

**COUNTY OF SCHUYLKILL  
POTTSVILLE, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2013**

COUNTY OF SCHUYLKILL  
YEAR ENDED DECEMBER 31, 2013

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# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITORS' REPORT

County Commissioners  
County of Schuylkill  
Pottsville, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the COUNTY OF SCHUYLKILL, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the COUNTY OF SCHUYLKILL's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component units' financial statements for the Schuylkill County Transit Authority, which represents 100% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component unit, is based solely on the report of the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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# Zelenkofske Axelrod LLC

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County of Schuylkill  
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## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Qualified
General Fund	Unmodified
Children and Youth Fund	Unmodified
Capital Projects Fund	Unmodified
911 Fund	Unmodified
Rest Haven Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

## **Basis for Qualified Opinion on the Aggregate Discretely Presented Component Unit, Qualified Opinion on Governmental Activities, and Qualified Opinion on Aggregate Remaining Fund Information**

The financial statements of the Schuylkill County Transit Authority were prepared on another comprehensive basis of accounting other than generally accepted accounting principles in the United States of America as Described in Note 1 to the financial statements. The amount by which the departure would affect the assets, net position and revenue of the aggregate discretely presented component has not been determined.

As discussed in Note 14 to the financial statements, management has not recorded an amount pertaining to a fraud investigation of the Schuylkill County Conservation District, a blended component unit of Schuylkill County, assets, liabilities, net position, fund balance, revenues, expenses and expenditures. Accounting principles generally accepted in the United States of America require that assets, liabilities, net position, fund balance, revenues, expenses and expenditures include an amount pertaining to the fraud investigation. The amount by which the departure would affect the assets, liabilities, net position, fund balance, revenues, expenses and expenditures of the governmental activities and aggregate remaining fund information has not been determined.

## **Qualified Opinion**

In our opinion, based on our audit and the reports of other auditors, except for the possible effects of the matter described in the Basis for Qualified Opinion on the Aggregate Discretely Presented Component Unit, Qualified Opinion on the Governmental Activities and Qualified Opinion on Aggregate Remaining Fund Information Paragraph, the financial statements referred to above present fairly, in all material respects the financial position of the aggregate discretely presented component, the governmental activities, and the remaining aggregate fund information of the COUNTY OF SCHUYLKILL as of December 31, 2013 and the changes in financial position thereof for the year ended in accordance with Generally Accepted Accounting Principles in the United States of America.

## **Unmodified Opinion**

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 business-type activities and each major fund of the COUNTY OF SCHUYLKILL, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

# Zelenkofske Axelrod LLC

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County of Schuylkill  
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## **Adoptions of New GASB's**

As described in Note 1 to the financial statements, in 2013 the COUNTY OF SCHUYLKILL adopted the provisions of Governmental Accounting Standards Board's Statement No. 61 "*The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34,*" the provisions of Statement No. 65, "*Items Previously Reported as Assets and Liabilities,*" and the provisions of Statement No. 66, "*Technical Corrections – 2012- An Amendment of GASB Statements No. 10 and No.62*". Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer contributions and funding progress, schedule of funding progress for postemployment benefits other than pensions, and budgetary comparison schedules on pages 5 through 15 and pages 70 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Schuylkill's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Debt Service Fund on page 78 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Debt Service Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

# Zelenkofske Axelrod LLC

County Commissioners  
County of Schuylkill  
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## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the COUNTY OF SCHUYLKILL's internal control over financial reporting and compliance.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
March 30, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Schuylkill's financial report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2013. 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, 2013.

### FINANCIAL HIGHLIGHTS

- For Fiscal year 2013, 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. As of December 31, 2013, the last increase in the real estate millage was for fiscal year 2004.
- The County had \$21,804,188 of General Obligation Debt outstanding at the end of the year. This was a decrease of \$892,403 or 3.93% from the previous year.
- The General Fund Unassigned Fund Balance was \$10,930,204 at the end of the year.
- The underlying rating from Standard & Poor's Rating Services on the General Obligation Debt remained at A+.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### Government-wide Financial Statements

The government-wide financial statements consist of a *Statement of Net Position* 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 Position* presents information on all of the County's assets and deferred outflows of resources and liabilities, except fiduciary funds, with the difference between the two reported as *Net Position*. Net Position 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 position changed during the fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it identifies to what extent each program has to rely on taxes for funding.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-Type Activities*). Schuylkill County's governmental activities include general government, judicial government, public safety, public works, human services, culture/recreation, conservation/development and economic 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 a legally separate entity which is financially accountable to the County (known as component unit). This component unit is the Schuylkill County Transportation Authority. Financial information for this component unit 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 16-17 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 are reconciled to *Governmental Activities* on pages 19 and 21 of this report.

Schuylkill County maintains the following four major governmental funds: the General Fund, Children and Youth Fund, Other Agencies Fund and the Liquid Fuels Fund. The County also maintains twenty-one non-major governmental funds that are combined into a single, aggregated presentation entitled “Other Governmental Funds.”

The governmental fund financial statements can be found on pages 18 through 21 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 22 through 24 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 position. A statement of changes in fiduciary net position is presented for the employee’s retirement 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 25 through 26 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 27 through 68 of this report.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

This is the twelfth 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 with prior year financial information is included in this report.

### Net Position

Schuylkill County's net position as of December 31, 2013 and December 31, 2012 are presented below:

	<b>County's Net Position as of December 31, 2013 and 2012</b>			
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Other Assets	\$ 47,731,640	\$ 48,127,897	\$ 5,345,358	\$ 11,383,192
Capital Assets, Non-Depreciable	4,122,524	4,131,618	12,748,450	7,257,692
Capital Assets, Depreciable	22,551,329	21,811,780	4,520,030	5,223,988
<b>Total Assets</b>	<u>74,405,493</u>	<u>74,071,295</u>	<u>22,613,838</u>	<u>23,864,872</u>
Deferred Loss on Refunding	45,489	-	-	-
Other Liabilities	13,181,740	10,591,040	2,959,920	1,989,430
Long-term Liabilities	35,640,257	33,054,809	21,546,374	21,279,061
<b>Total Liabilities</b>	<u>48,821,997</u>	<u>43,645,849</u>	<u>24,506,294</u>	<u>23,268,491</u>
Net Position:				
Net Investment in Capital Assets	18,725,716	18,755,812	1,234,352	(4,319,676)
Restricted	14,337,992	14,912,857	-	-
Unrestricted	(7,434,723)	(3,243,223)	(3,126,808)	4,916,057
<b>Total Net Position</b>	<u>\$ 25,628,985</u>	<u>\$ 30,425,446</u>	<u>\$ (1,892,456)</u>	<u>\$ 596,381</u>

Net position of the County's governmental activities was \$25,628,985. Of this amount, \$18,725,716 represents the net investment in capital assets, while \$14,337,992 was restricted for various purposes. The unrestricted net position balance as of the end of the year was (\$7,434,723).

Net position of the County's business-type activities were (\$1,892,456). Of this amount, \$1,234,352 represents the net investment in capital assets. The unrestricted net position balance as of the end of the year was (\$3,126,808).

The following table presents the County's changes in net position for the fiscal year ended December 31, 2013 and December 31, 2012.

**County's Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 8,760,367	\$ 9,203,193	\$ 10,147,964	\$ 10,257,710
Operating Grants & Contributions	42,837,442	44,941,632	2,175,502	1,938,690
<b>General Revenues:</b>				
Property Taxes	28,452,006	29,625,144	-	-
Interest, Invest. Earnings & Royalties	166,862	121,471	5,029	12,286
Hotel Tax	226,735	223,620	-	-
Per Capita Tax	389,001	396,779	-	-
Miscellaneous	1,491,786	5,927,108	984,734	928,994
<b>Total Revenues</b>	<b>\$ 82,324,199</b>	<b>\$ 90,438,947</b>	<b>\$ 13,313,229</b>	<b>\$ 13,137,680</b>
<b>Expenses:</b>				
General Government	4,912,671	23,258,333	-	-
Judicial Government	19,862,616	12,192,560	-	-
Public Safety	9,167,234	6,208,655	-	-
Public Works	1,455,434	639,310	-	-
Human Services	44,948,958	42,551,972	-	-
Culture/Recreation	1,424,194	1,074,226	-	-
Conservation/Development	2,394,065	1,505,772	-	-
Economic Development	-	586,537	-	-
Interest on Long-Term Debt	271,688	1,160,493	-	-
911 Fund	-	-	4,634,510	4,064,538
Nursing Home	-	-	13,418,179	11,687,696
<b>Total Expenses</b>	<b>84,436,860</b>	<b>89,177,858</b>	<b>18,052,689</b>	<b>15,752,234</b>
Change in Net Position before Losses and Transfers	(2,112,661)	1,261,089	(4,739,460)	(2,614,554)
Net Operating Transfers	(2,250,623)	(1,489,474)	2,250,623	1,489,474
Changes in Net Position	(4,363,284)	(228,385)	(2,488,837)	(1,125,080)
Net Position-Beginning	30,425,446	30,124,264	596,381	1,721,461
Restatement of Prior Year	(433,177)	529,567	-	-
<b>Net Position-Ending</b>	<b>\$ 25,628,985</b>	<b>\$ 30,425,446</b>	<b>\$ (1,892,456)</b>	<b>\$ 596,381</b>

During 2013, the total net position of the County's governmental activities decreased by \$4,363,284 or 14.55% to \$25,628,985. The decrease resulted from expenses exceeding revenues and from Operating Transfers Out exceeding Operating Transfers In.

For revenues, there was a decrease in Operating Grants & Contributions by \$2,104,190 or 4.68% and there was a decrease in Miscellaneous Revenue of \$4,435,322 or 74.83% in comparison to the prior reporting period.

For expenses, there was a decrease in the General Government-Administrative category of \$18,345,662 or 78.88% and there was an increase in the General Government-Judicial category of \$7,670,056 or 62.91%, in comparison to the prior reporting period.

During 2013, the total net position of the County's business-type activities decreased by \$2,488,837 to (\$1,892,456). The decrease resulted from expenses exceeding revenues.

### Governmental Activities and Business-Type Activities

The following table presents the sources of revenues for the fiscal year ended December 31, 2013:

Revenues	Governmental Activities		Business-Type Activities	
Charges for Services	\$ 8,760,367	10.64%	\$ 10,147,964	76.22%
Operating Grants & Contributions	42,837,442	52.04%	2,175,502	16.34%
Property Taxes	28,452,006	34.56%	-	
Interest, Investments, Earnings & Royalties	166,862	.20%	5,029	0.04%
Hotel Tax	226,735	.28%	-	
Per Capita Tax	389,001	.47%	-	
Miscellaneous	1,491,786	1.81%	984,734	7.40%
<b>Total Revenues</b>	<b>\$ 82,324,199</b>	<b>100.00%</b>	<b>\$ 13,313,229</b>	<b>100.00%</b>

The following table presents the functional expenses for the fiscal year ended December 31, 2013:

Expenses	Functional Expenses			
	Governmental Activities		Business-Type Activities	
General Government	\$ 4,912,671	5.82%	-	
Judicial Government	19,862,616	23.52%	-	
Public Safety	9,167,234	10.86%	-	
Public Works	1,455,434	1.72%	-	
Human Services	44,948,958	53.23%	-	
Culture/Recreation	1,424,194	1.69%	-	
Conservation/Development	2,394,065	2.84%	-	
Economic Development	-	0.00%	-	
Interest on Long-Term Debt	271,688	0.32%	-	
911 Fund	-		\$ 4,634,510	25.67%
Nursing Home	-		13,418,179	74.33%
<b>Total Expenses</b>	<b>\$ 84,436,860</b>	<b>100.00%</b>	<b>\$ 18,052,689</b>	<b>100.00%</b>

## FINANCIAL ANALYSIS OF COUNTY'S FUNDS

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

*Governmental Funds* – The General Fund, Children and Youth Fund, Other Agencies Fund and the Liquid Fuels 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. For the year ended December 31, 2013, Schuylkill County governmental funds reported a combined ending fund balance of \$28,931,991. This was a decrease of \$1,480,762 or 4.87% from the previous year.

**General Fund** – The General Fund is the primary operating fund of the County. At the end of 2013, the General Fund reported a fund balance of \$14,593,899. This was a decrease of \$759,099 or 4.94% from the previous year. The unassigned fund balance in the General Fund was \$10,930,204 as of December 31, 2013.

**Children and Youth Fund** – The Children and Youth Fund accounts for funds received from various federal, state and local sources for the purpose of providing health, safety, and general welfare services to the children and families in Schuylkill County. At the end of 2013, the fund balance for the Children and Youth Fund was reduced to zero, as a result of a transfer.

**Other Agencies Fund** – The Other Agencies Fund accounts for funds received and expended for Human Services Development Fund, PA Transportation Fund, Bridge Housing Fund, and for Juvenile Training. At the end of 2013, the fund balance for the Other Agencies Fund was reduced to zero, as a result of a transfer.

**Liquid Fuels Fund** – The Liquid Fuels Fund accounts for funds received and expended for improving and replacing bridges in the County. The restricted fund balance in the Liquid Fuels Fund was \$4,947,144 as of December 31, 2013.

*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 2013, the Nursing Home reported a net position of (\$4,613,672). There was an increase in the deficit by (\$2,467,830) from the previous year. This increase was the result of expenses exceeding revenues.

