

**COUNTY OF SCHUYLKILL
POTTSVILLE, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

COUNTY OF SCHUYLKILL
YEAR ENDED DECEMBER 31, 2015

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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, 2015, 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.

Auditors' 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 Transportation 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 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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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the COUNTY OF SCHUYLKILL, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoptions of New GASBs

As discussed in Note 1 to the financial statements, in 2015, the County adopted the provisions of Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*". Our opinions are 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 funding progress for postemployment benefits other than pensions, schedule of changes in the net pension liability and related ratios, schedule of employer contributions - last 10 years, schedule of investment returns, and budgetary comparison schedules on pages 4 through 15 and pages 70 through 79 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 81 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

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County Commissioners
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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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016 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

ZELENKOFESKE AXELROD LLC

Harrisburg, Pennsylvania
September 29, 2016

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, 2015. 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, 2015.

FINANCIAL HIGHLIGHTS

- For Fiscal year 2015, the County's total real estate millage rate remained the same at 13.98 mills. The levy for general purposes was 13.83 mills and the levy for debt purposes was .15 mills.
- The County sold the Rest Haven Nursing Home to Investment 360 for a gross contract price of \$11,000,000.
- The County had \$20,510,000 of General Obligation Debt outstanding at the end of the year. This was a decrease of \$735,000 or 3.46% from the previous year.
- The General Fund Unassigned Fund Balance was \$8,670,893 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 position 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 had 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 thru 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 page 19 of this report.

Schuylkill County maintains the following four major governmental funds: the General Fund, Children and Youth Fund, Other Agencies Fund and the Mental Health/Developmental Services 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 thru 21 of this report.

Proprietary Funds of the County consisted 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 had 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 thru 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 thru 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 thru 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, 2015 and December 31, 2014 are presented below:

County’s Net Position as of December 31, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Other Assets	\$60,901,012	\$46,250,210	-	\$4,113,377
Capital Assets, Non-Depreciable	15,509,282	5,132,348	-	14,678,796
Capital Assets, Depreciable	35,730,599	21,840,468	-	8,809,658
Total Assets	<u>112,140,893</u>	<u>73,223,026</u>	\$ -	<u>27,601,831</u>
Deferred Outflows of Resources	<u>11,628,630</u>	<u>42,196</u>		
Other Liabilities	19,942,054	9,602,202	-	2,346,527
Long-term Liabilities	78,114,031	36,669,995	-	26,133,901
Total Liabilities	<u>98,056,085</u>	<u>46,272,197</u>	\$ -	<u>28,480,428</u>
Net Position:				
Net Investment in Capital Assets	23,834,929	23,031,560	-	3,284,633
Restricted	17,961,206	13,670,243	-	-
Unrestricted	(\$16,082,697)	(\$9,708,778)	-	(\$4,163,230)
Total Net Position	<u>\$25,713,438</u>	<u>\$26,993,025</u>	\$ -	<u>(\$878,597)</u>

Net position of the County’s governmental activities was \$25,713,438. Of this amount, \$23,834,929 represents the net investment in capital assets, while \$17,961,206 was restricted for various purposes. The unrestricted net position balance as of the end of the year was (\$16,082,697).

Net position of the County’s business-type activities was \$0. The operation of the 911 Enterprise Fund was reclassified to governmental activities and governmental fund level statements to comply with Governmental GAAP and the Rest Haven Nursing Home was sold in 2015.

The following table presents the County's changes in net position for the fiscal year ended December 31, 2015 and December 31, 2014.

County's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:				
Program Revenues:				
Charges for Services	\$11,826,325	\$8,873,151	\$5,879,948	\$10,790,279
Operating Grants & Contributions	45,714,625	42,335,089		1,823,764
General Revenues:				
Taxes	35,718,621	35,834,691	-	-
Interest, Invest. Earnings & Royalties	131,758	158,212	7,457	12,875
Miscellaneous	2,582,820	4,464,711	320,284	1,366,073
Total Revenues	\$95,973,789	\$91,665,854	\$6,207,689	\$13,992,991
Expenses:				
General Government	\$5,915,857	\$9,577,099	-	-
Judicial Government	17,632,978	19,541,071	-	-
Public Safety	18,532,896	8,422,590	-	-
Public Works	7,233,397	2,496,864	-	-
Human Services	40,306,517	41,018,102	-	-
Culture/Recreation	580,083	2,028,896	-	-
Conservation/Development	4,411,370	3,678,144	-	-
Debt Service	646,030	195,803	-	-
911 Fund	-	-		5,477,425
Nursing Home	-	-	9,011,025	12,343,471
Total Expenses	\$95,259,128	\$86,958,569	\$9,011,025	\$17,820,896
Change in Net Position before Losses and Transfers	714,661	4,707,285	(2,803,336)	(3,827,905)
	-	-	7,823,841	-
Gain on Sale Net Transfers	4,141,908	(4,595,574)	(4,141,908)	4,595,574
Changes in Net Position	4,856,569	111,711	878,597	767,669
Net Position-Beginning	26,993,025	26,881,314	(878,597)	(1,646,266)
Restatement (See Note 20)	(6,136,156)	-	-	-
Net Position – Beginning, As Restated	20,856,869	-	-	-
Net Position-Ending	\$25,713,438	\$26,993,025	\$0	(\$878,597)

During 2015, the total net position of the County’s governmental activities increased by \$4,856,569 to \$25,713,438. The increase resulted from a transfer in from the Rest Haven/Enterprise Fund relating to the sale.

During 2015, the total net position of the County’s business-type activities was reduced to \$0. The operation of the 911 Enterprise Fund was reclassified to governmental activities and governmental fund level statements to comply with Governmental GAAP and the Rest Haven Nursing Home was sold in 2015.

Governmental Activities and Business-Type Activities

The following table presents the sources of revenues for the fiscal year ended December 31, 2015:

Sources of Revenues

	Governmental Activities		Business-Type Activities	
Revenues				
Charges for Services	\$11,826,325	12.32%	\$5,879,948	94.72%
Operating Grants & Contributions	45,714,625	47.63%		
Taxes	35,718,261	37.22%		
Interest, Investments, Earnings & Royalties	131,758	.14%	7,457	.12%
Miscellaneous	2,582,820	2.69%	320,284	5.16%
Total Revenues	\$95,973,789	100.00%	\$6,207,689	100.00%

The following table presents the functional expenses for the fiscal year ended December 31, 2015:

Functional Expenses

Expenses	Governmental Activities		Business- Type Activities	
General Government	\$5,915,857	6.21%	-	
Judicial Government	17,632,978	18.51%	-	
Public Safety	18,532,896	19.46%	-	
Public Works	7,233,397	7.59%	-	
Human Services	40,306,517	42.31%	-	
Culture/Recreation	580,083	.61%	-	
Conservation/Development	4,411,370	4.63%	-	
Debt Service	646,030	.68%	-	
911 Fund				
Nursing Home			9,011,025	100.00%
Total Expenses	\$95,259,128	100.00%	\$9,011,025	100.00%

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, Mental Health/Developmental Services, Other Agencies 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, 2015, Schuylkill County governmental funds reported a combined ending fund balance of \$35,055,392. This was an increase of \$8,537,534 or 32.19% from the previous year.

General Fund – The General Fund is the primary operating fund of the County. At the end of 2015, the General Fund reported a fund balance of \$19,953,895. The unassigned fund balance in the General Fund was \$8,670,893 as of December 31, 2015. The beginning fund balance was restated to comply with Governmental GAAP. Please see Note 20 for further details.

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 2015, the fund balance for the Children and Youth Fund was zero.

Mental Health/Developmental Services - The Mental Health/Developmental Services Fund accounts for funds received from various federal, state and local sources for the purpose of providing services to Schuylkill County residents with a mental illness, intellectual disability, or

developmental delay/disability and their families. At the end of 2015, the fund balance for the Mental Health/Developmental Services Fund was zero.

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 2015, the fund balance for the Other Agencies Fund was zero.

Proprietary Funds – Financial information being reported in the County’s proprietary funds is limited. During 2015, the operation of the 911 Enterprise Fund was reclassified to governmental activities and governmental fund level statements to comply with Governmental GAAP and the Rest Haven Nursing Home was sold in 2015.

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 \$51,199,429 to \$60,730,580, an increase of \$9,531,151 or 18.61%. The increase was due to various miscellaneous adjustments. Actual revenues and other financing sources received were \$57,676,194 or 94.97% 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 \$3,054,386.

The County’s original expenditure and other financing uses budget increased from \$55,356,282 to \$56,889,017 an increase of \$1,532,735 or 2.77%. The increase was due to various miscellaneous adjustments. Actual expenditures and other financing uses were \$49,481,114 or 86.98% of the final budget. The variance between actual expenditures vs. final budgetary expenditures and other financing uses totaled \$7,407,903.

CAPITAL ASSETS

Schuylkill County’s investment in capital assets for its governmental and business-type activities as of December 31, 2015 was \$51,239,881 (net of accumulated depreciation). This was an increase of \$778,611 or 1.54% over the previous year. Capital assets consist primarily of land, construction in progress, agricultural easements, intangible assets, works of art collections, land improvements, buildings and improvements, machinery and equipment, motor vehicles, computer equipment and software, infrastructure, and leasehold assets.

