

**COUNTY OF SCHUYLKILL
POTTSVILLE, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

COUNTY OF SCHUYLKILL
YEAR ENDED DECEMBER 31, 2003

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Basic Financial Statements	1 – 2
Management Discussion and Analysis	3 – 17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet – Governmental Funds	20
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	21
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)	
– Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances (Deficits) of Governmental Funds to the Statement of Activities	23
Statement of Net Assets (Deficits) – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficits)	
– Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Net Assets – Fiduciary Funds	27
Statement of Changes in Fiduciary Net Assets	28
Notes to Financial Statements	29 – 56
Required Supplemental Information	
Employee Retirement Plan - Schedule of Employer Contributions	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual - General Fund for the Year Ended December 31, 2003	59 - 61
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -	
Mental Health/Mental Retardation - Fund for the Year Ended December 31, 2003	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
Children and Youth Services – Special Revenue Fund for the Year Ended December 31, 2003	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
Other Agency – Special Revenue Fund for the Year Ended December 31, 2003	64
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
Office of Senior Services – Fund for the Year Ended December 31, 2003	65

Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

County Commissioners
County of Schuylkill
Pottsville, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of COUNTY OF SCHUYLKILL as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the COUNTY OF SCHUYLKILL. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component units, Child Development, Inc. and the North Central Highway Safety Network's financial statements which reflect total assets of \$722,300 and \$461,186, respectively, and total revenues of \$6,633,118 and \$2,131,909, respectively, that were included in the COUNTY OF SCHUYLKILL's financial statements as of and for the year ended December 31, 2003. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, Child Development, Inc., and North Central Highway Safety Network, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF SCHUYLKILL as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

<i>Harrisburg</i>	<i>Lehigh Valley</i>	<i>Philadelphia</i>
4316 Derry Street Harrisburg, PA 17111 717.561.9200 Fax 717.561.9202	1101 West Hamilton Street Allentown, PA 18101-1043 610.871.5077 Fax 610.871.5078	2370 York Road, Suite A-5 Jamison, PA 18929 215.918.2277 Fax 215.918.2302

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County Commissioners
County of Schuylkill
Page 2

The management's discussion and analysis, schedule of employer contributions, and budgetary comparison information on pages 3 through 17 and 58 through 65 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
April 14, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Schuylkill's comprehensive annual financial report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2003. 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, 2003.

FINANCIAL HIGHLIGHTS

- For fiscal year 2003, the County's total real estate millage rate remained at 8.88 mills; however, there was a change in the allocation. The levy for general purposes was increased from 8.00 mills to 8.32 mills and the levy for debt purposes was decreased from .88 mills to .56 mills.
- The County's unrestricted net assets (deficit) for the Governmental Activities were (\$6,013,899) and for the Business-Type Activities were (\$983,767) at the end of the year. This was a decrease of \$8,231,011 and \$1,049,790, respectfully from the previous year.
- The County's net assets from Governmental and Business-Type Activities were \$17,811,186 at the end of the year. This was a decrease of \$7,066,005 or 28.4% from the previous year.
- The County had \$25,235,000 of General Obligation Debt outstanding at the end of the year. This was a decrease of \$3,040,000 or 10.8% from the previous year.
- The General Fund Deficit Unreserved Fund Balance was (\$67,768) at the end of the year. This was a decrease of \$5,470,806 or 101.3% from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 18 through 19 of this report.

FUND FINANCIAL STATEMENTS

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

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

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

Schuylkill County maintains the following five major governmental funds: the General Fund, Mental Health/Mental Retardation Fund, Children and Youth Fund, Office of Senior Services Fund, and the Debt Service Fund. The County also maintains twenty non-major governmental funds that are combined into a single aggregated presentation.

The governmental fund financial statements can be found on pages 20 through 23 of this report.

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

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

The proprietary fund financial statements can be found on pages 24 through 26 of this report.

Fiduciary Funds of the County consist of the employee's retirement trust fund and of certain agency funds. The County is the trustee, or fiduciary, for the employee's retirement system. In addition, the County is also responsible for certain agency funds

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

The fiduciary fund financial statements can be found on pages 27 through 28 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

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

NET ASSETS

Schuylkill County's net assets as of December 31, 2003 and December 31, 2002 are presented below:

County Net Assets as of December 31, 2003 and 2002

	Governmental Activities		Business-Type Activities	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Other Assets	\$ 34,478,237	\$ 43,700,262	\$ 763,334	\$ 1,668,492
Capital Assets, net	\$ 21,800,688	\$ 19,983,241	\$ 4,151,079	\$ 4,415,403
Total Assets	<u>\$ 56,278,925</u>	<u>\$ 63,683,503</u>	<u>\$ 4,914,413</u>	<u>\$ 6,083,895</u>
Other Liabilities	\$ 13,156,998	\$ 9,797,785	\$ 869,590	\$ 719,813
Long-term Liabilities	\$ 26,898,053	\$ 31,789,953	\$ 2,457,511	\$ 2,582,656
Total Liabilities	<u>\$ 40,055,051</u>	<u>\$ 41,587,738</u>	<u>\$ 3,327,101</u>	<u>\$ 3,302,469</u>
Net Assets:				
Capital Assets, net of debt	\$ 17,800,688	\$ 13,643,241	\$ 2,571,079	\$ 2,715,403
Restricted	\$ 4,437,085	\$ 6,235,412	\$ -	
Unrestricted	\$ (6,013,899)	\$ 2,217,112	\$ (983,767)	\$ 66,023
Total Net Assets	<u>\$ 16,223,874</u>	<u>\$ 22,095,765</u>	<u>\$ 1,587,312</u>	<u>\$ 2,781,426</u>

Net assets of the County's governmental activities were \$16,223,874. Of this amount, \$17,800,688 represents the investment in capital assets, net of related debt, while

\$4,437,085 was restricted for various purposes. The unrestricted net asset deficit balance as of the end of the year was (\$6,013,899).

Net assets of the County's business-type activities were \$1,587,312. Of this amount, \$2,571,079 represents investment in capital assets, net of related debt. The unrestricted net asset deficit balance as of the end of the year was (\$983,767).

The following table presents the County's changes in net assets for the fiscal year ended December 31, 2003 and December 31, 2002:

County's Changes in Net Assets as of December 31, 2003 and 2002

	Governmental Activities		Business-Type Activities	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 10,024,041	\$ 11,111,303	\$ 9,876,407	\$ 9,718,937
Operating Grants & Contributions	\$ 56,925,975	\$ 56,682,101		
General Revenues:				
Property Taxes	\$ 18,753,649	\$ 18,624,806		
Interest, Invest. Earnings & Royalties	\$ 331,801	\$ 645,032	\$ 2,040	\$ 11,556
Hotel Tax	\$ 164,193	\$ 101,645		
Per Capita Tax	\$ 421,478	\$ 425,240		
Gain/(Loss) on Disposal of Asset	\$ 60,020	\$ (50,101)		
Miscellaneous	\$ 1,260,644	\$ 1,703,976	\$ 429,057	\$ 404,911
Total Revenues	<u>\$ 87,941,801</u>	<u>\$ 89,244,002</u>	<u>\$ 10,307,504</u>	<u>\$ 10,135,404</u>
Expenses:				
General Government	\$ 9,976,675	\$ 9,317,539		
Judicial Government	\$ 14,625,902	\$ 13,971,637		
Public Safety	\$ 4,864,747	\$ 4,893,170		
Public Works	\$ 4,260,841	\$ 3,731,486		
Human Services	\$ 53,526,114	\$ 52,838,866		
Culture/Recreation	\$ 451,022	\$ 377,245		
Conservation/Development	\$ 4,663,871	\$ 4,037,926		
Interest on Long-Term Debt	\$ 762,003	\$ 835,799		
911 Fund			\$ 2,110,973	\$ 2,314,730
Nursing Home			\$ 10,073,162	\$ 8,979,271
Total Expenses	<u>\$ 93,131,175</u>	<u>\$ 90,003,668</u>	<u>\$ 12,184,135</u>	<u>\$ 11,294,001</u>
Change in Net Assets before Transfers	\$ (5,189,374)	\$ (759,666)	\$ (1,876,631)	\$ (1,158,597)
Transfers	<u>\$ (682,517)</u>	<u>\$ (241,626)</u>	<u>\$ 682,517</u>	<u>\$ 241,626</u>
Change in Net Assets	\$ (5,871,891)	\$ (1,001,292)	\$ (1,194,114)	\$ (916,971)
Net Assets - Beginning	<u>\$ 22,095,765</u>	<u>\$ 23,097,057</u>	<u>\$ 2,781,426</u>	<u>\$ 3,698,397</u>
Net Assets - Ending	\$ 16,223,874	\$ 22,095,765	\$ 1,587,312	\$ 2,781,426

During 2003, net assets of the County's governmental activities decreased by \$5,871,891 or 26.6% to \$16,223,874. The contributing factors to this decline were a decrease in revenues of \$1,302,201 and an increase in expenses of \$3,127,507. The major factors for the decrease in revenues were attributed to a \$433,000 decrease in the sale of county lands and a \$313,231 decrease in interest and investment earnings. The major factors for the increase in expenses were attributed to salary increases in general government and judicial government; increases in contract expenses for human services; and increases in tax incremental finance payments, payments to CDBG non-entitlement communities, and payments to other municipalities and organizations for conservation/development

During 2003, total net assets of the County's business-type activities decreased by \$1,194,114 or 42.9% to \$1,587,312. The decrease was primarily the result of increases in the cost of operating a nursing home facility.

GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES

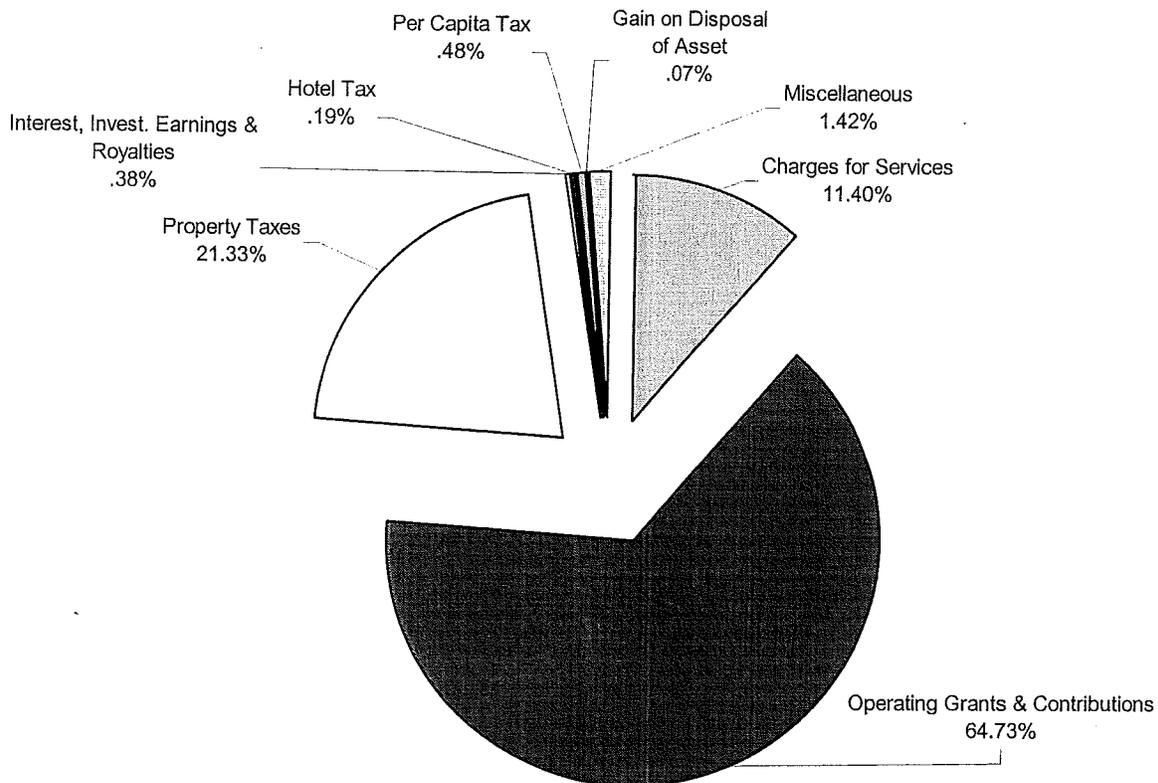
The following table presents the sources of revenues for the fiscal year ended December 31, 2003:

