				
Land Improvements	2,601,883	26,207	-	2,628,090
Buildings and Improvements	21,729,871	197,859	-	21,927,730
Machinery and Equipment	6,452,361	150,923	(106,645)	6,496,639
Motor Vehicles	9,113,792	665,829	(232,953)	9,546,668
Computer Equipment	2,664,220	278,611	(159,478)	2,783,353
Agricultural Easements	2,079,641	-	-	2,079,641
Infrastructure	8,417,396	308,713	-	8,726,109
Leasehold Assets	1,769,521	33,072	(53,713)	1,748,880
Total Capital Assets, Being Depreciated	<u>54,828,685</u>	<u>1,661,214</u>	<u>(552,789)</u>	<u>55,937,110</u>
Total Capital Assets, Historical Cost	<u>56,137,116</u>	<u>2,253,050</u>	<u>(567,158)</u>	<u>57,823,008</u>
Less Accumulated Depreciation for:				
Land Improvements	(647,517)	(123,010)	-	(770,527)
Buildings and Improvements	(13,823,456)	(541,929)	-	(14,365,385)
Machinery and Equipment	(4,747,160)	(576,526)	113,798	(5,209,888)
Motor Vehicles	(7,163,977)	(1,144,260)	231,763	(8,076,474)
Computer Equipment	(2,119,805)	(243,117)	158,073	(2,204,849)
Agricultural Easements	(166,799)	(51,991)	-	(218,790)
Infrastructure	(2,634,090)	(320,974)	-	(2,955,064)
Leasehold Assets	(184,169)	(136,860)	28,205	(292,824)
Total Accumulated Depreciation	<u>(31,486,973)</u>	<u>(3,138,667)</u>	<u>531,839</u>	<u>(34,093,801)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 24,650,143</u>	<u>\$ (885,617)</u>	<u>\$ (35,319)</u>	<u>\$ 23,729,207</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 5: 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	-	-	-	-
Total Capital Assets, Not Being Depreciated	145,927	-	-	145,927
Capital Assets, Being Depreciated:				
Land Improvements	150,101	-	-	150,101
Buildings and Improvements	8,760,858	44,384	(38,935)	8,766,307
Machinery and Equipment	4,426,491	67,477	(4,802)	4,489,166
Motor Vehicles	104,374	-	-	104,374
Computer Equipment	1,326,941	22,736	(80,304)	1,269,373
Leasehold Assets	2,500,504	-	-	2,500,504
Total Capital Assets, Being Depreciated	17,269,269	134,597	(124,041)	17,279,825
Total Capital Assets	17,415,196	134,597	(124,041)	17,425,752
Less Accumulated Depreciation for:				
Land Improvements	(144,190)	(1,352)	-	(145,542)
Buildings and Improvements	(5,518,924)	(301,728)	34,263	(5,786,389)
Machinery and Equipment	(2,714,498)	(297,838)	4,802	(3,007,534)
Motor Vehicles	(104,374)	-	-	(104,374)
Computer Equipment	(1,038,347)	(61,365)	80,304	(1,019,408)
Leasehold Assets	(354,913)	(242,181)	-	(597,094)
Total Accumulated Depreciation	(9,875,246)	(904,464)	119,369	(10,660,341)
Total Capital Assets, Net of Accumulated Depreciation	\$ 7,539,950	(769,867)	(4,672)	\$ 6,765,411

**COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 5: Capital Assets Continued

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

Governmental Activities:

General Government	\$ 631,180
Judicial Government	228,894
Public Safety	264,218
Public Works	1,213,857
Human Services	393,307
Culture/Recreation	171,030
Conservation/Development	<u>192,664</u>
	<u>\$ 3,182,790</u>

Business-Type Activities:

Rest Haven Nursing Home	\$ 358,961
911 Operations	<u>547,851</u>
	<u>\$ 906,812</u>

NOTE 6: EMPLOYMENT 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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 6: Employment Retirement Trust Fund Continued

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, 2011, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	499
Terminated Plan Members Entitled to but not yet Receiving Benefits	42
Active Plan Members	710
Total	1,251

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 Employees' Retirement System uses the aggregate actuarial cost method; therefore a schedule of funding progress is presented as required supplementary information.

