

COUNTY OF SCHUYLKILL
POTTSVILLE, PENNSYLVANIA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

COUNTY OF SCHUYLKILL
YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 – 2
Management Discussion and Analysis	3 – 16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet – Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Fund Net Assets – Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Assets – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Assets	27
Notes to Financial Statements	28 – 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, 2005	59 - 61
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Mental Health/Mental Retardation – Special Revenue Fund for the Year Ended December 31, 2005	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, 2005	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Liquid Fuels – Special Revenue Fund for the Year Ended December 31, 2005	64

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 (County) as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the COUNTY OF SCHUYLKILL. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component units, Child Development, Inc. and the North Central Highway Safety Network's financial statements which reflect total assets of \$750,401 and \$802,557, respectively, and total revenues of \$7,247,317 and \$3,046,720, respectively, that were included in the COUNTY OF SCHUYLKILL's financial statements as of and for the year ended December 31, 2005. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, Child Development, Inc., and North Central Highway Safety Network, is based solely on the reports of other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF SCHUYLKILL as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the COUNTY OF SCHUYLKILL adopted the provisions of Governmental Accounting Standards Board's Statement No. 40, *"Deposit and Investment Risk Disclosures"*, and Governmental Accounting Standards Board's Statement No. 42, *"Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries"*.

Harrisburg	Lehigh Valley	Philadelphia
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

Zelenkofske Axelrod LLC

County Commissioners
County of Schuylkill
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated April 7, 2006, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be the results of our audit.

The management's discussion and analysis, schedule of employer contributions, and budgetary comparison information on pages 3 through 16 and 58 through 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
April 7, 2006

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, 2005. 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, 2005.

FINANCIAL HIGHLIGHTS

- For Fiscal Year 2005, the County's total real estate millage rate remained the same at 11.98 mills. The levy for general purposes was 11.42 mills and the levy for debt purposes was .56 mills.
- The County's unrestricted net assets for the Governmental Activities were \$(4,193,255) and for the Business-Type Activities were \$1,025,046 at the end of the year. This was a change of \$1,998,389 and \$1,300,430, respectfully from the previous year.
- The County's net assets from Governmental and Business-Type Activities were \$26,538,902 at the end of the year. This was an increase of \$3,576,311 or 15.57% from the previous year.
- The County had \$21,210,000 of General Obligation Debt outstanding at the end of the year. This was a decrease of \$1,665,000 or 7.28% from the previous year.
- The General Fund Unreserved Fund Balance was \$3,865,490 at the end of the year. This was an increase of \$1,618,292 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Fiduciary Funds of the County consist of the employee's retirement trust fund and 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 26 through 27 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 55 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

This is the fourth 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, 2005 and December 31, 2004 are presented below:

County Net Assets as of December 31, 2005 and 2004

	Governmental Activities		Business-Type Activities	
	<u>2005</u>	<u>2004 (1)</u>	<u>2005</u>	<u>2004</u>
Other Assets	\$ 34,953,473	\$ 33,073,490	\$ 2,260,376	\$ 1,318,142
Capital Assets, net	\$ 21,594,569	\$ 22,079,403	\$ 3,497,714	\$ 3,768,687
Total Assets	<u>\$ 56,548,042</u>	<u>\$ 55,152,893</u>	<u>\$ 5,758,090</u>	<u>\$ 5,086,829</u>
Other Liabilities	\$ 8,850,586	\$ 8,978,312	\$ 568,225	\$ 723,033
Long-term Liabilities	\$ 24,371,314	\$ 25,748,182	\$ 1,977,105	\$ 2,315,493
Total Liabilities	<u>\$ 33,221,900</u>	<u>\$ 34,726,494</u>	<u>\$ 2,545,330</u>	<u>\$ 3,038,526</u>
Net Assets:				
Capital Assets, net of debt	\$ 19,534,569	\$ 20,077,292	\$ 2,187,714	\$ 2,323,687
Restricted	\$ 7,984,828	\$ 7,028,640	\$ -	\$ -
Unrestricted	\$ (4,193,255)	\$ (6,191,644)	\$ 1,025,046	\$ (275,384)
Total Net Assets	<u>\$ 23,326,142</u>	<u>\$ 20,914,288</u>	<u>\$ 3,212,760</u>	<u>\$ 2,048,303</u>

(1) Please refer to Note 13.

Net assets of the County's governmental activities were \$23,326,142. Of this amount, \$19,534,569 represents the investment in capital assets, net of related debt, while \$7,984,828 was restricted for various purposes. The unrestricted net asset balance as of the end of the year was \$(4,193,255).

Net assets of the County's business-type activities were \$3,212,760. Of this amount, \$2,187,714 represents investment in capital assets, net of related debt. The unrestricted net asset balance as of the end of the year was \$1,025,046.

The following table presents the County's changes in net assets for the fiscal year ended December 31, 2005 and December 31, 2004:

County's Changes in Net Assets as of December 31, 2005 and 2004

	Governmental Activities		Business-Type Activities	
	<u>2005</u>	<u>2004 (1)</u>	<u>2005</u>	<u>2004</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 8,923,312	\$ 13,322,436	\$ 11,347,589	\$ 10,498,045
Operating Grants & Contributions	\$ 63,774,858	\$ 58,884,331		
Capital Grants & Contributions	\$ 78,607	\$ 221,550		
General Revenues:				
Property Taxes	\$ 25,831,680	\$ 25,602,933		
Interest, Invest. Earnings & Royalties	\$ 718,464	\$ 373,528	\$ 3,117	\$ 845
Hotel Tax	\$ 207,386	\$ 177,215		
Per Capita Tax	\$ 407,743	\$ 418,156		
Miscellaneous	\$ 1,531,694	\$ 1,112,181	\$ 728,944	\$ 522,482
Total Revenues	<u>\$ 101,473,744</u>	<u>\$ 100,112,330</u>	<u>\$ 12,079,650</u>	<u>\$ 11,021,372</u>
Expenses:				
General Government	\$ 9,924,926	\$ 10,603,096		
Judicial Government	\$ 15,387,898	\$ 15,144,513		
Public Safety	\$ 6,711,370	\$ 5,478,159		
Public Works	\$ 4,386,274	\$ 4,102,473		
Human Services	\$ 54,616,325	\$ 51,879,872		
Culture/Recreation	\$ 459,922	\$ 438,118		
Conservation/Development	\$ 5,683,883	\$ 5,192,534		
Interest on Long-Term Debt	\$ 1,026,583	\$ 836,496		
911 Fund			\$ 2,406,997	\$ 2,302,434
Nursing Home			\$ 9,372,905	\$ 10,004,603
Total Expenses	<u>\$ 98,197,181</u>	<u>\$ 93,675,261</u>	<u>\$ 11,779,902</u>	<u>\$ 12,307,037</u>
Change in Net Assets before Transfers	\$ 3,276,563	\$ 6,437,069	\$ 299,748	\$ (1,285,665)
Transfers	<u>\$ (864,709)</u>	<u>\$ (1,746,656)</u>	<u>\$864,709</u>	<u>\$1,746,656</u>
Change in Net Assets	\$ 2,411,854	\$ 4,690,413	\$ 1,164,457	\$ 460,991
Net Assets - Beginning	<u>\$ 20,914,288</u>	<u>\$ 16,223,875</u>	<u>\$ 2,048,303</u>	<u>\$ 1,587,312</u>
Net Assets - Ending	<u>\$ 23,326,142</u>	<u>\$ 20,914,288</u>	<u>\$ 3,212,760</u>	<u>\$ 2,048,303</u>

(1) Please refer to Note 13.

During 2005, total net assets of the County's governmental activities increased by \$2,411,854 or 11.5% to \$23,326,142. The primary factor contributing to this was an increase in operating grants for the Liquid Fuels Fund and for the other Nonmajor Governmental Funds.

During 2005, total net assets of the County's business-type activities increased by \$1,164,457 or 56.8% to \$3,212,760. This was the result of an increase in tariff revenue for the 911 Fund which resulted from the State authorizing and County implementing a \$1.00 surcharge for wireless phones.