Sources of Revenues

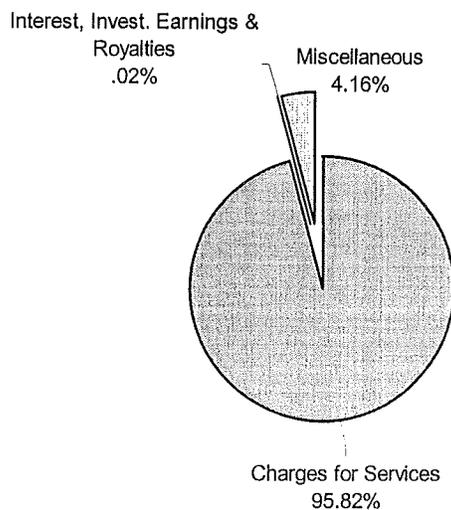
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
Revenues:				
Charges for Services	\$ 10,024,041	11.40%	\$ 9,876,407	95.82%
Operating Grants & Contributions	\$ 56,925,975	64.73%		0.00%
Property Taxes	\$ 18,753,649	21.33%		0.00%
Interest, Invest. Earnings & Royalties	\$ 331,801	0.38%	\$ 2,040	0.02%
Hotel Tax	\$ 164,193	0.19%		0.00%
Per Capita Tax	\$ 421,478	0.48%		0.00%
Gain on Sale of Asset	\$ 60,020	0.07%		0.00%
Miscellaneous	\$ 1,260,644	1.42%	\$ 429,057	4.16%
Total Revenues	\$ 87,941,801	100.00%	\$ 10,307,504	100.00%

(See the accompanying pie charts on next page)

Sources of Revenue - Governmental Activities



Sources of Revenue - Business -Type Activities

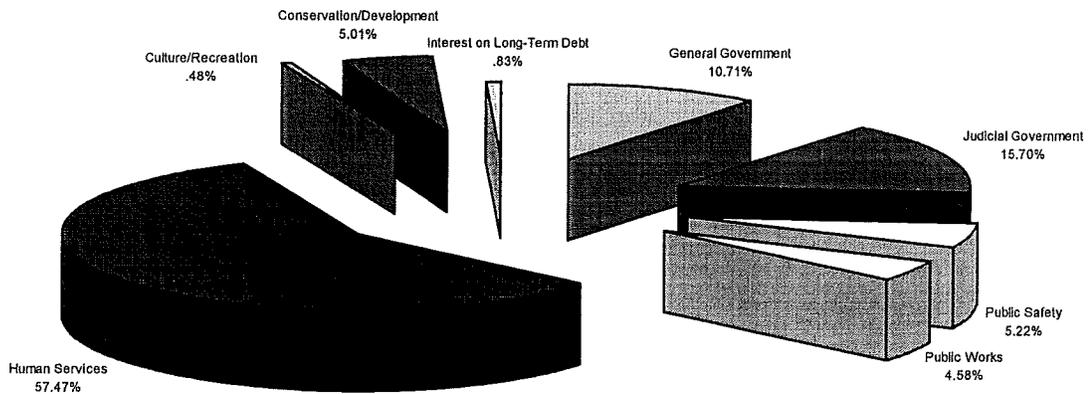


The following table presents the functional expenses for the fiscal year ended December 31, 2003:

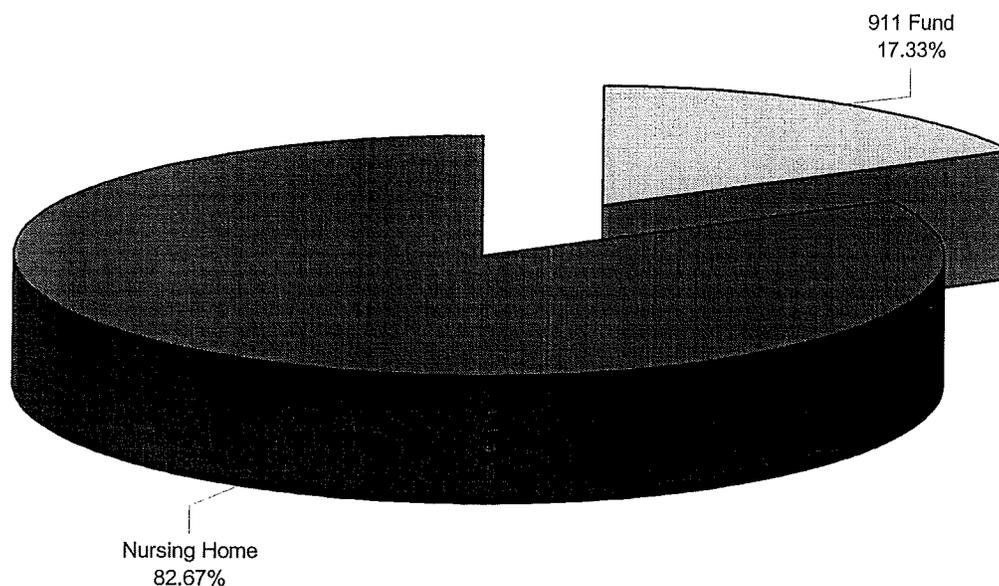
Functional Expenses

	Governmental Activities		Business-Type Activities	
Expenses:				
General Government	\$ 9,976,675	10.71%		
Judicial Government	\$ 14,625,902	15.70%		
Public Safety	\$ 4,864,747	5.22%		
Public Works	\$ 4,260,841	4.58%		
Human Services	\$ 53,526,114	57.47%		
Culture/Recreation	\$ 451,022	0.48%		
Conservation/Development	\$ 4,663,871	5.01%		
Interest on Long-Term Debt	\$ 762,003	0.83%		
911 Fund			\$ 2,110,973	17.33%
Nursing Home			\$ 10,073,162	82.67%
Total Expenses	\$ 93,131,175	100.00%	\$ 12,184,135	100.00%

Functional Expenses - Governmental Activities



Functional Expenses - Business-Type Activities



FINANCIAL ANALYSIS OF COUNTY'S FUNDS

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

Governmental Funds - The General fund, Mental Health/Mental Retardation special revenue fund, Children and Youth special revenue fund, Office of Senior Services special revenue fund, and Debt Service Fund make up the County's major governmental funds. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved/undesignated fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year. For the year ended December 31, 2003, Schuylkill County governmental funds reported a combined ending fund balance of \$19,284,132. This was a decrease of \$9,996,272 or 34.1% from the previous year.

General Fund - The General Fund is the primary operating fund of the County. At the end of 2003, the General Fund reported a fund balance of \$2,314,886. This was a decrease of \$3,834,081 or 62.4% from the previous year. This decrease was primarily the result of utilizing \$2,975,341 of the unreserved beginning fund balance to balance the 2003 General Fund budget and overspending in the Mental Health/Mental Retardation Program which required an additional transfer of \$1,082,000 from the General Fund.

The General Fund balance reserve for restricted purposes increased by a net amount of \$1,636,725. This was the net result of an increase of \$1,803,812 to cover the deficit in the Mental Health/Mental Retardation Program and a decrease of \$167,087 to cover the deficit in the 911 Fund. The deficit unreserved fund balance in the General Fund was (\$67,768) as of December 31, 2003.

Beginning with fiscal year 2001, both the total fund balance and the unreserved fund balance for the General Fund has been trending lower; this has been due to the growth in expenses exceeding the growth in revenue.

Mental Health/Mental Retardation Fund – At the end of 2003, the Mental Health/Mental Retardation Fund reported a deficit fund balance of (\$1,803,812). This deficit resulted from the MH/MR Agency recommending and the Board of Commissioners entering into contracts with service providers that exceeded the budgetary allocation from the Commonwealth of Pennsylvania as well as from the County. County management intends to fund this deficit through either a reduction in program expenses and/or additional operating transfers from the General Fund.

Children and Youth Fund - At the end of 2003, the Children and Youth Fund maintains no fund balance because the General Fund transfers a sufficient amount to bring the fund balance to zero.

Office of Senior Services Fund - At the end of 2003, the Office of Senior Services Fund maintains no fund balance because the General Fund transfers a sufficient amount to bring the fund balance to zero.

Debt Service Fund – At the end of 2003, the Debt Service Fund reported a fund balance of \$13,362,187. This was a decrease of \$4,911,761 or 26.9% from the previous year. This decrease was the result of a decrease in revenues and an increase in expenses. The real estate tax millage for debt purposes was decreased in 2003 from .88 mills to .56 mills and this resulted in a decrease in real estate tax revenue of \$604,927. There was also an increase in expenses of \$995,230 from the previous year because there was an early principal retirement payment of \$1,000,000 on the 2000 bond issue. In addition, \$2,283,226 was reported as Operating Transfers (Out) of the Debt Service Fund. The majority of this transfer was to the Capital Projects Fund to fund various projects (e.g., Sweet Arrow Lake, Mahanoy City Senior Center, Court House re-roofing, and updates to the 911 CAD system).

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

Rest Haven Nursing Home – At the end of 2003, the Nursing Home reported net assets of \$2,166,154. This was a decrease of \$1,361,201 or 38.6% from the previous year. This decrease was primarily the result of a broad increase in general operating expenses. In

addition, there were increases in salary and benefits, increases in the cost of insurance (including worker's compensation, property, auto and liability) and a payment to the retirement fund of \$130,094.

Beginning with fiscal year 2002, the ending net asset balance for the Rest Haven Nursing Home has been trending lower; this has been due to the growth in expenses exceeding the growth in revenue.

911 Fund - At the end of 2003, the 911 Fund reported net assets (deficit) of (\$578,842). This deficit was reduced by \$167,087 or 22.4% from the previous year. This reduction was the result of combined increase in tariff revenue and a decrease in operating expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the original General Fund budget and the final budget. However, there were some differences between the General Fund actual results and the final budget. There was a positive variance in General Fund expenses of \$1,509,132. This was partly the result of savings that occurred on engineering expenses. The County was planning to reconstruct County bridges #106 and #112. However, there were delays in the bridge design work and the engineering expenses that were budgeted were not incurred during 2003.

There was a large negative variance for Actual Operating Transfers Out of the General Fund to the Mental Health/Mental Retardation Agency for \$1,333,652. This was to fund the additional cost incurred during the calendar year that resulted from the Mental Health/Mental Retardation Agency exceeding their budgetary allocation from the Commonwealth of Pennsylvania as well as from the County. There was also a negative variance for Actual Operating Transfers In to the General Fund for \$985,326.

CAPITAL ASSETS

Schuylkill County's investment in capital assets for its governmental and business-type activities as of December 31, 2003 was \$25,951,767 (net of accumulated depreciation). This was an increase of \$1,553,123 or 6.4% over the previous year. Capital assets consist primarily of land, construction in progress, works of art collections, land improvements, buildings and improvements, machinery and equipment, motor vehicles, computer equipment, agricultural easements, and infrastructure.