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

Governmental Activities

- Construction in Progress increased by a net amount of \$3,207,969; this primarily was the result of work in progress for Bridges #42, #125, #113, #200, #7, #30 and #92. The remainder was for remodeling of the Children and Youth Building located at 324 N. Centre Street, Pottsville.
- Intangible Assets increased by a net amount of \$7,111,765; this was the result of a transfer in from work in progress for the frequencies associated with 911 Motorola upgrade which was completed in 2015.
- Machinery and Equipment increased by a net amount of \$13,704,450; this primarily was the result of a transfer in from Work in Progress for completion of 911 Motorola upgrade as well as reclassifying the 911 operation.
- Leasehold Assets increased by a net amount of \$7,549,092; this primarily was the result of reclassifying the 911 operations as well as lease equipment acquired during the year – 10 copiers in the amount of \$59,958, EDP equipment for MIS and Tax Assessment in the amount of \$71,727, and 3 vehicles in the amount of \$79,651.
- Total Accumulated Depreciation decreased from \$53,231,398 to \$48,529,001.

Business-Type Activities

- During 2015, the County owned nursing home (Rest Haven) was sold and the 911 operation was reclassified from an Enterprise Fund to a Special Revenue Fund. Therefore, all 2014 ending balances for Rest Haven/Enterprise Fund were reduced to \$0 due to the sale of the Rest Haven Nursing Home and all 2014 ending balances for 911/Enterprise Fund were transferred to the Governmental Activities and governmental fund level statements for 2015.

The following is a summary of capital assets as of December 31, 2015 and December 31, 2014:

Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Balance at	Balance at
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	December 31, 2015	December 31, 2014
Land	\$1,000,506	\$1,000,506	\$0	\$145,927	\$1,000,506	\$1,146,433
Construction In Progress	4,930,797	1,722,828		14,532,869	4,930,797	16,255,697
Agricultural Easements	2,292,214	2,235,014		-	2,292,214	2,235,014
Intangible Assets	7,111,765				7,111,765	
Art Collection	174,000	174,000			174,000	174,000
Land Improvements	2,867,288	2,838,944		228,335	2,867,288	3,067,279
Buildings & Improvement	24,543,480	23,372,817		9,167,725	24,543,480	32,540,542
Machinery & Equipment	20,709,776	7,005,326		4,817,901	20,709,776	11,823,227
Motor Vehicles	9,923,425	9,317,178		104,374	9,923,425	9,421,552
Computer Equipment/Software	3,258,226	2,704,189		1,342,747	3,258,226	4,046,936
Infrastructure	13,470,412	13,460,462		-	13,470,412	13,460,462
Leasehold Assets	9,486,993	1,937,901		7,583,625	9,486,993	9,521,526
Accumulated Depreciation	(48,529,001)	(38,796,349)	\$0	(14,435,049)	(48,529,001)	(53,231,398)
Total Capital Assets, Net of Accumulated Depreciation	\$51,239,881	\$26,972,816	\$0	\$23,488,454	\$51,239,881	\$50,461,270

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 2015.

LONG-TERM DEBT

As of December 31, 2015, Schuylkill County had \$20,510,000 in general obligation debt outstanding. This was a decrease of \$735,000 from the previous year. The following is a summary of general obligation debt activity during 2015:

Summary of General Obligation Debt Activity

	Governmental Activities	Business- Type Activities	Total
Beginning Balance at January 1, 2015	\$6,848,015	\$14,396,985	\$21,245,000
Addition:			
Debt Issuance			
Transfers	14,396,985		14,396,985
Less:			
Payments/Transfers	735,000	14,396,985	15,131,985
Ending Balance at December 31, 2015	<u>\$20,510,000</u>	<u>\$0</u>	<u>\$20,510,000</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 \$2,546,891,840 in 2014 to \$2,569,336,385 in 2015. The real estate tax levy increased from \$35,605,566 in 2014 to \$35,919,341 in 2015.
- The seasonally adjusted unemployment rate in Schuylkill County was 5.1% as of December 31, 2015. This was higher than the State unemployment rate of 4.7% and the National unemployment rate of 5.0%.

NEXT YEAR'S BUDGET AND RATES

For Fiscal Year 2016, the County's total real estate millage will remain the same at 13.98 mills. The General Fund millage will remain the same at 13.83 mills and the Funded Debt millage will remain the same at .15 mills. The 2016 General Fund appropriation was approved at \$59,098,802 on December 16, 2015. This was an increase of \$3,742,520 from the 2015 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, 2015

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets:				
Cash and Cash Equivalents	\$ 27,367,217	\$ -	\$ 27,367,217	\$ 1,227,071
Receivables:				
Taxes(Net)	5,196,652	-	5,196,652	-
Accounts	749,587	-	749,587	86,076
Notes	1,489,308	-	1,489,308	-
Due from Other Governments	17,943,809	-	17,943,809	536,131
Restricted Cash	7,755,416	-	7,755,416	1,260,339
Restricted Investments	399,023	-	399,023	-
Internal Balances	-	-	-	-
Other Assets	-	-	-	244,702
Capital Assets, Not Being Depreciated	15,509,282	-	15,509,282	-
Capital Assets (Net)	35,730,599	-	35,730,599	-
Total Assets	112,140,893	-	112,140,893	3,354,319
Deferred Outflows of Resources				
Pension	11,589,693	-	11,589,693	-
Deferred Loss on Refunding	38,937	-	38,937	-
Total Deferred Outflows of Resources	11,628,630	-	11,628,630	-
Liabilities:				
Accounts Payable	13,458,141	-	13,458,141	66,078
Accrued Liabilities	430,627	-	430,627	226,526
Unearned Revenues	4,111,204	-	4,111,204	2,342,868
Interest Payable	213,413	-	213,413	-
Funds Held in Escrow	1,627,932	-	1,627,932	-
Note Payable	75,000	-	75,000	-
Due to Other Governments	25,737	-	25,737	39,216
Long Term Liabilities				
Due within One Year				
Capital Lease Obligation	384,385	-	384,385	-
General Obligation Debt	745,000	-	745,000	-
Due after One Year				
General Obligation Debt	19,618,770	-	19,618,770	-
Post Employment Liability	34,852,240	-	34,852,240	-
Self Insurance Liability	1,224,888	-	1,224,888	-
Capital Lease Obligation	6,656,797	-	6,656,797	-
Net Pension Obligation	12,309,419	-	12,309,419	-
Compensated Absences	2,322,532	-	2,322,532	66,644
Total Liabilities	98,056,085	-	98,056,085	2,741,332
Net Position:				
Net Investment in Capital Assets	23,834,929	-	23,834,929	-
Restricted for:				
Program Purposes	12,181,486	-	12,181,486	612,987
Capital Projects	4,909,400	-	4,909,400	-
Debt Service	870,320	-	870,320	-
Unrestricted	(16,082,697)	-	(16,082,697)	-
Total Net Position	\$ 25,713,438	-	\$ 25,713,438	\$ 612,987

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

County of Schuylkill
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government								
Governmental Activities								
Administrative	\$5,915,857	\$7,398,036	\$302,402	\$ -	\$1,784,581	\$ -	\$1,784,581	\$ -
Judicial	17,632,978	1,037,581	2,438,074	-	(14,157,323)	-	(\$14,157,323)	-
Public Safety	18,532,896	662,505	4,537,932	-	(13,332,459)	-	(\$13,332,459)	-
Public Works	7,233,397	2,180	3,865,133	194,036	(3,172,048)	-	(\$3,172,048)	-
Human Services	40,306,517	862,737	32,995,912	-	(6,447,868)	-	(\$6,447,868)	-
Culture and Recreation	580,083	-	-	-	(580,083)	-	(\$580,083)	-
Conservation and Development	4,411,370	1,863,286	1,381,136	-	(1,166,948)	-	(\$1,166,948)	-
Interest on Long Term Debt	646,030	-	-	-	(646,030)	-	(\$646,030)	-
Total Governmental Activities	95,259,128	11,826,325	45,520,589	194,036	(37,718,178)	-	(37,718,178)	-
Business Type Activities								
Nursing Home	9,011,025	5,879,948	-	-	-	(3,131,077)	(3,131,077)	-
Total Primary Government	104,270,153	17,706,273	45,520,589	194,036	(37,718,178)	(3,131,077)	(40,849,255)	-
Component Units								
Human Services	4,662,317	2,130,332	2,002,258	456,317	-	-	-	(73,410)
General Revenues:								
Tax Revenue					35,718,261	-	35,718,261	-
Interest and Rents					131,758	7,457	139,215	2,268
Transfers					9,309,415	(9,309,415)	-	-
Transfer of capital assets and long term debt					144,504	(144,504)	-	-
Governmental assumption of postemployment and capital lease obligation					(5,312,011)	5,312,011	-	-
Gain on Sale of Nursing Home					-	7,823,841	7,823,841	-
Other					2,582,820	320,284	2,903,104	-
Total General Revenues					42,574,747	4,009,674	46,584,421	2,268
Change in Net Position					4,856,569	878,597	5,735,166	(71,142)
Net Position - Beginning of Year, as Restated (Note 20)					20,856,869	(878,597)	19,978,272	684,129
Net Position - End of Year					\$25,713,438	\$ -	\$25,713,438	\$612,987