Governmental Activities and Business-Type Activities

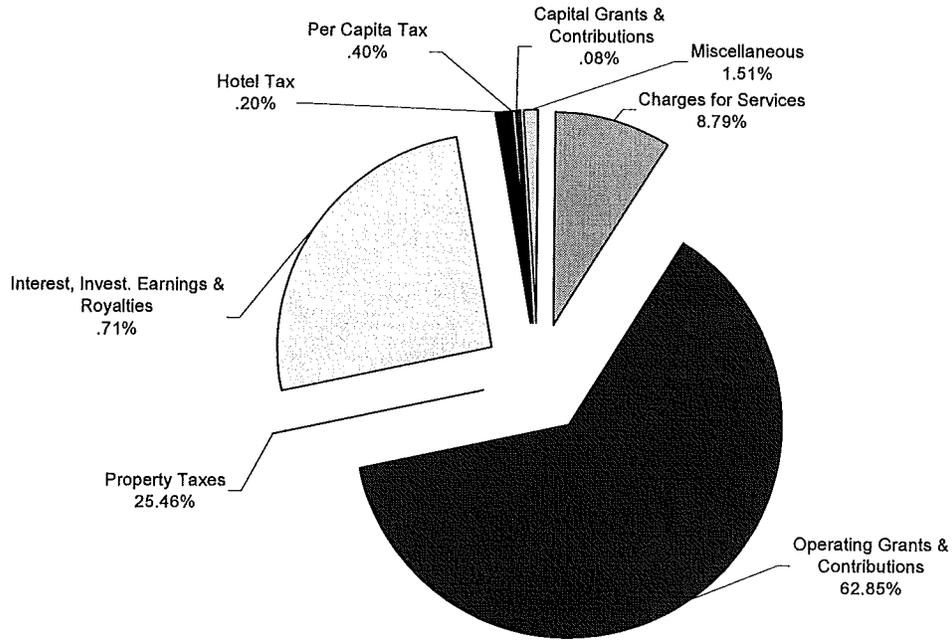
The following table presents the sources of revenues for the fiscal year ended December 31, 2005:

Sources of Revenues

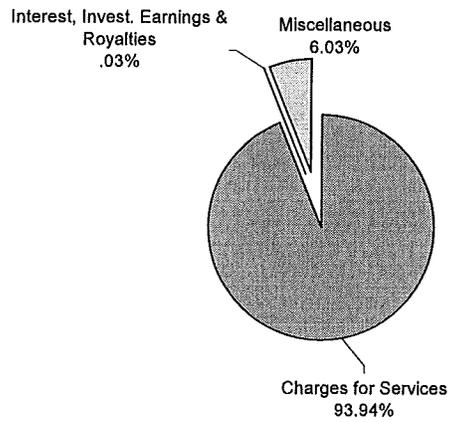
	Governmental Activities		Business-Type Activities	
Revenues:				
Charges for Services	\$ 8,923,312	8.79%	\$ 11,347,589	93.94%
Operating Grants & Contributions	\$ 63,774,858	62.85%		0.00%
Capital Grants & Contributions	\$ 78,607	0.08%		0.00%
Property Taxes	\$ 25,831,680	25.46%		0.00%
Interest, Invest. Earnings & Royalties	\$ 718,464	0.71%	\$ 3,117	0.03%
Hotel Tax	\$ 207,386	0.20%		0.00%
Per Capita Tax	\$ 407,743	0.40%		0.00%
Miscellaneous	\$ 1,531,694	1.51%	\$ 728,944	6.03%
Total Revenues	\$ 101,473,744	100.00%	\$ 12,079,650	100.00%

(See the accompanying pie charts on next page)

Sources of Revenue - Governmental Activities



Sources of Revenue - Business -Type Activities

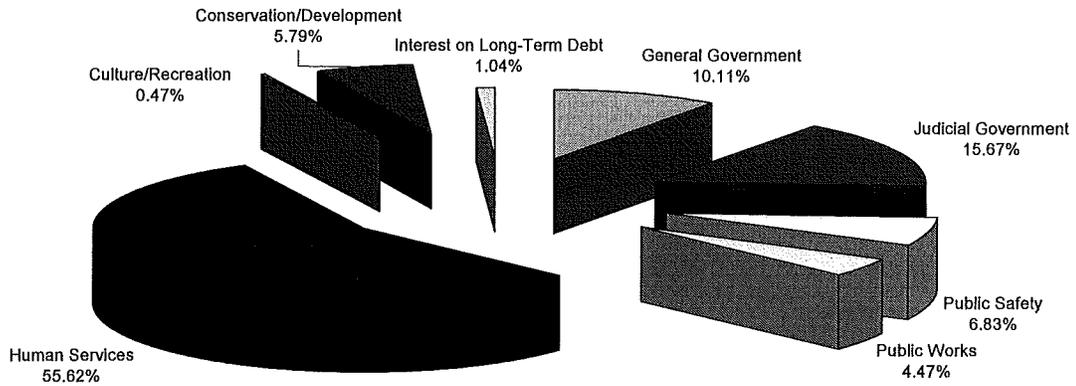


The following table presents the functional expenses for the fiscal year ended December 31, 2005:

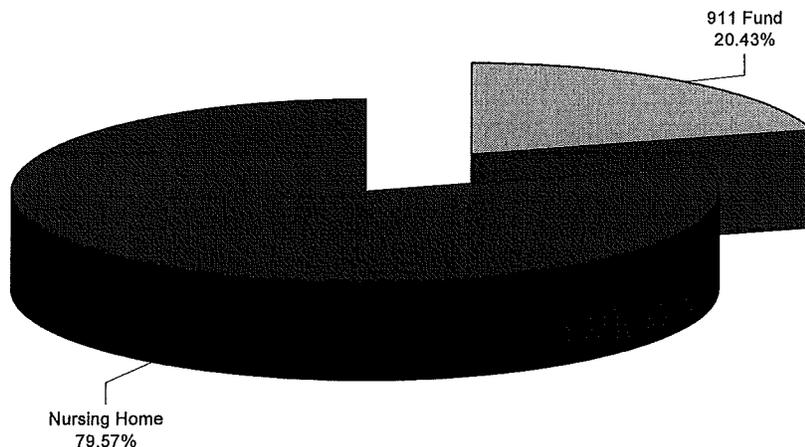
Functional Expenses

	Governmental Activities		Business-Type Activities	
Expenses:				
General Government	\$ 9,924,926	10.11%		
Judicial Government	\$ 15,387,898	15.67%		
Public Safety	\$ 6,711,370	6.83%		
Public Works	\$ 4,386,274	4.47%		
Human Services	\$ 54,616,325	55.62%		
Culture/Recreation	\$ 459,922	0.47%		
Conservation/Development	\$ 5,683,883	5.79%		
Interest on Long-Term Debt	\$ 1,026,583	1.04%		
911 Fund			\$ 2,406,997	20.43%
Nursing Home			\$ 9,372,905	79.57%
Total Expenses	\$ 98,197,181	100.00%	\$ 11,779,902	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, Liquid Fuels 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, 2005, Schuylkill County governmental funds reported a combined ending fund balance of \$21,593,430. This was an increase of \$982,591 or 4.76% from the previous year.

General Fund - The General Fund is the primary operating fund of the County. At the end of 2005, the General Fund reported a fund balance of \$3,986,258. This was an increase of \$461,857 or 13.10% from the previous year. This increase was primarily the result of an increase in the collection of charges for services.

The unreserved fund balance in the General Fund was \$3,865,490 as of December 31, 2005. A reserve of \$120,768 was recorded for the purpose of purchasing agriculture easements.

Mental Health/Mental Retardation Fund – At the end of 2005, the Mental Health/Mental Retardation Fund maintains no fund balance because the General Fund transfers a sufficient amount to bring the fund balance to zero.

Children and Youth Fund - At the end of 2005, the Children and Youth Fund maintains no fund balance because the General Fund transfers a sufficient amount to bring the fund balance to zero.