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

Governmental Activities

- Construction in Progress increased by a net amount of \$2,024,491; this primarily was the result of repairs to the Sweet Arrow Lake Clubhouse and Dam, and the construction of a Senior Center located in Mahanoy City.
- Buildings and Improvements increased by \$434,335; this primarily was the result of a re-roofing project of the Court House.
- Motor Vehicles increased by a net amount of \$796,298; vehicles were purchased for the Schuylkill Transportation System and a recycling truck was purchased for the Solid Waste Department.
- Agricultural Easement purchases increased by \$180,000; the County purchased seven agricultural easements in 2003.

Business-Type Activities

- Machinery and Equipment increased by \$68,355; this primarily was the result of a purchase of a microwave dish for one of the 911 tower sites.
- Computer Equipment increased by \$466,006; this primarily was the result of the CAD upgrade at the 911 Center and the purchase of HIPAA software at Rest Haven.
- Construction in Progress decreased by a net amount of \$228,219; this primarily was the result of the completion of the CAD upgrade at 911. When the upgrade was completed in 2003, \$256,624 was reclassified from the Construction in Progress account to Computer Equipment.

The following is a summary of capital assets as of December 31, 2003 and December 31, 2002:

Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Balance at</u>	<u>Balance at</u>
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Land	\$ 694,817	\$ 694,817			\$ 694,817	\$ 694,817
Construction In Progress	\$ 2,522,181	\$ 497,690	\$ 28,405	\$ 256,625	\$ 2,550,586	\$ 754,315
Works of Art Collections	\$ 174,000	\$ 174,000			\$ 174,000	\$ 174,000
Land Improvements	\$ 596,643	\$ 592,968	\$ 154,845	\$ 152,140	\$ 751,488	\$ 745,108
Buildings and Improvements	\$ 21,717,165	\$ 21,282,830	\$ 6,798,470	\$ 6,791,678	\$ 28,515,635	\$ 28,074,508
Machinery and Equipment	\$ 4,719,773	\$ 4,492,439	\$ 2,961,842	\$ 2,893,487	\$ 7,681,815	\$ 7,385,926
Motor Vehicles	\$ 6,111,722	\$ 5,315,424	\$ 86,290	\$ 86,290	\$ 6,198,012	\$ 5,401,714
Computer Equipment	\$ 2,130,462	\$ 1,965,212	\$ 1,220,903	\$ 754,897	\$ 3,351,365	\$ 2,720,109
Agricultural Easements	\$ 280,000	\$ 100,000			\$ 280,000	\$ 100,000
Infrastructure	\$ 5,598,110	\$ 5,598,111			\$ 5,598,110	\$ 5,598,111
Accumulated Depreciation	\$ (22,744,185)	\$ (20,730,250)	\$ (7,099,676)	\$ (6,519,714)	\$ (29,843,861)	\$ (27,249,964)
Total Capital Assets, Net of Accumulated Depreciation	\$ 21,800,688	\$ 19,983,241	\$ 4,151,079	\$ 4,415,403	\$ 25,951,767	\$ 24,398,644

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

LONG-TERM DEBT

As of December 31, 2003, Schuylkill County had \$25,235,000 in general obligation bonds outstanding. This was a decrease of \$3,040,000 or 10.8% from the previous year. The following is a summary of general obligation bond activity during 2003:

Summary of General Obligation Bond Activity

	Governmental Activities	Business-Type Activities	Total
Beginning Balance at January 1, 2003	\$ 26,575,000	\$ 1,700,000	\$ 28,275,000
Less Principal Payments	<u>\$ (2,920,000)</u>	<u>\$ (120,000)</u>	<u>\$ (3,040,000)</u>
Ending Balance at December 31, 2003	\$ 23,655,000	\$ 1,580,000	\$ 25,235,000

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

ECONOMIC FACTORS

The unemployment rate in Schuylkill County was 6.3% as of December 31, 2003. This was higher than the State unemployment rate of 4.6% and was higher than the National unemployment rate of 5.4%.

The net job loss to the County during 2003 was approximately 300 jobs. The Goods Producing Industry generated about an additional 100 jobs and the Service Industry lost approximately 400 jobs.

Schuylkill County is making an effort to stimulate economic development by participating in the Pennsylvania Department of Community and Economic Development's Keystone Opportunity Zone (KOZ) Program as authorized under the Keystone Opportunity Zone (KOZ) program legislation.

Schuylkill County is a joint participant with Carbon County in the KOZ Program. The Schuylkill/Carbon Zone is designated a Keystone Opportunity Zone (KOZ) under Act 92 of 1998. Originally this Zone was comprised of 12 sub zones - nine (9) sub zones in

Schuylkill County and three (3) sub zones in Carbon County and was for a twelve (12) year period effective January 1, 1999. A subsequent amendment to the initial legislation was enacted in December 2000 expanding the zones and extending the time period for the new zones from January 2001 through December 2013. With the new legislation, the number of sub zones increased to nineteen (19) – fourteen (14) in Schuylkill County and five (5) in Carbon County.

The goal of the Keystone Opportunity Zone Program is to revive economically distressed communities by utilizing a market based incentive – state and local tax abatement to recruit new businesses and to assist with the expansion of established businesses. It is anticipated that this initiative will help foster reinvestment in some of the more economically distressed areas.

During 2003, the following activity occurred within Schuylkill County's KOZ sub zones:

- Sub zone #2 - D&F Properties purchased a property and entered into a lease agreement with Tosca LTD for a 25,000 square foot manufacturing facility.
- Sub zone #13 - 5 Points Realty LLC purchased a property and entered into a lease agreement with 5 Points Pub, Inc. to open a restaurant.
- Sub zone #13 – 5 Points Realty LLC purchased a property and entered into a residential lease agreement.

During fiscal year 2000, Schuylkill County issued GO Bonds in the amount of \$10,000,000 for various projects. During 2003, the County spent \$807,678 from the 2000 bond proceeds for the following economic development projects:

- Schuylkill County Airport Education Center
- Coaldale KOZ Site
- SEDCO/Highridge

With respect to the 2000 GO Bond Issue, there was a balance remaining of \$1,728,212 at the end of the year. The County intends to spend the remaining funds on the following:

- Constructing a senior center at Mahanoy City
- Constructing an education center at the Joe Zerbe Airport
- Purchasing agricultural easements
- Restoring the Sweet Arrow Lake Dam
- Improving the 911 CAD system
- Improving the CAMA system

NEXT YEAR'S BUDGET AND RATES

For Fiscal Year 2004, the County's total real estate millage increased from 8.88 mills to 11.98 mills. The General Fund millage increased from 8.32 mills to 11.42 mills while the funded debt millage remained the same at .56 mills. The 2004 final General Fund appropriation was approved at \$39,155,999 which was an increase of \$3,876,841 above the previous year. The increase in budgetary expenditures is primarily the result of an increase in the cost of operating the County Prison, an increase in contingency account, an increase in salary and benefits, and introducing the Higher Educational Initiative program.

REQUEST FOR INFORMATION

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

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

This entire report is available online at www.co.schuylkill.pa.us.

County of Schuylkill
Statement of Net Assets
December 31, 2003

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 15,177,744	\$ 725,105	\$ 15,902,849	\$ 312,982
Restricted Cash	1,192,256	74,581	1,266,837	-
Investments	1,757,621	-	1,757,621	-
Accounts Receivable	254,044	909,229	1,163,273	34,030
Interest Receivable	158,376	-	158,376	-
Taxes Receivable	2,920,528	-	2,920,528	-
Due From Other Governmental Units	2,481,707	-	2,481,707	538,551
Internal Balances	945,581	(945,581)	-	-
Notes Receivable	9,160,000	-	9,160,000	-
Other Assets	430,380	-	430,380	27,731
Capital Assets, Net	21,800,688	4,151,079	25,951,767	270,192
Total Assets	<u>56,278,925</u>	<u>4,914,413</u>	<u>61,193,338</u>	<u>1,183,486</u>
Liabilities				
Accounts Payable	6,026,555	408,897	6,435,452	348,536
Accrued Expenses and Withholdings	1,204,370	325,693	1,530,063	13,947
Due to Other Governments	7,293	-	7,293	-
Deferred Revenue	2,203,035	-	2,203,035	2,252
Escrow Funds- Coal Lands	1,063,733	-	1,063,733	-
Excess of Taxes - Tax Claim Bureau	148,286	-	148,286	-
Escrow Land Sales	85,120	-	85,120	-
Interest Payable	193,606	-	193,606	-
Current Portions of Long Term Liabilities:				
Loans and Notes Payable	-	-	-	201,046
General Obligation Bonds Payable	2,225,000	135,000	2,360,000	-
Non-Current Portions of Long Term Liabilities:				
Payable From Restricted Assets	866,217	74,581	940,798	-
General Obligation Bonds Payable	20,988,117	1,445,000	22,433,117	-
Accrued Compensated Absences	4,581,341	937,930	5,519,271	-
Self Insurance Claims Payable	462,378	-	462,378	-
Total Liabilities	<u>40,055,051</u>	<u>3,327,101</u>	<u>43,382,152</u>	<u>565,781</u>
Net Assets				
Invested In Capital Assets, Net of Related Debt	17,800,688	2,571,079	20,371,767	251,986
Restricted:				
Library	180	-	180	-
Economic Development	2,054,251	-	2,054,251	-
Mental Health/Mental Retardation	1,803,812	-	1,803,812	-
911 Fund	578,842	-	578,842	-
Unrestricted	(6,013,899)	(983,767)	(6,997,666)	365,719
Total Net Assets	<u>\$ 16,223,874</u>	<u>\$ 1,587,312</u>	<u>\$ 17,811,186</u>	<u>\$ 617,705</u>

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

COUNTY OF SCHUYLKILL
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2003

Assets	General	Mental Health/ Mental Retardation	Children and Youth	Other Agency	Office of Senior Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Cash on Hand	\$ 15,000	-	-	-	-	-	\$ -	\$ 15,000
Cash and Cash Equivalents	1,062,137	180,376	894,032	1,559,861	371,940	4,045,156	6,759,008	14,872,510
Restricted Cash	866,217	-	-	-	-	326,039	-	1,192,256
Investments	1,557,429	-	-	-	-	-	200,192	1,757,621
Accounts Receivable	254,044	-	-	-	-	-	-	254,044
Taxes Receivable	2,694,918	-	-	-	-	225,610	-	2,920,528
Due From Other Governments	-	-	2,245,923	3,297	127,919	-	104,568	2,481,707
Due from Other Funds	2,644,176	1,333,652	-	-	-	5,340	-	3,983,168
Notes Receivable	-	-	-	-	-	9,160,000	-	9,160,000
Total Assets	\$ 9,093,921	\$ 1,514,028	\$ 3,139,955	\$ 1,563,158	\$ 499,859	\$ 13,762,145	\$ 7,063,768	\$ 36,636,634
Liabilities and Fund Balances								
Liabilities								
Vouchers and Warrants Payable	\$ 389,713	3,221,297	959,166	182,159	416,878	216,837	594,581	5,980,631
Accrued Expenses and Withholdings	742,130	96,543	115,670	-	82,981	-	167,046	1,204,370
Deferred Revenue	2,110,931	-	-	1,311,765	-	183,121	891,270	4,497,087
Taxes Held in Escrow (Road and School)	338,169	-	-	-	-	-	-	338,169
Excess of Taxes - Tax Claim Bureau	148,285	-	-	-	-	-	-	148,286
Escrow Funds - Coal Lands	1,063,733	-	-	-	-	-	-	1,063,733
Escrow Land Sales	85,120	-	-	-	-	-	-	85,120
Funds Held in Fiduciary Capacity	528,048	-	-	7,293	-	-	-	528,048
Due to Other Governments	-	-	2,065,119	61,941	-	-	-	2,127,060
Due to Other Funds	1,372,905	-	-	-	-	-	-	1,372,905
Total Liabilities	6,779,035	3,317,840	3,139,955	1,563,158	499,859	399,958	1,652,897	17,352,702
Fund Balances								
Fund Balances (Reserved)	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	11,307,936	-	11,307,936
Economic Development	-	-	-	-	-	2,054,251	-	2,054,251
Library	-	-	-	-	-	-	180	180
Mental Health/Mental Retardation	1,803,812	-	-	-	-	-	-	1,803,812
911	578,842	-	-	-	-	-	-	578,842
Unreserved	(67,768)	(1,803,812)	-	-	-	-	-	(1,871,580)
Total Fund Balances	2,314,866	(1,803,812)	-	-	-	13,362,187	5,410,871	19,284,132
Total Liabilities and Fund Balances	\$ 9,093,921	\$ 1,514,028	\$ 3,139,955	\$ 1,563,158	\$ 499,859	\$ 13,762,145	\$ 7,063,768	\$ 36,636,634