**911 Fund** – At the end of 2013, the 911 Fund reported a net position of \$2,721,216. This was a decrease of \$21,007 or .77% from the previous year. The decrease occurred as a result of an increase in operating expenses.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Under Pennsylvania law, the Board of Commissioners has the authority and the responsibility for administering and for managing the County’s Budget. County Administration, under the authority of the Commissioners, exercises the day-to-day oversight for assuring that departments operate within their approved budgets in accordance with County fiscal policies. During 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 \$45,635,692 to \$45,908,471, an increase of \$272,779 or .59%. The increase was due to various miscellaneous adjustments. Actual revenues and other financing sources received were \$41,915,585 or 91.3% 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 \$3,992,886.

The County’s original expenditure and other financing uses budget increased from \$47,935,397 to \$49,030,296 an increase of \$1,094,899 or 2.28%. The increase was due to various miscellaneous adjustments. Actual expenditures and other financing uses were \$42,674,684 or 87% of the final budget. The variance between actual expenditures vs. final budgetary expenditures and other financing uses totaled \$6,355,612.

### **CAPITAL ASSETS**

Schuylkill County’s investment in capital assets for its governmental and business-type activities as of December 31, 2013 was \$43,942,333 (net of accumulated depreciation). This was an increase of \$5,517,255 or 14.36% over the previous year. Capital assets consist primarily of land, construction in progress, works of art collections, land improvements, buildings and improvements, machinery and equipment, motor vehicles, computer equipment and software, agricultural easements and infrastructure.

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

**Governmental Activities**

- Construction in Progress decreased by a net amount of \$294,094; this primarily was the result of a reclassification to Infrastructure for work completed on Bridges #128 and #160.
- Buildings and Improvements increased by a net amount of \$336,884; this primarily was the result of purchasing a building located at 324 N. Centre Street, Pottsville, PA and improvements to lighting at the Courthouse Parking Lot.
- Infrastructure increased by a net amount of \$1,148,794; this primarily was the result of a transfer in from Construction in Progress for work completed on Bridges #128 and #160.
- Total Accumulated Depreciation increased from \$36,002,157 to \$36,759,619.

**Business-Type Activities**

- Construction in Progress increased by a net amount of \$5,490,758; this primarily was the result of work performed on the narrowbanding project for 911.
- Total Accumulated Depreciation increased from \$12,442,731 to \$13,310,013. Therefore, Total Depreciable Capital Assets (net of accumulated depreciation) decreased from \$5,223,988 to \$4,520,030.

The following is a summary of capital assets as of December 31, 2013 and December 31, 2012:

### Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Balance at	Balance at
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	December 31,	December 31,
					<u>2013</u>	<u>2012</u>
Land	\$ 1,000,506	\$ 715,506	\$ 145,927	\$ 145,927	\$ 1,146,433	\$ 861,433
Construction In Progress	833,377	1,127,471	12,602,523	7,111,765	13,435,900	8,239,236
Works of Art Collections	174,000	174,000	-	-	174,000	174,000
Agricultural Easements	2,114,641	2,114,641	-	-	2,114,641	2,114,641
Land Improvements	2,820,775	2,812,055	228,335	228,335	3,049,110	3,040,390
Buildings & Improvement	22,834,235	22,497,351	8,933,815	8,836,782	31,768,050	31,334,133
Machinery & Equipment	6,994,986	7,006,513	4,686,152	4,648,915	11,681,138	11,655,428
Motor Vehicles	9,270,065	9,334,342	104,374	104,374	9,374,439	9,438,716
Computer Equipment/Software	2,760,895	2,641,663	1,353,110	1,351,920	4,114,005	3,993,583
Infrastructure	12,896,225	11,747,431	-	-	12,896,225	11,747,431
Leasehold Assets	1,733,767	1,774,582	2,524,257	2,496,393	4,258,024	4,270,975
Accumulated Depreciation	(36,759,619)	(36,002,157)	(13,310,013)	(12,442,731)	(50,069,632)	(48,444,888)
Total Capital Assets, Net of Accumulated Depreciation	\$ 26,673,853	\$ 25,943,398	\$ 17,268,480	\$ 12,481,680	\$ 43,942,333	\$ 38,425,078

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

#### BOND RATING

During 2012, Standard & Poor's Ratings Services raised its underlying rating (SPUR) to 'A+' on Schuylkill County's general obligation debt. This rating remained at 'A+' through 2013.

#### LONG-TERM DEBT

As of December 31, 2013, Schuylkill County had \$21,804,188 in general obligation debt outstanding. This was a decrease of \$892,403 from the previous year. The following is a summary of general obligation debt activity during 2013:

### Summary of General Obligation Debt Activity

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Balance at January 1, 2013	\$ 6,936,486	\$ 15,760,105	\$ 22,696,591
Addition: Debt Issuance	-	-	-
Less: Payments/Amortization	<u>255,496</u>	<u>636,907</u>	<u>892,403</u>
Ending Balance at December 31, 2013	<u>\$ 6,680,990</u>	<u>\$ 15,123,198</u>	<u>\$ 21,804,188</u>

This debt is backed by the full faith and credit of the government. Schuylkill County does not have any special assessment debt or revenue bonds.

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

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

#### **ECONOMIC FACTORS**

- The County's total real estate assessed valuation increased from \$2,489,912,920 in 2012 to \$2,535,034,330 in 2013. The real estate tax levy increased from \$29,829,157 in 2012 to \$30,369,727 in 2013.
- The seasonally adjusted unemployment rate in Schuylkill County was 8.0% as of December 31, 2013. This was higher than the State unemployment rate of 6.8% and the National unemployment rate of 6.7%.

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

For Fiscal Year 2014, the County's total real estate millage will increase from 11.98 mills to 13.98 mills. The General Fund millage will increase from 11.42 mills to 13.83 mills, and the Funded Debt millage will decrease from .56 mills to .15 mills. The 2014 General Fund appropriation was approved at \$53,733,255 on December 18, 2013. This was an increase of \$5,797,858 from the 2013 General Fund budget.

#### **REQUEST FOR INFORMATION**

The separately issued financial statements on the discrete component unit - Schuylkill County Transportation Authority, may be obtained by directly contacting their office.

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 POSITION  
DECEMBER 31, 2013

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Cash and Cash Equivalents	\$ 27,623,489	\$ 5,199,002	\$ 32,822,491	\$ 1,354,182
Receivables:				
Taxes (Net)	4,673,772	-	4,673,772	-
Accounts	245,443	1,523,959	1,769,402	73,101
Notes	610,000	-	610,000	-
Due From Other Governments	3,764,716	-	3,764,716	406,979
Restricted Cash	8,292,260	129,448	8,421,708	1,142,558
Restricted Investments	991,710	-	991,710	-
Internal Balances	1,507,051	(1,507,051)	-	-
Other Assets	23,199	-	23,199	266,219
Capital Assets, Not Being Depreciated	4,122,524	12,748,450	16,870,974	-
Capital Assets (Net)	22,551,329	4,520,030	27,071,359	-
<b>Total Assets</b>	<b>\$ 74,405,493</b>	<b>\$ 22,613,838</b>	<b>\$ 97,019,331</b>	<b>3,243,039</b>
<u>Deferred Outflows of Resources</u>				
Deferred Loss on Refunding	\$ 45,489	\$ -	\$ 45,489	\$ -
Total Deferred Outflows of Resources	\$ 45,489	\$ -	\$ 45,489	-
<u>Liabilities</u>				
Accounts Payable	\$ 4,325,416	\$ 1,439,103	\$ 5,764,519	\$ 89,968
Accrued Liabilities	1,795,270	703,628	2,498,898	133,766
Unearned Revenues	3,551,488	-	3,551,488	2,310,378
Interest Payable	415,666	7,677	423,343	-
Funds Held in Escrow	2,761,363	129,448	2,890,811	-
Long Term Liabilities				
Due within one year				
Capital Lease Obligation	119,158	163,462	282,620	-
General Obligation Debt	213,379	516,602	729,981	-
Due after one year				
General Obligation Debt	6,467,611	14,606,596	21,074,207	-
Post Employment Liability	23,008,285	5,545,230	28,553,515	-
Self Insurance Liability	1,409,826	-	1,409,826	-
Capital Lease Obligation	1,193,478	747,468	1,940,946	-
Compensated Absences	3,561,057	647,080	4,208,137	52,396
<b>Total Liabilities</b>	<b>\$ 48,821,997</b>	<b>\$ 24,506,294</b>	<b>\$ 73,328,291</b>	<b>\$ 2,586,508</b>
<u>Net Position</u>				
Net Investment in Capital Assets	\$ 18,725,716	\$ 1,234,352	\$ 19,960,068	\$ -
Restricted for:				
Program Purposes	7,938,119	-	7,938,119	656,531
Capital Projects	5,502,031	-	5,502,031	-
Debt Service	897,842	-	897,842	-
Unrestricted	(7,434,723)	(3,126,808)	(10,561,531)	-
<b>Total Net Position</b>	<b>\$ 25,628,985</b>	<b>\$ (1,892,456)</b>	<b>\$ 23,736,529</b>	<b>\$ 656,531</b>

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

COUNTY OF SCHUYLKILL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities			Total
<b>Primary government:</b>									
Government activities:									
General Government - Administrative	\$ 4,912,671	\$ 5,891,676	\$ 198,721	\$ -	\$ 1,177,726	\$ -	\$ -	\$ 1,177,726	
General Government - Judicial	19,862,616	13,019	4,208,398	-	(15,641,199)	-	-	(15,641,199)	
Public Safety	9,167,234	81,506	1,303,684	-	(7,782,044)	-	-	(7,782,044)	
Public Works	1,455,434	1,318,258	1,228,879	-	1,091,703	-	-	1,091,703	
Human Services	44,948,958	965,131	34,537,252	-	(9,446,575)	-	-	(9,446,575)	
Culture and Recreation	1,424,194	287,755	-	-	(1,136,439)	-	-	(1,136,439)	
Conservation and Development	2,394,065	-	902,195	-	(1,491,870)	-	-	(1,491,870)	
Economic Development	-	203,022	458,313	-	661,335	-	-	661,335	
Interest on Long Term Debt	271,688	-	-	-	(271,688)	-	-	(271,688)	
Total governmental activities	84,436,860	8,760,367	42,837,442	-	(32,839,051)	-	-	(32,839,051)	
<b>Total Primary government</b>	<b>\$ 84,436,860</b>	<b>\$ 8,760,367</b>	<b>\$ 42,837,442</b>	<b>\$ -</b>	<b>\$ (32,839,051)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (32,839,051)</b>	
<b>Business Type Activities:</b>									
911 Operations	4,634,510	693,099	2,175,502	-	-	(1,765,909)	-	(1,765,909)	
Nursing Home	13,418,179	9,454,865	-	-	-	(3,963,314)	-	(3,963,314)	
Total Business-Type	18,052,689	10,147,964	2,175,502	-	-	(5,729,223)	-	(5,729,223)	
Total Primary Government	\$ 102,489,549	\$ 18,908,331	\$ 45,012,944	\$ -	\$ (32,839,051)	\$ (5,729,223)	\$ (5,729,223)	\$ (38,568,274)	
<b>Component Units:</b>									
Human Services	5,956,925	1,966,914	1,878,630	2,163,943	-	-	-	-	
Total Component Units	\$ 5,956,925	\$ 1,966,914	\$ 1,878,630	\$ 2,163,943	\$ -	\$ -	\$ -	\$ 52,562	
								\$ 52,562	
<b>General revenues:</b>									
Tax Revenue					29,067,742	-	-	29,067,742	
Interest and Rents					166,862	5,029	-	171,891	
Transfers					(2,250,623)	2,250,623	-	-	
Other					1,491,786	984,734	-	2,476,520	
Total general revenues					28,475,767	3,240,386	-	31,716,153	
Change in net position					(4,363,284)	(2,488,837)	-	(6,852,121)	
Net position- beginning of year, as restated (Note 20)					29,992,269	596,381	-	30,588,650	
Net position - end of year					\$ 25,628,985	\$ (1,892,456)	\$ -	\$ 23,736,529	

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

COUNTY OF SCHUYLKILL  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	General Fund	Children and Youth Fund	Other Agencies Fund	Liquid Fuels Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash and Cash Equivalents	\$ 11,198,913	\$ 1,607,254	\$ 2,629,987	\$ 5,145,887	\$ 6,896,960	\$ 27,479,001
Receivables:						
Taxes	4,456,315	-	-	-	217,457	4,673,772
Accounts	245,443	-	-	-	-	245,443
Notes	400,000	-	-	-	210,000	610,000
Due From Other Governments	543,113	1,836,617	288	-	1,384,698	3,764,716
Due From Other Funds	4,296,552	4,498	-	3,414	351,010	4,655,474
Other Assets	-	-	-	-	23,199	23,199
Restricted Assets						
Cash	2,761,363	-	-	-	5,530,897	8,292,260
<b>Total Assets</b>	<b>\$ 23,901,699</b>	<b>\$ 3,448,369</b>	<b>\$ 2,630,275</b>	<b>\$ 5,149,301</b>	<b>\$ 14,614,221</b>	<b>\$ 49,743,865</b>
<u>Liabilities and Fund Balances</u>						
Accounts Payable	\$ 703,450	\$ 1,563,991	\$ 293,991	\$ 202,157	\$ 1,473,116	\$ 4,236,705
Accrued Liabilities	1,326,365	184,129	7,294	-	277,482	1,795,270
Funds Held in Escrow	2,761,363	-	-	-	-	2,761,363
Unearned Revenues	1,721	-	1,680,772	-	1,868,995	3,551,488
Due To Other Funds	950,168	1,700,249	648,218	-	1,440,583	4,739,218
<b>Total Liabilities</b>	<b>5,743,067</b>	<b>3,448,369</b>	<b>2,630,275</b>	<b>202,157</b>	<b>5,060,176</b>	<b>17,084,044</b>
Deferred Inflows of Resources						
Unavailable Tax Revenue	3,564,633	-	-	-	163,197	3,727,830
<b>Total Deferred Inflows of Resources</b>	<b>3,564,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163,197</b>	<b>3,727,830</b>
<u>Fund Balances</u>						
Restricted for:						
Program Purposes	-	-	-	4,947,144	2,990,975	7,938,119
Capital Projects	-	-	-	-	5,502,031	5,502,031
Debt Service	-	-	-	-	897,842	897,842
Assigned:						
General Fund	3,663,795	-	-	-	-	3,663,795
Unassigned:						
General Fund	10,930,204	-	-	-	-	10,930,204
<b>Total Fund Balances</b>	<b>14,593,999</b>	<b>-</b>	<b>-</b>	<b>4,947,144</b>	<b>9,390,848</b>	<b>28,931,991</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 23,901,699</b>	<b>\$ 3,448,369</b>	<b>\$ 2,630,275</b>	<b>\$ 5,149,301</b>	<b>\$ 14,614,221</b>	<b>\$ 49,743,865</b>