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)

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 6: Employment Retirement Trust Fund Continued

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2010 was determined as part of the January 1, 2011, actuarial valuation. The County's annual pension cost and net pension obligation to the Schuylkill County Employees' Retirement System for 2010, was as follows:

Annual Required Contribution	(3,148,444)
Interest on Net Pension Obligation	1,936
Adjustment to Annual Required Contribution	(3,151)
Annual Pension Cost	(3,149,659)
Contribution	3,148,444
Change in Net Pension Obligation	(1,215)
Net Pension Asset (Obligation)-January 1, 2010	25,815
Net Pension Asset (Obligation)-December 31, 2010	24,600

Annual Pension Cost – Trend Information

Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Asset (Obligation)
December 31, 2008	\$(734,5403)	99.82%	\$ 27,070
December 31, 2009	(2,218,289)	99.94%	25,815
December 31, 2010	(3,149,659)	99.96%	24,600

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.

NOTE 7: 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 its eligible retirees under the terms of agreements with the

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 7: Post Employment Benefit Plan Continued

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. During 2010, the County contributed \$3,472,473 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 GASBB 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:

	Governmental	County		Total Primary
	<u>Activities</u>	<u>Nursing Home</u>	<u>911 Fund</u>	<u>Government</u>
Annual required contribution	\$ 6,200,706	\$ 2,201,681	\$ 180,462	\$ 8,582,848
Contributions made	\$ 2,111,246	\$ 1,316,768	\$ 44,459	\$ 3,472,473
Increase in net OPEB obligation	\$ 4,089,460	\$ 884,913	\$ 136,003	\$ 5,110,375
Net OPEB obligation – beginning of year	\$ 7,863,723	\$ 1,972,539	\$ 261,119	\$ 10,097,381
Net OPEB obligation—end of year	\$ 11,953,183	\$ 2,857,452	\$ 397,122	\$ 15,207,756

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 7: Post Employment Benefit Plan Continued

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2010 and the preceding year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 8,157,186	35.7%	\$5,244,551
12/31/09	\$ 8,052,009	20.2%	10,097,381
12/31/10	\$ 8,582,848	40.4%	15,207,756

The County adopted GASB 45 on a prospective basis in 2008; therefore only three years are presented in the above schedule.

Funded Status and Funding Progress: As of January 1, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$112,292,823 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 112,292,823. The covered payroll (annual payroll of active employees covered by the plan) was \$ 20,005,831, and the ratio of the UAAL to the covered payroll was 5.6%.

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 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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 7: Post Employment Benefit Plan Continued

In the January 1, 2010, 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%. The UAAL is being amortized using the level dollar method over a period of 30 years on a closed basis.

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/08	\$ 0	\$ 100,373,898	\$ 100,373,898	0%	\$ 22,120,281	4.5%
1/1/09	\$ 0	\$ 103,033,770	\$ 103,033,770	0%	\$ 20,216,181	5.1%
1/1/10	\$ 0	\$ 112,292,823	\$ 112,292,823	0%	\$20,005,831	5.6%

NOTE 8: 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 \$891,536 at December 31, 2010. 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.

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
December 31, 2010

NOTE 9: LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2010, consisted of the following:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Total Long-term <u>Obligations</u>
General Obligation Bonds	\$ 11,301,842	\$ 1,203,158	\$ 12,505,000
Unamortized Bond Premium	262,869	-	262,869
Capital Leases	1,518,193	1,330,627	2,848,820
Compensated Absences	3,696,862	839,077	4,535,939
Workers' Compensation Liability	1,056,926	-	1,056,926
	<u>\$ 17,836,692</u>	<u>\$ 3,372,862</u>	<u>\$ 21,209,544</u>

A summary of changes in long-term obligations is show on the table on the following page.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS

	Governmental Activities				911 Fund			Rest Haven Nursing Home		Internal Service Fund	Total Long-term Debt
	General Obligation Bonds Payable	Amortized Bond Premium	Capital Lease Obligations	Compensated Absences	General Obligation Bonds Payable	Capital Lease Obligations	Compensated Absences	Capital Lease Obligations	Compensated Absences	Workers' Compensation Liability	
Outstanding at January 1, 2010	\$ 13,142,848	\$ 345,041	\$ 1,434,936	\$ 3,959,351	\$ 1,407,152	\$ 1,225,324	\$ 230,587	\$ 242,477	\$ 636,709	\$ 1,169,403	\$ 24,541,788
Additions:											-
General Obligation Debt Principal Retirements	(1,841,006)				(203,994)						(2,045,000)
Capital Lease Payments			(126,257)			(125,131)		(12,043)			(263,431)
Amortization of Bond Premium		(82,172)									(82,172)
Increase (Decrease) in Compensated Absences				(92,164)			5,856		(34,075)		(120,383)
(Decrease) in Workers' Comp. Liability										(112,477)	
Outstanding at December 31, 2010	\$ 11,301,842	\$ 262,869	\$ 1,308,679	\$ 3,867,187	\$ 1,203,158	\$ 1,100,193	\$ 236,443	\$ 230,434	\$ 602,634	\$ 1,056,926	\$ 22,030,802

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

NOTE 9: Long Term Obligations Continued

The following table summarizes long-term bonds principal and interest payments for debt outstanding as of December 31, 2010:

Years Ending December 31	Principal Requirements	Interest Requirements	Total Debt Requirements
2011	\$ 2,130,000	\$ 491,160	\$ 2,621,160
2012	2,215,000	413,448	2,628,448
2013	2,345,000	302,698	2,647,698
2014	2,420,000	231,035	2,651,035
2015	1,545,000	121,660	1,666,660
2016-2020	1,565,000	176,680	1,741,680
2021-2025	230,000	44,548	274,548
2026	55,000	2,585	57,585
	\$ 12,505,000	\$ 1,783,814	\$ 14,288,814
To be Retired by:			
Business-type Activities	\$ 1,203,158	\$ 171,628	\$ 1,374,786
Governmental Activities	11,301,802	1,612,186	12,913,988
	\$ 12,504,960	\$ 1,783,814	\$ 14,288,774

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 9: Long Term Obligations Continued

The following is a summary of the bonds outstanding as of December 31, 2010:

Year	Amount of Original Issue	Purpose	Balance Outstanding December 31, 2010	Amounts due within one Year
2009	\$ 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 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>\$ 12,505,000</u>	<u>\$ 2,130,000</u>
Total General Obligations Debt at December 31, 2010			<u>\$ 12,505,000</u>	<u>\$ 2,130,000</u>

NOTE 10: CAPITAL LEASES

In April 2009, 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 \$30,261 with a lease rate of 6.41% over the 3-year term of the lease. The Capital Lease payments are calculated as annual payments of \$10,720. Payments began on April 2009, and will continue for 3 years through April, 2011.

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 through PPL Energy Services. The total amount of the Capital Lease is \$1,897,448 with a lease rate of 4.551% over the 15-year term of the lease.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 10: Capital Leases Continued

The Capital Lease payments are calculated as annual payments of \$43,090 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 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.

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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 10: Capital Leases Continued

The assets acquired through the capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Leasehold Assets	\$ 1,748,880	\$ 2,500,504
Less: Accumulated Depreciation	292,827	597,094
	\$ 1,456,056	\$ 1,903,410

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

Years Ending December 31	Governmental Activities	Business-type Activities	Total
2011	\$ 169,835	\$ 192,817	\$ 362,652
2012	150,992	192,478	343,470
2013	150,992	192,479	343,471
2014	150,335	192,477	342,812
2015	148,364	192,478	340,842
2016-2020	741,820	538,545	1,280,365
2021-2024	519,274	80,291	599,565
Total Payments	\$ 2,031,612	\$ 1,581,565	\$ 3,613,177
Less: Amounts representing interest	(513,419)	(250,938)	(764,357)
Total Present value minimum Lease Payments	\$ 1,518,193	\$ 1,330,627	\$ 2,848,820

NOTE 11: INTERFUND BALANCES

Interfund receivable and payable balances of each individual fund as of December 31, 2010, are as follows:

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 11: Interfund Balances Continued