Liquid Fuels Fund – At the end of 2005, the Liquid Fuels Fund reported a fund balance of \$4,211,804. This was an increase of \$644,087 or 18.05% from the previous year. This increase was the result of postponing actual major repair work on several bridge projects from 2005 until 2006.

Debt Service Fund – At the end of 2005, the Debt Service Fund reported a fund balance of \$10,299,120. This was a decrease of \$837,740 or 7.52% from the previous year. This decrease was the result of total expenditures exceeding total revenues for the fund. The 2005 expenditures were budgeted to exceed the total budgetary revenues with the difference to be offset by the corresponding fund balance.

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

Rest Haven Nursing Home – At the end of 2005, the Nursing Home reported net assets of \$2,651,555. This was a decrease of \$7,731 or .29% from the previous year.

911 Fund - At the end of 2005, the 911 Fund reported net assets of \$561,205. This was an increase of \$1,172,188 or 291.85% from the previous year. This was the result of an increase in tariff revenue which resulted from the State authorizing and the County implementing a \$1.00 surcharge for wireless phones. This \$1.00 surcharge was in addition to the \$1.25 surcharge that already existed for land based lines.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The County's original revenue budget decreased from \$40,987,282 to \$40,952,188, a decrease of \$35,094 or .08%. The nominal decrease was due to various miscellaneous adjustments. Actual revenues and other financing sources received were \$38,677,707 or 94.4% of the final budget. The variance between actual revenues and other financing sources vs. final budgetary revenue and other financing sources totaled \$2,274,481. This negative variance was primarily the result of a decrease in state grants for engineering, a decrease in financing sources from County Agencies, and a decrease in the anticipated health care co-pay reimbursement.

The County's original expenditure budget increased from \$40,987,283 to \$41,024,851, an increase of \$37,568 or .09%. The nominal increase was due to various miscellaneous adjustments. Actual expenditures and other financing uses were \$38,215,850 or 93.1% of the final budget. The variance between actual expenditures vs. final budgetary expenditures and other financing uses totaled \$2,809,001. This positive variance was primarily the result of a decrease in anticipated expenses for engineering, fringe benefits, and conservation and development.

CAPITAL ASSETS

Schuylkill County's investment in capital assets for its governmental and business-type activities as of December 31, 2005 was \$25,092,283 (net of accumulated depreciation). This was a decrease of \$1,243,696 or 4.72% over the previous year. Capital assets consist primarily of land, construction in progress, works of art collections, land improvements, buildings and improvements, machinery and equipment, motor vehicles, computer equipment and software, agricultural easements, and infrastructure.

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

Governmental Activities

- Construction in Progress increased by a net amount of \$88,785; this primarily was the result of work performed on bridges #106 and #56 and a transfer to Computer Equipment/Software for a GIS Locator Project.
- Buildings and Improvements increased by \$224,839; this primarily was the result of improvements made to the Human Service Building, Court House Building, and to the Prison.
- Motor Vehicles increased by a net amount of \$82,345; this primarily was the net result of vehicles purchased for Adult Probation, Children and Youth, Mental Health/Mental Retardation, Coal Lands, and STS.
- Machinery and Equipment increased by a net amount of \$221,204; this primarily was the result of purchases (e.g., workstations, cabinets,) for Office of Senior Services and purchases (e.g., recycling containers) for Solid Waste Department.

Business-Type Activities

- Construction in Progress decreased by a net amount of \$69,652; this was the net result of a 911 CADD Emergency Project being transferred to Computer Equipment/Software and another 911 CADD Emergency Project being added to Construction in Progress.

- Computer Equipment/Software increased by a net amount of \$143,960; this primarily was the net result of new computers and software purchased for 911 CADD mapping projects.

The following is a summary of capital assets as of December 31, 2005 and December 31, 2004:

Summary of Capital Assets

	Governmental Activities		Business-Type Activities		Balance at December 31, 2005	Balance at December 31, 2004 Restated (See Note 13)
	2005	2004	2005	2004		
Land	\$ 694,817	\$ 694,817			\$ 694,817	\$ 694,817
Construction In Progress	\$ 576,169	\$ 487,384	\$ 30,045	\$ 99,697	\$ 606,214	\$ 587,081
Works of Art Collections	\$ 174,000	\$ 174,000			\$ 174,000	\$ 174,000
Land Improvements	\$ 1,824,773	\$ 1,800,464	\$ 158,645	\$ 157,045	\$ 1,983,418	\$ 1,957,509
Buildings and Improvements	\$ 23,361,819	\$ 23,136,980	\$ 8,803,496	\$ 8,803,498	\$ 30,165,315	\$ 29,940,476
Machinery and Equipment	\$ 5,130,464	\$ 4,909,280	\$ 3,033,545	\$ 2,987,103	\$ 8,164,029	\$ 7,896,383
Motor Vehicles	\$ 7,798,469	\$ 7,716,124	\$ 104,374	\$ 119,173	\$ 7,902,843	\$ 7,835,297
Computer Equipment/Software	\$ 2,359,788	\$ 2,447,983	\$ 1,420,094	\$ 1,276,134	\$ 3,779,882	\$ 3,724,117
Agricultural Easements	\$ 545,615	\$ 458,455			\$ 545,615	\$ 458,455
Infrastructure	\$ 5,600,635	\$ 5,598,110			\$ 5,600,635	\$ 5,598,110
Accumulated Depreciation	\$ (26,472,000)	\$ (24,858,305)	\$ (8,052,485)	\$ (7,673,861)	\$ (34,524,485)	\$ (32,530,268)
Total Capital Assets, Net of Accumulated Depreciation	\$ 21,594,569	\$ 22,587,292	\$ 3,497,714	\$ 3,768,887	\$ 25,092,283	\$ 26,335,979

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, 2005, Schuylkill County had \$21,210,000 in general obligation bonds outstanding. This was a decrease of \$1,665,000 or 7.28% from the previous year. The following is a summary of general obligation bond activity during 2005:

Summary of General Obligation Bond Activity

	Governmental Activities	Business-Type Activities	Total
Beginning Balance at January 1, 2005	\$ 21,430,000	\$ 1,445,000	\$ 22,875,000
Less Principal Payments	\$ (1,530,000)	\$ (135,000)	\$ (1,665,000)
Ending Balance at December 31, 2005	\$ 19,900,000	\$ 1,310,000	\$ 21,210,000

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 6.1% as of December 31, 2005. This was higher than both the State unemployment rate and the National unemployment rate of 4.9%.

The net job loss to the County during 2005 was approximately 900 jobs. Specifically, the Goods Producing Industry lost about 900 jobs but the Service Industry remained stable.

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 2005, the following highlights occurred within Schuylkill County's KOZ sub zones:

1. Sub zone #6 - Tomas Corporation entered into a lease agreement with Tamaqua Save Our Station Inc. for the purpose of operating a restaurant.
2. Sub zone #16 – Pottsville Redevelopment Authority entered into tenant agreement with Essential Management Solutions LLC.

NEXT YEAR'S BUDGET AND RATES

For Fiscal Year 2006, the County's total real estate millage will remain the same at 11.98 mills. The General Fund millage will remain the same at 11.42 mills and the Funded Debt millage will remain the same at .56 mills. The 2006 General Fund appropriation was approved at \$41,902,967 on December 28, 2005. This was an increase of \$915,685 above the previous year.