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

COUNTY OF SCHUYLKILL  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 DECEMBER 31, 2013

Total fund balances for governmental funds \$ 28,931,991

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	1,000,506	
Construction in Progress	833,377	
Agricultural Easements	2,114,641	
Works of Art	174,000	
Land Improvements, net of \$1,131,727 accumulated depreciation	1,689,048	
Buildings and improvements, net of \$15,561,327 accumulated depreciation	7,272,908	
Machinery and Equipment, net of \$5,825,564 accumulated depreciation	1,169,422	
Infrastructure, net of \$4,273,261 accumulated depreciation	8,622,964	
Computer equipment, net of \$1,910,380 accumulated depreciation	850,515	
Leasehold Assets, net of \$569,998 accumulated depreciation	1,163,769	
Vehicles, net of \$7,487,362 accumulated depreciation	<u>1,782,703</u>	
 Total capital assets		 26,673,853

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds. 3,727,830

Net position of the Internal Service Fund are included in the governmental activities since they primarily benefit the County's governmental activities 1,228,456

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are 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.

Balances at December 31, 2013 are:

General Obligation Debt	(6,851,825)	
Bond Discount	194,339	
Bond Premium	(23,504)	
Deferred Loss on Refunding	45,489	
Interest Payable	(415,666)	
Capital Lease	(1,312,636)	
Postemployment Liability	(23,008,285)	
Compensated absences	<u>(3,561,057)</u>	
		<u>(34,933,145)</u>

Total net position of governmental activities \$ 25,628,985

COUNTY OF SCHUYLKILL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Children and Youth Fund	Other Agencies Fund	Liquid Fuels Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 28,795,406	\$ -	\$ -	\$ -	\$ 1,395,347	\$ 30,190,753
Intergovernmental	2,442,521	13,813,155	2,856,541	688,264	23,036,961	42,837,442
Charges for Service	7,013,470	558,041	9,342	-	983,050	8,563,903
Interest and Rents	84,075	644	4,303	18,632	59,208	166,862
Miscellaneous Revenue	1,322,945	-	27,066	18,998	122,777	1,491,786
<b>Total Revenues</b>	<u>39,658,417</u>	<u>14,371,840</u>	<u>2,897,252</u>	<u>725,894</u>	<u>25,597,343</u>	<u>83,250,746</u>
<b>Expenditures</b>						
Current:						
General Government	4,302,757	-	-	-	31,351	4,334,108
Judicial and Corrections	16,704,528	-	-	-	2,201,216	18,905,744
Public Safety	7,175,073	-	-	-	1,463,571	8,638,644
Public Works	505,307	-	-	310,386	41,417	857,110
Human Services	4,108,775	17,614,551	2,301,785	-	19,247,647	43,272,758
Culture and Recreation	332,650	-	-	-	893,745	1,226,395
Conservation and Community Development	1,984,709	-	-	-	228,736	2,213,445
Capital Outlay	485,228	25,543	-	792,903	1,307,694	2,611,368
Debt Service						
Principal	-	-	-	-	263,070	263,070
Interest	-	-	-	-	158,243	158,243
<b>Total Expenditures</b>	<u>35,599,027</u>	<u>17,640,094</u>	<u>2,301,785</u>	<u>1,103,289</u>	<u>25,836,690</u>	<u>82,480,885</u>
Excess of Revenues Over (Under) Expenditures	<u>4,059,390</u>	<u>(3,268,254)</u>	<u>595,467</u>	<u>(377,395)</u>	<u>(239,347)</u>	<u>769,861</u>
<b>Other Financing Sources (Uses):</b>						
Net Operating Transfers	(4,818,489)	3,268,254	(595,467)	-	(104,921)	(2,250,623)
<b>Total Other Financing Sources (Uses)</b>	<u>(4,818,489)</u>	<u>3,268,254</u>	<u>(595,467)</u>	<u>-</u>	<u>(104,921)</u>	<u>(2,250,623)</u>
<b>Net Change in Fund Balances</b>	(759,099)	-	-	(377,395)	(344,268)	(1,480,762)
<b>Fund Balances - Beginning of Year, as restated (Note 20)</b>	<u>15,353,098</u>	<u>-</u>	<u>-</u>	<u>5,324,539</u>	<u>9,735,116</u>	<u>30,412,753</u>
<b>Fund Balances - End of Year</b>	<u>\$ 14,593,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,947,144</u>	<u>\$ 9,390,848</u>	<u>\$ 28,931,991</u>

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

COUNTY OF SCHUYLKILL  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds \$ (1,480,762)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay for the current year exceeded depreciation expense in the current period. 730,455

Net income(loss) of the Internal Service Fund is reported in the governmental activities since it primarily benefits the County's governmental funds. 196,464

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.  
 Retirements of Long Term Debt 263,070

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances.

Compensated absences	(4,657)	
Bond Premium	1,260	
Bond Discount	194,339	
Deferred Loss	(2,439)	
Postemployment Liability	(3,130,173)	
Capital Lease	105,638	
Interest Payable	(113,468)	
		(2,949,500)

Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unearned real estate tax revenue from 12/31/12 to 12/31/13. (1,123,011)

Change in net position of governmental activities \$ (4,363,284)

COUNTY OF SCHUYLKILL  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2013

	Business Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	911 Fund	Rest Haven Fund	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 4,852,467	\$ 346,535	\$ 5,199,002	\$ 144,488
Accounts Receivable	65,204	1,458,755	1,523,959	-
Due From Other Funds	-	-	-	1,590,795
Restricted Cash and Cash Equivalents	-	129,448	129,448	-
Restricted Investments	-	-	-	991,710
<b>Total current assets</b>	<b>4,917,671</b>	<b>1,934,738</b>	<b>6,852,409</b>	<b>2,726,993</b>
Capital Assets, Not Being Depreciated	12,602,523	145,927	12,748,450	-
Capital Assets, Being Depreciated, (Net)	2,313,634	2,206,396	4,520,030	-
<b>Total noncurrent assets</b>	<b>14,916,157</b>	<b>2,352,323</b>	<b>17,268,480</b>	<b>-</b>
<b>Total assets</b>	<b>19,833,828</b>	<b>4,287,061</b>	<b>24,120,889</b>	<b>2,726,993</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts Payable	33,697	1,405,406	1,439,103	88,711
Accrued Liabilities	167,900	535,728	703,628	-
Accrued Interest Payable	7,677	-	7,677	-
Funds Held in Escrow	-	129,448	129,448	-
Due to Other Funds	6,856	1,500,195	1,507,051	-
Self Insurance Liability	-	-	-	1,409,826
Current Portion of Capital Lease	148,953	14,509	163,462	-
Current Portion of Long Term Debt	516,602	-	516,602	-
<b>Total current liabilities</b>	<b>881,685</b>	<b>3,585,286</b>	<b>4,466,971</b>	<b>1,498,537</b>
<b>Noncurrent liabilities:</b>				
Accrued Compensated Absences	223,700	423,380	647,080	-
Postemployment Liability	829,299	4,715,931	5,545,230	-
Noncurrent Portion of Capital Lease	571,332	176,136	747,468	-
Noncurrent Portion of Long Term Debt	14,606,596	-	14,606,596	-
<b>Total noncurrent liabilities</b>	<b>16,230,927</b>	<b>5,315,447</b>	<b>21,546,374</b>	<b>-</b>
<b>Total liabilities</b>	<b>17,112,612</b>	<b>8,900,733</b>	<b>26,013,345</b>	<b>1,498,537</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	(927,326)	2,161,678	1,234,352	-
Restricted for Self-Insurance	-	-	-	1,228,456
Unrestricted	3,648,542	(6,775,350)	(3,126,808)	-
<b>Total Net Position</b>	<b>\$ 2,721,216</b>	<b>\$ (4,613,672)</b>	<b>\$ (1,892,456)</b>	<b>\$ 1,228,456</b>

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

COUNTY OF SCHUYLKILL  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2013

	Business Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	911 Fund	Rest Haven Fund	Total	
Operating Revenues				
Charges for Services	\$ 693,099	\$ 9,454,865	\$ 10,147,964	\$ 816,208
Other Revenue	-	984,734	984,734	4,738
Total Operating Revenues	<u>693,099</u>	<u>10,439,599</u>	<u>11,132,698</u>	<u>820,946</u>
Operating Expenses				
Personnel Services	2,064,839	8,197,938	10,262,777	623,975
Contracted Services	538,905	3,789,916	4,328,821	-
Supplies and Materials	44,686	734,455	779,141	-
Utilities	485,218	285,176	770,394	-
Repairs and Maintenance	662,666	54,205	716,871	-
Depreciation	510,793	356,489	867,282	-
Total Operating Expenses	<u>4,307,107</u>	<u>13,418,179</u>	<u>17,725,286</u>	<u>623,975</u>
Operating Loss	<u>(3,614,008)</u>	<u>(2,978,580)</u>	<u>(6,592,588)</u>	<u>196,971</u>
Nonoperating Revenues (Expenses)				
Interest Income	4,133	896	5,029	-
Bad Debt Expense	-	-	-	-
Intergovernmental Revenues	2,175,502	-	2,175,502	-
Interest Expense	<u>(327,403)</u>	<u>-</u>	<u>(327,403)</u>	<u>(507)</u>
Total Nonoperating Revenues	<u>1,852,232</u>	<u>896</u>	<u>1,853,128</u>	<u>(507)</u>
Loss Before Transfers	<u>(1,761,776)</u>	<u>(2,977,684)</u>	<u>(4,739,460)</u>	<u>196,464</u>
Transfers In	<u>1,740,769</u>	<u>509,854</u>	<u>2,250,623</u>	<u>-</u>
Change in Net Position	<u>(21,007)</u>	<u>(2,467,830)</u>	<u>(2,488,837)</u>	<u>196,464</u>
Net Position - Beginning of Year	<u>2,742,223</u>	<u>(2,145,842)</u>	<u>596,381</u>	<u>1,031,992</u>
Net Position - End of Year	<u>\$ 2,721,216</u>	<u>\$ (4,613,672)</u>	<u>\$ (1,892,456)</u>	<u>\$ 1,228,456</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, 2013

	Business Type - Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	911 Fund	Rest Haven Fund	Total	
<b>Cash Flows From Operating Activities</b>				
Receipts from Patient Services	\$ -	\$ 9,459,180	\$ 9,459,180	\$ -
Receipts from Emergency Communications Services	717,538	-	717,538	-
Charges for Services	-	984,734	984,734	763,458
Payments to Employees	(1,828,777)	(7,074,596)	(8,903,373)	(626,757)
Payments to Suppliers	(1,761,892)	(4,187,708)	(5,949,600)	-
Internal Activity - payments to other funds	7,853,277	639,583	8,492,860	-
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>4,980,146</u>	<u>(178,807)</u>	<u>4,801,339</u>	<u>136,701</u>
<b>Cash Flows used in Noncapital Financing Activities</b>				
Transfer In	1,740,769	509,854	2,250,623	-
Grants	2,175,502	-	2,175,502	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>3,916,271</u>	<u>509,854</u>	<u>4,426,125</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
General Obligation Debt	(636,907)	-	(636,907)	-
Capital Lease Payments	(116,454)	(13,867)	(130,321)	-
Interest Payments	(327,403)	-	(327,403)	(507)
Capital Expenditures	(5,574,105)	(79,977)	(5,654,082)	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(6,654,869)</u>	<u>(93,844)</u>	<u>(6,748,713)</u>	<u>(507)</u>
<b>Cash Flows from Investing Activities</b>				
Investment Activity	-	-	-	(991,710)
Interest	4,133	896	5,029	-
<b>Net Cash Provided by Investing Activities</b>	<u>4,133</u>	<u>896</u>	<u>5,029</u>	<u>(991,710)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>2,245,681</u>	<u>238,099</u>	<u>2,483,780</u>	<u>(855,516)</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>2,606,786</u>	<u>237,884</u>	<u>2,844,670</u>	<u>1,000,004</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,852,467</u>	<u>\$ 475,983</u>	<u>\$ 5,328,450</u>	<u>\$ 144,488</u>
<b>Displayed as:</b>				
Cash and cash equivalents	\$ 4,852,467	\$ 346,535	\$ 5,199,002	\$ 144,488
Restricted cash	-	129,448	129,448	-
	<u>\$ 4,852,467</u>	<u>\$ 475,983</u>	<u>\$ 5,328,450</u>	<u>\$ 144,488</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating Loss	\$ (3,614,008)	\$ (2,978,580)	\$ (6,592,588)	\$ 196,971
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation	510,793	356,489	867,282	-
Change in assets and liabilities				
Account Receivable	24,439	4,315	28,754	(57,488)
Due from other funds	-	-	-	-
Accounts Payable	(30,417)	676,044	645,627	39,340
Accrued Liabilities	109,210	326,909	436,119	(42,122)
Funds Held in Escrow	-	(1,227)	(1,227)	-
Postemployment Liability	139,054	495,312	634,366	-
Accrued Compensated Absences	(12,202)	302,348	290,146	-
Due to Other Funds	7,853,277	639,583	8,492,860	-
<b>Net cash used in operating activities</b>	<u>\$ 4,980,146</u>	<u>\$ (178,807)</u>	<u>\$ 4,801,339</u>	<u>\$ 136,701</u>