<u>Government Fund Types</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 3,578,609	\$ 1,462,846
Debt Service Fund	517,429	3,600
Capital Reserves	1,000,000	-
Special Revenue Funds:	-	-
Domestic Relations Office	-	541,712
Drug and Alcohol	-	447,489
Mental Health/Mental Retardation	33,652	17,525
Children and Youth Services	-	2,446,401
Office of Senior Services	-	108,364
SCBG	7,612	-
Other Agency	-	-
Liquid Fuels	-	-
Total Special Revenue Funds	<u>41,264</u>	<u>3,561,491</u>
Total Government Fund Types	<u>\$ 5,137,302</u>	<u>\$ 5,027,937</u>
 <u>Proprietary Fund Types</u>		
Rest Haven Nursing Home	17,512	657,656
911 Operations	-	526,147
Internal Service	1,056,926	-
Total Proprietary Funds	<u>1,074,438</u>	<u>1,183,803</u>
	<u>\$6,211,740</u>	<u>\$6,211,740</u>

These balances exist because the General Fund, Debt Service Fund, Capital Reserves Fund, Domestic Relations Fund, Drug and Alcohol Fund, Mental Health and Mental Retardation Fund, Children and Youth Fund, Office of Senior Services Fund, SCBG Fund, Rest Haven Nursing Home, 911 Operations and Internal Service Fund have funded the expenditure or expenditures or expenses of other funds. These amounts have not been repaid at December 31, 2010.

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, 2010, are as follows:

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 11: Interfund Balances Continued

Government Fund Types	Transferred From Other Funds	Transferred to Other Funds
General Fund	\$ 510,357	\$ 5,835,789
Debt Service Fund	1,179,249	-
Capital Projects Fund	-	-
Special Revenue Funds		
Human Service Complex	-	-
Liquid Fuels Tax	-	-
Domestic Relations Office	659,097	74,868
Drug and Alcohol	22,892	435,489
DUI	-	-
Mental Health/Mental Retardation	285,845	-
Children and Youth Services	2,532,000	-
Office of Senior Services	-	-
Other Agency	-	-
Farmland Preservation	-	-
Transportation	216,114	-
Demolition	97,938	-
Conduit	-	-
Other	29,358	-
SCBG	7,612	97,938
Total Special Revenue Funds	3,850,856	608,295
Total Government Fund Types	5,540,462	6,444,084
 <u>Proprietary Fund Types</u>		
Rest Haven Nursing Home	-	-
911 Operations	903,622	-
Internal Service	-	-
Total Proprietary Fund Types	903,622	-
Total	\$ 6,444,084	\$ 6,444,084

NOTE 12: OPERATING LEASES

The County leases office space under several operating lease agreements which have expiration dates ranging from 2011 to 2015. 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, 2010:

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 12: Operating Leases Continued

Years	Courts	Agencies	Certain Other Departments	Total
2011	\$ 233,111	\$ 110,711	\$ 183,233	\$ 527,055
2012	233,111	110,711	183,233	527,055
2013	233,111	110,711	183,233	527,055
2014	233,111	110,711	183,233	527,055
2015	233,111	110,711	183,233	527,055
	\$ 1,165,555	\$ 553,555	\$ 916,165	\$2,635,275

Expense incurred by the County under these leases in 2010 was \$527,055.

NOTE 13: 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, 2010.

NOTE 14: CONTINGENCIES

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.

SCHUYLKILL COUNTY
REQUIRED SUPPLEMENTAL
INFORMATION

SCHUYLKILL COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 PENSION PLAN
 SCHEDULE OF FUNDING PROGRESS
 YEAR ENDED DECEMBER 31, 2010

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)]
1/1/2008	\$ 97,213,001	\$ 95,781,127	\$ (1,431,874)	101.5%	\$ 26,094,042	-5.50%
1/1/2009	90,642,099	101,240,012	10,598,013	89.5%	26,268,179	40.30%
1/1/2010	88,175,275	106,027,742	17,852,467	83.2%	27,521,360	64.87%
1/1/2011	92,959,297	111,277,577	18,318,280	83.5%	27,323,547	67.00%

SCHUYLKILL COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 POST EMPLOYMENT BENEFIT PLAN
 SCHEDULE OF FUNDING PROGRESS
 YEAR ENDED DECEMBER 31, 2010