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

COUNTY OF SCHUYLKILL
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF NET ASSETS
 DECEMBER 31, 2003

Total Fund Balances of Governmental Funds:	\$ 19,284,132
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets including Infrastructure assets, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	21,800,688
An internal service fund is used by management to charge the costs and accrue the liability for worker's compensation claims for which the county is self-insured. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	244,310
Interest Receivable on long term receivables is not accrued in the current period and accordingly not reported as a fund asset.	158,376
The funds record only the tax revenue received through a period of 60 days subsequent to year-end. The statement of net assets includes a receivable for the County's anticipated collections on the levy.	2,294,052
The funds record bond issuance costs as a current period expenditure while those costs are capitalized on the statement of net assets and amortized over the life of the bonds.	430,380
Long-term liabilities are not due and payable in the current period and accordingly not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of:	
General Obligation Bonds Payable	(23,655,000)
Deferred Refunding Loss	441,883
Accrued Interest Payable	(193,606)
Accrued Compensated Absences	(4,581,341)
Total Net Assets of Governmental Activities	<u>\$ 16,223,874</u>

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

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2003

	General	Mental Health/ Mental Retardation	Children and Youth	Other Agency	Office of Senior Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Real Estate Taxes	\$ 17,436,653	-	-	-	\$ -	\$ 1,236,796	\$ 91	\$ 18,673,540
Per Capita Taxes	421,478	-	-	-	-	-	-	421,478
Hotel Tax	164,193	-	-	-	-	-	-	164,193
Interest and Royalties	153,143	13,760	9,318	10,268	2,602	74,637	73,708	337,436
Grants and Gifts	3,435,795	17,819,264	10,027,242	3,214,966	5,927,602	-	16,501,106	56,925,975
Charges for Services	6,542,700	788,571	859,736	9,766	1,031,143	-	792,125	10,024,041
Other Revenue	416,662	-	-	61,790	-	524,787	257,405	1,260,644
Total Revenues	28,570,624	18,621,595	10,896,296	3,296,790	6,961,347	1,836,220	17,624,435	87,807,307
Expenditures								
General Government	8,669,300	-	-	-	-	292,554	167,837	9,129,691
Judicial Government	11,556,483	-	-	1,500,771	-	-	1,324,543	14,381,797
Public Safety	4,320,824	-	-	-	-	-	190,427	4,511,251
Public Works	351,680	-	-	-	-	-	3,261,342	3,613,022
Human Services	704,059	21,303,068	13,486,575	1,574,241	6,365,365	-	9,848,109	53,281,417
Culture/Recreation	449,057	-	-	-	-	-	-	449,057
Conservation/Development	1,971,731	-	-	-	-	854,343	1,639,380	4,465,454
Debt Service - Principal	-	-	-	-	-	2,920,000	-	2,920,000
Debt Service - Interest	-	-	-	-	-	661,620	-	661,620
Capital Projects	225,994	-	34,181	29,847	54,476	-	3,078,974	3,423,472
Total Expenditures	28,249,128	21,303,068	13,520,756	3,104,859	6,419,841	4,728,517	19,510,612	96,836,781
Excess of Revenues Over (Under) Expenditures	321,496	(2,681,473)	(2,624,460)	191,931	541,506	(2,892,297)	(1,886,177)	(9,029,474)
Other Financing Sources (Uses)								
Operating Transfers In	2,689,179	1,610,947	3,339,254	-	24,200	261,530	3,185,651	11,110,761
Operating Transfers (Out)	(5,902,544)	(733,286)	(714,794)	(191,931)	(565,706)	(2,283,226)	(746,092)	(12,137,579)
Gain on Sale of Land	57,788	-	-	-	-	2,232	-	60,020
Total Other Financing Sources (Uses)	(4,155,577)	877,661	2,624,460	(191,931)	(541,506)	(2,019,464)	2,439,559	(966,799)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,834,081)	(1,803,812)	-	-	-	(4,911,761)	553,382	(9,996,272)
Fund Balances - Beginning of Year	6,148,967	-	-	-	-	18,273,948	4,857,489	29,280,404
Fund Balances - End of Year	\$ 2,314,886	\$ (1,803,812)	\$ -	\$ -	\$ -	\$ 13,362,187	\$ 5,410,871	\$ 19,284,132

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

COUNTY OF SCHUYLKILL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2003

Net Change in fund balances - total governmental funds \$ (9,996,272)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital purchases as expenditures. In the Statement of Activities, the cost of these assets is depreciated over the estimated useful lives and is reported as depreciation expense. The difference in the current period between capital expenditures (\$4,052,121) and depreciation expense (\$2,234,674) is a reconciling item. 1,817,447

Additional tax revenue recorded on statement of activities. The funds report only receipts through 60 days of subsequent period. Statement of Activities includes full amount of levy deemed collectible by County. 80,109

Funds do not record interest earned on long term notes receivable until it is paid. The interest receivable is recorded on the Statement of Net Assets with the revenue included in the statement of activities. (5,709)

An internal service fund is used by management to charge the costs and accrue the liability for worker's compensation claims for which the county is self-insured. The net revenue of the internal service funds is included in governmental activities in the statement of activities. 14,764

The issuance of long-term liabilities provide financial resources to governmental funds and contribute to the change in fund balance. However, the issuance of debt does not affect the Statement of Activities since it increases long-term liabilities in the Statement of Net Assets. Accordingly, the repayment of principal is reported as an expenditure in the governmental funds, but reduces the liability in the Statement of Net Assets. The amounts related to the above items that make up differences are:

Principal Repayments 2,920,000

Pursuant to the modified basis of accounting, governmental funds do not recognize expenditures for transactions that are not normally paid with expendable available financial resources. Pursuant to the accrual basis of accounting, the Statement of Activities reports expenses and liabilities regardless of when financial resources are available. In addition, interest on long-term debt is not recognized in the governmental funds until due, while it is accrued in the Statement of Activities. The differences for the items discussed above are:

Compensated absence expense (567,068)
Accrual of interest on long-term debt (37,176)
Amortization of issuance costs (34,779)
Amortization of Deferred Refunding Loss (63,207)

Change in Net Assets of governmental activities \$ (5,871,891)

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

COUNTY OF SCHUYLKILL
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2003

	Business-type Activites - Enterprise Funds			Governmental Activites
	Rest Haven Nursing Home	911 Fund	Totals	Internal Service Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 585,000	\$ 140,105	\$ 725,105	\$ 290,234
Due From Other Funds	1,632	-	1,632	462,378
Accounts Receivable	808,393	100,836	909,229	-
Total Current Assets	<u>1,395,025</u>	<u>240,941</u>	<u>1,635,966</u>	<u>752,612</u>
Non-Current Assets:				
Restricted Cash	74,581	-	74,581	-
Property, Plant, and Equipment - Net of Accumulated Depreciation				
Fixed Assets	8,288,512	2,924,830	11,213,342	-
Non-Eligible Fixed Assets	-	39,576	39,576	-
Accumulated Depreciation	(5,224,963)	(1,850,756)	(7,075,719)	-
Non-Eligible Accumulated Depreciation	-	(26,120)	(26,120)	-
Property, Plant, and Equipment, Net	<u>3,063,549</u>	<u>1,087,530</u>	<u>4,151,079</u>	<u>-</u>
Total Non-Current Assets	<u>3,138,130</u>	<u>1,087,530</u>	<u>4,225,660</u>	<u>-</u>
Total Assets	<u>4,533,155</u>	<u>1,328,471</u>	<u>5,861,626</u>	<u>752,612</u>
LIABILITIES				
Current Liabilities				
Vouchers and Warrants Payable	393,509	15,388	408,897	45,924
Accrued Expenses and Withholdings	269,021	56,672	325,693	462,378
Bonds Payable - Current Portion	-	135,000	135,000	-
Due to Other Funds	941,873	5,340	947,213	-
Total Current Liabilities	<u>1,604,403</u>	<u>212,400</u>	<u>1,816,803</u>	<u>508,302</u>
Long-Term Liabilities				
Patient Funds Held in Safekeeping	74,581	-	74,581	-
Compensated Absenses	688,017	249,913	937,930	-
Bonds Payable	-	1,445,000	1,445,000	-
Total Long-Term Liabilities	<u>762,598</u>	<u>1,694,913</u>	<u>2,457,511</u>	<u>-</u>
Total Liabilities	<u>2,367,001</u>	<u>1,907,313</u>	<u>4,274,314</u>	<u>508,302</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	3,063,549	(492,470)	2,571,079	-
Unrestricted	(897,395)	(86,372)	(983,767)	244,310
Total Net Assets	<u>\$ 2,166,154</u>	<u>\$ (578,842)</u>	<u>\$ 1,587,312</u>	<u>\$ 244,310</u>

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

COUNTY OF SCHUYLKILL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2003

	Business-type Activities - Enterprise Funds			Governmental Activities
	Rest Haven Nursing Home	911 Fund	Total	Internal Service Fund
Operating Revenues				
Net Patient Service	\$ 8,504,302	\$ -	\$ 8,504,302	\$ -
Miscellaneous Revenue	429,057	-	429,057	7,598
Tariff Revenue	-	1,372,105	1,372,105	-
Total Operating Revenues	<u>8,933,359</u>	<u>1,372,105</u>	<u>10,305,464</u>	<u>7,598</u>
Operating Expenditures				
Administration Services	528,063	41,163	569,226	-
Dietary and Food	963,666	-	963,666	-
Laundry	231,242	-	231,242	-
Housekeeping	385,032	-	385,032	-
Plant Operations	367,996	-	367,996	-
Maintenance	201,133	-	201,133	-
Boiler House	71,789	-	71,789	-
Nursing	3,663,145	-	3,663,145	-
Practitioners	23,346	-	23,346	-
Social Services	101,958	-	101,958	-
Patient Services	191,389	-	191,389	-
Pharmacy and Medical Supplies	621,694	-	621,694	-
Physical, Speech, and Occupational Therapy	640,807	-	640,807	-
Medical Records	31,596	-	31,596	-
Depreciation	372,491	207,471	579,962	-
Other	1,586,225	-	1,586,225	-
Emergency Communications	-	1,790,405	1,790,405	-
Workers' Compensation	91,590	2,011	93,601	337,208
Total Operating Expenditures	<u>10,073,162</u>	<u>2,041,050</u>	<u>12,114,212</u>	<u>337,208</u>
Operating Loss	<u>(1,139,803)</u>	<u>(668,945)</u>	<u>(1,808,748)</u>	<u>(329,610)</u>
Nonoperating Revenues and Expenses				
Interest Income	1,915	125	2,040	73
Interest Expense	-	(69,923)	(69,923)	-
Total Nonoperating Revenues and Expenses	<u>1,915</u>	<u>(69,798)</u>	<u>(67,883)</u>	<u>73</u>
Loss Before Other Financing Sources (Uses)	<u>(1,137,888)</u>	<u>(738,743)</u>	<u>(1,876,631)</u>	<u>(329,537)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	1,100,000	1,100,000	344,301
Operating Transfers Out	(223,313)	(194,170)	(417,483)	-
Total Other Financing Sources (Uses)	<u>(223,313)</u>	<u>905,830</u>	<u>682,517</u>	<u>344,301</u>
Net Income (Loss)	<u>(1,361,201)</u>	<u>167,087</u>	<u>(1,194,114)</u>	<u>14,764</u>
Net Assets - Beginning of Year	<u>3,527,355</u>	<u>(745,929)</u>	<u>2,781,426</u>	<u>229,546</u>
Net Assets - End of Year	<u>\$ 2,166,154</u>	<u>\$ (578,842)</u>	<u>\$ 1,587,312</u>	<u>\$ 244,310</u>