REQUEST FOR INFORMATION

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

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

County of Schuylkill
Statement of Net Assets
December 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 16,855,015	\$ 1,654,529	\$ 18,509,544	\$ 659,395
Restricted Cash	1,589,399	83,197	1,672,596	-
Investments	1,594,278	-	1,594,278	-
Accounts Receivable	-	1,197,989	1,197,989	21,526
Interest Receivable	131,155	-	131,155	-
Taxes Receivable	3,903,794	-	3,903,794	-
Due From Other Governmental Units	2,025,320	-	2,025,320	689,162
Internal Balances	675,339	(675,339)	-	-
Notes Receivable	7,815,000	-	7,815,000	-
Other Assets	364,173	-	364,173	19,916
Capital Assets, Net	21,594,569	3,497,714	25,092,283	162,959
Total Assets	56,548,042	5,758,090	62,306,132	1,552,958
Liabilities				
Accounts Payable	4,027,744	278,219	4,305,963	482,085
Accrued Expenses and Withholdings	608,321	150,006	758,327	14,482
Due to Other Governments	-	-	-	66
Deferred Revenue	1,009,143	-	1,009,143	-
Escrow Funds- Other	1,077,142	-	1,077,142	-
Excess of Taxes - Tax Claim Bureau	260,547	-	260,547	-
Escrow Land Sales	113,066	-	113,066	-
Interest Payable	159,623	-	159,623	-
Current Portions of Long Term Liabilities:				
Loans and Notes Payable	-	-	-	408,891
General Obligation Bonds Payable	1,595,000	140,000	1,735,000	-
Non-Current Portions of Long Term Liabilities:				
Payable From Restricted Assets	1,589,399	83,197	1,672,596	-
General Obligation Bonds Payable	17,971,390	1,170,000	19,141,390	-
Accrued Compensated Absences	4,079,876	723,908	4,803,784	-
Self Insurance Claims Payable	730,649	-	730,649	-
Total Liabilities	33,221,900	2,545,330	35,767,230	905,524
Net Assets				
Invested In Capital Assets, Net of Related Debt	19,534,569	2,187,714	21,722,283	98,084
Restricted:				
Library	196	-	196	-
Economic Development	1,223,857	-	1,223,857	-
Program Purposes	6,760,775	-	6,760,775	-
Unrestricted	(4,193,255)	1,025,046	(3,168,209)	549,350
Total Net Assets	\$ 23,326,142	\$ 3,212,760	\$ 26,538,902	\$ 647,434

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

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			Component Units
	Expenses	Indirect Cost Allocation	Charges for Services	Primary Government		Total	
				Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:							
Governmental Activities:							
General Government	\$ 9,924,926	\$ (3,029,196)	\$ 3,166,100	\$ 292,141	\$ 78,607	\$ (3,358,882)	\$ (3,358,882)
Judicial Government	15,387,898	1,987,654	2,194,951	4,628,606	-	(10,551,995)	(10,551,995)
Public Safety	6,711,370	311,120	330,986	763,621	-	(5,927,883)	(5,927,883)
Public Works	4,386,274	62,543	1,135,638	4,031,897	-	718,718	718,718
Human Services	54,616,325	527,933	1,346,142	50,576,592	-	(3,221,524)	(3,221,524)
Culture/Recreation	459,922	-	-	6,592	-	(453,330)	(453,330)
Conservation/Development	5,683,883	139,946	749,495	3,475,409	-	(1,598,925)	(1,598,925)
Interest on Long-Term Debt	1,026,583	-	-	-	-	(1,026,583)	(1,026,583)
Total Governmental Activities	98,197,181	-	8,923,312	63,774,858	78,607	(25,420,404)	(25,420,404)
Business-Type Activities:							
911 Operations	2,406,997	-	2,289,216	-	-	(117,781)	(117,781)
Nursing Home	9,372,905	-	9,058,373	-	-	(314,532)	(314,532)
Total Business-Type Activities	11,779,902	-	11,347,589	-	-	(432,313)	(432,313)
Total Primary Government	\$ 109,977,083	\$ -	\$ 20,270,901	\$ 63,774,858	\$ 78,607	(25,420,404)	(25,852,717)
Component Units:							
Human Services	\$ 7,313,805	-	\$ 551,065	\$ 6,673,916	\$ -	-	(88,824)
Public Safety	3,023,646	-	-	3,012,000	-	-	(11,646)
Total Component Units	\$ 10,337,451	\$ -	\$ 551,065	\$ 9,685,916	\$ -	-	(100,470)
General Revenues:							
Property Taxes						25,831,680	-
Interest, Investment Earnings and Royalties						718,464	4,787
Hotel Tax						207,386	-
Per Capita Tax						407,743	-
Miscellaneous						1,531,694	52,269
Transfers (Internal Activities)						(864,709)	-
Total General Revenues and Transfers						27,832,258	57,056
Change in Net Assets						2,411,854	(43,414)
Net Assets - Beginning as Restated (Note 13)						20,914,288	690,848
Net Assets - Ending						\$ 23,326,142	\$ 647,434

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

COUNTY OF SCHUYLKILL
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2005

Assets	General	Mental Health/ Mental Retardation	Children and Youth	Liquid Fuels	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Cash on Hand	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Cash and Cash Equivalents	3,607,269	662,830	1,522,091	2,627,373	2,436,634	5,488,277	16,544,474
Restricted Cash	1,589,399	-	-	-	-	-	1,589,399
Investments	-	-	-	1,589,786	-	4,492	1,594,278
Taxes Receivable	3,712,411	-	-	-	191,383	-	3,903,794
Due From Other Governments	158,209	-	1,740,211	-	-	126,900	2,025,320
Due from Other Funds	2,396,704	33,652	-	-	5,340	330,000	2,765,696
Notes Receivable	-	-	-	-	7,815,000	-	7,815,000
Total Assets	\$ 11,678,992	\$ 696,482	\$ 3,262,302	\$ 4,217,159	\$ 10,448,357	\$ 5,949,669	\$ 36,252,961
Liabilities and Fund Balances							
Liabilities							
Vouchers and Warrants Payable	\$ 689,818	\$ 162,399	\$ 1,069,991	\$ 5,355	\$ -	\$ 1,890,086	\$ 3,907,649
Accrued Expenses and Withholdings	380,318	4,901	51,422	-	-	171,680	608,321
Deferred Revenue	2,867,460	509,773	-	-	149,237	499,370	4,025,840
Taxes Held in Escrow (Road and School)	222,910	-	-	-	-	-	222,910
Excess of Taxes - Tax Claim Bureau	260,547	-	-	-	-	-	260,547
Escrow Funds - Other	1,077,142	-	-	-	-	-	1,077,142
Escrow Land Sales	113,066	-	-	-	-	-	113,066
Funds Held in Fiduciary Capacity	1,366,489	-	-	-	-	-	1,366,489
Due to Other Funds	714,984	19,409	2,140,889	-	-	202,285	3,077,567
Total Liabilities	7,692,734	696,482	3,262,302	5,355	149,237	2,853,421	14,659,531
Fund Balances							
Fund Balances (Reserved)	-	-	-	-	9,075,263	-	9,075,263
Debt Service	-	-	-	-	1,223,857	-	1,223,857
Economic Development	-	-	-	-	-	196	196
Library	-	-	-	-	-	-	-
Conservation and Development	120,768	-	-	-	-	-	120,768
Construction	-	-	-	-	-	547,081	547,081
Program Purposes	-	-	-	4,211,804	-	2,548,971	6,760,775
Unreserved	3,865,490	-	-	-	-	-	3,865,490
Total Fund Balances	3,986,258	-	-	4,211,804	10,299,120	3,096,248	21,593,430
Total Liabilities and Fund Balances	\$ 11,678,992	\$ 696,482	\$ 3,262,302	\$ 4,217,159	\$ 10,448,357	\$ 5,949,669	\$ 36,252,961

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, 2005

Total Fund Balances of Governmental Funds: \$ 21,593,430

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. 21,594,569

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. 432,007

Interest Receivable on long term receivables is not accrued in the current period and accordingly not reported as a fund asset. 131,155

The funds record only the tax revenue received through a period of 60 days subsequent to year-end. The statement of net assets includes a receivable for the County's anticipated collections on the levy. 3,016,697

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. 364,173

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	(19,900,000)
Deferred Refunding Loss	333,610
Accrued Interest Payable	(159,623)
Accrued Compensated Absences	(4,079,876)
	<u>(4,079,876)</u>