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)]
1/1/2008	\$ -	\$ 100,373,898	\$ 100,373,898	0.0%	\$ 22,120,281	4.50%
1/1/2009	-	103,033,770	103,033,770	0.0%	20,216,181	5.10%
1/1/2010	-	112,292,823	112,292,823	0.0%	20,005,831	5.61%

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Real Estate Taxes	27,165,466	27,165,466	27,001,289	(164,177)
Per Capita Taxes	410,226	410,226	399,638	(10,588)
Hotel Tax	172,000	172,000	194,002	22,002
Grants and Gifts	4,409,522	4,867,312	3,115,294	(1,752,018)
Interest and Royalties	100,000	100,000	163,588	63,588
Charges for Services	7,694,136	7,694,136	8,367,339	673,203
Other Revenue	1,903,174	1,903,174	4,503,966	2,600,792
Total Revenues	41,854,524	42,312,314	43,745,116	1,432,802
Expenditures				
General Government - Administrative				
Commissioners	293,235	293,235	275,750	17,485
Solicitor	173,258	182,271	160,778	21,493
County Administrator	290,744	290,744	266,368	24,376
Maintenance	847,272	847,272	811,386	35,886
Voter Registration and Elections	638,435	638,435	477,981	160,454
Central Services	382,673	382,673	357,647	25,026
Tax Assessment	643,515	643,515	599,960	43,555
Treasurer	711,033	712,633	700,713	11,920
Tax Claim	432,872	432,872	440,841	(7,969)
Controller	314,782	314,782	308,420	6,362
Engineering and Real Estate	65,565	65,565	46,500	19,065
Planning and Zoning	275,924	275,924	205,168	70,756
Recorder of Deeds	432,291	432,291	370,622	61,669
Data Processing	619,828	619,828	528,076	91,752
Records Management	178,095	178,095	165,235	12,860
Personnel	211,529	211,529	213,882	(2,353)
Public Defender	-	-	1,634	(1,634)
Veteran Affairs	151,929	151,929	129,037	22,892
Grant Writer	34,763	34,763	38,271	(3,508)
Tax Refunds	50,176	50,176	35,825	14,351
Insurances	912,890	912,890	621,121	291,769
Contributions to Various Agencies	1,252,981	894,598	34,577	860,021
Systems	516,110	956,348	5,000	505,000
Other	-	-	64,066	(64,066)
Total-General Government Administrative	9,429,900	9,522,368	6,858,858	2,217,162
Public Safety				
Adults in Non-County Institutions	11,000	11,630	10,069	1,561
County Prison	4,455,958	4,455,958	4,098,064	357,894
Emergency Management	251,013	251,013	211,732	39,281
Contributions to Various Agencies	-	-	19,119	-
Other	-	-	18,313	(18,313)

Total -Public Safety	4,717,971	4,718,601	4,357,297	380,423
Public Works				
Engineering	2,419,976	2,419,976	449,393	1,970,583
Contributions to Various Agencies	-	-	7,698	1,776
Other	-	-	-	-
Total - Public Works	2,419,976	2,419,976	457,091	1,972,359
General Government - Judicial				
Register of Wills	288,277	288,277	286,280	1,997
Sheriff	984,629	1,007,946	943,612	64,334
Coroner	331,679	331,679	234,845	96,834
Prothonotary	348,452	348,452	337,703	10,749
Clerk of Courts	489,718	489,718	476,611	13,107
Public Defender	652,710	669,941	648,228	21,713
District Attorney	1,460,588	1,470,588	1,325,685	144,903
Law Library	276,683	276,683	258,569	18,114
Courts	1,678,856	1,678,856	1,623,808	55,048
District Justices	1,182,507	1,182,507	1,123,873	58,634
Constables	15,000	15,000	12,129	2,871
Jury Commissioners	25,988	25,988	25,929	59
Adult Probation	1,763,596	1,763,596	1,601,560	162,036
Juvenile Probation	1,073,625	1,073,625	969,880	12,385
Other	-	-	38,375	(38,375)
Total-General Government - Judicial	10,572,308	10,622,856	9,907,087	624,409
Conservation and Development				
Coal Lands	73,629	73,629	75,304	(1,675)
Economic Development	103,509	103,509	25,236	78,273
Solid Waste Management	101,001	101,001	89,662	11,339
Recycling Program	450,746	450,746	187,179	263,567
West Nile Virus	79,598	79,598	-	79,598
Parks and Recreation	413,135	413,135	188,496	224,639
Agricultural Extension	310,134	310,134	311,714	(1,580)
Soil Conservation	423,695	449,081	377,885	71,196
Contributions to Various Agencies	-	-	283,547	13,907
Other	-	-	67,401	(67,401)
Total - Conservation and Development	1,955,447	1,980,833	1,606,424	671,863
Culture and Recreation				
Contributions to Various Agencies	-	-	303,474	(303,474)
Human Services				
Human Services Administration	289,340	289,340	247,001	42,339
Contributions to Various Agencies	-	-	50,873	9,500
Other	-	-	-	-
Total-Human Services	289,340	289,340	297,874	51,839
Fringe Benefits	13,061,507	13,635,507	12,969,217	666,290