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

County of Schuylkill
Balance Sheet - Governmental Funds
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Other Agency Funds	Mental Health / Developmental Services	Children & Youth	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 15,872,950	\$ 631,574	\$ 97,097	\$ 347,295	\$ 10,229,965	\$ 27,178,881
Receivables						
Taxes	5,075,413	-	-	-	121,239	5,196,652
Accounts	427,223	-	-	-	322,364	749,587
Note	1,489,308	-	-	-	-	1,489,308
Due from Other Governments	722,386	4,433,511	439,878	7,077,116	5,270,918	17,943,809
Due from Other Funds	3,851,129	108,143	2,845,923	977,190	275,226	8,057,611
Other Assets	-	-	-	-	-	-
Restricted Assets						
Cash	3,512,775	-	-	-	4,228,168	7,740,943
Total Assets	30,951,184	5,173,228	3,382,898	8,401,601	20,447,880	68,356,791
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Accounts Payable	1,620,812	545,583	3,020,606	5,532,079	2,707,680	13,426,760
Accrued Liabilities	336,318	-	5,536	78,496	10,277	430,627
Funds Held in Escrow	1,606,746	-	-	-	21,186	1,627,932
Unearned Revenues	1,109,308	1,300,168	310,935	-	1,390,793	4,111,204
Note Payable	-	-	-	-	75,000	75,000
Due to Other Funds	2,224,999	3,327,477	45,821	2,791,026	999,953	9,389,276
Due to Other Governmental Units	-	-	-	-	25,737	25,737
Total Liabilities	6,898,183	5,173,228	3,382,898	8,401,601	5,230,626	29,086,536
Deferred Inflows of Resources						
Unavailable Tax Revenue	4,099,106	-	-	-	115,757	4,214,863
Fund Balances						
Restricted for						
Program Purposes	902,865	-	-	-	11,278,621	12,181,486
Capital Projects	-	-	-	-	2,952,556	2,952,556
Debt Service	-	-	-	-	870,320	870,320
Assigned						
2016 Projected Budget Deficit	8,380,137	-	-	-	-	8,380,137
Post-Employment Health Care	2,000,000	-	-	-	-	2,000,000
Unassigned	8,670,893	-	-	-	-	8,670,893
Total Fund Balance	19,953,895	-	-	-	15,101,497	35,055,392
Total Liabilities Deferred Inflows of Resources and Fund Balance	\$ 30,951,184	\$ 5,173,228	\$ 3,382,898	\$ 8,401,601	\$ 20,447,880	\$ 68,356,791

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, 2015

Total Fund Balances for Governmental Funds \$ 35,055,392

Total Net Position reported for Governmental Activities in the Statement of Net Position 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:

	Accumulated Depreciation	Net	
Land	-	1,000,506	
Construction in Progress	-	4,930,797	
Agricultural Easements	-	2,292,214	
Intangible Assets	-	7,111,765	
Works of Art	-	174,000	
Land Improvements	1,398,727	1,468,561	
Buildings and Improvements	17,042,583	7,500,897	
Machinery and Equipment	9,761,941	10,947,835	
Infrastructure	5,431,751	8,038,661	
Computer Equipment	2,476,926	781,300	
Leasehold Assets	3,555,991	5,931,002	
Vehicles	8,861,082	<u>1,062,343</u>	
Total Capital Assets Net of Accumulated Depreciation			51,239,881

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 Deferred Inflows of Resources in the Funds 4,214,863

Net Position of the Internal Service Fund are Included in the Governmental Activities Since They Primarily Benefit the County's Governmental Activities : 677,228

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 Position :

Balances at December 31, 2015 are:

General Obligation Debt	(20,510,000)		
Bond Discount	166,349		
Bond Premium	(20,119)		
Deferred Loss on Refunding	38,937		
Interest Payable	(213,413)		
Capital Lease	(7,041,182)		
Postemployment Liability	(34,852,240)		
Compensated Absences	(2,322,532)		
Deferred Outflows of Resources - Pensions	11,589,693		
Net Pension Liability	<u>(12,309,419)</u>		
Total Long Term Liabilities			<u>(65,473,926)</u>

Total Net Position of Governmental Activities \$ 25,713,438

County of Schuylkill
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Other Agency Funds	Mental Health / Developmental Services	Children & Youth	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Real Estate	\$ 34,431,929	\$ -	\$ -	\$ -	\$ 424,034	\$ 34,855,963
Per Capita	390,334	-	-	-	-	390,334
Hotel	295,807	-	-	-	-	295,807
Intergovernmental	2,253,409	9,819,582	925,932	14,056,222	18,659,479	45,714,624
Charges for Service	8,349,544	7,944	80,819	662,182	2,299,459	11,399,948
Interest	72,381	3,438	1,773	221	44,292	122,105
Rent	117,920	-	-	-	194,354	312,274
Private Contributions	37,822	-	-	-	-	37,822
Miscellaneous Revenue	1,856,764	87,592	-	-	189,052	2,133,408
Total Revenues	47,805,910	9,918,556	1,008,524	14,718,625	21,810,670	95,262,285
Expenditures						
Current						
General	8,916,181	-	-	-	39,160	8,955,341
Judicial	13,930,044	-	-	-	1,875,163	15,805,207
Public Safety	8,484,537	-	-	-	4,521,979	13,006,516
Public Works	1,353,422	-	-	-	4,652,919	6,006,341
Human Services	3,991,965	1,447,787	6,964,356	18,845,666	8,588,244	39,838,018
Culture and Recreation	387,795	1,745,809	-	-	10,420	2,144,024
Conservation and Community Development	2,067,473	-	-	-	2,223,799	4,291,272
Capital Outlay	277,492	-	825	413,951	4,306,765	4,999,033
Debt Service	-	-	-	-	-	-
Principal	-	-	-	-	735,000	735,000
Interest	-	-	-	-	648,925	648,925
	39,408,909	3,193,596	6,965,181	19,259,617	27,602,374	96,429,677
Excess of Revenues Over(Under) Expenditures	8,397,001	6,724,960	(5,956,657)	(4,540,992)	(5,791,704)	(1,167,392)
Other Financing Sources(Uses)						
Net Operating Transfers	(201,920)	(6,724,960)	5,956,657	4,540,992	6,134,157	9,704,926
Net Change in Fund Balance	8,195,081	-	-	-	342,453	8,537,534
Fund Balance As Restated (Note 20) - Beginning of Year	11,758,814	-	-	-	14,759,044	26,517,858
Fund Balance - End of Year	\$ 19,953,895	\$ -	\$ -	\$ -	\$ 15,101,497	\$ 35,055,392

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

County of Schuylkill
 Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balances of Governmental
 Funds to the Statement of Activities
 For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds		\$ 8,537,534
<p>The Change in Net Position Reported for Governmental Activities in the Statement of Activities is Different Because:</p>		
<p>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, \$7,084,072 Exceeded Depreciation Expense, \$4,188,792 in the Current Period and a transfer of capital assets, net from the 911 fund (\$21,371,785) is a reconciling item.</p>		
		24,267,065
<p>Net Income(loss) of the Internal Service Fund is reported in the Governmental Activities Since it Primarily Benefits the County's Governmental Funds</p>		
		(678,156)
<p>The Issuance of Long-Term Liabilities provide Financial Resources to</p>		
Principal Payments on General Obligation Bonds	735,000	
Transfer of Long Term Liabilities from the 911 and Rest Haven Funds	<u>(26,539,291)</u>	(25,804,291)
<p>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:</p>		
Compensated Absences	(33,318)	
Bond Amortization	(15,494)	
Postemployment Liability	(2,864,018)	
Capital Lease	141,869	
Interest Payable	2,896	
Pension	<u>1,126,325</u>	(1,641,740)
<p>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 12/31/14 to 12/31/15.</p>		
		<u>176,157</u>
Change in Net Position of Governmental Activities		<u>\$ 4,856,569</u>

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

County of Schuylkill
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business Type Activities			Governmental
	Rest Haven			Activities
	911 Fund	Fund	Total	Internal Service Funds
Current Assets				
Cash	\$ -	\$ -	\$ -	\$ 188,336
Due From Other Funds	-	-	-	1,331,665
Restricted Cash	-	-	-	14,473
Restricted Investments	-	-	-	399,023
Total Current Assets	-	-	-	1,933,497
Current Liabilities				
Accounts Payable	-	-	-	31,381
Self Insurance Liability	-	-	-	1,224,888
Total Current Liabilities	-	-	-	1,256,269
Net Position				
Net Investment in Capital Assets	-	-	-	-
Restricted for Self Insurance	-	-	-	677,228
Unrestricted	-	-	-	-
Total Net Position	\$ -	\$ -	\$ -	\$ 677,228

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, 2015

	Business Type Activities			Governmental Activities Internal Service Funds
	911 Fund	Rest Haven Fund	Total	
Operating Revenues				
Charges for Services	-	\$ 5,879,948	\$ 5,879,948	\$ 426,377
Other Revenue	-	320,284	320,284	7,582
Total Operating Revenue	-	6,200,232	6,200,232	433,959
Operating Expenses				
Personnel Services	-	5,713,515	5,713,515	726,258
Contracted Services	-	2,349,765	2,349,765	-
Supplies and Materials	-	486,703	486,703	-
Utilities	-	202,994	202,994	-
Repairs and Maintenance	-	37,024	37,024	-
Depreciation	-	221,024	221,024	-
Total Operating Expenses	-	9,011,025	9,011,025	726,258
Operating Gain(Loss)	-	(2,810,793)	(2,810,793)	(292,299)
Nonoperating Revenues (Expenses)				
Interest Income	-	7,457	7,457	9,654
Gain(Loss) before Transfers	-	(2,803,336)	(2,803,336)	(282,645)
Gain(Loss) on Sale of Nursing Home	-	7,823,841	7,823,841	-
Governmental Activities assumes enterprise fund postemployment and capital lease obligation	-	5,312,011	5,312,011	-
Transfer of capital assets and long term debt	(144,504)	-	(144,504)	-
Net Transfers In(Out)	(2,461,107)	(6,848,308)	(9,309,415)	(395,511)
Change in Net Position	(2,605,611)	3,484,208	878,597	(678,156)
Net Position - Beginning of Year	2,605,611	(3,484,208)	(878,597)	1,355,384
Net Position - End of Year	\$ -	\$ -	\$ -	\$ 677,228