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

COUNTY OF SCHUYLKILL  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
DECEMBER 31, 2013

	Employee Retirement Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 6,798,138	\$ 4,897,023	\$ 11,695,161
Investments	114,881,871	-	114,881,871
Receivables	111,282	-	111,282
	<u>                    </u>	<u>                    </u>	<u>                    </u>
 Total Assets	 <u>\$ 121,791,291</u>	 <u>\$ 4,897,023</u>	 <u>\$ 126,688,314</u>
 <b>Liabilities</b>			
Accounts Payable	\$ 98,947	-	\$ 98,947
Funds Held in Fiduciary Capacity	<u>-</u>	<u>\$ 4,897,023</u>	<u>4,897,023</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>98,947</u>	<u>\$ 4,897,023</u>	<u>4,995,970</u>
 <b>Net Position</b>			
Held In Trust for Pension Benefits	<u>\$ 121,692,344</u>	<u>\$ -</u>	<u>\$ 121,692,344</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Net Position	<u>\$ 121,791,291</u>	<u>\$ 4,897,023</u>	<u>\$ 126,688,314</u>

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

COUNTY OF SCHUYLKILL  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Employee Retirement Trust Fund
<u>Additions:</u>	
Contributions:	
Employer	\$ 3,391,169
Employee	<u>2,391,391</u>
Total Contributions	<u>5,782,560</u>
Investment Income:	
Appreciation in Fair Value of Investments	15,196,992
Interest	1,060,715
Dividends	<u>914,186</u>
Total Investment Income	17,171,893
Less: Investment Expense	<u>(431,764)</u>
Net Investment Gain	<u>16,740,129</u>
Total Additions	<u>22,522,689</u>
<u>Deductions</u>	
Employee Benefits Paid	7,476,708
Administrative Expenses	<u>8,578</u>
Total Deductions	<u>7,485,286</u>
Net Increase	15,037,403
Net Position - Beginning of Year	<u>106,654,941</u>
Net Position - End of Year	<u>\$ 121,692,344</u>

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

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

The County of Schuylkill (the "County") is a fourth Class County that was formed on March 1, 1811. The County operates under the direction of an elected Board of Commissioners and provides the following services: general administrative services, tax assessment and collections, judicial, culture and recreation, conservation and community development, public improvements, public safety, and human services. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) 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 financial statements is as follows:

A) Reporting Entity

The County follows the criteria promulgated by the Governmental Accounting Standards Board ("GASB") Statement No. 61, "*The Financial Reporting Entity: Omnibus- an Amendment of GASB statements No. 14 and No. 34*" for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the 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 the significance of their operational or financial relationships with the County.

Discretely Presented Component Unit

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Component Unit discussed below have been included in the financial reporting entity as a discretely presented Component Unit.

Schuylkill County Transit Authority ("SCTA"): SCTA was formed on April 1, 2011 by the County of Schuylkill under the laws of the Commonwealth of Pennsylvania, in compliance with the Pennsylvania Municipality Authorities Act, for the purpose of providing public transportation services within Schuylkill County. The year end for the Schuylkill County Transit Authority is June 30<sup>th</sup>.

SCTA is funded by a combination of passenger fares, state shared ride grants, other operating revenues, and federal, state, and local capital grants. The complete financial statements can be obtained by contacting the management of the Schuylkill County Transit Authority.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

A) Reporting Entity (Continued)

Blended Component Unit

Some component units, despite being legally separate for the primary government, are so intertwined with the primary government that they are, in substance, the same as the primary government and reported as part of the primary government.

The Schuylkill County Conservation District ("District"), as described below, has substantially the same governing body as the primary government, is a component unit that is reported in this way in the financial statements.

Schuylkill County Conservation District ("District"): The District was formed by the Schuylkill County Commissioners, and operates under the direction of an appointed Board of Directors for the purpose of promoting conservation and sustainable use of natural resources through education, public awareness and cooperation with local, state, and federal agencies. To meet its goals, the District has entered into agreements with various state agencies. The District receives funding from the Commonwealth of Pennsylvania, Department of Environmental Protection and the State Conservation Commission to fund its various programs. The District also receives an appropriation from Schuylkill County. The year end for the Schuylkill County Conservation District is December 31<sup>st</sup>. Complete financial statements can be obtained by contacting the management of the Schuylkill County Conservation District.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

B) Related Organizations

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for these organizations does not extend beyond making appointments. The County does not designate management nor does it have the ability to significantly influence the operations of these entities. In addition, the County has no responsibility for fiscal matters for these entities (i.e., not responsible for deficits or entitled to surpluses, no guarantees of debt, etc.). 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

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

C) Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., statement of net position, and the statement of activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is affected by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items, not included among program revenues, are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

E) Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

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, to be available if they are collected within 365 days of the end of the current fiscal period with the exception of property taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating grants, capital grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the 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 the period.

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

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

The County reports the following major governmental funds:

- The General Fund is the primary operating fund. It accounts for all financial resources of the general government, 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 services.
- The Children and Youth Fund is used to account for specific revenue sources related to the provisions of Children and Youth services that are restricted to expenditures for those specified purposes.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

E) Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

- The Other Agencies fund is used to account for specific revenue sources related to Human Services that are restricted for those specific purposes
- The Liquid Fuels fund is used to account for specific revenue sources related to Public Works that are restricted for those specific purposes.

The County's enterprise funds 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 position.

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

The County reports the following major proprietary funds:

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

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

E) Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

Additionally, the County reports the following fund types:

- Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost reimbursement basis. The Worker's Compensation Internal Service fund accounts for the cost of benefits provided throughout the County.
- The Agency Funds consist of restricted revenues of the various row offices of the County. The row office funds are in essence escrow funds maintained by the row offices for bails posted, funds held for sheriff's sales, realty transfer taxes held and owed to other governmental entities, and other funds reserved for disposition of legal action.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed for their intended purposes.

F) Assets, Liabilities, and Net Position or Fund Balances

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Receivables and Payables

• Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Investments

Investments for the County are reported at fair value. Investments that do not have an established market value are reported at estimated values.

4. Restricted Assets

Restricted Assets represent revenues set-aside for the liquidation of specific obligations, as detailed in Note 3.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

5. Deferred Inflows/Outflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one item that qualifies for reporting in this category. Under the modified accrual basis of accounting the government reports unavailable revenue from property taxes as a deferred inflow of resources.

6. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g. bridges), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets with initial, individual costs that equal or exceed \$5,000 and have estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation (See also Note 5).

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.

In order to preserve farmland and open space, the County purchases agricultural easements. An agricultural easement restricts the use of land from commercial development in perpetuity and encourages the continued agricultural use of land. An easement is thus considered an intangible asset of the County with an indefinite useful life and is recorded in the government-wide financial statements and accordingly not depreciated.

The County has an art collection that is not capitalized, because the collection meets the criteria for non-capitalization with GASB Statement No. 34. Specifically, the collection is held for reasons other than financial gain. The collection is protected, kept unencumbered, cared for and preserved, and is subject to an organizational policy requiring that the proceeds from sales of collection be used to acquire other items for collections.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

6. Capital Assets (Continued)

Major outlay of capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the County are depreciated using the straight line method over the following intended useful lives.

<u>Asset</u>	<u>Years</u>
Infrastructure	20-50
Buildings and Improvements	10-50
Land Improvements	10-15
Machinery and Equipment	8-20
Motor Vehicles	3-5
Computer Equipment	3-5
Leasehold Assets	10

7. Allowance for Doubtful Accounts

Accounts receivable have been reported net of allowance for doubtful accounts. The County recorded an allowance for Rest Haven accounts receivable and an allowance for uncollectible taxes of \$672,806 and \$335,422, respectively, as of December 31, 2013.

8. Compensated Absences

The County permits employees to accumulate a limited amount of earned, but unused vacation leave. These benefits are payable upon separation of services. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

9. 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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premiums or discounts.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

9. Long-Term Obligations (Continued)

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 debt service expenditures.

10. Unearned Revenues

Revenues that are received but not earned are recorded as unearned revenues in the County's financial statements. In the County's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized.

11. Interfund Transactions

Quasi and external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

12. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2013

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

12. Fund Balances (Continued)

- Restricted fund balance – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Members of the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- Assigned fund balance – This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Commissioners delegated this responsibility to the Financial Analyst.
- Unassigned fund balance – This classification represents amounts that are available for any purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

13. Net Position

The government-wide, proprietary fund and fiduciary fund financial statements utilize a net position presentation. Net Position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. 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 Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

F) Assets, Liabilities, and Net Position or Fund Balances (Continued)

14. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

15. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and other services rendered, including estimated retroactive adjustments due to future audits, reviews, and investigations by third party-payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments become known or as years are no longer subject to audits, reviews, and investigations.

G) Budgets and Budgetary Accounting

Legal Requirements

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 and certain Special Revenue Funds and is based on estimates of revenues and expenditures approved by the Commissioners. The County adopts the budget on the same basis of accounting as reported in the fund financial statements. The County of Schuylkill follows these procedures in establishing the budgetary data reflected in the financial statements:

County Budget Process

1. Prior to October 1<sup>st</sup>, the department heads submit to the County Commissioners proposed operating budgets for the fiscal year which commences on January 1<sup>st</sup>.
2. The Commissioners then interview all department heads to discuss their budgets as submitted and allow them to substantiate projected expenditures.
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 for the Commissioner's review.
4. Public meetings 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.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

G) Budgets and Budgetary Accounting (Continued)

6. 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, or as amended by the County Commissioners.

Level of Control

The County maintains budgeting control at the individual fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Authority

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue may arise. As a result, funds are 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 line item basis during the year and approved by the County Commissioners.

H) Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*". The adoption of this statement had no effect on previously reported amounts.

The County adopted the requirements of GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this statement resulted in a restatement of previously reported amounts (see Note 20).

The County adopted the requirements of GASB Statement No. 66, "*Technical Corrections – 2012- An Amendment of GASB Statements No. 10 and No. 62*". The adoption of this statement had no effect on previously reported amounts.

I) Pending Changes in Accounting Principles.

In June 2012, the GASB issued Statement No. 67, "*Financial Reporting for Pension Plans – an amendment to GASB Statement No. 25*". The County is required to adopt statement No. 67 for its calendar year 2014 financial statements.

In June 2012, the GASB issued Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*". The County is required to adopt statement No. 68 for its calendar year 2015 financial statements.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

I) Pending Changes in Accounting Principles. (Continued)

In January 2013, the GASB issued Statement No. 69, "*Government Combinations and Disposals of Government Operations*". The County is required to adopt statement No. 69 for its calendar year 2014 financial statements.

In April 2013, the GASB issued Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*". The County is required to adopt statement No. 70 for its calendar year 2014 financial statements.

In November 2013, the GASB issued Statement No. 71, "*Pension Transition for Contributions made Subsequent to the Measurement Date an amendment of GASB Statement No. 68*". The County is required to adopt statement No. 71 for its calendar year 2015 financial statements.

In February 2015, the GASB issued Statement No. 72, "*Fair Value Measurement and Application*". The County is required to adopt statement No. 72 for its calendar year 2016 financial statements.

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

Component Units - Summary of Significant Accounting Policies

Schuylkill County Transportation Authority ("the System")

Basis of Accounting

The books and records of the Schuylkill County Transportation Authority D/B/A Schuylkill Transportation System are maintained on the accrual basis for reporting purposes. The format of the statements is prescribed by the Commonwealth on the basis of accounting practices prescribed or permitted under the terms of a project agreement with the Pennsylvania Department of Transportation. The System is a separate legal entity as established under the Municipal Authorities Act.

Inventories

Inventories consist of replacement parts (\$111,374) and fuel (\$34,127) stated at lower of cost (first-in, first-out) or market value.

Prepaid Expenses

This includes prepaid insurance consists of insurance premiums and other costs paid during the current period of future periods. They are amortized over the policy or coverage period.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 2: DEPOSIT AND INVESTMENT RISK

As of December 31, 2013, the County had the following debt investments and maturities within its Retirement Fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$2,812,117	\$ -	\$1,102,109	\$1,312,683	\$ 397,325
U.S. Government Agencies	4,170,413	-	-	23,202	4,147,211
Corporate Bonds	8,051,682	179,736	4,677,035	2,521,500	673,411
Total	<u>\$15,034,212</u>	<u>\$179,736</u>	<u>\$5,779,144</u>	<u>\$3,857,385</u>	<u>\$5,217,947</u>

All corporate bonds are investment quality. Some are fixed and some are floating rates over a wide variety of maturity dates.