Capital Projects	-	-	-	-
Total Expenditures	42,446,449	43,189,481	36,757,322	6,280,871
Excess of Revenues Over (Under) Expenditures	(591,925)	(877,167)	6,987,794 #	7,864,961
Other Financing Sources (Uses)				
Operating Transfers In				
Drug and Alcohol	87,000	87,000	435,489	348,489
Mental Health/Mental Retardation	66,000	66,000	-	(66,000)
Children and Youth Services	945,280	945,280	-	(945,280)
Domestic Relations Office	640,049	640,049	74,868	(565,181)
Juvenile Training	-	-	-	-
Offender Supervision	-	-	-	-
Liquid Fuels Tax	-	-	-	-
Office of Senior Services	525,879	525,879	-	(525,879)
Conduit Fund	123,985	123,985	-	(123,985)
Human Services	-	-	-	-
Hazmat	35,000	35,000	-	(35,000)
Transportation	-	-	-	-
Highway Safety	-	-	-	-
Community Development Block Grant	-	-	-	-
Driving Under the Influence	-	-	-	-
Conservation District	-	-	-	-
Rest Haven	365,499	365,499	-	(365,499)
911	88,000	88,000	-	(88,000)
Internal Service	240,000	240,000	-	(240,000)
Other Funds	269,600	269,600	-	(269,600)
	3,386,292	3,386,292	510,357	(2,875,935)
Operating Transfers (Out)				
Farmland Preservation	-	-	29,358	(29,358)
Mental Health/Mental Retardation	285,845	285,845	285,845	-
Children and Youth Services	4,042,078	4,042,078	2,539,612	1,502,466
Adult Probation	-	-	-	-
Domestic Relations Office	659,097	659,097	659,097	-
Office of Senior Services	-	-	-	-
Drug and Alcohol	29,371	29,371	22,892	6,479
Transportation Fund	151,970	216,114	216,114	-
Human Services Complex	51,291	51,291	-	51,291
Capital Projects	179,279	1,179,249	1,179,249	-
Other Funds	-	-	-	-
911 Tariff Fund	903,622	903,622	903,622	-
Total Operating Transfers (Out)	6,302,553	7,366,667	5,835,789	1,530,878
Total Other Financing Sources (Uses)	(2,916,261)	(3,980,375)	(5,325,432)	1,345,057
Excess of Revenue Over Expenditures and Other Financing Uses	(3,508,186)	(4,857,542)	1,662,362	(6,519,904)
Fund Balances - Beginning of Year	-	-	12,267,226	12,267,226
Fund Balances - End of Year	<u>\$ (3,508,186)</u>	<u>\$ (4,857,542)</u>	<u>\$13,929,588</u>	<u>\$ 5,747,322</u>