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

County of Schuylkill
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2015

	Business Type - Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	911 Fund	Rest Haven Fund	Total	
Cash Flows From Operating Activities				
Receipts from Patient Services	\$ -	\$ 7,681,725	\$ 7,681,725	\$ -
Charges for Services	-	-	-	433,959
Payments to Employees	-	(6,114,971)	(6,114,971)	(427,702)
Payments to Suppliers	-	(4,301,418)	(4,301,418)	-
Internal Activity - payments from/(to) other funds	-	(1,266,766)	(1,266,766)	(72,668)
Net Cash Used in Operating Activities	-	(4,001,430)	(4,001,430)	(66,411)
Cash Flows provided by Noncapital Financing Activities				
Transfer In/(Out)	(2,731,345)	(1,536,297)	(4,267,642)	(395,511)
Net Cash Used In Noncapital Financing Activities	(2,731,345)	(1,536,297)	(4,267,642)	(395,511)
Cash Flows from Capital and Related Financing Activities				
General Government Assumption of Capital Lease and Post-Employment Liability	-	(5,312,010)	(5,312,010)	-
Proceeds from Sale of Nursing Home, Net	-	7,823,841	7,823,841	-
Net Disposal of Capital Assets	-	1,895,645	1,895,645	-
Net Provided by in Capital and Related Financing Activities	-	4,407,476	4,407,476	-
Cash Flows from Investing Activities				
Investment Activity	-	-	-	542,372
Interest	-	7,457	7,457	9,654
Net Cash Provided by Investing Activities	-	7,457	7,457	552,026
Net Increase (Decrease) in Cash and Cash Equivalents	(2,731,345)	(1,122,794)	(3,854,139)	90,104
Cash and Cash Equivalents, Beginning of Year	2,731,345	1,122,794	3,854,139	112,705
Cash and Cash Equivalents, End of Year	\$ -	\$ -	\$ -	\$ 202,809
Displayed as:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 188,336
Restricted cash	-	-	-	14,473
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,809</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating Gain/(Loss)	\$ -	\$ (2,810,793)	\$ (2,810,793)	\$ (292,299)
Adjustments to Reconcile Operating Gain/(Loss) to Net Cash Provided by (Used in) Operating Activities				
Depreciation	-	221,024	221,024	-
Change in assets and liabilities				
Account Receivable	-	1,481,493	1,481,493	-
Accounts Payable	-	(828,677)	(828,677)	1,640
Accrued Liabilities	-	(396,255)	(396,255)	296,916
Accrued Compensated Absences	-	(401,456)	(401,456)	-
Due to Other Funds	-	(1,266,766)	(1,266,766)	(72,668)
Net cash used in operating activities	\$ -	\$ (4,001,430)	\$ (4,001,430)	\$ (66,411)

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

County of Schuylkill
Statement of Fiduciary Net Position
December 31, 2015

	Employee Retirement Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and Cash Equivalents	\$ 2,632,027	\$ 5,031,195
Investments	119,620,733	-
Receivables	90,146	-
Total Assets	<u>122,342,906</u>	<u>\$ 5,031,195</u>
Liabilities		
Funds Held in Fiduciary Capacity	-	5,031,195
Refunds Payable	225,689	-
Accounts Payable	60,358	-
Total Liabilities	<u>286,047</u>	<u>5,031,195</u>
Net Position		
Net Position Restricted for Pension	<u>\$ 122,056,859</u>	<u>\$ -</u>

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

County of Schuylkill
Statement of Changes in Fiduciary Net Position
December 31, 2015

	<u>Employee Retirement Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 2,582,040
Employee	<u>2,615,147</u>
Total Contributions	5,197,187
Investment Income:	
Net Loss in Fair Value	(2,369,074)
Interest	1,685,105
Dividends	<u>465,763</u>
Total Investment Income	(218,206)
Less	
Investment Expense	<u>388,608</u>
Net Investment Loss	<u>(606,814)</u>
Total Additions	4,590,373
Deductions:	
Employee Benefits Paid	7,571,147
Administrative Expenses	21,821
Refunds of Member Contributions	<u>868,869</u>
Total Deductions	8,461,837
Net Increase (Decrease) in Net Position	(3,871,464)
Net Position Restricted for Pensions - Beginning of Year	<u>125,928,323</u>
Net Position Restricted for Pensions - End of Year	<u><u>\$ 122,056,859</u></u>

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 Transportation 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 30th.

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 Transportation Authority.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 31st. 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, 2015

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, 2015

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, 2015

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, 2015

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 Mental Health and Development Services Fund is used to account for specific revenue sources related to the provisions of Mental Health and Developmental Services that are restricted to expenditures for those specified 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, 2015

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, 2015

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. Under the accrual basis of accounting, the government wide statement of net position reports a deferred loss on refunding and net difference between projected and actual earnings on pension plan investments for pensions. 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.

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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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)

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 uncollectible taxes of \$175,022 as of December 31, 2015.

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.

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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

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

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.
- 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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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)

- 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 County Administrator.
- 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.

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.

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

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

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

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 1st, the department heads submit to the County Commissioners proposed operating budgets for the fiscal year which commences on January 1st.
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.
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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

G) Budgets and Budgetary Accounting (Continued)

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. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*". The adoption of this statement resulted in a restatement of net position (See Note 20) and modification of Note 6.

The County adopted the provisions of GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*." The adoption of this statement had no effect on previously reported amounts.

I) Pending Changes in Accounting Principles

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.

In June 2015, the GASB issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." The County is required to adopt statement No. 73 for its calendar year 2017 financial statements.

In June 2015, the GASB issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*." The County is required to adopt statement No. 74 for its calendar year 2017 financial statements.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

I) Pending Changes in Accounting Principles (Continued)

In June 2015, the GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*." The County is required to adopt statement No. 75 for its calendar year 2018 financial statements.

In June 2015, the GASB issued statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*." The County is required to adopt Statement No. 76 for its calendar year 2016 financial statements.

In August 2015, the GASB issued statement No. 77, "*Tax Abatement Disclosures*." The County is required to adopt Statement No. 77 for its calendar year 2016 financial statements.

In December 2015, the GASB issued Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". The County is required to adopt statement No. 78 for its calendar year 2016 financial statements.

In December 2015, the GASB issued Statement No. 79, "*Certain External Investment Pools and Pool Participants*". The County is required to adopt statement No. 79 for its calendar year 2016 financial statements.

In January 2016, the GASB issued Statement No. 80, "*Blending Requirements for Certain Component Units - amendment of GASB No. 14*". The County is required to adopt statement No. 80 for its calendar year 2017 financial statements.

In March 2016, the GASB issued Statement No. 81, "*Irrevocable Split-Interest Agreements*". The County is required to adopt statement No. 81 for its calendar year 2017 financial statements.

In March 2016, the GASB issued Statement No. 82, "*Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*". The County is required to adopt statement No. 82 for its calendar year 2017 financial statements.

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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

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 Authority's financial statements are reported in accordance with Generally Accepted Accounting Principles. The Authority is a separate legal entity and was established under the Municipal Authorities Act by Schuylkill County, Pennsylvania on June 29, 2010. It was activated and began operations on April 1, 2011.

Inventories

Inventories consist of replacement parts (\$88,513) and fuel (\$33,311) 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.

NOTE 2: DEPOSIT AND INVESTMENT RISK

As of December 31, 2015, 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	\$3,282,541	\$ -	\$ -	\$2,461,203	\$ 821,338
U.S. Government Agencies	6,852,080	-	818,400	18,127	6,015,554
Corporate Bonds	5,831,391	-	2,864,003	1,891,221	1,076,166
Total	<u>\$15,966,012</u>	<u>\$ -</u>	<u>\$3,682,403</u>	<u>\$4,370,551</u>	<u>\$7,913,058</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 approved list.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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.

As of December 31, 2015, 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	AA+	3%
Corporate Bonds	AA	0%
Corporate Bonds	AA-	6%
Corporate Bonds	A+	14%
Corporate Bonds	A	14%
Corporate Bonds	A-	13%
Corporate Bonds	BBB+	32%
Corporate Bonds	BBB	14%
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, 2015, the County's cash balances for its governmental activities, business-type activities and agency fund were \$40,153,828 and its bank balances were \$41,334,979. Of these bank balances, \$40,069,896 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 National Mortgage Association and Government National Mortgage Association. These investments are 2% and 1% respectively, of the Retirement Fund's total investments.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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, 2015, the System's deposits in excess of insured amounts were \$2,019,400. 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 have 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 and restricted programs	\$3,512,775
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Other Governmental Funds