*Interest Rate Risk* – Interest rate is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 Workmen's Compensation 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. Investment financial institutions are approved by the Commissioners and are fully collateralized by securities with a fair value equal to or exceeding the cost of the investment. Investments must be made in accordance with the Commonwealth of Pennsylvania's Act 72 and the financial institution must be on the County Commissioner's approval list.

The County's Retirement Plan Investment Policy (Retirement Investment Policy) states that emphasis shall be placed on providing adequate and timely investment cash flow to permit benefit payments from Retirement Plan when due. Fixed income investment allocation is targeted to 32% of S&P 500; 8% Russell 2000, 10% MSCI, 30% Barclays Capital Aggregate, 5% Govt./Credit, 10% CPI, 5% T-Bills (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 Retirement Investment Policy limits fixed income securities to a minimum of "BBB" or better at the time of purchase. At no time should the securities' rates be 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.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2013, the County's retirement investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
U.S. Government Treasuries	Not Rated	100%
U.S. Government Agencies	Not Rated	100%
Corporate Bonds	AAA	10%
Corporate Bonds	AA+	1%
Corporate Bonds	AA	2%
Corporate Bonds	AA-	7%
Corporate Bonds	A+	12%
Corporate Bonds	A	19%
Corporate Bonds	A-	16%
Corporate Bonds	BBB+	21%
Corporate Bonds	BBB	9%
Corporate Bonds	BBB-	3%
Corporate Bonds	Not Rated	< 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 recover the value of its investment or collateral securities that are in the possession of an outside party.

As of December 31, 2013, the County's cash balances for its governmental activities, business-type activities and agency fund were \$46,141,222 and its bank balances were \$47,784,431. Of these bank balances, \$45,720,648 of the County's deposits were exposed to custodial credit risk, as they were collateralized with securities held by the pledging financial institution and uninsured. 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. The County does not have a written policy to limit its exposure to custodial credit risk.

*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 Bank, Federal National Mortgage Association and Government National Mortgage Association. These investments are <1%, 1% and <1%, respectively, of the Retirement Fund's total investments.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units - Summary of Significant Accounting Policies

Schuylkill County Transportation Authority ("the System")

Concentrations of Credit Risk

The System serves the transportation needs of residents of Schuylkill County. As the System revenues are generated substantially from federal, state, and local grants credit risk is minimal.

The System maintains its cash deposits in one bank in Pottsville, Pennsylvania. At the June 30, 2012, the System's deposits in excess of insured amounts were \$2,275,697. These funds are collateralized by a pledged pool of securities as permitted under PA Act 72.

NOTE 3: RESTRICTED ASSETS

Assets whose use is limited to a specific purpose has been classified as restricted in the governmental funds balance sheet and proprietary statement of net position. Restricted assets are composed of the following:

General Fund	
Funds held for various escrow liabilities	\$2,761,363
Other Governmental Funds	
Cash restricted for future capital projects and conservation district	5,530,897
	8,292,260
Subtotal Governmental Funds	8,292,260
Internal Service Fund	
Investments for claims incurred but not yet paid	991,710
Rest Haven Fund	
Cash held for patient accounts	129,448
Subtotal Proprietary Funds	1,121,158
Total Restricted Assets	\$9,413,418

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 3: RESTRICTED ASSETS (CONTINUED)

Component Unit-Restricted Assets

Schuylkill County Transportation Authority ("the System")

Cash Restricted

The reported balance sheet amount is restricted for use specified under Act 26 and Act 3 regulations. These funds, which are required to be maintained in a separate bank account, are utilized for capital purposes and for asset maintenance as approved by the grantor.

NOTE 4: REAL ESTATE TAXES

Real estate taxes attach as an enforceable lien on property on January 1. Taxes are billed on or about March 1, payable under the following terms: 2% discount, March 1 through April 30; face amount, May 1 through June 30, and 10% penalty after June 30. 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. Real estate taxes levied for 2013 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2013 and expected to be collected within the first sixty (60) days of 2014 are recognized as revenue in 2013. Net receivables estimated to be collectible subsequent to March 31 are reflected in deferred revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectibility.

The rate of taxation in 2013 was 11.42 mills for general purposes and .56 mills for debt purposes.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

<u>GOVERNMENTAL ACTIVITIES:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Re-classes</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 715,506	\$ 285,000	\$ -	\$ -	\$ 1,000,506
Construction-in-Progress	1,127,471	565,175	-	(859,269)	833,377
Agricultural Easements	2,114,641	-	-	-	2,114,641
Works of Art Collections	174,000	-	-	-	174,000
Total Capital Assets, Not Being Depreciated	<u>4,131,618</u>	<u>850,175</u>	<u>-</u>	<u>(859,269)</u>	<u>4,122,524</u>
Capital Assets, Being Depreciated:					
Land Improvements	2,812,055	19,090	(10,370)	-	2,820,775
Buildings and Improvements	22,497,351	542,363	(205,479)	-	22,834,235
Machinery and Equipment	7,006,513	275,002	(382,083)	95,554	6,994,986
Motor Vehicles	9,334,342	729,271	(857,160)	63,612	9,270,065
Computer Equipment	2,641,663	385,169	(449,551)	183,614	2,760,895
Agricultural Easements	-	-	-	-	-
Infrastructure	11,747,431	455,617	-	693,177	12,896,225
Leasehold Assets	1,774,582	22,797	-	(63,612)	1,733,767
Total Capital Assets Being Depreciated	<u>57,813,937</u>	<u>2,429,309</u>	<u>(1,904,643)</u>	<u>972,345</u>	<u>59,310,948</u>
Less Accumulated Depreciation For:					
Land Improvements	(1,006,280)	(135,817)	10,370	-	(1,131,727)
Buildings and Improvements	(15,295,687)	(470,459)	204,819	-	(15,561,327)
Machinery and Equipment	(5,823,279)	(344,411)	361,277	(19,151)	(5,825,564)
Motor Vehicles	(7,560,016)	(732,106)	828,615	(23,855)	(7,487,362)
Computer Equipment	(2,113,033)	(214,787)	425,530	(8,090)	(1,910,380)
Infrastructure	(3,740,553)	(532,708)	-	-	(4,273,261)
Leasehold Assets	(463,309)	(130,544)	-	23,855	(569,998)
Total Accumulated Depreciation	<u>(36,002,157)</u>	<u>(2,560,832)</u>	<u>1,830,611</u>	<u>(27,241)</u>	<u>(36,759,619)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,811,780</u>	<u>(131,523)</u>	<u>(74,032)</u>	<u>945,104</u>	<u>22,551,329</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,943,398</u>	<u>\$ 718,652</u>	<u>\$(74,032)</u>	<u>\$85,835</u>	<u>\$26,673,853</u>

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 5: CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Re-classes</u>	<u>Ending Balance</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Capital Assets, Not Being Depreciated:					
Land	\$ 145,927	\$ -	\$ -	\$ -	\$ 145,927
Construction in Progress	7,111,765	5,490,758	-	-	12,602,523
Total Capital Assets, Not Being Depreciated	<u>7,257,692</u>	<u>5,490,758</u>	<u>-</u>	<u>-</u>	<u>12,748,450</u>
Capital Assets, Being Depreciated:					
Land Improvements	228,335	-	-	-	228,335
Buildings and Improvements	8,836,782	97,033	-	-	8,933,815
Machinery and Equipment	4,648,915	37,237	-	-	4,686,152
Motor Vehicles	104,374	-	-	-	104,374
Computer Equipment	1,351,920	1,190	-	-	1,353,110
Leasehold Assets	2,496,393	27,864	-	-	2,524,257
Total Capital Assets Being Depreciated	<u>17,666,719</u>	<u>163,324</u>	<u>-</u>	<u>-</u>	<u>17,830,043</u>
Less Accumulated Depreciation For:					
Land Improvements	(151,985)	(9,586)	-	-	(161,571)
Buildings and Improvements	(6,384,688)	(287,117)	-	-	(6,671,805)
Machinery and Equipment	(3,583,843)	(279,786)	-	-	(3,863,629)
Motor Vehicles	(104,374)	-	-	-	(104,374)
Computer Equipment	(1,141,727)	(46,648)	-	-	(1,188,375)
Leasehold Assets	(1,076,114)	(244,145)	-	-	(1,320,259)
Total Accumulated Depreciation	<u>(12,442,731)</u>	<u>(867,282)</u>	<u>-</u>	<u>-</u>	<u>(13,310,013)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,223,988</u>	<u>(703,958)</u>	<u>-</u>	<u>-</u>	<u>4,520,030</u>
Business-Type Activities Capital Assets, Net	<u>\$12,481,680</u>	<u>4,786,800</u>	<u>-</u>	<u>\$ -</u>	<u>\$17,268,480</u>

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

<u>GOVERNMENTAL ACTIVITIES:</u>	
General Government-Admin.	\$ 348,283
General Government-Judicial	203,570
Public Safety	242,667
Public Works	1,239,524
Human Services	262,364
Culture/Recreation	184,461
Conservation and Development	79,963
Total Depreciation Expense – Governmental Activities	<u>\$2,560,832</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>	
Rest Haven	\$ 510,793
Emergency 911 System	356,489
Total Depreciation Expense – Business-Type Activities	<u>\$ 867,282</u>

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 6: EMPLOYEE RETIREMENT TRUST FUND

Plan Description

The Employees' Retirement Trust Fund Plan ("Plan") is a contributory defined benefit single employer retirement plan covering substantially all full-time employees of the County and part-time employees exceeding 1,000 hours per year. The Plan is included in the financial statements of the County as a pension trust fund. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries pursuant to Act 96 of 1971 of the General Assembly of the Commonwealth of Pennsylvania as amended (the Act). Benefit and contribution provisions of the plan are established and can be amended as provided by the Act. Cost of living adjustments are provided at the discretion of the County Retirement Board. The financial statements of the Retirement Trust Fund are prepared on the accrual basis of accounting. Plan member and employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Employees who have reached the normal retirement age of 60, or age 55 with 20 years of County service, are entitled to annual retirement benefits equal to the member's annuity based on the actuarial equivalent of the accumulated payroll deductions, and a County annuity equal to the product of: (a) the "Final Average Salary" (three highest years), (b) the employee's applicable class rate, and (c) the membership service in the applicable class. The Plan permits early retirement on a voluntary basis before age 55 with 20 years of service and, on an involuntary basis, after eight years of service. Employees become 100% vested after eight years of service.

Death and disability benefits are also provided for in the Plan. If an active employee dies at age 60 or older, or after ten years of County service, death benefits are paid to the employee's beneficiary. Active employees who become totally disabled receive an annual pension equal to 25% of the "Final Average Salary" after five years of County service.

At December 31, 2013, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and Beneficiaries Receiving Benefits	523
Terminated Employees Entitled to Benefits but not yet Receiving Them	49
Active Plan Participants	690
	<u>1,262</u>

Employees are required to contribute a portion of their salaries (8% of earnings in 2013) to the Plan, and employees may elect to contribute up to 18% 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 may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan may be financed through investment earnings.

The County does not issue a publicly available financial report for the Plan.

Investments

All investments of the pension trust fund are reported as fair value. Investments that do not have an established market value are reported at estimated fair value.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 6: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Funding Status and Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 90.1 percent funded. The actuarial accrued liability for benefits was \$123.8 million, and the actuarial value of assets was \$111.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$12.2 million. The actuarial value of assets as a percentage of the actuarial accrued liability was 90.1%. The covered payroll was \$28.1 million, and the ratio of the UAAL to the covered payroll was 43.4%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The annual required contribution was determined based on the most recent annual actuarial valuation dated December 31, 2013 which used the aggregate actuarial cost method. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information is intended to serve as a surrogate for the funded status and funding progress of the Plan. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually; (b) projected salary increases of 4.50% per year, and (c) an inflation rate of 3.0%. The value of assets used to determine costs is determined by using the assets at cost value adjusted by the past five-year average of the market to cost ratio of assets.

Actuarial Valuation Date	Annual Required Contribution (ARC)	Interest on Net Pension Obligation	ARC Adjustment	Pension Cost	County Contribution	% of Pension Cost Contributed	Change in Net Pension Obligation	Net Pension Obligation (Asset)
12/31/2011	\$ 3,180,461	\$ (1,845)	\$ 2,968	\$ 3,181,584	\$ 3,180,461	99.96%	\$ 1,123	\$ (23,477)
12/31/2012	3,227,289	(1,761)	2,861	3,228,389	3,227,289	99.97%	1,100	(22,377)
12/31/2013	3,391,169	(1,678)	2,747	3,392,238	3,391,169	99.97%	1,069	(21,308)

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 6: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Legally Required Reserves

At December 31, 2013, the County has a balance of \$30,253,577 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2013. Since those accumulations represent the present value as of December 31, 2013 of future benefits, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$16,980,697 in the County Annuity Reserve Account as of December 31, 2013. This balance and the amounts expected to be credited in the future, plus investment earnings thereon, represent the reserves set aside for the payment of the County's share of the retirement allowances.

When a County annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County annuity reserve account to the retired members' reserve account to provide for such County annuities actually entered upon. Thus, this reserve is always fully funded.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The balance in this account was \$56,005,886 as of December 31, 2013.