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

COUNTY OF SCHUYLKILL
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Types			
	Rest Haven Nursing Home	911 Fund	Total Enterprise	Internal Service Fund
Cash Flow From Operating Activities				
Patient Service Revenue Receipts	8,862,842	-	8,862,842	-
911 Tariff Revenue Receipts	-	1,442,660	1,442,660	-
Payments to Suppliers	(4,448,909)	(576,581)	(5,025,490)	(230,663)
Payments to Employees	(4,415,604)	(1,230,142)	(5,645,746)	-
Internal - Payments From Other Funds	-	-	-	(130,843)
Other Receipts (Payments)	429,742	-	429,742	7,598
Total Adjustments	428,071	(364,063)	64,008	(353,908)
Net Cash Provided by (Used in) Operating Activities	428,071	(364,063)	64,008	(353,908)
Cash Flows from Investing Activities				
Interest Receipts	1,915	125	2,040	73
Net Cash Provided by Investing Activities	1,915	125	2,040	73
Cash Flows from Capital Activities				
Purchase of Property, Plant, and Equipment	(68,719)	(246,918)	(315,637)	-
Net Cash Used in Capital Activities	(68,719)	(246,918)	(315,637)	-
Cash Flows from Financing Activities				
Payments on Long-Term Debt	-	(120,000)	(120,000)	-
Net Operating Transfers	(223,313)	905,830	682,517	344,301
Interest Paid	-	(69,923)	(69,923)	-
Net Cash Provided by (Used in) Financing Activities	(223,313)	715,907	492,594	344,301
Net Increase (Decrease) in Cash	137,954	105,051	243,005	(9,534)
Cash - Beginning of Year	447,046	35,054	482,100	299,768
Cash - End of Year	<u>\$ 585,000</u>	<u>\$ 140,105</u>	<u>\$ 725,105</u>	<u>\$ 290,234</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating Loss	\$ (1,139,803)	\$ (668,945)	\$ (1,808,748)	\$ (329,610)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities				
Depreciation	372,491	207,471	579,962	-
(Increase) Decrease in Assets:				
Accounts Receivable	358,540	70,555	429,095	-
Due From Other Funds	-	-	-	(130,843)
Increase (Decrease) in Liabilities:				
Accounts Payable	95,032	(2,828)	92,204	(24,298)
Accrued Liabilities	37,554	5,018	42,572	130,843
Compensated Absenses	12,667	24,666	37,333	-
Due to Other Funds	691,590	-	691,590	-
Total Adjustments	1,567,874	304,882	1,872,756	(24,298)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 428,071</u>	<u>\$ (364,063)</u>	<u>\$ 64,008</u>	<u>\$ (353,908)</u>

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

County of Schuylkill
Statement of Fiduciary Net Assets
December 31, 2003

	<u>Employee Retirement</u>	<u>Agency</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 4,153,325	\$ 1,701,460	\$ 5,854,785
Investments	56,558,375	-	56,558,375
Unrealized Appreciation	11,956,270	-	11,956,270
Total Assets	<u>72,667,970</u>	<u>1,701,460</u>	<u>74,369,430</u>
Laibilities			
Funds Held in Fiduciary Capacity	-	1,701,460	1,701,460
Total Liabilities	<u>-</u>	<u>1,701,460</u>	<u>1,701,460</u>
Net Assets held for Employees' Pension Benefits	<u>\$ 72,667,970</u>	<u>\$ -</u>	<u>\$ 72,667,970</u>

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

COUNTY OF SCHUYLKILL
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED DECEMBER 31, 2003

	Employee Pension
Additions:	
Contributions:	
Employee	\$ 2,090,784
Employer	631,779
Total Contributions	2,722,563
Investment Income:	
Net Appreciation in Fair Value of Investments	9,619,643
Interest	1,452,593
Dividends	572,807
Less: Investment Expense	(404,593)
Net Investment Income	11,240,450
Total Additions	13,963,013
Deductions:	
Administrative Costs	6,165
Retirement Benefits	2,471,697
Death Benefits	181,460
Member Contribution Refunds	286,575
Total Deductions	2,945,897
Net Increase	11,017,116
Net Assets Held in Trust for Employees' Pension Benefits:	
Beginning of Year	61,650,854
End of Year	\$ 72,667,970

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

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

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

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

A) Reporting Entity

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

1. Component Units

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

a. Blended Component Unit

The Schuylkill County Conservation District was formed on September 25, 1955, to establish and to administer the programs to conserve soil, water, and related natural resources and for land use practices to control and to prevent soil erosion. The Schuylkill Conservation District is fiscally dependent upon the County. In addition, the employees of the Schuylkill Conservation District are County employees. Therefore, the Schuylkill Conservation District is included in the Special Revenue Funds of the financial statements of the reporting entity. The reporting period for the Schuylkill Conservation District is for the year ended December 31, 2003.

b. Discretely Presented Component Units

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

A) Reporting Entity (Continued)

1. Component Units (Continued)

b. Discretely Presented Component Units (Continued)

Child Development, Inc. (the "Corporation") is a nonprofit organization that was formed on July 1, 1982, to provide child care services and a comprehensive development program for children ranging from birth to nine years of age. Child Development, Inc. is fiscally dependent upon the County. The reporting period for Child Development, Inc. is for the year ended June 30, 2003.

The North Central Highway Safety Network, Inc., (the "Organization") is a nonprofit organization that was formed to provide safety awareness to the community by developing educational highway safety programs targeted at the public to include schools, healthcare providers, law enforcement agencies, and industry. The reporting period for North Central Highway Safety Network, Inc., is for the year ended December 31, 2003.

c. Condensed Financial Statements

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

Administrative Offices

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

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

A) Reporting Entity (Continued)

1. Component Units (Continued)

c. Condensed Financial Statements (Continued)

<u>Condensed Balance Sheets</u>		
	<u>Child Development, Inc. June 30, 2003</u>	<u>North Central Highway Safety Network December 31, 2003</u>
Assets		
Other Assets	\$ 459,114	\$ 454,180
Capital Assets, Net	263,186	7,006
Total Assets	722,300	461,186
Liabilities		
	272,933	292,848
Net Assets		
Unrestricted	434,867	168,338
Restricted	14,500	-
Total Net Assets	\$ 449,367	\$ 168,338

<u>Condensed Statements of Revenues, Expenditures, and Changes in Net Assets</u>		
	<u>Child Development, Inc. Year Ended June 30, 2003</u>	<u>North Central Highway Safety Network Year Ended December 31, 2003</u>
Revenues	\$6,633,118	\$2,131,909
Expenditures	6,609,468	2,088,340
Excess of Revenues Over Expenditures	23,650	43,569
Net Assets - Beginning of Year	425,717	124,769
Net Assets - End of Year	\$ 449,367	\$ 168,338

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

A) Reporting Entity (Continued)

2. Related Organizations

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

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

B) Measurement Focus and Basis of Accounting

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

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

1. Government-wide Financial Statements

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

B) Measurement Focus and Basis of Accounting (Continued)

1. Government-wide Financial Statements (Continued)

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

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

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

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

2. Fund Financial Statements

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

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

B) Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

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

Governmental Funds

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

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

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

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

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

B) Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

Proprietary Funds

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

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

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

C) Basis of Presentation

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

1. Governmental Fund Types

a. General Fund

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

C) Basis of Presentation (Continued)

1. Governmental Fund Types (Continued)

b. Mental Health/Mental Retardation Fund

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

c. Children and Youth

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

d. Other Agency

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

e. Office of Senior Services

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

f. Debt Service Fund

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

2. Proprietary Fund Types

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

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

C) Basis of Presentation (Continued)

2. Proprietary Fund Types (Continued)

b. Enterprise/911 Fund

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

3. Other Fund Types

a. Internal Service Fund

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

b. Retirement Trust Fund

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

c. Agency Funds

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

D) Budgets and Budgetary Accounting

Commonwealth of Pennsylvania statutes require that County Governments establish budgetary systems and adopt annual operating budgets. The County's annual budget includes the General Fund, Certain Special Revenue Funds, Capital Projects Funds, Debt Service Fund, Enterprise Funds and Internal Service Fund, and is based on estimates of revenues and expenditures or expenses approved by the Commissioners. The budget is adopted on a basis consistent with generally accepted accounting principles. The County of Schuylkill follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the department heads submit to the County Commissioners proposed operating budgets for the fiscal year which commences on January 1.
2. The Commissioners then interview all department heads to discuss their budgets as submitted and allow them to substantiate projected expenditures at public hearings.
3. Subsequently, the County administrator's office assembles the preliminary projections of revenues and expenditures into a formal budget incorporating any revisions or adjustments resulting from the Commissioners' review.
4. Public hearings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
5. After the 20 day inspection period, but prior to December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.
6. A formal budgetary process is employed as a planning device. The adopted budget is on a basis consistent with GAAP. Budget amounts are as originally adopted and as amended by the County Commissioners.

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

E) Cash and Cash Equivalents

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

F) Restricted Cash

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

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2003

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

G) Investments

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

H) Capital Assets

Capital Assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$1,000 (\$75,000 for infrastructure assets) and an estimated useful life exceeding one year. Such assets are recorded at historical costs. Donated capital assets are recorded at the estimated fair market value at the time of donation.

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

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

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

I) Interfund Transactions

The County affects a variety of transactions between the funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2003, appropriate interfund receivables or payables have been established.

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

J) Compensated Absences

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

K) Long-Term Obligations

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

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

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

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

L) Deferred Revenues

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

M) Net Assets/Fund Balances

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

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

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

M) Net Assets/Fund Balances (Continued)

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County not restricted for any project or other purpose.

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

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The County utilizes various temporary investment sources in an effort to maximize interest earnings on its cash balances.

Under Section 1706 of the County Code of the Commonwealth of Pennsylvania, the County is authorized to invest its funds in the following:

- United States Treasury Bills.
- Short-term obligations of the United States Government or its agencies or instrumentalities.
- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- Certificates of deposit purchased from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania which are insured by the FDIC or other like insurance. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of deposit may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets net of its liabilities.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

- Commercial paper and prime commercial paper meeting certain requirements.
- Repurchase agreements which are fully collateralized by obligations of the United States of America.

In addition, the County Code provides that the retirement trust fund may make any investment authorized by 20 Pa.C.S. A. §7302(b) (relating to fiduciaries' investments).

For all deposits above the insured maximum, assets are pledged as collateral under Subsection (c)(3), to be pooled in accordance with the Act of August 6, 1971 (P.L. 281, No. 72).