Cash restricted for future capital projects and conservation district	4,228,168
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Subtotal Governmental Funds	<u>7,740,943</u>
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Internal Service Fund Investments/Cash for claims incurred but not yet paid	413,496
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Subtotal Proprietary Funds	<u>413,496</u>
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Total Restricted Assets	<u><u>\$8,154,439</u></u>
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COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2015 and expected to be collected within the first sixty (60) days of 2016 are recognized as revenue in 2015. Net receivables estimated to be collectible subsequent to March 31 are reflected as a deferred inflow of resources – unavailable tax revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectibility. The rate of taxation in 2015 was 13.83 mills for general purposes and .15 mills for debt purposes.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 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	\$ 1,000,506	\$ -	\$ -	\$ -	\$ 1,000,506
Construction-in-Progress	1,722,828	17,740,838	(14,532,869)	-	4,930,797
Agricultural Easements	2,235,014	57,200	-	-	2,292,214
Intangible Assets	-	7,111,765	-	-	7,111,765
Works of Art Collections	174,000	-	-	-	174,000
Total Capital Assets, Not Being Depreciated	5,132,348	24,909,803	(14,532,869)	-	15,509,282
Capital Assets, Being Depreciated:					
Land Improvements	2,838,944	29,844	(1,500)	-	2,867,288
Buildings and Improvements	23,372,817	1,173,154	(2,491)	-	24,543,480
Machinery and Equipment	7,005,326	13,869,265	(164,815)	-	20,709,776
Motor Vehicles	9,317,178	619,577	(13,330)	-	9,923,425
Computer Equipment	2,704,189	1,002,974	(448,937)	-	3,258,226
Infrastructure	13,460,462	9,950	-	-	13,470,412
Leasehold Assets	1,937,901	7,549,092	-	-	9,486,993
Total Capital Assets Being Depreciated	60,636,817	24,253,856	(631,073)	-	84,259,600
Less Accumulated Depreciation For:					
Land Improvements	(1,265,470)	(134,757)	1,500	-	(1,398,727)
Buildings and Improvements	(16,052,604)	(992,470)	2,491	-	(17,042,583)
Machinery and Equipment	(5,943,026)	(3,950,523)	131,608	-	(9,761,941)
Motor Vehicles	(8,073,527)	(800,885)	13,330	-	(8,861,082)
Computer Equipment	(1,878,958)	(985,156)	387,188	-	(2,476,926)
Infrastructure	(4,844,620)	(587,131)	-	-	(5,431,751)
Leasehold Assets	(738,144)	(2,850,328)	32,481	-	(3,555,991)
Total Accumulated Depreciation	(38,796,349)	(10,301,250)	568,598	-	(48,529,001)
Total Capital Assets, Being Depreciated, Net	21,840,468	13,952,606	(62,475)	-	35,730,599
Governmental Activities Capital Assets, Net	\$26,972,816	\$ 38,862,409	(14,595,344)	\$-	\$51,239,881

As the 911 fund no longer met the criteria to be classified as a proprietary fund, the capital assets of the 911 fund were transferred to governmental activities. See Note 13 for more detail. The transfers of capital assets from the 911 fund to governmental activities are shown as reductions to business-type activities and additions to governmental activities. Capital assets of \$27,416,341 with accumulated depreciation of \$6,044,556 were transferred from business-type activities to governmental activities during 2015. The County sold all Rest Haven capital assets in September 2015 (See Note 17).

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 5: CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Re-classes	Ending Balance
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Capital Assets, Not Being Depreciated:					
Land	\$ 145,927	\$ -	\$(145,927)	\$ -	\$ -
Construction in Progress	14,532,869	-	(14,532,869)	-	-
Total Capital Assets, Not Being Depreciated	14,678,796	-	(14,678,796)	-	-
Capital Assets, Being Depreciated:					
Land Improvements	228,335	-	(228,335)	-	-
Buildings and Improvements	9,167,725	-	(9,167,725)	-	-
Machinery and Equipment	4,817,901	-	(4,817,901)	-	-
Motor Vehicles	104,374	-	(104,374)	-	-
Computer Equipment	1,342,747	-	(1,342,747)	-	-
Leasehold Assets	7,583,625	-	(7,583,625)	-	-
Total Capital Assets Being Depreciated	23,244,707	-	(23,244,707)	-	-
Less Accumulated Depreciation For:					
Land Improvements	(170,913)	-	170,913	-	-
Buildings and Improvements	(6,958,728)	-	6,958,728	-	-
Machinery and Equipment	(4,132,379)	(221,024)	4,353,403	-	-
Motor Vehicles	(104,374)	-	104,374	-	-
Computer Equipment	(1,185,254)	-	1,185,254	-	-
Leasehold Assets	(1,883,401)	-	1,883,401	-	-
Total Accumulated Depreciation	(14,435,049)	(221,024)	14,656,073	-	-
Total Capital Assets, Being Depreciated, Net	-	-	-	-	-
Business-Type Activities Capital Assets, Net	\$-	\$-	\$-	\$-	\$-

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

GOVERNMENTAL ACTIVITIES:

General Government-Admin.	\$ 393,101
General Government-Judicial	343,521
Public Safety	1,649,226
Public Works	1,237,079
Human Services	279,788
Culture/Recreation	181,870
Conservation and Development	104,207

Total Depreciation Expense – Governmental Activities \$4,188,792

BUSINESS-TYPE ACTIVITIES:

Rest Haven	\$ 221,024
Emergency 911 System	-

Total Depreciation Expense – Business-Type Activities \$ 221,024

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 6: EMPLOYEE RETIREMENT TRUST FUND

Plan Description

Plan Administration. The Retirement Board administers the Schuylkill County Employees Pension Plan – a single-employer defined benefit pension plan that covers all employees of the County. The Plan is part of the County’s financial reporting entity and is included in the County’s financial statements as a Pension Trust Fund.

The Plan is governed by the 1971 County Pension Law, Act 96, 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.

Management of the Plan is vested in the Board, which consists of five members- three elected County Commissioners, the County Controller, and the County Treasurer.

Plan membership. For the 2015 measurement period, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	539
Inactive plan members entitled to but not yet receiving benefits	57
Active Plan Members	702
	1,298

Benefits Provided. Schuylkill County Employees Pension Plan provided retirement, disability, and death benefits.

Retirement benefits for plan members are calculated as a percent of the member’s final 3-year average salary times the member’s years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained the age of 60 are eligible to retire.

All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a county employee. Disability retirement benefits are equal to 25% of final average salary at time of retirement.

Death benefits for a member who dies within 10 years of service prior to retirement is the total present value of member’s retirement paid in a lump sum. A plan member who leaves County service with less than 5 years of service may withdraw his or her contributions, plus any accumulated interest.

On an ad hoc basis, cost-of-living adjustments to each member’s retirement allowance shall be reviewed at least once in every three years subsequent to the member’s retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

Contributions. An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2015 measurement period, the active member contribution rate was 8.0 percent of annual pay, and the County average contribution rate was 8.49 percent of annual payroll.

Administrative and investment costs of the Plan are paid by the investment earnings of the Plan. The Act makes no provisions for termination of the Plan. The County does not issue a separate financial report for the Plan.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 6: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Legally Required Reserves

At December 31, 2015, the County has a balance of \$30,345,109 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, 2015. Since those accumulations represent the present value as of December 31, 2015 of future benefits, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$15,500,104 in the County Annuity Reserve Account as of December 31, 2015. 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 \$66,265,056 as of December 31, 2015.

Plan Reporting

Net Pension Liability of the County

The total pension liability was based on an actuarial valuation dated January 1, 2015 and update procedures were used to roll-forward the total pension liability to the December 31, 2015 measurement date. The components of the net pension liability of the County at December 31, 2015, were as follows:

Total pension liability	\$134,366,278
Plan fiduciary net position	(122,056,859)
County's net pension liability	<u>\$ 12,309,419</u>
Plan fiduciary net position as a percentage of the total pension liability	90.84%

The schedule of changes in the net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the plan.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 6: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Changes in the County's net pension liability for the plan for the year ended December 31, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/14	\$ 127,774,374	\$ 125,928,323	\$ 1,846,051
Service Cost	1,315,351	-	1,315,351
Interest Cost	9,370,951	-	9,370,951
Changes of Benefit Terms	-	-	-
Differences between expected and actual experience	4,345,616	-	4,345,616
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	2,582,040	(2,582,040)
Contributions - Member	-	2,615,147	(2,615,147)
Net Investment Income	-	(606,816)	606,816
Benefit Payments, including Refunds of Member Contributions	(8,440,014)	(8,440,014)	-
Administrative Expense	-	(21,821)	21,821
Net Changes	6,591,904	(3,871,464)	10,463,368
Balances at 12/31/15	<u>\$ 134,366,278</u>	<u>\$ 122,056,859</u>	<u>\$ 12,309,419</u>

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 6: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Deferred Outflows of Resources

The total pension expense recognized in 2015 for the plan was \$1,455,715. At December 31, 2015, the County reported deferred outflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 3,644,710
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>7,944,983</u>
Total	<u><u>\$ 11,589,693</u></u>

The deferred outflows of resources will be recognized in pension expense as follows:

Deferred Outflows of Resources

Year Ended December 31:	Governmental Activities
2016	\$ 2,687,152
2017	2,687,152
2018	2,687,152
2019	2,687,151
2020	700,906
2021-2025	<u>140,180</u>
Total	<u><u>\$ 11,589,693</u></u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 6: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Plan Actuarial Methods and Assumptions

Actuarial assumptions. The total pension liability was measured as of December 31, 2015 and determined by rolling forward the liability from an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the 2013 RP Annuitant and Non-Annuitant Mortality Tables for Males and Females with no projected improvement.

The actuarial assumptions used in the valuation for the 2015 measurement period were based past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the Plan. A recent actuarial experience study was not performed.