Total Net Assets of Governmental Activities \$ 23,326,142

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, 2005

	General	Mental Health/ Mental Retardation	Children and Youth	Liquid Fuels	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Real Estate Taxes	\$ 24,425,734	-	-	-	\$ 1,220,977	7	\$ 25,646,718
Per Capita Taxes	407,743	-	-	-	-	-	407,743
Hotel Tax	207,386	-	-	-	-	-	207,386
Interest and Royalties	447,043	22,806	21,521	91,038	70,109	65,700	718,217
Grants and Gifts	3,483,928	19,332,368	10,455,499	937,850	-	29,643,820	63,853,465
Charges for Services	6,812,215	37,919	811,988	-	-	1,261,190	8,923,312
Other Revenue	181,001	-	-	-	914,492	256,527	1,352,020
Total Revenues	35,965,050	19,393,093	11,289,008	1,028,888	2,205,578	31,227,244	101,108,861
Expenditures							
General Government	8,635,847	-	-	-	475,464	145,307	9,256,618
Judicial Government	12,728,300	-	-	-	-	2,385,921	15,114,221
Public Safety	5,063,392	-	-	-	-	1,300,224	6,363,616
Public Works	331,110	-	-	43,232	-	3,042,666	3,417,008
Human Services	523,225	19,636,089	13,732,060	-	-	20,389,404	54,280,778
Culture/Recreation	412,030	-	-	-	-	-	412,030
Conservation/Development	-	-	-	-	24,076	3,285,040	5,515,157
Debt Service - Principal	2,206,041	-	-	-	1,530,000	-	1,530,000
Debt Service - Interest	-	-	-	-	1,005,483	-	1,005,483
Capital Projects	434,088	183,682	76,247	160,861	-	777,887	1,632,765
Total Expenditures	30,334,033	19,819,771	13,808,307	204,093	3,035,023	31,326,449	98,527,676
Excess of Revenues Over (Under) Expenditures	5,631,017	(426,678)	(2,519,299)	824,795	(829,445)	(99,205)	2,581,185
Other Financing Sources (Uses)							
Operating Transfers In	2,712,667	482,222	3,409,873	-	68,357	2,566,268	9,219,377
Operating Transfers (Out)	(7,881,817)	(35,544)	(890,574)	(180,708)	(76,652)	(1,752,676)	(10,817,971)
Total Other Financing Sources (Uses)	(5,169,160)	426,678	2,519,299	(180,708)	(8,295)	813,592	(1,598,594)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	461,857	-	-	644,087	(837,740)	714,387	982,591
Fund Balances - Beginning of Year	3,524,401	-	-	3,567,717	11,136,860	2,381,861	20,610,839
Fund Balances - End of Year	\$ 3,986,258	\$ -	\$ -	\$ 4,211,804	\$ 10,299,120	\$ 3,096,248	\$ 21,593,430

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

COUNTY OF SCHUYLKILL
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2005

Net Change in fund balances - total governmental funds \$ 982,591

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 (\$1,632,765)
 and depreciation expense (\$2,605,488) is a reconciling item. (972,723)

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. 184,962

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. (11,751)

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. 179,921

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

Principal Repayments 1,530,000

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	567,263
Accrual of interest on long-term debt	12,934
Amortization of issuance costs	(27,309)
Amortization of Deferred Refunding Loss	(34,034)
	(97,176)

Change in Net Assets of governmental activities \$ 2,411,854

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

COUNTY OF SCHUYLKILL
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Rest Haven Nursing Home</u>	<u>911 Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 581,603	\$ 1,072,926	\$ 1,654,529	\$ 295,541
Due From Other Funds	1,632	-	1,632	987,210
Accounts Receivable	1,097,153	100,836	1,197,989	-
Total Current Assets	1,680,388	1,173,762	2,854,150	1,282,751
Non-Current Assets:				
Restricted Cash	83,197	-	83,197	-
Capital Assets -				
Net of Accumulated Depreciation				
Fixed Assets	8,392,404	3,118,219	11,510,623	-
Non-Eligible Fixed Assets	-	39,576	39,576	-
Accumulated Depreciation	(5,886,136)	(2,132,928)	(8,019,064)	-
Non-Eligible Accumulated Depreciation	-	(33,421)	(33,421)	-
Capital Assets, Net	2,506,268	991,446	3,497,714	-
Total Non-Current Assets	2,589,465	991,446	3,580,911	-
Total Assets	4,269,853	2,165,208	6,435,061	1,282,751
LIABILITIES				
Current Liabilities				
Vouchers and Warrants Payable	265,685	12,534	278,219	120,095
Accrued Expenses and Withholdings	111,416	38,590	150,006	-
Self Insurance Liabilities	-	-	-	730,649
Bonds Payable - Current Portion	-	140,000	140,000	-
Due to Other Funds	638,348	38,623	676,971	-
Total Current Liabilities	1,015,449	229,747	1,245,196	850,744
Long-Term Liabilities				
Patient Funds Held in Safekeeping	83,197	-	83,197	-
Compensated Absenses	519,652	204,256	723,908	-
Bonds Payable	-	1,170,000	1,170,000	-
Total Long-Term Liabilities	602,849	1,374,256	1,977,105	-
Total Liabilities	1,618,298	1,604,003	3,222,301	850,744
Net Assets				
Invested in Capital Assets, Net of Related Debt	2,506,268	(318,554)	2,187,714	-
Unrestricted	145,287	879,759	1,025,046	432,007
Total Net Assets	\$ 2,651,555	\$ 561,205	\$ 3,212,760	\$ 432,007

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

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds			Governmental Activities
	Rest Haven Nursing Home	911 Fund	Total	Internal Service Fund
Operating Revenues				
Net Patient Service	\$ 9,058,373	\$ -	\$ 9,058,373	\$ -
Miscellaneous Revenue	690,679	38,265	728,944	-
Tariff Revenue	-	2,289,216	2,289,216	-
Total Operating Revenues	<u>9,749,052</u>	<u>2,327,481</u>	<u>12,076,533</u>	<u>-</u>
Operating Expenditures				
Administration Services	267,174	-	267,174	2,500
Dietary and Food	947,885	-	947,885	-
Laundry	219,006	-	219,006	-
Housekeeping	347,426	-	347,426	-
Plant Operations	370,569	-	370,569	-
Maintenance	164,474	-	164,474	-
Boiler House	57,341	-	57,341	-
Nursing	3,449,873	-	3,449,873	-
Practitioners	24,416	-	24,416	-
Social Services	99,119	-	99,119	-
Patient Services	152,265	-	152,265	-
Pharmacy and Medical Supplies	545,597	-	545,597	-
Physical, Speech, and Occupational Therapy	580,493	-	580,493	-
Medical Records	8,489	-	8,489	-
Depreciation	330,927	248,105	579,032	-
Other	1,640,562	-	1,640,562	-
Emergency Communications	-	2,099,829	2,099,829	-
Workers' Compensation	167,289	-	167,289	551,711
Total Operating Expenditures	<u>9,372,905</u>	<u>2,347,934</u>	<u>11,720,839</u>	<u>554,211</u>
Operating Income (Loss)	<u>376,147</u>	<u>(20,453)</u>	<u>355,694</u>	<u>(554,211)</u>
Nonoperating Revenues and Expenses				
Interest Income	2,136	981	3,117	247
Interest Expense	-	(59,063)	(59,063)	-
Total Nonoperating Revenues and Expenses	<u>2,136</u>	<u>(58,082)</u>	<u>(55,946)</u>	<u>247</u>
Income (Loss) Before Other Financing Sources (Uses)	<u>378,283</u>	<u>(78,535)</u>	<u>299,748</u>	<u>(553,964)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	1,289,289	1,289,289	733,885
Operating Transfers Out	(386,014)	(38,566)	(424,580)	-
Total Other Financing Sources (Uses)	<u>(386,014)</u>	<u>1,250,723</u>	<u>864,709</u>	<u>733,885</u>
Net Income (Loss)	<u>(7,731)</u>	<u>1,172,188</u>	<u>1,164,457</u>	<u>179,921</u>
Net Assets (Deficits) - Beginning of Year	<u>2,659,286</u>	<u>(610,983)</u>	<u>2,048,303</u>	<u>252,086</u>
Net Assets (Deficits) - End of Year	<u>\$ 2,651,555</u>	<u>\$ 561,205</u>	<u>\$ 3,212,760</u>	<u>\$ 432,007</u>