The components of cash, cash equivalents and investments at December 31, 2003, are as follows:

	Cash on Hand	Cash and Cash Equivalents	Investments	Total
General Fund	\$15,000	\$ 1,928,354	\$ 1,557,429	\$ 3,500,783
Special Revenue Funds	-	9,601,189	200,192	9,801,381
Debt Service Fund	-	4,371,195	-	4,371,195
Capital Projects Funds	-	164,028	-	164,028
Enterprise Funds	-	827,164	-	827,164
Internal Service	-	290,234	-	290,234
Employee Retirement Trust Fund	-	4,153,325	56,558,375	60,711,700
Trust and Other Agency Funds	-	1,701,460	-	1,701,460
	<u>\$15,000</u>	<u>\$23,036,949</u>	<u>\$58,315,996</u>	<u>\$81,367,945</u>

The County's cash and cash equivalents, including unrestricted and restricted, are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes bank balances insured or collateralized with securities held by the County or its agent in the County's name. Category 2 includes balances collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. Category 3 includes uncollateralized balances, including those balances held by the pledging financial trust department or agent but not in the County's name.

<u>Book Balance</u>	<u>Bank Balance</u>	<u>Category</u>
\$ 740,354	\$ 738,542	1
<u>22,296,595</u>	<u>19,813,231</u>	3
<u>\$23,036,949</u>	<u>\$20,551,773</u>	

The County's investments are classified below into three categories to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered, or securities which are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments with the securities held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments with the securities held by the counterparty or by its trust department or agent but not in the County's name.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments of the County with the exception of the Retirement Fund consist of the following:

<u>Governmental Fund Types</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Category</u>
Special Revenue Funds	\$ 200,192	\$ 200,192	3
Debt Service Fund	1,557,429	1,557,429	3
Total Governmental Fund Types	<u>\$1,757,621</u>	<u>\$1,757,621</u>	

The Retirement Trust Fund's investments are held separately from other County funds by a Trustee and are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Category</u>
U.S. Government Bonds/Notes	\$ 4,440,561	\$ 4,495,650	3
Corporate Bonds	17,937,801	18,592,140	3
Common Stock	34,180,013	45,426,855	3
	<u>\$56,558,375</u>	<u>\$68,514,645</u>	

NOTE 3: RESTRICTED CASH

Restricted cash of \$102,059 in the combined balance sheet - Enterprise Fund is composed of patient account funds held by Rest Haven in escrow for residents and offset by a corresponding liability captioned "patients' funds held in safekeeping."

Restricted cash of \$866,217 in the General Fund is comprised of the following:

Cash for road and school district taxes offset by a corresponding liability captioned "excess held in escrow - road and school."	\$ 338,169
Cash for Clerk of Courts offset by a corresponding liability captioned other escrow funds.	<u>528,048</u>
	<u>\$ 866,217</u>

NOTE 4: NOTES RECEIVABLE

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

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 4: NOTES RECEIVABLE (CONTINUED)

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

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

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

Repayment terms on all notes as of December 31, 2003, require the following principal and interest payments:

Notes Receivable - Principal Payments

<u>Year</u>	<u>1992A Note</u>	<u>1998A Note</u>	<u>1998B Note</u>	<u>1998C Note</u>	<u>Total</u>
2004	\$ 305,000	\$ 80,000	\$ 195,000	\$ 80,000	\$ 660,000
2005	315,000	85,000	205,000	80,000	685,000
2006	330,000	90,000	215,000	85,000	720,000
2007	355,000	95,000	220,000	90,000	760,000
2008	380,000	95,000	230,000	95,000	800,000
2009 – 2013	590,000	550,000	1,335,000	535,000	3,010,000
2014 – 2018	-	710,000	1,130,000	685,000	2,525,000
	<u>\$2,275,000</u>	<u>\$1,705,000</u>	<u>\$3,530,000</u>	<u>\$1,650,000</u>	<u>\$9,160,000</u>

Notes Receivable - Interest Payments

<u>Year</u>	<u>1992A Note</u>	<u>1998A Note</u>	<u>1998B Note</u>	<u>1998C Note</u>	<u>Total</u>
2004	\$ 158,275	\$ 81,352	\$ 166,973	\$ 78,680	\$ 485,280
2005	141,895	78,032	159,085	75,462	454,474
2006	104,065	70,783	141,602	68,534	384,984
2007	83,605	66,736	132,086	64,706	347,133
2008	61,595	62,508	122,071	60,588	306,762
2009 – 2013	24,606	127,105	234,277	122,988	508,976
2014 – 2018	-	54,543	64,840	52,681	172,064
	<u>\$ 574,041</u>	<u>\$ 541,059</u>	<u>\$1,020,934</u>	<u>\$ 523,639</u>	<u>\$2,659,673</u>

The principal amount of \$9,160,000 is reflected as an asset of the Debt Service Fund. The Debt Service Fund will utilize the above funds as received for debt service.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 5: REAL ESTATE TAXES

Real estate taxes for the calendar year are levied on March 1 of each year. Unpaid real estate taxes attach as an enforceable lien on property as at January 1 of the following year. The County bills these taxes which are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

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

The County's 2003 real estate taxes are based on assessed values established by the County's Bureau of Assessments. Assessed values of real property are generally 50% of the market value as determined by the Schuylkill County Bureau of Assessments. The last reevaluation was completed for the property list in 1996 upon which the 1997 levy was based. The total 2003 real estate taxes assessed equaled \$19,252,972 based on a total County valuation of \$2,168,127,520. Based on the 2003 levy of 8.88 mills (8.32 mills allocated for general purposes; .56 mills allocated for debt purposes) a property owner would pay \$8.88 per \$1,000 of assessed valuation.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 6: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2003 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 694,817	\$ -	\$ -	\$ 694,817
Construction-In-Progress	497,690	2,034,922	(10,431)	2,522,181
Works of Art Collections	174,000	-	-	174,000
Total Capital Assets, Not Being Depreciated	1,366,507	2,034,922	(10,431)	3,390,998
Capital Assets, Being Depreciated:				
Land Improvements	592,968	3,675	-	596,643
Buildings and Improvements	21,282,830	434,335	-	21,717,165
Machinery and Equipment	4,492,439	272,687	(45,353)	4,719,773
Motor Vehicles	5,315,424	832,381	(36,083)	6,111,722
Computer Equipment	1,965,212	294,121	(128,871)	2,130,462
Agricultural Easements	100,000	180,000	-	280,000
Infrastructure	5,598,110	-	-	5,598,110
Total Capital Assets, Being Depreciated	39,346,983	2,017,199	(210,307)	41,153,875
Total Capital Assets, Historical Cost	40,713,490	4,052,121	(220,738)	44,544,873
Less Accumulated Depreciation for:				
Land Improvements	402,839	17,189	-	420,028
Buildings and Improvements	11,417,821	750,717	-	12,168,538
Machinery and Equipment	2,566,131	313,289	(37,016)	2,842,404
Motor Vehicles	4,181,240	595,944	(33,386)	4,743,798
Computer Equipment	1,253,693	286,396	(103,065)	1,437,024
Agricultural Easements	1,250	4,750	-	6,000
Infrastructure	907,275	219,118	-	1,126,393
Total Accumulated Depreciation	(20,730,249)	(2,187,403)	173,467	(22,744,185)
Total Capital Assets, Net of Accumulated Depreciation	\$ 19,983,241	\$ 1,864,718	\$ (47,271)	\$21,800,688

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Construction-In-Progress	\$ 256,624	\$ 28,405	\$ (256,624)	\$ 28,405
Total Capital Assets, Not Being Depreciated	<u>256,624</u>	<u>28,405</u>	<u>(256,624)</u>	<u>28,405</u>
Capital Assets, Being Depreciated:				
Land Improvements	152,140	2,705	-	154,845
Buildings and Improvements	6,791,679	6,791	-	6,798,470
Machinery and Equipment	2,893,487	68,355	-	2,961,842
Motor Vehicles	86,290	-	-	86,290
Computer Equipment	754,897	466,006	-	1,220,903
Total Capital Assets, Being Depreciated	<u>10,678,493</u>	<u>543,857</u>	<u>-</u>	<u>11,222,350</u>
Total Capital Assets	<u>10,935,117</u>	<u>572,262</u>	<u>(256,624)</u>	<u>11,250,755</u>
Less Accumulated Depreciation for:				
Land Improvements	128,722	3,917	-	132,639
Buildings and Improvements	3,863,393	239,069	-	4,102,462
Machinery and Equipment	1,845,243	200,393	-	2,045,636
Motor Vehicles	62,729	14,124	-	76,853
Computer Equipment	619,627	122,459	-	742,086
Total Accumulated Depreciation	<u>(6,519,714)</u>	<u>(579,962)</u>	<u>-</u>	<u>(7,099,676)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,415,403</u>	<u>\$ (7,700)</u>	<u>\$ (256,624)</u>	<u>\$ 4,151,079</u>

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

Governmental Activities:

General Government	\$ 497,174
Judicial Government	244,105
Public Safety	353,496
Public Works	647,819
Human Services	244,697
Culture/Recreation	1,965
Conservation/Development	198,147
	<u>\$2,187,403</u>

Business-Type Activities:

Rest Haven Nursing Home	\$ 372,491
911 Operations	207,471
	<u>\$ 579,962</u>

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2003

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND

Plan Description

The County of Schuylkill provides a single-employer defined benefit pension plan that is administered by the County Retirement Board. All employees working over 1,000 hours per year are required to enter the plan, and County elected officials have the option of enrolling in the plan. The plan is included in the financial statements of County of Schuylkill as a pension trust fund and does not issue a stand-alone report. The plan provides retirement, disability and death benefits to plan members and their beneficiaries pursuant to Act 96 of 1971 of the Commonwealth of Pennsylvania (County Pension Law). Cost-of-living adjustments are provided at the discretion of the County Retirement Board.

Basis of Accounting

The financial statements of the pension trust fund are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

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

Membership

Membership of the plan consisted of the following at January 1, 2004, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	370
Terminated Plan Members Entitled to but not yet Receiving Benefits	15
Active Plan Members	<u>797</u>
 Total	 <u>1,182</u>

Contributions

Plan members are required to contribute 8% of their salary and may contribute up to 18%. The County contributions are determined as part of an annual actuarial valuation. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs of the plan are financed through investment earnings.

The Schuylkill County Employee's Retirement System uses the aggregate actuarial cost method, therefore a schedule of funding progress is not presented as required supplementary information.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Actuarial Valuation Information

The County has an actuarial valuation prepared on an annual basis. The following methods and assumptions were used to prepare the valuation:

Actuarial Cost Method:	Aggregate Actuarial Cost
Asset Valuation Method:	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.5% (including 3% inflation)
Projected Salary Increases	4.5% (Including 3% inflation)
No Postretirement Benefit Increases	

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2003, was determined as part of the January 1, 2004, actuarial valuation. The County's annual pension cost and net pension obligation to the Schuylkill County Employee's Retirement System for 2003, was as follows:

Annual Required Contribution	\$ (631,779)
Interest on Net Pension Obligation	2,690
Adjustment to Annual Required Contribution	<u>(4,489)</u>
Annual Pension Cost	(633,578)
Annual Required Contribution	631,779
Change in Net Pension Obligation	(1,799)
Net Pension Asset (Obligation) - January 1, 2003	<u>35,870</u>
Net Pension Asset (Obligation) - December 31, 2003	<u>\$ 34,071</u>

Annual Pension Cost - Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Asset (Obligation)</u>
December 31, 2001	\$(1,756)	N/A	\$37,577
December 31, 2002	(1,707)	N/A	35,870
December 31, 2003	(633,578)	99.72%	34,071

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 8: POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 7, the County provides post-employment health care benefits in accordance with the requirements of the member's respective bargaining unit and in accordance with the requirements set forth by the Retirement Board of Schuylkill County. The postemployment health care benefit applies to all employees who retire from the County and who qualify for either normal retirement or early retirement. In addition, the County reimburses the retiree for the cost incurred in connection with the Medicare Premium - Part B.