Component Unit-Employee Retirement Trust Fund

Schuylkill County Transportation Authority ("the System")

Pension Costs

Effective May 25, 2011 the System adopted the provisions of the STS Money Purchase Pension Plan and the STS 457 (b) Plan. The plan shall be effective beginning on July 3, 2011. For the STS Money Purchase Pension Plan the System's contribution is 5.00% of eligible wages. All employees will enter the STS Money Purchase Pension Plan on the January 1 or July 1 after they have attained age 21 and completed at least 1 year of service (1,000 Hours of Service during the 12 month period beginning on the employee's date of hire). All employees will enter the STS 457(b) Plan on the January 1 or July 1 after they have attained age 21 and completed 1 year of continuous service. All employees who participated in the The ReDCo Group 401(k) Retirement Savings Plan prior to April 1, 2011 will continue participating in both STS plans as of July 3, 2011.

Participants can contribute through salary deferrals on a pre-tax basis to the STS 457(b) Plan. The maximum salary deferrals are limited to the current limitations as defined under the Internal Revenue Code. The System expects to make a matching contribution to the 457(b) plan of \$.25 for \$1.00 on the first 4.00% of compensation deferred into the 457(b) Plan. 100.00% vesting in System contributions in both plans is accomplished after 6 years of service. Pension expense for the current year was \$74,629.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 7: OPERATING LEASES

The County leases office space under several operating lease agreements which have expiration dates ranging from 2013 to 2018. 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, 2013:

<u>Years</u>	<u>Courts</u>	<u>Agencies</u>	<u>Other Departments</u>	<u>Total</u>
2014	\$ 174,429	\$ 129,189	\$ 528,064	\$ 831,682
2015	175,388	131,682	543,119	850,189
2016	176,372	134,204	555,517	866,093
2017	177,380	136,757	568,644	882,781
2018	178,393	139,342	581,788	899,523
2019-2023	906,267	-	2,754,963	3,661,230
2024-2028	930,625	-	2,901,584	3,832,209
	<u>\$2,718,854</u>	<u>\$ 671,174</u>	<u>\$ 8,433,679</u>	<u>\$11,823,707</u>

Rent expense for 2013 was \$845,909.

Component Unit-LeasesSchuylkill County Transportation Authority (the "System")Leasing Arrangement

Effective June 1, 2011, the System entered into use agreement for its use of the Union Street Station (the Intermodal facility) with the City of Pottsville, Pennsylvania. The agreement is effective beginning on April 1, 2013 and is for a period of fifty (50) years. The annual use fee under this agreement is the sum of One Dollar (\$1.00) per year payable on or before the anniversary date of the lease. In addition to the annual use fee, the System shall pay its share of the expense of the common areas of the facility invoiced quarterly. The total common area expense for the current year was \$22,425.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 8: CAPITAL LEASE OBLIGATIONS

The County has entered into agreements to lease various vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of minimum lease payments as of the inception date.

The following is a schedule of future minimum lease payments under the capital lease agreements, together with the present value of the net minimum lease payments as of December 31, 2013:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	<u>Rest Haven Fund</u>	<u>911 EMA Fund</u>
2014	\$ 188,665	\$ 22,940	\$174,722
2015	184,951	22,940	174,723
2016	168,801	22,940	174,723
2017	154,542	22,940	174,723
2018	151,121	22,940	89,955
2019-2023	741,820	114,702	-
2024-2025	74,182	11,469	-
Total Minimum Lease Payments	1,664,082	240,871	788,846
Less: Amount Representing Interest	351,446	50,226	68,561
Total Present Value of Net Minimum Lease Payments	1,312,636	190,645	720,285
Less: Amounts Due within One Year	119,158	14,509	148,953
	<u>\$ 1,193,478</u>	<u>\$ 176,136</u>	<u>\$ 571,332</u>

The assets associated with the capital leases are shown as Leasehold Assets within the Capital Asset Note (See Note 5).

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2013

NOTE 9: RISK MANAGEMENT

The County is exposed to various risks of loss. For all risks, with the exception of workers' compensation claims, the county has purchased commercial insurance. During 2013, the County did not have any significant reductions in any insurance coverage and for the past three years, settlements have not exceeded the insurance coverage.

For workers' compensation, the County retains the risk of the first \$600,000 for each worker's compensation claim. For amounts of individual worker's compensation claims exceeding \$600,000 up to a limit of \$1,000,000, the County has transferred the risk of loss to commercial insurers. The County is liable for any individual claim amount exceeding \$1,000,000. During 2013, the County did not have any significant reductions in the insurance coverage and for the past two years, settlements have not exceeded the insurance coverages.

The claims liability at December 31, 2013 is actuarially determined through historical and case by case basis, and includes estimated of incremental costs. The following is the changes in aggregate worker's compensation liabilities for the years ending December 31, 2012 and December 31, 2013.

December 31, 2011 <u>Liability</u>	Current Year Claims and Changes in Estimates	<u>Claim Payments</u>	December 31, 2012 <u>Liability</u>
\$1,342,880	\$261,033	(\$151,965)	\$1,451,948
<hr/>			
December 31, 2012 <u>Liability</u>	Current Year Claims and Changes in Estimates	<u>Claim Payments</u>	December 31, 2013 <u>Liability</u>
\$1,342,880	\$690,921	(\$623,975)	\$1,409,826
<hr/>			

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 10: LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

	Balance at 1/1/13	Additions	Reductions	Balance at 12/31/13	Due Within One Year
<b>Governmental activities</b>					
General obligation debt	\$ 7,114,895	\$ -	\$ (263,070)	\$ 6,851,825	\$ 213,379
Unamortized bond premium	24,764	-	(1,260)	23,504	-
Bond Discount	(203,173)	-	8,834	(194,339)	-
Capital Lease Obligation	1,418,274	-	(105,638)	1,312,636	119,158
Compensated absences	3,556,400	4,657	-	3,561,057	-
Liability for self-insurance claims	1,451,948	-	(42,122)	1,409,826	-
Liability for other postemployment benefits	19,878,112	3,130,173	-	23,008,285	-
	<u>\$ 33,241,220</u>	<u>\$ 3,134,830</u>	<u>\$ (403,256)</u>	<u>\$ 35,972,794</u>	<u>\$ 332,537</u>
<b>Business-type activities</b>					
General obligation debt	\$ 15,760,105	\$ -	\$ (636,907)	\$ 15,123,198	\$ 516,602
Capital leases	1,041,251	-	(130,321)	910,930	163,462
Compensated absences	356,934	290,146	-	647,080	-
Liability for other postemployment benefits	4,910,864	634,366	-	5,545,230	-
	<u>\$ 22,069,154</u>	<u>\$ 924,512</u>	<u>\$ (767,228)</u>	<u>\$ 22,226,438</u>	<u>\$ 680,064</u>

Compensated absences, the liability for worker's compensation, self-insurance, and the liability for other postemployment benefits are liquidated by the general fund, children and youth fund, and other nonmajor funds.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

Pertinent information regarding general obligation debt outstanding is presented below :

General Obligation Bonds -Governmental Activities:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2013</u>
2008	\$17,255,000	General Obligation Bonds, Series of 2008 issued to refund all of the General Obligation Bonds, Series of 2002 and 2000 and all of the General Obligation Note, Series of 2006. Interest rates vary between 3.00% to 5.00%.	\$ 924,895
2012	\$21,175,000	General Obligation Notes, Series A & B of 2012 issued for the purpose of advance refunding the 2008 Bonds, fund building acquisition and improvements, purchase equipment for County's 911 center and fund acquisition of FCC licenses (\$6,190,000 – Governmental activities, \$14,985,000 – Business type). The bonds bear an interest rate ranging between .75% and 3.88% (final maturity occurs in 2036).	\$5,926,930
			\$6,851,825

Annual debt service requirements to maturity for general obligation debt is as follows:

	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Years Ended December 31:			
2014	\$ 213,379	\$ 207,971	\$ 421,350
2015	214,841	205,954	420,795
2016	344,872	203,415	548,287
2017	346,943	192,935	539,878
2018	316,945	182,173	499,668
2019-2023	1,154,626	800,703	1,955,329
2024-2028	1,635,270	572,595	2,207,865
2029-2033	1,709,955	315,381	2,025,336
2034-2038	915,444	54,308	969,751
	\$ 6,851,825	\$ 2,735,434	\$ 9,587,259

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 10: LONG-TERM OBLIGATIONS (Continued)

In 2008 the County issued \$10,375,000 in General Obligation Bonds, Series of 2008 to refund general obligation debt of the County. As a result of the refunding the County recognized a premium and a deferred loss. The balance of the premium and deferred loss at December 31, 2013 is \$45,489 and \$23,504, respectively.

In December 2012, the County issued General Obligation Bonds, Series A & B of 2012, in the amount of \$21,175,000 (\$6,190,000 for governmental activities and \$14,985,000 for business type activities). As a result of the refunding the County recognized a bond discount. The balance of the bond discount at December 31, 2013 is \$194,339.

General Obligation Bonds –Business-Type Activities:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2012</u>
2008	\$17,255,000	General Obligation Bonds, Series of 2008 issued to refund all of the General Obligation Bonds, Series of 2002 and 2000 and all of the General Obligation Note, Series of 2006. Interest rates vary between 3.00% to 5.00%.	\$ 775,105
2012	\$21,175,000	General Obligation Notes, Series A & B of 2012 issued for the purpose of advance refunding the 2008 Bonds, fund building acquisition and improvements, purchase equipment for County's 911 center and fund acquisition of FCC licenses (\$6,190,000 – Governmental activities, \$14,985,000 – Business type). The bonds bear an interest rate ranging between .75% and 3.88% (final maturity occurs in 2036).	\$14,348,093
			\$15,123,198

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

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

Annual debt service requirements to maturity for general obligation debt is as follows:

Years Ended December 31:	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2014	\$ 516,602	\$ 447,854	\$ 964,456
2015	520,160	442,971	963,131
2016	400,128	436,824	836,952
2017	418,058	426,671	844,729
2018	473,505	416,016	889,521
2019-2023	2,610,375	1,883,870	4,494,245
2024-2028	3,829,731	1,374,055	5,203,786
2029-2033	4,140,045	763,582	4,903,627
2034-2038	2,214,594	131,486	2,346,080
	<u>\$ 15,123,198</u>	<u>\$ 6,323,329</u>	<u>\$ 21,446,527</u>

## NOTE 11: GUARANTEED DEBT

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. The County has not been called on to make payments.

## NOTE 12: INTERFUND OPERATING TRANSFERS

Interfund transfers are as a result of the requirement for the General Fund to match a portion of the expenditures or expenses of other funds as follows:

	Net Transfers In	Net Transfers Out
General Fund	\$ -	\$4,818,489
Children and Youth	3,268,254	-
Other Agencies Fund	-	595,467
Other Governmental Funds	-	104,921
Total Governmental Fund Types	<u>3,268,254</u>	<u>5,518,877</u>
Enterprise Fund:		
Rest Haven	509,854	-
911 Emergency Telephone	1,740,769	-
Total Enterprise Fund	<u>2,250,623</u>	<u>-</u>
	<u>\$5,518,877</u>	<u>\$5,518,877</u>

Certain funds are required to fund a portion of all of the expenses of other funds to cover deficits in those funds. The County records operating transfers to account for these transactions.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances of each individual fund as of December 31, 2013, are as follows:

<u>Governmental Fund Types</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 4,296,552	\$ 950,168
Children and Youth Fund	4,498	1,700,249
Other Agencies Fund	-	648,218
Liquid Fuels Fund	3,414	-
Other Governmental Funds	351,010	1,440,583
Total Government Fund Types	<u>4,655,474</u>	<u>4,739,218</u>
 <u>Proprietary Fund Type</u>		
Enterprise Fund		
Rest Haven	-	1,500,195
Internal Service	1,590,795	-
911 Emergency Telephone	-	6,856
Total Proprietary Fund Type	<u>1,590,795</u>	<u>1,507,051</u>
Total	<u>\$6,246,269</u>	<u>\$6,246,269</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided, (2) reimbursable expenditures occur and (3) payments between funds are made.

## NOTE 14: COMMITMENTS AND CONTINGENCIES

- A) The County participates in a variety of federal and state assisted grant programs, which are subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.
- B) The County is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the County's financial position.
- C) The Schuylkill County Conservation District, a blended component unit of the County, has an ongoing fraud investigation being conducted pertaining to the misappropriation of District Assets by an employee. Annually, the County provides funding to the District. Since the investigation is ongoing the amount of the loss is not determinable and therefore not recorded in the financial statements. The County is seeking reimbursement from its insurance carrier.

## NOTE 15: COMPENSATED ABSENCES

Employees of the County are entitled to certain compensated absences, consisting of vacation and sick leave. Compensated absences are accrued according to the County's various union contracts. All full-time employees are eligible to accrue vacation, beginning the first day of employment. Vacation and sick time are accrued based on the number of nonovertime hours paid and years of service. At year-end, employees may carry over between a maximum of 10 to unlimited unused vacation days and a maximum of 15 to 100 unused sick days, depending on the applicable union contract. At year-end, any unused vacation or sick days in excess of the maximum is not accrued.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 15: COMPENSATED ABSENCES (CONTINUED)

Applicable GASB pronouncements require accrual of compensated absences that meets certain specific conditions. The County has determined that such conditions apply to compensated absences pay of Governmental Funds and the Proprietary Funds. To the extent compensated absence liabilities for governmental funds are liquidated with available resources they are accounted for as fund liabilities in the fund financial statements; the remainder of the obligation is accounted for in the government-wide financial statements. Proprietary funds account for the entire amount of these liabilities in both the government-wide and fund financial statements.