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

COUNTY OF SCHUYLKILL
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	Proprietary Fund Types			Internal Service Fund
	Rest Haven Nursing Home	911 Fund	Total Enterprise	
Cash Flow From Operating Activities				
Patient Service Revenue Receipts	\$ 8,978,485	\$ -	\$ 8,978,485	\$ -
911 Tariff Revenue Receipts	-	2,335,324	2,335,324	-
Payments to Suppliers	(4,558,170)	(1,057,175)	(5,615,345)	(152,171)
Payments to Employees	(4,451,615)	(1,051,026)	(5,502,641)	-
Internal - Payments To Other Funds	-	-	-	(590,133)
Other Receipts	690,679	-	690,679	-
Total Adjustments	659,379	227,123	886,502	(742,304)
Net Cash Provided by (Used in) Operating Activities	659,379	227,123	886,502	(742,304)
Cash Flows from Investing Activities				
Interest Receipts	2,136	981	3,117	247
Net Cash Provided by Investing Activities	2,136	981	3,117	247
Cash Flows from Capital Activities				
Purchase of Capital Assets	(34,710)	(273,349)	(308,059)	-
Net Cash Used in Capital Activities	(34,710)	(273,349)	(308,059)	-
Cash Flows from Financing Activities				
Payments on Long-Term Debt	-	(135,000)	(135,000)	-
Net Operating Transfers	(386,014)	1,250,723	864,709	733,885
Interest Paid	-	(59,063)	(59,063)	-
Net Cash Provided by (Used in) Financing Activities	(386,014)	1,056,660	670,646	733,885
Net Increase (Decrease) in Cash	240,791	1,011,415	1,252,206	(8,172)
Cash - Beginning of Year	340,812	61,511	402,323	303,713
Cash - End of Year	\$ 581,603	\$ 1,072,926	\$ 1,654,529	\$ 295,541
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating Income (Loss)	\$ 376,147	\$ (20,453)	\$ 355,694	\$ (554,211)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation	330,927	248,105	579,032	-
(Increase) Decrease in Assets:				
Accounts Receivable	(79,888)	7,843	(72,045)	-
Due From Other Funds	349,040	33,283	382,323	-
Increase (Decrease) in Liabilities:				
Accounts Payable	(163,607)	1,432	(162,175)	4,468
Accrued Liabilities	(10,163)	12,530	2,367	397,572
Compensated Absenses	(143,077)	(55,617)	(198,694)	-
Due to Other Funds	-	-	-	(590,133)
Total Adjustments	283,232	247,576	530,808	(188,093)
Net Cash Provided by (Used in) Operating Activities	\$ 659,379	\$ 227,123	\$ 886,502	\$ (742,304)

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

County of Schuylkill
Statement of Fiduciary Net Assets
December 31, 2005

	<u>Employee Retirement</u>	<u>Agency</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 5,317,360	\$ 2,141,111	\$ 7,458,471
Investments	65,860,769	-	65,860,769
Unrealized Appreciation	9,144,541	-	9,144,541
	<u>80,322,670</u>	<u>2,141,111</u>	<u>82,463,781</u>
Laibilities			
Funds Held in Fiduciary Capacity	<u>-</u>	<u>2,141,111</u>	<u>2,141,111</u>
	<u>-</u>	<u>2,141,111</u>	<u>2,141,111</u>
Net Assets held for Employees' Pension Benefits	<u>\$ 80,322,670</u>	<u>\$ -</u>	<u>\$ 80,322,670</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, 2005

	Employee Pension
Additions:	
Contributions:	
Employee	\$ 1,998,158
Employer	943,363
Total Contributions	2,941,521
Investment Income:	
Net Appreciation in Fair Value of Investments	2,025,946
Interest	1,206,617
Dividends	907,644
Less: Investment Expense	(420,170)
Net Investment Income	3,720,037
Total Additions	6,661,558
Deductions:	
Administrative Costs	4,763
Retirement Benefits	3,320,659
Death Benefits	38,008
Member Contribution Refunds	489,398
Total Deductions	3,852,828
Net Increase	2,808,730
Net Assets Held in Trust for Employees' Pension Benefits:	
Beginning of Year	77,513,940
End of Year	\$ 80,322,670

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

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, 2005.

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, 2005

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, 2005.

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, 2005.

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, 2005

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>		
	Child Development, Inc. June 30, 2005	North Central Highway Safety Network December 31, 2005
Assets		
Other Assets	\$ 605,769	\$ 784,230
Capital Assets, Net	144,632	18,327
Total Assets	750,401	802,557
Liabilities	375,253	530,271
Net Assets		
Unrestricted	295,391	253,959
Invested in Capital Assets, Net of Related Debt	79,757	18,327
Total Net Assets	\$ 375,148	\$ 272,286

<u>Condensed Statements of Activities</u>		
	Child Development, Inc. Year Ended June 30, 2005	North Central Highway Safety Network Year Ended December 31, 2005
Revenues	\$7,247,317	\$3,046,720
Expenditures	7,313,805	3,023,646
Excess of Revenues Over (Under) Expenditures	(66,488)	23,074
Net Assets - Beginning of Year	441,636	249,212
Net Assets - End of Year	\$ 375,148	\$ 272,286

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

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, 2005

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, 2005

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, 2005

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, 2005

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

C) Basis of Presentation (Continued)

1. Governmental Fund Types (Continued)

b. Mental Health/Mental Retardation Fund

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

c. Children and Youth

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

d. Liquid Fuels

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

e. 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, 2005

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, 2005

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.

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

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

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.

G) Investments

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

H) Allowance for Doubtful Accounts

Accounts receivable have been reported net of allowance for doubtful accounts of \$267,487.

I) Capital Assets

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

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

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

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

J) Interfund Transactions

The County affects a variety of transactions between the funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2005, appropriate interfund receivables or payables have been established.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

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

J) Interfund Transactions (Continued)

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

K) Compensated Absences

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

L) Long-Term Obligations

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

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

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

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

M) Deferred Revenues

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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

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

N) Net Assets/Fund Balances

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

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

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

O) Adoption of Governmental Accounting Standards Board Statement

The County adopted the provisions of GASB Statement No. 40 "*Deposit and Investment Risk Disclosure*". The adoption of this statement resulted in a modification of the financial reporting disclosure information required by the County.

The County adopted the provisions of GASB Statement No. 42 "*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*". The adoption of this statement had no effect on previously reported amounts.

P) Pending Government Accounting Standards Board Statement

GASB has issued Statement No. 46 "*Net Assets Restricted by Enabling Legislation*". This statement is required to be adopted by the County for 2006. The County has not determined the effect of GASB's Statement No. 46 on the financial statements.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 2: DEPOSIT AND INVESTMENT RISK

As of December 31, 2005, the County had the following debt investments and maturities within its operating fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Cash Equivalent	\$ 1,594,278	\$ 1,594,278	\$ -	\$ -	\$ -
Total	\$ 1,594,278	\$ 1,594,278	\$ -	\$ -	\$ -

As of December 31, 2005, the County had the following debt investments and maturities within its Retirement Fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 2,694,699	\$ 1,051,148	\$ 839,376	\$ 804,175	\$ -
U.S. Government Agencies	9,341,485	2,426,455	3,933,497	2,336,158	645,375
Corporate Bonds	5,710,330	1,993,061	2,515,810	924,275	277,184
Total	\$17,746,514	\$ 5,470,664	\$ 7,288,683	\$ 4,064,608	\$ 922,559

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

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

Credit Risk – The County's investment policy limits operating and self-insurance investments in federal agency securities that carry direct or implied guarantees of the U.S. Government. The County's governmental activities investments of \$1,594,278 were comprised of various certificates of deposit at local financial institutions, all of which will mature within one year as noted above.