Once a retiree becomes eligible for Medicare, the County changes the health insurance coverage to a Medicare supplemental insurance and the County continues to pay the supplemental insurance premium for the retiree. The County also pays a fixed amount of \$300.00 per quarter to a retiree who elects out of the postemployment health care benefit.

Expenditures for postemployment health care benefits are financed on a pay-as-you-go basis. As of December 31, 2003, 315 retirees satisfied the appropriate eligibility requirements and expenditures of \$1,715,575 were recognized accordingly for fiscal year 2003.

NOTE 9: WORKERS' COMPENSATION SELF-INSURANCE

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

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

As required by the Pennsylvania Department of Labor and Industry, the County has established a trust amount for workers' compensation with a cash balance of \$290,234 at December 31, 2003. The County was not required to fund the amount in 2003, a result of the County's loss reserves not exceeding the loss reserves calculated by the Pennsylvania Department of Labor and Industry. The purpose of the account is to provide a source of funds for claimants entitled to benefits under Article III Section 305 of the Pennsylvania Workers' Compensation Act in case the County could not pay claims.

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

The following summary reflects the changes in the actuarially determined liability for workers' compensation for the year ended December 31, 2002 and 2003:

	<u>2002</u>	<u>2003</u>
January 1, Liability	\$ 408,096	\$ 331,535
Incurred Claims and Changes in Estimate	222,278	167,770
Payments	<u>(298,839)</u>	<u>(36,927)</u>
December 31, Liability	<u>\$ 331,535</u>	<u>\$ 462,378</u>

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2003

NOTE 9: WORKERS' COMPENSATION SELF-INSURANCE (CONTINUED)

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

NOTE 10: LONG-TERM OBLIGATIONS

During 2003, the County had no new series of General Obligation Bonds issued.

Long-term obligations outstanding at December 31, 2003, consisted of the following:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Total Long-term <u>Obligations</u>
General Obligation Bonds	\$23,655,000	\$ 1,580,000	\$25,235,000
Compensated Absences	4,581,341	937,930	5,519,271
Workers' Compensation Liability	462,378	-	462,378
	<u>\$28,698,719</u>	<u>\$ 2,517,930</u>	<u>\$31,216,649</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

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

	Governmental Activities		911 Fund		Rest Haven County Home Compensated Absences	Internal Service Fund Workers' Compensation Liability	Total Long-term Debt
	General Obligation Bonds Payable	Compensated Absences	General Obligation Bonds Payable	Compensated Absences			
Outstanding at January 1, 2003	\$ 26,575,000	\$ 4,014,273	\$ 1,700,000	\$ 225,247	\$ 675,350	\$ 331,535	\$33,521,405
Principal Retirements	(2,920,000)	-	(120,000)	-	-	-	(3,040,000)
Increase in Compensated Absences	-	567,068	-	24,666	12,667	-	604,401
Increase in Workers' Compensation Liability	-	-	-	-	-	130,843	130,843
Outstanding at December 31, 2003	\$ 23,655,000	\$ 4,581,341	\$ 1,580,000	\$ 249,913	\$ 688,017	\$ 462,378	\$31,216,649

An analysis of debt service requirements to maturity on these obligations follows with the exception of accrued vacation pay, accrued sick time, and workers' compensation liability.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

The following table summarizes long-term obligations principal and interest payments for debt outstanding as of December 31, 2003:

<u>Years Ending December 31,</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Requirements</u>
2004	2,360,000	882,391	3,242,391
2005	1,665,000	818,927	2,483,927
2006	1,735,000	766,708	2,501,708
2007	1,795,000	709,166	2,504,166
2008	1,860,000	646,258	2,506,258
2009-2013	10,535,000	2,136,564	12,671,564
2014-2018	5,285,000	370,562	5,655,562
	<u>\$25,235,000</u>	<u>\$6,330,576</u>	<u>\$31,565,576</u>
To be Retired by:			
Business-type Activities	\$ 1,580,000	\$ 370,189	\$ 1,950,189
Governmental Activities	23,655,000	5,960,387	29,615,387
	<u>\$25,235,000</u>	<u>\$ 6,330,576</u>	<u>\$31,565,576</u>

The following is a summary of the bonds outstanding as of December 31, 2003:

<u>Years</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2003</u>
2000	\$10,000,000	Variable interest rate General Obligation Bonds issued to finance various economic development and certain capital projects of the County.	\$ 8,990,000
2001	\$4,975,000	3.50%-4.65% General Obligation Bonds issued to currently refund the 1993 General Obligation Bond Series A and B.	4,430,000
2002	\$6,400,000	2%-4% General Obligation Bonds issued to currently refund the 1992 A and 1993 C Series General Obligation Bonds.	4,000,000
2002A	\$8,045,000	1.35% to 4.4% General Obligation Bonds issued to currently refund the 1998 Series General Obligation Bonds.	<u>7,815,000</u>
Total General Long-term Debt Obligations at December 31, 2003			<u>\$25,235,000</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 11: INTERFUND BALANCES

Interfund receivable and payable balances of each individual fund as of December 31, 2003, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Fund Types</u>		
General Funds	\$ 2,644,176	\$ 1,372,905
Debt Service Fund	5,340	-
<u>Special Revenue Funds</u>		
Children and Youth Services	-	2,065,119
Children and Youth Services	1,333,652	-
Other Agency	-	61,941
Total Special Revenue Funds	1,333,652	2,127,060
Total Governmental Fund Types	3,983,168	3,499,965
<u>Proprietary Fund Types</u>		
Rest Haven Nursing Home	1,632	941,873
Internal Service	462,378	-
911 Operations	-	5,340
Total Proprietary Funds	464,010	947,213
	<u>\$ 4,447,178</u>	<u>\$ 4,447,178</u>

These balances exist because the General Fund, Debt Service Fund, Rest Haven Nursing Home, and Internal Service Fund have funded the expenditure or expenses of other funds. In addition, at December 31, 2003, the General Fund had to fund expenditures of the Mental Health/Mental Retardation fund which were in excess of governmental revenues. These amounts have not been repaid at December 31, 2003.

Interfund transfers are executed as a result of the requirement for certain funds to fund a portion of the expenditures or expenses of other funds. The amounts transferred for the year ended December 31, 2003, are as follows:

	<u>Transferred from Other Funds</u>	<u>Transferred to Other Funds</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 2,689,179	\$ 6,902,544
Debt Service Fund	261,530	2,283,226
Capital Projects Fund	1,983,226	-
<u>Special Revenue Funds</u>		
Human Service Complex	230,687	71,607
Liquid Fuels Tax	-	172,626
Domestic Relations Office	434,896	319,131
Drug and Alcohol	26,977	156,632
Mental Health/Mental Retardation	1,610,947	733,286
Children and Youth	3,339,254	714,794
Office of Senior Services	24,200	565,706
Other Agency	-	191,931
Affordable Housing	-	22,668
Library	-	1,000
Farmland Preservation	300,001	-
Transportation	187,196	-
Demolition	22,668	2,428
Total Special Revenue Fund	8,421,582	5,235,035
Total Governmental Fund Types	11,110,761	12,137,579

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 11: INTERFUND BALANCES (CONTINUED)

<u>Proprietary Fund Types</u>		
Rest Haven Nursing Home	-	223,313
911 Operations	1,100,000	194,170
Internal Service	344,301	-
	<hr/>	<hr/>
Total Proprietary Fund Types	1,444,301	417,483
	<hr/>	<hr/>
	\$12,555,062	\$12,555,062

NOTE 12: OPERATING LEASES

The County leases office space under several operating lease agreements which have expiration dates ranging from 2004 to 2008 and beyond. 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, 2003:

<u>Years</u>	<u>Courts</u>	<u>Agencies</u>	<u>Certain Departments</u>	<u>Total</u>
2004	\$ 183,236	\$ 83,000	\$ 227,930	\$ 494,166
2005	183,236	83,000	234,930	501,166
2006	183,236	83,000	234,930	501,166
2007	166,888	83,000	234,930	484,818
2008	166,888	83,000	234,930	484,818
Thereafter	166,888	83,000	234,930	484,818
	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,050,372	\$498,000	\$1,402,580	\$2,950,952

Expenses incurred by the County under these leases in 2003 totaled \$522,195.

NOTE 13: LEGAL COMPLIANCE AND MANAGEMENT PLANS

For the year ended December 31, 2003, expenditures in the Mental Health/Mental Retardation Fund exceeded appropriations by \$3,039,622. The expenditures over appropriations were funded by additional intergovernmental revenues, transfers from the General Fund received by the fund.

The 911 Fund and Mental Health/Mental Retardation Fund had deficit balances at December 31, 2003, in the amount of \$578,842 and \$1,803,812, respectively. The 911 deficit resulted from additional expenses to upgrade 911 operations that will be funded by additional transfers for operations by the General Fund. The Mental Health/Mental Retardation deficit resulted from additional program expenditures which were not funded by intergovernmental revenues and will be funded through streamlining of expenses in the future or additional operating transfers from the General Fund.

The General Fund had a deficit unreserved fund balance in the amount of \$67,768 at December 31, 2003. This deficit resulted from the reservations of fund balance required for the 911 Fund and Mental Health/Mental Retardation Fund deficits disclosed above. Management has taken steps to increase the oversight in the Mental Health/Mental Retardation Fund in order to reduce future expenditures of the fund. This oversight included significant reductions in vendor contract amounts for future periods for the program.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 13: LEGAL COMPLIANCE AND MANAGEMENT PLANS (CONTINUED)

For operating year 2004, the County increased property taxes to increase operating revenues of the General Fund.

NOTE 14: LITIGATION

In the normal course of business, there are various claims and suits pending against the County and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the County's financial position at December 31, 2003.

NOTE 15: SUBSEQUENT EVENTS

In January 2004, the County issued a Tax and Revenue Anticipation Note with a financial institution in the amount of \$7,000,000 at a fixed interest rate of 1.56%.