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation and the Retirement Board's asset allocation policy as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	40%	5.4-6.4%
International equity	10	5.5-6.5
Fixed income	35	1.3-3.3
Real estate	10	4.5-5.5
Cash	<u>5</u>	0.0-1.0
Total	<u>100%</u>	

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 6: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates in accordance with the County's recently adopted funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's net pension liability	\$22,088,605	\$12,309,419	\$(152,729)

Rate of return. For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.2) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 \$69,678.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 7: OPERATING LEASES

The County leases office space under several operating lease agreements which have expiration dates ranging from 2016 to 2035. 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, 2015:

<u>Years</u>	<u>Courts</u>	<u>Agencies</u>	<u>Other Departments</u>	<u>Total</u>
2016	\$ 173,211	\$ 133,820	\$ 557,545	\$ 864,576
2017	95,147	88,909	546,613	730,669
2018	62,432	47,014	562,222	671,668
2019	60,439	2,014	578,286	640,739
2020	18,791	1,175	557,426	577,392
2021-2025	-	-	2,644,925	2,644,925
2026-2030	-	-	3,040,772	3,040,772
2031-2035	-	-	2,720,462	2,720,462
	<u>\$410,020</u>	<u>\$ 272,932</u>	<u>\$ 11,208,251</u>	<u>\$11,891,203</u>

Rent expense for 2015 was \$859,498.

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 \$20,243.

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

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, 2015:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>
2016	\$ 471,484
2017	1,180,091
2018	1,071,006
2019	964,210
2020	912,767
2021-2025	<u>2,767,866</u>
Total Minimum Lease Payments	7,367,424
Less: Amount Representing Interest	<u>326,242</u>
Total Present Value of Net Minimum Lease Payments	7,041,182
Less: Amounts Due within One Year	<u>384,385</u>
Long Term Capital Lease Payable	<u>\$ 6,656,797</u>

As the 911 fund no longer met the criteria to be classified as a proprietary fund, the capital lease obligations of the 911 fund were transferred to governmental activities, as well as the assumption of the capital lease obligations related to Rest Haven and the sale of Rest Haven. See Note 13 and Note 17 for more detail. The total amount of capital lease obligations transferred/assumed by was governmental activities \$5,806,836.

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, 2015

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 2015, 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 2015, 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, 2015 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, 2013 and December 31, 2015.

December 31, 2013 <u>Liability</u>	Current Year Claims and Changes in Estimates	<u>Claim Payments</u>	December 31, 2014 <u>Liability</u>
\$1,409,826	\$(4,972)	(\$476,882)	\$927,972
December 31, 2014 <u>Liability</u>	Current Year Claims and Changes in Estimates	<u>Claim Payments</u>	December 31, 2015 <u>Liability</u>
\$927,972	\$763,135	(\$466,219)	\$1,224,888

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 10: LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

	Restated Balance at 1/1/15 (See Note 20)	Additions	Reductions	Balance at 12/31/15	Due Within One Year
Governmental activities					
General obligation debt	\$ 6,848,015	\$ 14,396,985	\$ (735,000)	\$ 20,510,000	\$ 745,000
Unamortized bond premium	21,802	-	(1,683)	20,119	-
Bond Discount	(180,270)	-	13,921	(166,349)	-
Capital Lease Obligation	1,376,215	6,026,164	(361,197)	7,041,182	384,385
Compensated absences	2,208,766	113,766	-	2,322,532	-
Liability for self-insurance claims	927,972	296,916	-	1,224,888	-
Net Pension Liability	1,846,051	10,463,368	-	12,309,419	-
Liability for other postemployment benefits	25,885,078	8,967,162	-	34,852,240	-
	<u>\$ 38,933,629</u>	<u>\$ 40,264,361</u>	<u>\$ (1,083,959)</u>	<u>\$ 78,114,031</u>	<u>\$ 1,129,385</u>
Business-type activities					
General obligation debt	\$ 14,396,985	\$ -	\$ (14,396,985)	\$ -	\$ -
Capital leases	5,806,836	-	(5,806,836)	-	-
Compensated absences	481,907	-	(481,907)	-	-
Liability for other postemployment benefits	6,103,144	-	(6,103,144)	-	-
	<u>\$ 26,788,872</u>	<u>\$ -</u>	<u>\$ (26,788,872)</u>	<u>\$ -</u>	<u>\$ -</u>

As the 911 fund no longer met the criteria to be classified as a proprietary fund, long term liabilities of the 911 fund were transferred to governmental activities during 2015. See Note 13 for more detail. The transfer of long-term liabilities from the 911 fund to governmental activities are shown as reductions to business-type activities and additions to governmental activities. Long-term liabilities of \$21,227,281 (\$14,396,98 of general obligation debt, \$5,630,700 of capital lease obligations, \$80,251 of compensated absences, \$967,270 of post-employment liability, and \$151,875 of accrued interest on bonds) were transferred from business-type activities to governmental activities during 2015 and are included in the additions column above. The County also sold Rest Haven Nursing Home in 2015 which resulted in governmental activities assuming \$5,135,875 of post-employment liability and \$176,136 of capital lease obligations.

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, 2015

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, 2015</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%.	\$ 1,700,000
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).	\$18,810,000
			<u>\$20,510,000</u>

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:			
2016	\$ 745,000	\$ 640,238	\$ 1,385,238
2017	765,000	619,606	1,384,606
2018	790,000	598,189	1,388,189
2019	805,000	578,223	1,383,223
2020	825,000	559,532	1,384,532
2021-2025	2,330,000	2,436,308	4,766,308
2026-2030	5,270,000	1,592,548	6,862,548
2031-2035	5,850,000	711,652	6,561,652
2036-2040	3,130,000	17,719	3,147,719
	<u>\$ 20,510,000</u>	<u>\$ 7,754,015</u>	<u>\$ 28,264,015</u>

In 2008 the County issued \$17,255,000 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 deferred loss and premium at December 31, 2015 is \$38,937 and \$20,119, respectively.

In December 2012, the County issued General Obligation Bonds, Series A & B of 2012, in the amount of \$21,175,000. As a result of the refunding the County recognized a bond discount. The balance of the bond discount at December 31, 2015 is \$166,348.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 a joint loan agreement with the Department of Community, the Economic Development and Pennsylvania Economic Development Financing Authority, six other Pennsylvania counties, and one city in New Jersey. The County received \$5,833,000 in Federal Section 108 Loan Guarantee funds in which the County used their Loan funds to make the Boscov Loan. The loan matures in August 2028. The County has not been called on to make payments.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances of each individual fund as of December 31, 2015, are as follows:

<u>Governmental Fund Types</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 3,851,129	\$ 2,224,999
Children and Youth Fund	977,190	2,791,026
Other Agencies Fund	108,143	3,327,477
MH/DS Fund	2,845,923	45,821
Other Governmental Funds	275,226	999,953
Total Government Fund Types	8,057,611	9,389,276
 <u>Proprietary Fund Type</u>		
Enterprise Fund		
Internal Service	1,331,665	-
Total Proprietary Fund Type	1,331,665	-
Total	\$9,389,276	\$9,389,276

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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 13: 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	\$ -	\$201,920
Children and Youth	4,540,992	-
Other Agencies Fund	-	6,724,960
MH/DS Fund	5,956,657	-
Other Governmental Funds	6,134,157	-
	<hr/>	<hr/>
Total Governmental Fund Types	16,631,806	6,926,880
	<hr/>	<hr/>
Enterprise Fund:		
Internal Service Fund	-	395,511
Rest Haven	-	6,848,308
911 Emergency Telephone	-	2,605,611
	<hr/>	<hr/>
Total Enterprise Fund	-	9,849,430
	<hr/>	<hr/>
Governmental Activities (capital assets and long-term liabilities)	144,504	-
	<hr/>	<hr/>
	<u>\$16,776,310</u>	<u>\$16,776,610</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.

During 2015, the 911 enterprise fund no longer met the criteria to be classified as a proprietary fund. Thus, the 911 enterprise fund transferred (\$2,461,107) of governmental fund level assets and liabilities to 911 special revenue fund. In addition, the 911 enterprise fund transferred \$144,504 of capital assets and long term liabilities to governmental activities during 2015. \$21,227,281 (\$14,396,985 of general obligation debt, \$5,630,700 of capital lease obligations, \$80,451 of compensated absences, \$967,270 of post-employment liability, and \$151,875 of accrued interest on bonds) were transferred from business-type activities to governmental activities and capital assets of \$27,416,341 with accumulated depreciation of \$6,044,556.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

NOTE 14: COMMITMENTS AND CONTINGENCIES

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.

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.

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 non-overtime 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.

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.

Component Unit-Compensated Absences

Schuylkill County Transportation Authority (the "System")

Compensated Absences

Under the terms of the Authority's employment policies, employees are reimbursed for accrued vacation and sick days upon termination from employment. The reimbursement for vacation is 50% of earned hours multiplied by the employee's hourly rate. The reimbursement for sick time is hours earned divided by 8 hours/ day multiplied by \$50 per day. In addition, employees are granted personal days each year but no payment is made upon termination for these days.

The total liability for compensated absences reflected in the financial statements for the 2014/2015 year are \$38,873, in the Shared Ride Program, and \$27,771 in the Fixed Route Program.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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>10,380,137</u>
--------------	----------------------

This line item represents amounts assigned to pass the 2016 budget and post employment benefits.

Restricted

General Fund	\$ <u>902,865</u>
--------------	-------------------

This line item represents expenditures restricted for program purposes.

Nonmajor Funds

Restricted

<u>Other Governmental Funds</u>	\$ <u>11,278,621</u>
---------------------------------	----------------------

This line item represents amounts restricted for program purposes.

<u>Debt Service Fund</u>	\$ <u>870,320</u>
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This line item represents amounts restricted for payment of debt service.

<u>Capital Reserve Fund</u>	\$ <u>2,197,734</u>
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This line item represents amounts restricted for future capital projects.

<u>Capital Projects Fund</u>	\$ <u>754,822</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, 2015

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

Internal Service Fund \$677,228

This line item represents amounts restricted for workers' compensation claims.