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

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2005, the County's retirement investments had a credit rating as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Percent of Investment Type</u>
U.S. Government Treasuries	AAA	100%
U.S. Government Agencies	AAA	100%
Corporate Bonds	AAA	7%
Corporate Bonds	AA2	12%
Corporate Bonds	AA3	21%
Corporate Bonds	A1	25%
Corporate Bonds	A2	13%
Corporate Bonds	A3	9%
Corporate Bonds	BAA1	4%
Corporate Bonds	BAA2	9%

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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

As of December 31, 2005, the County's cash and restricted cash balances for its governmental activities, business-type activities and agency fund were \$22,323,251 and its bank balances were \$24,244,452. Of those bank balances, \$22,981,111 was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name. The entire cash and cash equivalent balance in the Retirement Fund was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the County's name.

Concentration of Credit Risk – The County's investment policy for pooled and self-insurance funds is to invest in U.S. Government of Federal agency securities for which there is no limit to the investment amount. \$1,589,786 or 99%, of the \$1,594,278 governmental activity investments are in various certificated of deposit in the liquid fuels fund.

The County's Retirement Investment Policy limits investments, other than those in U.S. Government or other federal agencies, to no more than 15% of the total market value of the fixed income portfolio.

More than 5% of the County's Retirement Fund investments are in the Federal Home Loan Banks. These investments are 6% of the total Retirement Fund Portfolio.

The County entered into a Guaranteed Investment Contract (GIC) on October 27, 2005, with Nationwide Life Insurance Company of America. The GIC is a fixed-income Fund in which substantially all the assets of the Fund are invested in high quality investment grade issues focusing on public bonds, private placements and commercial mortgages. The Fund targets investments with five to seven year maturities for yield and one to five year maturities for liquidity purposes. The Fund runs on a seven year cycle, however, the county may terminate their contact with Nationwide Life Insurance Company of America at any time. Interest rates for the Fund are reset monthly and the interest rate was 4.05% at December 31, 2005. The market value of the County's portion of the Fund was \$5,033,275 as of December 31, 2005.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 3: RESTRICTED CASH

Restricted cash of \$83,197 at December 31, 2005 in the balance sheet - Enterprise Fund is composed of patient account funds held by Rest Haven in escrow for residents and offset by a corresponding liability captioned "patients' funds held in safekeeping."

Restricted cash of \$1,589,399 at December 31, 2005 in the General Fund is comprised of the following:

Cash for road and school district taxes	\$ 222,910
Cash for Clerk of Courts	<u>1,366,489</u>
	<u>\$1,589,399</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.

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.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 4: NOTES RECEIVABLE (CONTINUED)

Repayment terms on all notes as of December 31, 2005, 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>
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	405,000	100,000	245,000	100,000	850,000
2010	185,000	105,000	255,000	100,000	645,000
2011 – 2015	-	610,000	1,460,000	590,000	2,660,000
2016 – 2018	-	445,000	505,000	430,000	1,380,000
	<u>\$1,655,000</u>	<u>\$1,540,000</u>	<u>\$3,130,000</u>	<u>\$1,490,000</u>	<u>\$7,815,000</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>
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	37,465	58,120	111,383	56,200	263,168
2010	11,747	53,508	100,133	51,700	217,088
2011 – 2015	-	187,358	307,395	181,213	675,966
2016 – 2018	-	34,125	20,875	33,000	88,000
	<u>\$ 298,477</u>	<u>\$ 533,138</u>	<u>\$ 935,545</u>	<u>\$ 515,941</u>	<u>\$2,283,101</u>

The principal amount of \$7,815,000 is reflected as an asset of the Debt Service Fund. The Debt Service Fund will utilize the above funds as received for debt service.

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 2005 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 2005 real estate taxes assessed equaled \$25,343,197 based on a total County valuation of \$2,219,193,070. Based on the 2005 levy of 11.98 mills (11.42 mills allocated for general purposes; .56 mills allocated for debt purposes) a property owner would pay \$11.98 per \$1,000 of assessed valuation.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 6: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2005 was as follows:

Governmental Activities:

	Beginning Balance, as restated (Note 13)	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 694,817	\$ -	\$ -	\$ 694,817
Construction-In-Progress	487,384	194,993	(106,208)	576,169
Works of Art Collections	174,000	-	-	174,000
Total Capital Assets, Not Being Depreciated	1,356,201	194,993	(106,208)	1,444,986
Capital Assets, Being Depreciated:				
Land Improvements	1,800,464	24,309	-	1,824,773
Buildings and Improvements	23,136,980	224,839	-	23,361,819
Machinery and Equipment	4,909,280	315,906	(94,702)	5,130,484
Motor Vehicles	7,716,124	648,648	(566,303)	7,798,469
Computer Equipment	2,447,983	291,721	(379,916)	2,359,788
Agricultural Easements	458,455	87,160	-	545,615
Infrastructure	5,598,110	2,525	-	5,600,635
Total Capital Assets, Being Depreciated	46,067,396	1,595,108	(1,040,921)	46,621,583
Total Capital Assets, Historical Cost	47,423,597	1,790,101	(1,147,129)	48,066,569
Less Accumulated Depreciation for:				
Land Improvements	464,051	47,816	-	511,867
Buildings and Improvements	12,928,259	771,676	-	13,699,935
Machinery and Equipment	3,101,168	335,513	(93,825)	3,342,856
Motor Vehicles	5,351,274	929,559	(566,303)	5,714,530
Computer Equipment	1,650,811	289,128	(329,665)	1,610,274
Agricultural Easements	15,231	12,551	-	27,782
Infrastructure	1,345,511	219,245	-	1,564,756
Total Accumulated Depreciation	(24,856,305)	(2,605,488)	989,793	(26,472,000)
Total Capital Assets, Net of Accumulated Depreciation	\$ 22,567,292	\$ (815,387)	\$ (157,336)	\$21,594,569

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Construction-In-Progress	\$ 99,697	\$ 30,045	\$ (99,697)	\$ 30,045
Total Capital Assets, Not Being Depreciated	99,697	30,045	(99,697)	30,045
Capital Assets, Being Depreciated:				
Land Improvements	157,045	1,600	-	158,645
Buildings and Improvements	6,803,496	-	-	6,803,496
Machinery and Equipment	2,987,103	199,196	(152,754)	3,033,545
Motor Vehicles	119,173	-	(14,799)	104,374
Computer Equipment	1,276,134	155,325	(11,365)	1,420,094
Total Capital Assets, Being Depreciated	11,342,951	356,121	(178,918)	11,520,154
Total Capital Assets	11,442,648	386,166	(278,615)	11,550,199
Less Accumulated Depreciation for:				
Land Improvements	136,757	4,148	-	140,905
Buildings and Improvements	4,346,310	241,111	-	4,587,421
Machinery and Equipment	2,222,042	197,487	(139,498)	2,280,031
Motor Vehicles	89,213	9,408	(14,799)	83,822
Computer Equipment	879,639	126,878	(46,211)	960,306
Total Accumulated Depreciation	(7,673,961)	(579,032)	200,508	(8,052,485)
Total Capital Assets, Net of Accumulated Depreciation	\$ 3,768,687	\$ (192,866)	\$ (78,107)	\$ 3,497,714

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

Governmental Activities:

General Government	\$ 462,626
Judicial Government	273,677
Public Safety	347,754
Public Works	969,266
Human Services	335,547
Culture/Recreation	47,892
Conservation/Development	168,726
	<u>\$2,605,488</u>

Business-Type Activities:

Rest Haven Nursing Home	\$ 330,927
911 Operations	248,105
	<u>\$ 579,032</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

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, 2006, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	429
Terminated Plan Members Entitled to but not yet Receiving Benefits	27
Active Plan Members	<u>721</u>
 Total	 <u>1,177</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, 2005

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	3.75%-4.5%; graduated .25% increments over 3 years (including 3% inflation)
No Postretirement Benefit Increases	

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2005, was determined as part of the January 1, 2006, actuarial valuation. The County's annual pension cost and net pension obligation to the Schuylkill County Employee's Retirement System for 2005, was as follows:

Annual Required Contribution	\$(943,363)
Interest on Net Pension Obligation	2,438
Adjustment to Annual Required Contribution	<u>(3,865)</u>
Annual Pension Cost	(944,790)
Contribution	<u>943,363</u>
Change in Net Pension Obligation	1,427
Net Pension Asset (Obligation) - January 1, 2005	<u>32,504</u>
Net Pension Asset (Obligation) - December 31, 2005	<u>\$ 31,077</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, 2003	\$ (633,578)	99.72%	\$34,071
December 31, 2004	(1,014,268)	99.85%	32,504
December 31, 2005	(944,790)	99.85%	31,077

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 8: POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 7, the County provides post-employment health care benefits to all employees who were hired prior to November 23, 2004 and 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, 2005, 346 retirees satisfied the appropriate eligibility requirements and expenditures of \$1,307,354 were recognized accordingly for fiscal year 2005.