COUNTY OF SCHUYLKILL
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - MENTAL HEALTH /MENTAL RETARDATION –
 SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues				
Grants and Gifts	\$ 7,094,605	\$ 7,094,605	\$ 7,009,037	\$ (85,568)
Interest and Royalties	1,500	1,500	5,385	3,885
Charges for Services	<u>82,734</u>	<u>82,734</u>	<u>62,062</u>	<u>(20,672)</u>
Total Revenues	<u>7,178,839</u>	<u>7,178,839</u>	<u>7,076,484</u>	<u>(102,355)</u>
Expenditures				
Human Services	7,464,684	7,464,684	7,362,329	102,355
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>7,464,684</u>	<u>7,464,684</u>	<u>7,362,329</u>	<u>102,355</u>
Excess of Revenues Over (Under) Expenditures	<u>(285,845)</u>	<u>(285,845)</u>	<u>(285,845)</u>	<u>-</u>
Other Financing Sources (Uses)				
Operating Transfers In	285,845	285,845	285,845	\$ -
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>285,845</u>	<u>285,845</u>	<u>285,845</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SCHUYLKILL
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL -CHILDREN AND YOUTH - SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 14,416,862	\$ 14,416,862	\$ 12,650,475	\$ (1,766,387)
Interest and Royalties	12,100	12,100	1,208	(10,892)
Charges for Services	1,100,041	1,100,041	775,419	(324,622)
Total Revenues	15,529,003	15,529,003	13,427,102	(2,101,901)
Expenditures				
Human Services	19,499,552	19,499,552	15,953,383	3,546,169
Capital Projects	18,600	18,600	5,719	12,881
Total Expenditures	19,518,152	19,518,152	15,959,102	3,559,050
Excess of Revenues Over (Under) Expenditures	(3,989,149)	(3,989,149)	(2,532,000)	1,457,149
Other Financing Sources (Uses)				
Operating Transfers In	3,989,149	3,989,149	2,532,000	(1,457,149)
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	3,989,149	3,989,149	2,532,000	(1,457,149)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	\$ -	\$ -	\$ -	\$ -

COUNTY OF SCHUYLKILL
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL -LIQUID FUELS - SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 480,000	\$ 480,000	\$ 812,493	\$ 332,493
Interest and Royalties	128,000	128,000	69,798	(58,202)
Other General Revenue	-	-	-	-
Total Revenues	<u>608,000</u>	<u>608,000</u>	<u>882,291</u>	<u>274,291</u>
Expenditures				
Public Works	273,350	273,350	321,284	(47,934)
Capital Projects	<u>1,475,000</u>	<u>1,475,000</u>	<u>638,227</u>	<u>836,773</u>
Total Expenditures	<u>1,748,350</u>	<u>1,748,350</u>	<u>959,511</u>	<u>788,839</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,140,350)</u>	<u>(1,140,350)</u>	<u>(77,220)</u>	<u>514,548</u>
Other Financing Sources (Uses)				
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,140,350)</u>	<u>(1,140,350)</u>	<u>(77,220)</u>	<u>514,548</u>
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>5,815,082</u>	<u>5,815,082</u>
Fund Balances - End of Year	<u><u>\$ (1,140,350)</u></u>	<u><u>\$ (1,140,350)</u></u>	<u><u>\$ 5,737,862</u></u>	<u><u>\$ 6,329,630</u></u>

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -OTHER AGENCY - SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Revenues				
Grants and Gifts	\$ 5,014,107	\$ 5,344,161	\$ 4,275,529	\$ (1,068,632)
Interest and Royalties	32,550	32,550	8,225	(24,325)
Charges for Services	-	-	982	982
Other General Revenue	<u>95,044</u>	<u>95,044</u>	<u>129,086</u>	<u>34,042</u>
Total Revenues	<u>5,141,701</u>	<u>5,471,755</u>	<u>4,413,822</u>	<u>(1,057,933)</u>
Expenditures				
General Government	-	-	-	-
Judicial Government	-	-	2,086,230	(2,086,230)
Human Services	5,096,349	5,383,353	2,327,592	3,055,761
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,096,349</u>	<u>5,383,353</u>	<u>4,413,822</u>	<u>969,531</u>
Excess of Revenues Over (Under) Expenditures	<u>45,352</u>	<u>88,402</u>	<u>-</u>	<u>(88,402)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(54,960)</u>	<u>(54,960)</u>	<u>-</u>	<u>54,960</u>
Total Other Financing Sources (Uses)	<u>(54,960)</u>	<u>(54,960)</u>	<u>-</u>	<u>54,960</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(9,608)</u>	<u>33,442</u>	<u>-</u>	<u>(33,442)</u>
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>62,409</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ (9,608)</u>	<u>\$ 33,442</u>	<u>\$ 62,409</u>	<u>\$ (33,442)</u>