NOTE 16: FUND BALANCES/NET POSITION

The constraints on fund balance included in the governmental fund financial statements represent portions of fund balances that are nonspendable, restricted, committed, or assigned for various purposes and are not available for the payment of other subsequent expenditures. The following restricted and assigned fund balances are included in the governmental fund financial statements.

Governmental Funds

Assigned

General Fund	\$ <u>3,663,795</u>
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This line item represents amounts assigned to pass the 2014 budget.

Restricted

<u>Liquid Fuels Fund</u>	\$ <u>4,947,144</u>
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This line item represents amounts restricted for the Liquid Fuels Fund.

Nonmajor Funds

Restricted

<u>Debt Service Fund</u>	\$ <u>897,842</u>
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This line item represents amounts restricted for payment of debt service.

<u>Capital Reserve Fund</u>	\$ <u>2,482,583</u>
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This line item represents amounts restricted for future capital projects.

<u>Capital Projects Fund</u>	\$ <u>3,019,448</u>
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This line item represents amounts restricted for future capital projects.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 16: FUND BALANCES/NET POSITION (CONTINUED)

Nonmajor Funds (Continued)

Restricted (Continued)

<u>Aging Fund</u>	<u>\$ 85,686</u>
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This line item represents amounts that are restricted for the Aging Fund.

<u>Drug and Alcohol Fund</u>	<u>\$ 347,975</u>
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This line item represents amounts that are restricted for the Drug and Alcohol Fund.

<u>MH/MR Fund</u>	<u>\$ 393,648</u>
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This line item represents amounts that are restricted for the MH/MR Fund.

<u>H.S. Complex Fund</u>	<u>\$ 7,350</u>
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This line item represents amounts that are restricted for the H.S. Complex Fund.

<u>Agency Advisory Fund</u>	<u>\$ 11,354</u>
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This line item represents amounts that are restricted for the Agency Advisory Fund.

<u>Offender Supervision Fund</u>	<u>\$ 419,472</u>
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This line item represents amounts that are restricted for the Offender Supervision Fund.

<u>Conduit Fund</u>	<u>\$ 116,071</u>
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This line item represents amounts that are restricted for the Conduit Fund.

<u>Economic Opportunity Fund</u>	<u>\$ 18,694</u>
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This line item represents amounts that are restricted for the Economic Opportunity Fund.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 16: FUND BALANCES/NET POSITION (CONTINUED)

Nonmajor Funds (Continued)Restricted (Continued)

<u>Conservation District</u>	<u>\$ 338,477</u>
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This line item represents amounts that are restricted for the preservation of Schuylkill County's natural resources, land preservation, and debt service.

<u>Marcellus Shale Fund</u>	<u>\$ 612,476</u>
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This line item represents amounts that are restricted for the Marcellus Shale Fund.

<u>Demolition Fund</u>	<u>\$ 52,769</u>
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This line item represents amounts that are restricted for the Demolition Fund.

<u>Affordable Housing Fund</u>	<u>\$ 349,873</u>
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This line item represents amounts that are restricted for the Affordable Housing Fund.

<u>Transportation Fund</u>	<u>\$ (112,003)</u>
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This line item represents amounts that are restricted for the Transportation Fund.

<u>Library Fund</u>	<u>\$ 279</u>
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This line item represents amounts that are restricted for the Library Fund.

<u>DUI Fund</u>	<u>\$ 124,471</u>
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This line item represents amounts that are restricted for the DUI Fund.

<u>Other Special Fund</u>	<u>\$ 224,383</u>
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This line item represents amounts that are restricted for the Other Special Fund.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 16: FUND BALANCES/NET POSITION (CONTINUED)

Net Position

The restrictions on net position included in the government-wide statements represent portions of net position that are restricted for various purposes and are not available for the payment of other subsequent expenditures. The following restricted net positions are included in the fund-financial statements and the government-wide financial statements.

Governmental Activities

All applicable restricted governmental fund balance amounts disclosed above are also recorded as restricted net position in the Governmental Activities Statement of Net Position.

Proprietary Funds

<u>Internal Service Fund</u>	<u>\$1,228,456</u>
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This line item represents amounts restricted for workers' compensation claims.

Fiduciary Funds

<u>Pension Trust Fund</u>	<u>\$121,692,344</u>
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This line item represents amounts that are held in trust for future payments of members' benefits.

Component Unit – Restricted Net PositionSchuylkill County Transportation Authority (“the System”)Fund Balance-Restricted

The Shared Ride Program System has \$16,411 in fund balance restricted for future contingencies.

## NOTE 17: LEGAL COMPLIANCE

For the year ended December 31, 2013, the following fund had a deficit net position balance:

Enterprise Fund:

Rest Haven Fund	<u>\$(4,613,672)</u>
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The above deficit resulted from additional expenses exceeding revenues that will be paid through contributions by the General Fund.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 18: 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 unions that represent them. Groups of retirees that are eligible for OPEB were affiliated with the following: AFSCME Local 1512, AFSCME Local 1721, ALF-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.

Eligibility requirements for each union contract are as follows:

<u>Union Contract</u>	<u>Eligibility Requirements</u>
Non-Union/Management	<ul style="list-style-type: none"> <li>• Employees hired on or after November 24, 2004 will not be eligible for County-paid health insurance upon and during retirement</li> <li>• Employees hired prior to November 24, 2004, but on or after January 1, 1988 are eligible for their current coverage or comparable health insurance coverage upon retirement. Benefit does not include dependents and applies to full time employees in an active employment status at age 60 or above who have at least 12 years of service or age 55 with 20 years of service. Elected officials within the time frame are eligible for benefits after eight years of service</li> <li>• Employees hired prior to January 1, 1988 and retirees meeting this criterion are eligible for their current coverage or comparable health insurance coverage. Benefits apply to employees who are full time, in active status with at least 8 years of continuous service, and includes spouse and eligible dependents</li> </ul>
AFSCME Local 1512	<ul style="list-style-type: none"> <li>• Employees hired on or after July 1, 2005 will not be eligible for County-paid health insurance upon and during retirement</li> <li>• Employees, and dependents, who retired prior to January 1, 1986</li> <li>• Employees, and their dependents, who were employed prior to January 1, 1986, have at least 8 years of service and retires pursuant to the County Pension Plan</li> <li>• Employees employed between January 1, 1986 and July 1, 2005, have 20 years of service with the Pension Plan, are between the age of 60 and 65</li> </ul>

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2013

NOTE 18: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

AFL-CIO Local 1512	<ul style="list-style-type: none"> <li>• Employees hired on or after July 1, 2005 will not be eligible for County-paid health insurance upon and during retirement</li> <li>• Employees, and dependents, who retired prior to January 1, 1986</li> <li>• Employees, and dependents, who were employed prior to January 1, 1986, have at least 8 years of service and retires pursuant to the County Pension Plan</li> <li>• Employees employed between January 1, 1986 and July 1, 2005, have 20 years of service with the Pension Plan, are between the age of 60 and 65</li> </ul>
Teamsters Local Union 429	<ul style="list-style-type: none"> <li>• Employees, and spouses, employed on or before December 31, 2007 and retires pursuant to the County Pension plan</li> <li>• Employees hired after December 31, 2007 shall not be entitled to any health care coverage at the expense of the Employer</li> </ul>
Court Related Union Unit 2	<ul style="list-style-type: none"> <li>• Employees hired on or after February 1, 2007 will not be eligible for County-paid health insurance upon and during retirement</li> <li>• Employees, and dependents, retired prior to January 1, 1988</li> <li>• Employees, and dependents, employed prior to January 1, 1988, have at least 8 years of service and retired in accordance with the County Pension Plan</li> <li>• Employees employed on January 1, 1988, or after, have at least 12 years of service, and retires from active employment between the ages of 60 and 65</li> <li>• As of January 1, 1994, bargaining unit members who were dismissed for just cause and employees hired after February 1, 2007 are ineligible</li> </ul>

COUNTY OF SCHUYLKILL  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2013

NOTE 18: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

AFSCME Local 1721	<ul style="list-style-type: none"> <li>• Employees hired on or after April 1, 2006 will not be eligible for County-paid health insurance upon and during retirement</li> <li>• Employees, and dependents, retired prior to January 1, 1990, have at least 8 years of service</li> <li>• Employees employed on January 1, 1990 or thereafter, have 12 years of service, and are between the ages of 60-65</li> </ul>
Court Related Union Unit 1	<ul style="list-style-type: none"> <li>• Employees hired on or after September 29, 2006 will not be eligible for County-paid health insurance upon and during retirement</li> <li>• Employees, and dependents, retired prior to January 1, 1988, and have at least 8 years of service</li> <li>• Employees employed on January 1, 1988, or thereafter, have 12 years of service, and retire between the ages of 60 and 65</li> <li>• Employees dismissed for just cause will be ineligible as of January 1, 1994</li> </ul>
AFL-CIO Local 668	<ul style="list-style-type: none"> <li>• Employees hired on or after January 1, 2005 will not be eligible for County-paid health insurance upon and during retirement</li> <li>• Employees, and dependents, retired prior to January 1, 1988, have at least 8 years of service</li> <li>• Employees employed on or after January 1, 1988, have 12 years of continuous service, and retire between the ages of 60 and 65</li> <li>• Employees as of January 1, 2000, or thereafter, and have 20 years of service</li> </ul>

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 18: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

*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 2013, the County contributed \$3,667,376 to the plan.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Plan:

	Governmental Activities	Proprietary 911	Proprietary Rest Haven	Total
Annual required contribution (ARC)	\$ 6,078,784	\$ 192,140	\$ 2,008,554	\$ 8,279,478
Interest on Net OPEB obligation	795,124	27,610	168,825	991,559
ARC Adjustment	<u>(1,243,708)</u>	<u>(43,186)</u>	<u>(264,069)</u>	<u>(1,550,959)</u>
Annual OPEB Cost (Expense)	5,630,200	176,564	1,913,310	7,720,078
Contributions made	<u>(2,500,027)</u>	<u>(37,510)</u>	<u>(1,417,998)</u>	<u>(3,955,535)</u>
Increase in net OPEB obligation	3,130,173	139,054	495,312	3,764,543
Net OPEB obligation – beginning of year	<u>19,878,112</u>	<u>690,245</u>	<u>4,220,619</u>	<u>24,788,976</u>
Net OPEB obligation – end of year	<u>\$ 23,008,285</u>	<u>\$ 829,299</u>	<u>\$ 4,715,931</u>	<u>\$28,553,515</u>

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 18: 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 2013, 2012, and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 7,720,078	51.24%	\$ 28,553,515
12/31/2012	\$ 8,334,064	45.03%	\$ 24,788,972
12/31/2011	\$ 8,499,029	41.17%	\$ 20,208,056

*Funded Status and Funding Progress.* As of January 1, 2013 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$110,156,842 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$110,156,842. The covered payroll (annual payroll of active employees covered by the plan) was \$16,707,134, and the ratio of the UAAL to the covered payroll was 659.34%.

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 future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0% 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 7% initially, reduced by decrements to an ultimate rate of 5% after 2 years. Active plan members' salaries were not assumed in the valuation. The UAAL is being amortized using the level dollar method on a closed basis. The remaining amortization period at December 31, 2013 was 30 years.

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

## NOTE 19: SUBSEQUENT EVENT

In February 2015, the County accepted a proposal from Nationwide Healthcare Services LLC for the purpose of selling the County owned nursing facility - Rest Haven to a private owner. Some of the details are still in the process of being negotiated. The approximate purchase price is \$12,250,000. The sale of the nursing home is expected to save money as an annual subsidy will no longer be required from the General Fund beginning with fiscal year 2016.

Component Unit-Subsequent EventSchuylkill County Transportation AuthorityLoan Receivable Carl R. Bieber, Inc.

In September and October 2012, at the request of and with the authorization of the Pennsylvania Department of Transportation, the Authority loaned Carl R. Bieber, Inc., an intercity bus operator serving communities in Pennsylvania, \$400,000 from State Fund Reserves to pay employees and vendors due to a delay in the execution of the intercity bus operating agreement and consequently a delay in state payments. The Department ensured that the Schuylkill County Transportation Authority will be reimbursed in full for the amounts loaned. Terms require the Company to make two payments per week in the amount of \$10,000 each to the Authority beginning in November 2012. This loan receivable was repaid in full during the current year.

## NOTE 20: RESTATEMENT OF NET POSITION/FUND BALANCE

	Governmental <u>Activities</u>	Other Governmental <u>Funds</u>	Capital Projects <u>Fund</u>	Liquid Fuels <u>Fund</u>
Fund Balance/Net Position January 1, 2013	\$ 30,425,446	\$ 11,687,775	\$ 3,275,851	\$ -
Overstatement of Liabilities and Expenses/Expenditures	96,029	96,029	-	-
Reclassification of funds	-	(2,048,688)	(3,275,851)	5,324,539
To remove bond issuance costs due to the adoption of GASB 65	<u>(529,206)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restated Fund Balance/Net Position January 1, 2013	<u>\$ 29,992,269</u>	<u>\$ 9,735,116</u>	<u>\$ -</u>	<u>\$ 5,324,539</u>

COUNTY OF SCHUYLKILL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 20: RESTATEMENT OF NET POSITION/FUND BALANCE (CONTINUED)

Component Unit – Restatement of Net Position

Schuylkill County Transportation Authority (“the System”)

Prior Period Adjustment

Current year audit guidance provided by the PA Department of Transportation requires that funding received in excess of expenditures be reflected in the financial statements as unearned revenue. In prior years this excess revenue was listed as restricted equity. During the current year the Authority reclassified the beginning restricted equity to unearned revenue. The effect of this adjustment was a decrease to beginning equity and increase beginning unearned revenue in the amount of \$1,124,977.