Fiduciary Funds

Pension Trust Fund \$122,056,859

This line item represents net position restricted for pensions.

Component Unit – Restricted Net Position

Schuylkill 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: SALE OF OPERATIONS

In September 2015, the County sold Rest Haven, the County nursing home, to Investment 360 for a gross contract price of \$11,000,000. The County received \$9,688,883 in net proceeds. The net gain on the sale amounted to \$7,823,841. The governmental activities opinion unit assumed \$5,312,011 (\$5,135,875 post-employment liability and \$176,136 of capital lease obligations) of long term liabilities.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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"> • Employees hired on or after November 24, 2004 will not be eligible for County-paid health insurance upon and during retirement • 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 • 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
AFSCME Local 1512	<ul style="list-style-type: none"> • Employees hired on or after July 1, 2005 will not be eligible for County-paid health insurance upon and during retirement • Employees, and dependents, who retired prior to January 1, 1986 • 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 • 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

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 18: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

AFL-CIO, DC 89, Local 1512, Courthouse and 911	<ul style="list-style-type: none"> • Employees hired on or after July 1, 2005 will not be eligible for County-paid health insurance upon and during retirement • Employees, and dependents, who retired prior to January 1, 1986 • 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 • 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
Teamsters Local Union 429	<ul style="list-style-type: none"> • Employees, and spouses, employed on or before December 31, 2007 and retires pursuant to the County Pension plan • Employees hired after December 31, 2007 shall not be entitled to any health care coverage at the expense of the Employer
Court Related Union Unit 2	<ul style="list-style-type: none"> • Employees hired on or after February 1, 2007 will not be eligible for County-paid health insurance upon and during retirement • Employees, and dependents, retired prior to January 1, 1988 • 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 • 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 • As of January 1, 1994, bargaining unit members who were dismissed for just cause and employees hired after February 1, 2007 are ineligible

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 18: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 2015, the County contributed \$4,577,409 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 <u>Activities</u>
Annual required contribution (ARC)	\$ 8,259,899
Interest on Net OPEB obligation	1,279,529
ARC Adjustment	<u>(2,098,001)</u>
Annual OPEB Cost (Expense)	7,441,427
Contributions made	<u>(4,577,409)</u>
Increase in net OPEB obligation	2,864,018
Amounts assumed from 911 transfer and Rest Haven Sale (Note 10 and 13)	6,103,144
Net OPEB obligation – beginning of year	<u>25,885,078</u>
Net OPEB obligation – end of year	<u><u>\$ 34,852,240</u></u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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 2015, 2014, and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 7,441,427	61.51%	\$ 34,852,240
12/31/2014	\$ 7,755,737	55.71%	\$ 31,988,222
12/31/2013	\$ 7,720,078	51.24%	\$ 28,553,515

Funded Status and Funding Progress. As of January 1, 2015 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$109,280,506 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$109,280,506. The covered payroll (annual payroll of active employees covered by the plan) was \$15,453,717, and the ratio of the UAAL to the covered payroll was 707.14%.

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, 2015 actuarial valuation, the entry age normal actuarial 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 0.5% per year, to an ultimate rate of 5%. 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, 2015 was 30 years.

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2015

NOTE 19: LOANS RECEIVABLE

The County has loaned funds to Schuylkill County Airport Authority, Schuylkill County Economic Development Authority, and other various agencies. The total notes receivable balance at December 31, 2015 was \$1,489,308.

NOTE 20: RESTATEMENT OF NET POSITION/FUND BALANCE

	Governmental <u>Activities</u>	General <u>Fund</u>	MH/DS <u>Fund</u>	Other Governmental <u>Funds</u>
Fund Balance/Net Position January 1, 2015	\$ 26,993,025	\$ 17,137,720	\$ 393,648	\$ 13,276,595
Removal of Interfund Amounts, reclassification of unearned revenue and restricted fund balance	(4,290,105)	(5,378,906)	(393,648)	1,482,449
Understatement of net pension liability due to the adoption of GASB 68	<u>(1,846,051)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restated Fund Balance/Net Position January 1, 2014	<u>\$ 20,856,869</u>	<u>\$ 11,758,814</u>	<u>\$ -</u>	<u>\$ 14,759,044</u>

**REQUIRED
SUPPLEMENTAL
INFORMATION**

COUNTY OF SCHUYLKILL
 SCHEDULE OF FUNDING PROGRESS FOR
 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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)
12/31/2015	\$ -	\$ 109,280,506	\$ 109,280,506	0%	\$ 15,453,717	707.15%
12/31/2014	\$ -	\$ 112,172,810	\$ 112,172,810	0%	\$ 15,858,502	707.34%
12/31/2013	\$ -	\$ 110,156,842	\$ 110,156,842	0%	\$ 16,707,134	659.34%

County of Schuylkill, Pennsylvania

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service Cost	\$ 1,315,351	\$ 2,589,653
Interest	9,370,951	9,242,267
Changes of benefit terms	-	-
Differences between expected and actual experience	4,345,616	(721,013)
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(8,440,014)</u>	<u>(7,812,979)</u>
Net change in total pension liability	6,591,904	3,297,928
Total pension liability - beginning	127,774,374	124,476,446
Total pension liability - ending (a)	<u>\$ 134,366,278</u>	<u>\$ 127,774,374</u>
Plan fiduciary net position		
Contributions - employer	\$ 2,582,040	\$ 2,589,653
Contributions - employee	2,615,147	2,561,662
Net investment income	(606,816)	6,904,475
Benefit payments, including refunds of employee contributions	(8,440,014)	(7,812,979)
Administrative expense	(21,821)	(6,832)
Other	-	-
Net change in plan fiduciary position	<u>(3,871,464)</u>	<u>4,235,979</u>
Plan fiduciary net position - beginning	125,928,323	121,692,344
Plan fiduciary net position - ending (b)	<u>\$ 122,056,859</u>	<u>\$ 125,928,323</u>
County's net pension liability - ending (a) - (b)	<u>\$ 12,309,419</u>	<u>\$ 1,846,051</u>
Plan fiduciary net position as a percentage of the total pension liability	90.84%	98.56%
Covered - employee payroll	\$ 30,403,565	\$ 28,179,028
County net pension liability as a percentage of covered - employee payroll	40.49%	6.55%

Note to Schedule

The County adopted GASB 67 on a prospective basis in 2014; therefore only two years are presented in the above schedule.

County of Schuylkill, Pennsylvania

Required Supplementary Information

Schedule of Employer Contributions - Last 10 Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined employer contributions	\$ 2,582,040	\$ 2,589,653	\$ 3,391,169	\$ 3,227,289	\$ 3,180,461	\$ 3,148,444	\$ 2,217,034	\$ 733,243	\$ 1,217,811	\$ 1,227,586
Contributions in relation to the actuarially determined employer contribution	2,582,040	2,589,653	3,391,169	3,227,289	3,180,461	3,148,444	2,217,034	733,243	1,217,811	1,227,586
Employer contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Covered - employee payroll	30,403,565	28,179,028	27,796,464	27,725,849	27,323,547	27,521,360	26,268,179	\$ 26,094,042	\$ 24,699,914	\$ 24,695,359
Employer contributions as a percentage of covered - employee payroll	8.49%	9.19%	12.20%	11.64%	11.64%	11.44%	8.44%	2.81%	4.93%	4.97%

Notes to Schedule

Valuation date: January 1, 2015 January 1, 2014

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	25 years
Asset valuation method	Market Value adjusted for unrecognized gains and losses from prior year
Inflation	3.0%
Salary increases	4.5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years' service
Mortality	RP 2013 Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement.

County of Schuylkill, Pennsylvania
Required Supplementary Information
Schedule of Investment Returns

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	5.73%	-0.2%

Note to Schedule

The County adopted GASB 67 on a prospective basis in 2014; therefore only two years are presented in the above schedule.

County of Schuylkill
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
Revenues				
Taxes				
Real Estate Taxes	\$ 34,240,070	\$ 34,240,070	\$ 34,431,929	\$ 191,859
Per Capita Taxes	379,945	379,945	390,334	10,389
Hotel Tax	245,000	276,160	295,807	19,647
Grants and Gifts	2,327,810	2,510,315	2,253,409	(256,906)
Charges for Service	6,944,322	7,042,040	8,349,544	1,307,504
Reimbursed Expenditures	4,644,671	4,649,721	-	(4,649,721)
Miscellaneous Revenue	1,836,712	1,842,534	2,084,887	242,353
Total Revenues	50,618,530	50,940,785	47,805,910	(3,134,875)
Expenditures				
General Government - Administrative				
Administration	660,149	660,149	541,737	118,412
Central Services	278,975	278,975	248,922	30,053
Commissioners' Office	267,389	268,889	258,477	10,412
Controller's Office	416,085	415,792	411,228	4,564
County Contributions	1,111,543	318,857	8,215	310,642
Insurances	900,000	762,280	902,888	(140,608)
Maintenance	975,753	962,893	842,402	120,491
MIS/Data Processing	660,799	673,499	553,825	119,674
Personnel	416,854	413,754	361,558	52,196
Planning and Zoning	211,385	205,938	200,865	5,073
Public Defender	1,322	1,322	1,083	239
Recorder of Deeds	388,572	388,572	359,362	29,210
Records Management	196,702	196,702	193,317	3,385
Solicitor	181,336	181,336	169,270	12,066
Systems	-	-	(268,622)	268,622
Tax Assessment	558,612	558,813	541,274	17,539
Tax Claim	590,059	589,659	500,528	89,131
Tax Refunds	88,000	410,750	403,758	6,992
Treasurer's Office	777,795	777,795	739,930	37,865
Veterans Affairs	158,741	158,741	126,795	31,946
Voter Registration and Elections	519,022	513,620	508,693	4,927
Reimbursed Expenditures	-	-	(37,944)	37,944
Fringe Benefits	1,356,475	1,355,744	1,348,620	7,124
Total General Government	10,715,568	10,094,080	8,916,181	1,177,899
Public Safety				
County Contributions	44,119	44,119	44,119	-
County Prison	4,984,816	5,272,759	5,053,475	219,284
Emergency Management	382,946	380,145	242,531	137,614
Main-Adults In Non-Co Inst	14,000	14,000	12,151	1,849
Reimbursed Expenditures	-	-	(138,769)	138,769
Fringe Benefits	3,290,083	3,288,310	3,271,030	17,280
Total Public Safety	8,715,964	8,999,333	8,484,537	514,796