**SUPPLEMENTAL
INFORMATION**

COUNTY OF SCHUYLKILL
EMPLOYEE RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2003

Schedule of Employer Contributions - Trend Information

<u>Years Ended</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Percentage of ARC Contributed</u>
December 31, 1998	0	N/A
December 31, 1999	0	N/A
December 31, 2000	0	N/A
December 31, 2001	0	N/A
December 31, 2002	0	N/A
December 31, 2003	631,779	100%

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Real Estate Taxes	\$ 17,993,328	\$ 17,993,328	\$ 17,436,653	\$ (556,675)
Per Capita Taxes	425,010	425,010	421,478	(3,532)
Hotel Tax	50,000	50,000	164,193	114,193
Grants and Gifts	3,507,804	3,507,804	3,435,795	(72,009)
Interest and Royalties	213,150	213,150	153,143	(60,007)
Charges for Services	6,285,534	6,285,534	6,542,700	257,166
Other Revenue	154,486	154,486	416,662	262,176
	<u>28,629,312</u>	<u>28,629,312</u>	<u>28,570,624</u>	<u>(58,688)</u>
Expenditures				
General Government - Administrative				
Commissioners	235,021	235,021	231,488	3,533
Solicitor	193,720	190,220	168,473	21,747
County Administrator	161,534	161,534	160,647	887
Maintenance	668,191	674,691	641,240	33,451
Voter Registration and Elections	566,370	572,370	530,210	42,160
Central Services	448,442	448,442	438,835	9,607
Tax Assessment	621,391	595,072	493,230	101,842
Treasurer	583,169	583,169	602,695	(19,526)
Tax Claim	375,612	344,525	334,869	9,656
Controller	379,432	379,732	400,284	(20,552)
Engineering and Real Estate	191,279	194,817	194,650	167
Planning and Zoning	344,397	344,397	267,972	76,425
Recorder of Deeds	478,505	466,734	373,251	93,483
Data Processing	659,263	649,916	564,904	85,012
Records Management	144,668	144,668	144,010	658
Personnel	169,717	169,717	131,987	37,730
Public Defender	1,000	950	874	76
Veteran Affairs	176,159	176,659	157,227	19,432
Grant Writer	47,730	47,730	46,767	963
Tax Refunds	104,071	104,071	9,737	94,334
Fringe Benefits	1,866,699	1,876,710	1,906,087	(29,377)
Insurances	382,000	382,000	373,955	8,045
Contributions to Various Agencies	122,204	27,339	19,890	7,449
Contingency	-	-	476,018	(476,018)
	<u>8,920,574</u>	<u>8,770,484</u>	<u>8,669,300</u>	<u>101,184</u>

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Public Safety				
Adults in Non-County Institutions	10,575	10,575	10,379	196
County Prison	2,804,133	2,804,133	2,854,321	(50,188)
Emergency Management	282,418	282,418	281,242	1,176
Fringe Benefits	1,108,248	1,114,191	1,131,632	(17,441)
Contributions to Various Agencies	35,750	43,250	43,250	-
Total - Public Safety	<u>4,241,124</u>	<u>4,254,567</u>	<u>4,320,824</u>	<u>(66,257)</u>
Public Works				
Engineering	1,130,029	1,130,029	260,960	869,069
Fringe Benefits	80,403	80,834	82,100	(1,266)
Contributions to Various Agencies	8,700	8,700	8,620	80
Total - Public Works	<u>1,219,132</u>	<u>1,219,563</u>	<u>351,680</u>	<u>867,883</u>
General Government - Judicial				
Registrar of Wills	256,188	256,188	264,985	(8,797)
Sheriff	756,842	752,092	729,399	22,693
Coroner	253,745	256,767	240,699	16,068
Prothonotary	365,400	365,400	323,293	42,107
Clerk of Courts	387,871	387,871	370,462	17,409
Public Defender	552,439	566,380	609,170	(42,790)
District Attorney	1,155,926	1,153,526	1,103,025	50,501
Law Library	208,032	208,032	207,196	836
Courts	1,421,485	1,405,275	1,339,108	66,167
District Justices	937,214	928,215	903,290	24,925
Constables	8,550	12,000	11,464	536
Jury Commissioners	21,090	21,090	22,873	(1,783)
Adult Probation	1,338,376	1,338,376	1,268,596	69,780
Juvenile Probation	1,292,649	1,264,478	881,496	382,982
Fringe Benefits	3,213,618	3,230,852	3,281,427	(50,575)
Total - General Government - Judicial	<u>12,169,425</u>	<u>12,146,542</u>	<u>11,556,483</u>	<u>590,059</u>
Conservation and Development				
Coal Lands	67,439	67,239	67,726	(487)
Economic Development	155,515	155,515	129,138	26,377
Solid Waste Management	457,960	451,960	358,398	93,562
Agricultural Extension	417,058	412,583	344,073	68,510
Soil Conservation	468,221	468,221	471,107	(2,886)
Fringe Benefits	385,535	387,602	393,670	(6,088)
Contributions to Various Agencies	145,900	145,900	207,619	(61,719)
Total - Conservation and Development	<u>2,097,628</u>	<u>2,089,020</u>	<u>1,971,731</u>	<u>117,289</u>
Culture and Recreation				
Contributions to Various Agencies	278,395	278,395	449,057	(170,662)
Human Services				
Human Services Administration	540,587	540,587	516,230	24,357
Fringe Benefits	133,150	133,864	135,959	(2,095)
Contributions to Various Agencies	51,870	51,870	51,870	-
Total - Human Services	<u>725,607</u>	<u>726,321</u>	<u>704,059</u>	<u>22,262</u>
Capital Projects	106,375	273,368	225,994	47,374
Total Expenditures	<u>29,758,260</u>	<u>29,758,260</u>	<u>28,249,128</u>	<u>1,509,132</u>
Excess of Revenues Over Expenditures	<u>(1,128,948)</u>	<u>(1,128,948)</u>	<u>321,496</u>	<u>1,450,444</u>

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Other Financing Sources (Uses)				
Operating Transfers In				
911 Tariff Fund	49,697	49,697	-	(49,697)
Drug and Alcohol	146,000	146,000	123,250	(22,750)
Mental Health/Mental Retardation	403,427	403,427	513,059	109,632
Children and Youth Services	577,628	577,628	577,931	303
Domestic Relations Office	317,915	317,915	315,035	(2,880)
Liquid Fuels Tax	35,000	35,000	-	(35,000)
Office of Senior Services	714,126	714,126	444,846	(269,280)
Conduit Fund	72,884	72,884	121,484	48,600
Offender Supervision	3,156	3,156	20,501	17,345
Human Services Complex Fund	15,952	15,952	-	(15,952)
County Home - Rest Haven	245,083	245,083	64,861	(180,222)
Community Development Block Grant	62,000	62,000	-	(62,000)
Other Funds	1,030,637	1,030,637	507,212	(523,425)
Library	1,000	1,000	1,000	-
	<u>3,674,505</u>	<u>3,674,505</u>	<u>2,689,179</u>	<u>(985,326)</u>
Operating Transfers (Out)				
Mental Health/Mental Retardation	277,295	277,295	1,610,947	(1,333,652)
Children and Youth Services	3,339,254	3,339,254	3,339,254	-
Domestic Relations Office	434,896	434,896	434,896	-
Office of Senior Services	24,200	24,200	24,200	-
Farmland Preservation	-	-	-	-
Internal Service	-	-	-	-
Drug and Alcohol	26,977	26,977	26,977	-
Transportation Fund	217,196	217,196	187,196	30,000
Human Services Complex	-	-	-	-
Other Funds	-	-	179,074	(179,074)
911 Tariff Fund	1,201,080	1,201,080	1,100,000	101,080
	<u>5,520,898</u>	<u>5,520,898</u>	<u>6,902,544</u>	<u>(1,381,646)</u>
Total Operating Transfers (Out)				
Total Other Financing Uses	<u>(1,846,393)</u>	<u>(1,846,393)</u>	<u>(4,213,365)</u>	<u>(2,366,972)</u>
Gain on Sale of Land	-	-	57,788	57,788
Excess of Revenue Over Expenditures and Other Financing Uses	(2,975,341)	(2,975,341)	(3,834,081)	(858,740)
Fund Balances - Beginning of Year	<u>2,975,341</u>	<u>2,975,341</u>	<u>6,148,967</u>	<u>3,173,626</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,314,886</u>	<u>\$ 2,314,886</u>

COUNTY OF SCHUYLKILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - MENTAL HEALTH/MENTAL RETARDATION - SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Grants and Gifts	\$ 17,352,242	\$ 17,352,242	\$ 17,819,264	\$ 467,022
Interest and Royalties	22,000	22,000	13,760	(8,240)
Charges for Services	611,909	611,909	788,571	176,662
Total Revenues	<u>17,986,151</u>	<u>17,986,151</u>	<u>18,621,595</u>	<u>635,444</u>
Expenditures				
Human Services	18,246,046	18,246,046	21,303,068	(3,057,022)
Capital Projects	17,400	17,400	-	17,400
Total Expenditures	<u>18,263,446</u>	<u>18,263,446</u>	<u>21,303,068</u>	<u>(3,039,622)</u>
Excess of Revenues Over (Under) Expenditures	<u>(277,295)</u>	<u>(277,295)</u>	<u>(2,681,473)</u>	<u>(2,404,178)</u>
Other Financing Sources (Uses)				
Operating Transfers In	277,295	277,295	1,610,947	1,333,652
Operating Transfers (Out)	-	-	(733,286)	(733,286)
Total Other Financing Sources (Uses)	<u>277,295</u>	<u>277,295</u>	<u>877,661</u>	<u>600,366</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	(1,803,812)	(1,803,812)
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,803,812)</u>	<u>\$ (1,803,812)</u>

COUNTY OF SCHUYLKILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - CHILDREN AND YOUTH - SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 11,608,226	\$ 11,608,226	\$ 10,027,242	\$ (1,580,984)
Interest and Royalties	16,200	16,200	9,318	(6,882)
Charges for Services	1,010,749	1,010,749	859,736	(151,013)
Total Revenues	<u>12,635,175</u>	<u>12,635,175</u>	<u>10,896,296</u>	<u>(1,738,879)</u>
Expenditures				
Human Services	15,937,429	15,926,429	13,486,575	2,439,854
Capital Projects	37,000	48,000	34,181	13,819
Total Expenditures	<u>15,974,429</u>	<u>15,974,429</u>	<u>13,520,756</u>	<u>2,453,673</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,339,254)</u>	<u>(3,339,254)</u>	<u>(2,624,460)</u>	<u>714,794</u>
Other Financing Sources (Uses)				
Operating Transfers In	3,339,254	3,339,254	3,339,254	-
Operating Transfers (Out)	-	-	(714,794)	(714,794)
Total Other Financing Sources (Uses)	<u>3,339,254</u>	<u>3,339,254</u>	<u>2,624,460</u>	<u>(714,794)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SCHUYLKILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - OTHER AGENCY - SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 3,610,105	\$ 3,610,105	\$ 3,214,966	\$ (395,139)
Interest and Royalties	24,180	24,180	10,268	(13,912)
Charges for Services	429	429	9,766	9,337
Other Revenue	79,794	79,794	61,790	(18,004)
Total Revenues	<u>3,714,508</u>	<u>3,714,508</u>	<u>3,296,790</u>	<u>(417,718)</u>
Expenditures				
Judicial Government	1,200,000	1,200,000	1,500,771	(300,771)
Human Services	1,875,095	1,875,095	1,574,241	300,854
Capital Projects	10,000	29,847	29,847	-
Total Expenditures	<u>3,085,095</u>	<u>3,104,942</u>	<u>3,104,859</u>	<u>83</u>
Excess of Revenues Over (Under) Expenditures	<u>629,413</u>	<u>609,566</u>	<u>191,931</u>	<u>(417,635)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(629,413)	(609,566)	(191,931)	417,635
Total Other Financing Sources (Uses)	<u>(629,413)</u>	<u>(609,566)</u>	<u>(191,931)</u>	<u>417,635</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SCHUYLKILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - OFFICE OF SENIOR SERVICES - SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 5,932,400	\$ 5,932,400	\$ 5,927,602	\$ (4,798)
Interest and Royalties	9,000	9,000	2,602	(6,398)
Charges for Services	984,400	984,400	1,031,143	46,743
Total Revenues	<u>6,925,800</u>	<u>6,925,800</u>	<u>6,961,347</u>	<u>35,547</u>
Expenditures				
Human Services	6,868,000	6,875,000	6,365,365	509,635
Capital Projects	82,000	75,000	54,476	20,524
Total Expenditures	<u>6,950,000</u>	<u>6,950,000</u>	<u>6,419,841</u>	<u>530,159</u>
Excess of Revenues Over (Under) Expenditures	<u>(24,200)</u>	<u>(24,200)</u>	<u>541,506</u>	<u>565,706</u>
Other Financing Sources (Uses)				
Operating Transfers In	24,200	24,200	24,200	-
Operating Transfers (Out)	-	-	(565,706)	(565,706)
Total Other Financing Sources (Uses)	<u>24,200</u>	<u>24,200</u>	<u>(541,506)</u>	<u>(565,706)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Zelenkofske Axelrod LLC

A Certified Public Accounting and Auditing Firm