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

COUNTY OF SCHUYLKILL  
EMPLOYEE RETIREMENT PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**Schedule of Employer Contributions**

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2013	\$ 3,391,169	100%
2012	\$ 3,227,289	98%
2011	\$ 3,180,461	100%
2010	\$ 3,148,444	100%
2009	\$ 2,217,034	100%
2008	\$ 733,243	100%

Note: The aggregate actuarial cost method is used to determine the annual required contribution (ARC) for the plan. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the plan.

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2013
Actuarial cost method	Aggregate
Asset valuation method	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at:	3.00%

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Asset (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
12/31/2013	\$ 111,581,965	\$ 123,805,736	\$ 12,223,771	90.1%	\$ 28,179,028	43.4%
12/31/2012	\$ 100,785,118	\$ 119,612,051	\$ 18,826,933	84.3%	\$ 27,796,464	67.7%
12/31/2011	\$ 97,595,446	\$ 115,921,028	\$ 18,325,582	84.2%	\$ 27,725,849	66.1%
12/31/2010	\$ 92,959,297	\$ 111,277,577	\$ 18,318,280	83.5%	\$ 27,323,547	67.0%
12/31/2009	\$ 88,175,275	\$ 106,027,742	\$ 17,852,467	83.2%	\$ 27,521,360	64.9%
12/31/2008	\$ 90,642,099	\$ 101,240,012	\$ 10,597,913	89.5%	\$ 26,268,179	40.3%

COUNTY OF SCHUYLKILL  
 SCHEDULE OF FUNDING PROGRESS FOR  
 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

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)
12/31/2013	\$ -	\$ 110,156,842	\$ 110,156,842	0%	\$ 16,707,134	659.34%
12/31/2012	\$ -	\$ 115,816,224	\$ 115,816,224	0%	\$ 17,888,720	647.43%
12/31/2011	\$ -	\$ 114,226,534	\$ 114,226,534	0%	\$ 18,557,400	615.53%
12/31/2010	\$ -	\$ 112,292,823	\$ 112,292,823	0%	\$ 20,005,381	561.31%

COUNTY OF SCHUYLKILL  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ 28,293,520	\$ 28,295,520	\$ 28,179,670	(115,850)
Per Capita	380,272	380,272	389,001	8,729
Hotel	220,000	220,000	226,735	6,735
Intergovernmental	2,715,345	2,716,253	2,442,521	(273,732)
Charges for Services	7,777,810	7,784,129	7,013,470	(770,659)
Interest and Rents	89,000	89,000	84,075	(4,925)
Reimbursed Expenditures	3,788,009	3,788,009	-	(3,788,009)
Miscellaneous Revenues	1,887,650	1,887,650	1,322,945	(564,705)
Total Revenues	45,151,606	45,160,833	39,658,417	(5,502,416)
<b>Expenditures</b>				
Administration	285,690	370,544	367,868	2,676
Central Services	427,458	377,250	238,627	138,623
Commissioner'S Office	274,913	275,138	260,419	14,719
Controller'S Office	362,237	362,237	339,074	23,163
County Contributions	508,015	8,015	8,015	-
Engineering/Real Estate	14,800	14,800	59	14,741
Insurances	958,332	916,232	773,969	142,263
Maintenance	932,882	991,095	933,137	57,958
Mis/Data Processing	616,755	604,940	510,882	94,058
Personnel	350,513	293,888	286,444	7,444
Planning & Zoning	318,039	298,039	214,001	84,038
Public Defender	1,600	1,600	1,331	269
Recorder Of Deeds	442,350	440,050	363,463	76,587
Records Management	195,354	195,354	182,535	12,819
Solicitor	221,253	234,987	187,691	47,296
System	30,000	30,000	268,629	(238,629)
Tax Assessment	541,653	541,653	516,776	24,877
Tax Claim	480,464	480,464	467,409	13,055
Tax Refunds	60,883	92,883	87,507	5,376
Treasurer'S Office	757,708	757,708	735,563	22,145
Veterans Affairs	163,757	159,757	135,100	24,657
Voter Registration/Election	623,745	575,045	487,981	87,064
Reimbursed Expenditures	-	-	(5,774,314)	5,774,314
Fringe Benefits	2,478,812	2,707,231	2,710,591	(3,360)
Total General	11,047,213	10,728,910	4,302,757	6,426,153
Adult Probation	1,821,859	1,867,293	1,838,457	28,836
Clerk Of Courts	526,660	526,660	468,323	58,337
Constables	15,000	15,000	13,583	1,417
Coroner	382,716	490,716	368,182	122,534
Courts	1,786,885	1,818,912	1,708,884	110,028
District Attorney	1,340,231	1,336,282	1,240,943	95,339
District Justices	1,198,446	1,198,446	1,198,165	281
Jury Commissioners	27,422	27,422	27,276	146
Juvenile Probation	1,044,420	1,044,420	1,007,140	37,280
Law Library	294,380	294,380	292,091	2,289
Prothonotary	374,133	374,133	352,210	21,923
Public Defender	712,207	702,207	661,300	40,907
Register Of Wills	284,550	284,550	261,877	22,673
Sheriff	1,042,066	1,048,385	996,546	51,839
Fringe Benefits	5,733,455	6,261,786	6,269,551	(7,765)
Total Judicial	16,584,430	17,290,592	16,704,528	586,064

COUNTY OF SCHUYLKILL  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued)				
County Contributions	\$ 44,119	\$ 44,119	\$ 44,119	\$ -
County Prison	4,896,686	4,825,368	4,668,417	156,951
Emergency Management	337,953	337,953	268,193	69,760
Maint-Adults In Non-Co Inst	12,000	13,000	12,722	278
Fringe Benefits	1,995,072	2,178,915	2,181,622	(2,707)
Total Public Safety	7,285,830	7,399,355	7,175,073	224,282
County Contributions	9,057	9,057	8,151	906
Engineering	295,130	295,130	226,133	68,997
Recycling Program	-	133,564	86,509	47,055
Fringe Benefits	168,736	184,285	184,514	(229)
Total Public Works	472,923	622,036	505,307	116,729
County Contributions	58,373	9,282	9,282	-
Human Services	232,559	232,559	230,154	2,405
Fringe Benefits	3,538,475	3,864,541	3,869,339	(4,798)
Total Human Services	3,829,407	4,106,382	4,108,775	(2,393)
County Contributions	319,013	334,713	332,650	2,063
Total Culture/Recreation	319,013	334,713	332,650	2,063
Agricultural Extension	290,810	289,928	262,225	27,703
Coal Lands	41,848	41,848	36,717	5,131
County Contributions	722,147	724,647	313,047	411,600
Economic Development	106,229	106,229	61,668	44,561
Parks & Recreation	143,386	150,044	144,233	5,811
Recycling Program	360,218	226,654	166,205	60,449
Soil Conservation	424,794	428,544	416,164	12,380
Solid Waste Management	174,617	174,617	89,148	85,469
Fringe Benefits	452,950	494,689	495,302	(613)
Total Conservation/Development	2,716,999	2,637,200	1,984,709	652,491
Capital Outlay - Government Type	743,620	534,925	485,228	49,697
Total Expenditures	42,999,435	43,654,113	35,599,027	8,055,086
Excess of Revenues under Expenditures	2,152,171	1,506,720	4,059,390	(2,552,670)
Operating Transfers In:				
Liquid Fuels	24,500	24,500	-	(24,500)
Other Agency Fund	116,352	116,352	601,865	485,513
Mental Health/Developmental Services	-	-	257,786	257,786
Domestic Relations	-	-	808,315	808,315
Offender Supervision	128,234	391,786	541,786	150,000
SCBG Program Fund	55,000	55,000	47,416	(7,584)
Conduit Fund	160,000	160,000	-	(160,000)
Total Operating Transfers In	484,086	747,638	2,257,168	1,509,530
Operating Transfers Out				
Human Service Complex	(29,399)	-	-	-
Other Agency Fund	(40,000)	-	-	-
Drug an Alcohol	(25,229)	(25,229)	(25,229)	-
Mental Health/Developmental Services	(262,646)	(262,646)	(435,884)	173,238
Children and Youth	(2,213,663)	(2,213,663)	(3,631,371)	1,417,708
Domestic Relations	(728,473)	(728,473)	(845,755)	117,282
Capital Resources	(179,249)	(188,869)	(188,869)	-
Rest Haven	-	(500,000)	(500,000)	-
911	(1,215,235)	(1,215,235)	(1,215,235)	-
Conduit Funds	(8,754)	(8,754)	-	(8,754)
Transportation System	(233,314)	(233,314)	(233,314)	-
Total Operating Transfers Out	(4,935,962)	(5,376,183)	(7,075,657)	1,699,474
Total Other Financing Sources/(Uses)	(4,451,876)	(4,628,545)	(4,818,489)	189,944
Net Change in Fund Balance	\$ (2,299,705)	\$ (3,121,825)	\$ (759,099)	\$ (2,362,726)

COUNTY OF SCHUYLKILL  
CHILDREN AND YOUTH FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 13,683,499	\$ 13,683,499	\$ 13,813,155	\$ 129,656
Charges for Service	636,742	636,742	558,041	(78,701)
Interest and Rents	1,250	1,250	644	(606)
	<hr/>			
Total Revenues	14,321,491	14,321,491	14,371,840	50,349
<hr/>				
<b>Expenditures</b>				
Current:				
Human Services	16,500,519	17,689,519	17,614,551	74,968
Capital Outlay	34,635	25,635	25,543	92
	<hr/>			
Total Expenditures	16,535,154	17,715,154	17,640,094	75,060
<hr/>				
Excess of Revenues Under Expenditures	(2,213,663)	(3,393,663)	(3,268,254)	125,409
<hr/>				
<b>Other Financing Sources :</b>				
Operating Transfers In	2,213,663	2,213,663	-	(2,213,663)
	<hr/>			
Total Other Financing Sources	2,213,663	2,213,663	-	(2,213,663)
<hr/>				
Net Change in Fund Balances	\$ -	\$ (1,180,000)	\$ (3,268,254)	\$ (2,088,254)

COUNTY OF SCHUYLKILL  
OTHER AGENCIES FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 2,957,218	\$ 2,957,218	\$ 2,856,541	\$ (100,677)
Charges for Service	-	-	9,342	9,342
Interest and Rents	3,729	3,729	4,303	574
Miscellaneous Revenue	24,250	66,221	27,066	(39,155)
Total Revenues	2,985,197	3,027,168	2,897,252	(129,916)
<b>Expenditures</b>				
Current:				
Human Services	2,970,143	3,030,063	2,301,785	728,278
Total Expenditures	2,970,143	3,030,063	2,301,785	728,278
Excess of Revenues Under Expenditures	15,054	(2,895)	595,467	598,362
<b>Other Financing Uses :</b>				
Operating Transfers Out	(54,960)	(108,152)	(595,467)	(487,315)
Total Other Financing Sources	(54,960)	(108,152)	(595,467)	(487,315)
Net Change in Fund Balances	\$ (39,906)	\$ (111,047)	\$ -	\$ 111,047

COUNTY OF SCHUYLKILL  
LIQUID FUELS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 685,000	\$ 685,000	\$ 688,264	\$ 3,264
Interest and Rents	-	-	18,632	18,632
Miscellaneous Revenue	18,000	18,000	18,998	998
	<hr/>			
Total Revenues	703,000	703,000	725,894	22,894
<hr/>				
<b>Expenditures</b>				
Current:				
Public Works	2,160,278	2,284,278	310,386	1,973,892
Capital Outlay	-	-	792,903	(792,903)
	<hr/>			
Total Expenditures	2,160,278	2,284,278	1,103,289	1,180,989
	<hr/>			
Excess of Revenues Under Expenditures	(1,457,278)	(1,581,278)	(377,395)	1,203,883
	<hr/>			
Other Financing Uses :				
Operating Transfers Out	-	-	-	-
	<hr/>			
Total Other Financing Sources	-	-	-	-
	<hr/>			
Net Change in Fund Balances	\$ (1,457,278)	\$ (1,581,278)	\$ (377,395)	\$ 1,203,883
	<hr/> <hr/>			

**OTHER  
SUPPLEMENTAL  
INFORMATION**

COUNTY OF SCHUYLKILL  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Debt Service Fund</u>
Revenues	
Taxes	\$ 1,395,347
Other Revenue	<u>5,172</u>
Total Revenues	<u>1,400,519</u>
Expenditures	
Current:	
General Government - Administrative	31,337
Debt Service	
Principal	263,093
Interest	<u>158,220</u>
Total Expenditures	<u>452,650</u>
Excess of Revenues Over Expenditures	<u>947,869</u>
Other Financing Uses:	
Operating Transfers	<u>(964,310)</u>
Total Other Financing Uses	<u>(964,310)</u>
Net Change in Fund Balances	(16,441)
Fund Balances - Beginning of Year	<u>914,283</u>
Fund Balances - End of Year	<u>\$ 897,842</u>