County of Schuylkill
General Fund
Budgetary Comparison Schedule (Continued)
For the Year Ended December 31, 2015

General Government - Judicial				
Adult Probation	\$ 2,314,677	\$ 2,315,728	\$ 2,074,694	\$ 241,034
Central Booking	132,998	136,698	146,511	(9,813)
Clerk of Courts	495,027	495,027	477,569	17,458
Constables	14,000	16,700	16,547	153
Coroner	406,366	426,366	284,682	141,684
Courts	1,835,211	1,907,467	1,829,970	77,497
District Attorney	1,239,802	1,253,132	1,254,383	(1,251)
District Justices	1,274,239	1,239,607	1,248,641	(9,034)
Juvenile Probation	1,093,775	1,095,950	1,082,833	13,117
Law Library	305,769	308,969	305,559	3,410
Prothonotary	374,562	380,362	363,354	17,008
Public Defender	811,353	759,353	725,614	33,739
Register of Wills	287,494	287,494	286,713	781
Sheriff	984,473	980,773	968,308	12,465
Reimbursed Expenditures	-	-	(748,752)	748,752
Fringe Benefits	3,634,465	3,632,507	3,613,418	19,089
	<hr/>			
Total General Government - Judicial	15,204,211	15,236,133	13,930,044	1,306,089
Conservation/Development				
Agricultural Extension	307,143	307,876	301,474	6,402
Coal Lands	44,935	45,335	27,525	17,810
County Contributions	324,647	407,164	161,647	245,517
Economic Development	172,639	172,639	110,594	62,045
Parks & Recreation	163,048	168,870	154,623	14,247
Recycling Program	181,243	181,243	172,661	8,582
Soil Conservation	436,651	436,651	436,990	(339)
Solid Waste Management	181,216	172,216	150,343	21,873
Reimbursed Expenditures	-	-	(49,507)	49,507
Fringe Benefits	604,624	604,298	601,123	3,175
	<hr/>			
Total Conservation and Development	2,416,146	2,496,292	2,067,473	428,819
Public Works				
County Contributions	10,000	10,000	8,150	1,850
Engineering	401,383	576,383	407,653	168,730
Engineering/Real Estate	8,100	16,625	14,985	1,640
Recycling	135,000	190,571	168,163	22,408
Reimbursed Expenditures	-	-	(377,028)	377,028
Fringe Benefits	1,138,090	1,137,477	1,131,499	5,978
	<hr/>			
Total Public Works	1,692,573	1,931,056	1,353,422	577,634
Human Services				
County Contributions	15,400	20,400	20,400	-
Human Services	220,272	220,272	217,198	3,074
Reimbursed Expenditures	-	-	(3,000,560)	3,000,560
Fringe Benefits	6,772,263	6,768,614	6,733,045	35,569
Rest Haven	-	29,700	21,882	7,818
	<hr/>			
Total Human Services	7,007,935	7,038,986	3,991,965	3,047,021
Culture/Recreation				
County Contributions	356,640	387,800	387,795	5
Capital Outlay - Government Type				
	509,355	546,919	277,492	269,427
	<hr/>			
Total Expenditures	46,618,392	46,730,599	39,408,909	7,321,690
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Excess of Revenues Over (Under) Expenditures	4,000,138	4,210,186	8,397,001	4,186,815

County of Schuylkill
General Fund
Budgetary Comparison Schedule (Continued)
For the Year Ended December 31, 2015

Other Financing Sources (Uses)

Operating Transfers In				
Community Development Block Grant	\$ 70,000	\$ 70,000	\$ -	\$ (70,000)
Driving Under the Influence	25,000	92,343	92,343	-
Hazmat	35,000	35,000	-	(35,000)
Juvenile Probation	95,938	392,760	392,775	15
Marcellus Shale	18,000	18,000	7,099	(10,901)
Library Account	-	-	287	287
Workers Comp	-	595,421	595,511	90
Supervision	161,961	311,961	311,961	-
Rest Haven	-	8,099,310	8,098,307	(1,003)
Conduit Funds	175,000	175,000	372,001	197,001
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Transfers In	580,899	9,789,795	9,870,284	80,489
Operating Transfers Out				
911	3,103,447	3,103,447	2,789,694	313,753
Other Agency Fund				-
Building Complex	184,111	184,111	128,361	55,750
Capital Reserves	180,000	180,000	180,000	-
Children & Youth	3,135,826	3,849,954	4,139,643	(289,689)
Domestic Relations	734,025	734,025	734,025	-
Drug & Alcohol	99,030	99,030	99,030	-
Mental Health Developmental Services	285,417	285,417	285,417	-
Rest Haven	750,000	1,250,000	1,250,000	-
Block Grant	-	6,400	-	6,400
Farmland Preservation	32,720	32,720	32,720	-
Workmen's Comp	-	200,000	200,000	-
Schuylkill Transportation System	233,314	233,314	233,314	-
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Total Operating Transfers Out	8,737,890	10,158,418	10,072,204	86,214
Total Other Financing Sources (uses)	(8,156,991)	(368,623)	(201,920)	166,703
Net Change in Fund Balance	<u>\$ (4,156,853)</u>	<u>\$ 3,841,563</u>	<u>\$ 8,195,081</u>	<u>\$ 4,353,518</u>

County of Schuylkill
Children & Youth
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 14,075,366	\$ 14,075,366	\$ 14,056,222	\$ (19,144)
Charges for Service	648,745	648,745	662,182	13,437
Interest and Rents	550	550	221	(329)
Total Revenues	14,724,661	14,724,661	14,718,625	(6,036)
Expenditures				
Human Services	17,991,781	19,007,885	18,845,666	162,219
Capital Outlay	280,056	413,952	413,951	1
Total Expenditures	18,271,837	19,421,837	19,259,617	162,220
Excess of Revenues Under Expenditures	(3,547,176)	(4,697,176)	(4,540,992)	156,184
Other Financing Sources				
Operating Transfers In	3,547,176	4,261,304	4,540,992	279,688
Net Change in Fund Balances	\$ -	\$ (435,872)	\$ -	\$ 435,872

County of Schuylkill
Other Agency Funds
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 9,321,379	\$ 9,810,707	\$ 9,819,582	\$ 8,875
Charges for Service	10,200	10,200	7,944	(2,256)
Miscellaneous Revenues	29,907	29,907	87,592	57,685
Interest and Rents	4,470	4,470	3,438	(1,032)
Total Revenues	9,365,956	9,855,284	9,918,556	63,272
Expenditures				
Human Services	1,037,251	1,560,579	1,447,787	112,792
Judicial Services	1,722,711	1,764,711	1,745,809	18,902
Capital Outlay	-	-	-	-
Total Expenditures	2,759,962	3,325,290	3,193,596	131,694
Excess of Revenues Under Expenditures	6,605,994	6,529,994	6,724,960	194,966
Other Financing Sources				
Operating Transfers In	246,286	246,286	231,285	(15,001)
Operating Transfers Out	(6,877,958)	(7,174,780)	(6,956,245)	218,535
Total Other Financing Sources	(6,631,672)	(6,928,494)	(6,724,960)	203,534
Net Change in Fund Balances	\$ (25,678)	\$ (398,500)	\$ -	\$ 398,500

County of Schuylkill
Mental Health/Developmental Services
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 858,906	\$ 858,906	\$ 925,932	\$ 67,026
Charges for Service	52,262	52,262	80,819	28,557
Interest and Rents	2,400	2,400	1,773	(627)
Total Revenues	913,568	913,568	1,008,524	94,956
Expenditures				
Human Services	6,976,550	6,980,725	6,964,356	16,369
Capital Outlay	5,000	825	825	-
Total Expenditures	6,981,550	6,981,550	6,965,181	16,369
Excess of Revenues Under Expenditures	(6,067,982)	(6,067,982)	(5,956,657)	111,325
Other Financing Sources				
Operating Transfers In	6,067,982	6,067,982	5,956,657	(111,325)
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -

**OTHER
SUPPLEMENTAL
INFORMATION**

COUNTY OF SCHUYLKILL
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Debt Service Fund</u>
Revenues	
Taxes	\$ 424,034
Other Revenue	2,590
	426,624
Expenditures	
Current:	
General Government - Administrative	12,526
Debt Service	
Principal	250,000
Interest	193,303
	455,829
Total Expenditures	455,829
Excess of Revenues Over Expenditures	(29,205)
Other Financing Uses:	
Operating Transfers	-
	-
Total Other Financing Uses	-
Net Change in Fund Balances	(29,205)
Fund Balances - Beginning of Year	899,525
Fund Balances - End of Year	\$ 870,320