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 \$231,949 at December 31, 2005. The County was not required to fund the amount in 2005, 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, 2004 and 2005:

	<u>2004</u>	<u>2005</u>
January 1, Liability	\$ 462,378	\$ 417,077
Incurred Claims and Changes in Estimate	199,263	686,240
Payments	<u>(244,564)</u>	<u>(372,668)</u>
December 31, Liability	<u>\$ 417,077</u>	<u>\$ 730,649</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

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, 2005	\$ 21,430,000	\$ 4,647,139	\$ 1,445,000	\$ 259,873	\$ 662,729	\$ 417,077	\$28,861,818
Principal Retirements	(1,530,000)	-	(135,000)	-	-	-	(1,665,000)
Increase (Decrease) in Compensated Absences	-	(567,263)	-	(55,617)	(143,077)	-	(765,957)
Increase (Decrease) in Workers' Comp. Liability	-	-	-	-	-	313,572	313,572
Outstanding at December 31, 2005	\$ 19,900,000	\$ 4,079,876	\$ 1,310,000	\$ 204,256	\$ 519,652	\$ 730,649	\$26,744,433

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, 2005

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

The following table summarizes long-term obligations principal and interest payments for debt outstanding as of December 31, 2005:

<u>Years Ending December 31,</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Requirements</u>
2006	\$ 1,735,000	\$ 771,874	\$ 2,506,874
2007	1,795,000	714,098	2,509,098
2008	1,860,000	650,941	2,510,941
2009	1,935,000	583,577	2,518,577
2010	2,005,000	510,870	2,515,870
2011-2015	10,490,000	1,356,185	11,846,185
2016-2018	1,390,000	76,345	1,466,345
	<u>\$21,210,000</u>	<u>\$ 4,663,890</u>	<u>\$25,873,890</u>
To be Retired by:			
Business-type Activities	\$ 1,310,000	\$ 246,461	\$ 1,556,461
Governmental Activities	19,900,000	4,417,429	24,317,429
	<u>\$21,210,000</u>	<u>\$ 4,663,890</u>	<u>\$25,873,890</u>

The following is a summary of the bonds outstanding as of December 31, 2005:

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2005</u>	<u>Amounts due within one Year</u>
2000	\$10,000,000	Variable interest rate General Obligation Bonds issued to finance various economic development and certain capital projects of the County.	\$ 8,610,000	\$ 390,000
2001	\$4,975,000	3.50%-4.65% General Obligation Bonds issued to currently refund the 1993 General Obligation Bond Series A and B.	3,680,000	395,000
2002	\$6,400,000	2%-4% General Obligation Bonds issued to currently refund the 1992 A and 1993 C Series General Obligation Bonds.	2,060,000	445,000
2002 A	\$8,045,000	1.35% to 4.4% General Obligation Bonds issued to currently refund the 1998 Series General Obligation Bonds.	<u>6,860,000</u>	<u>505,000</u>
Total 2005		General Long-term Debt Obligations at December 31,	<u>\$21,210,000</u>	<u>\$1,735,000</u>

Interest rates on the General Obligation Bonds, Series of 2000 are reset weekly and are settled on a monthly basis. The interest rate upon which payment is made is based on the Bond Market Association Index (BMA). The BMA interest rate was 3.56% at December 31, 2005.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 11: INTERFUND BALANCES

Interfund receivable and payable balances of each individual fund as of December 31, 2005, are as follows:

<u>Governmental Fund Types</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 2,396,704	\$ 714,984
Debt Service Fund	5,340	-
Capital Projects Fund	330,000	-
Special Revenue Funds		
Domestic Relations Office	-	30,786
Drug and Alcohol	-	6,054
Mental Health/Mental Retardation	33,652	19,409
Children and Youth Services	-	2,140,889
Office of Senior Services	-	83,504
Other Agency	-	61,941
Conduit Fund	-	20,000
Total Special Revenue Funds	<u>33,652</u>	<u>2,362,583</u>
Total Governmental Fund Types	<u>2,765,696</u>	<u>3,077,567</u>
 <u>Proprietary Fund Types</u>		
Rest Haven Nursing Home	1,632	638,348
911 Operations	-	38,623
Internal Service	<u>987,210</u>	<u>-</u>
Total Proprietary Funds	<u>988,842</u>	<u>676,971</u>
	<u>\$ 3,754,538</u>	<u>\$ 3,754,538</u>

These balances exist because the General Fund, Debt Service Fund, Capital Projects Fund, Mental Health and Mental Retardation Fund, Rest Haven Nursing Home, and Internal Service Fund have funded the expenditure or expenses of other funds. These amounts have not been repaid at December 31, 2005.

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, 2005, are as follows:

<u>Governmental Fund Types</u>	<u>Transferred from Other Funds</u>	<u>Transferred to Other Funds</u>
General Fund	\$ 2,712,657	\$ 7,881,817
Debt Service Fund	68,357	76,652
Capital Projects Fund	726,652	-
Special Revenue Funds		
Human Service Complex	172,839	95,420
Liquid Fuels Tax	-	180,708
Domestic Relations Office	493,601	510,162
Drug and Alcohol	19,130	194,043
Mental Health/Mental Retardation	462,222	35,544
Children and Youth	3,409,873	890,574
Office of Senior Services	62,962	673,768
Other Agency	-	217,108
Farmland Preservation	755,000	-
Transportation	311,109	-
Demolition	24,975	-
Conduit	-	37,200
SCBG	-	24,975
Total Special Revenue Fund	<u>5,711,711</u>	<u>2,859,502</u>
Total Governmental Fund Types	<u>\$ 9,219,377</u>	<u>\$10,817,971</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 11: INTERFUND BALANCES (CONTINUED)

<u>Proprietary Fund Types</u>			
Rest Haven Nursing Home		\$ -	\$ 386,014
911 Operations		1,289,289	38,566
Internal Service		733,885	-
Total Proprietary Fund Types		<u>2,023,174</u>	<u>424,580</u>
		<u>\$11,242,551</u>	<u>\$11,242,551</u>

NOTE 12: OPERATING LEASES

The County leases office space under several operating lease agreements which have expiration dates ranging from 2006 to 2010 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, 2005:

<u>Years</u>	<u>Courts</u>	<u>Agencies</u>	<u>Certain Departments</u>	<u>Total</u>
2006	\$ 169,227	\$ 145,105	\$ 203,001	\$ 517,333
2007	163,746	145,105	199,667	508,518
2008	156,922	145,105	199,667	501,694
2009	156,923	145,105	199,667	501,695
2010	156,923	145,105	199,668	501,696
Thereafter	<u>156,923</u>	<u>145,105</u>	<u>199,668</u>	<u>501,696</u>
	<u>\$ 960,664</u>	<u>\$ 870,630</u>	<u>\$1,201,338</u>	<u>\$3,032,632</u>

Expenses incurred by the County under these leases in 2005 totaled \$511,436.

NOTE 13: RESTATEMENT OF NET ASSETS

In the prior year, the County recorded some capital asset expenditures as contracted services and not as capital expenditures and they were left out of capital asset additions for the prior year. Therefore, beginning net assets had to be restated to properly state the beginning capital asset amounts from the prior year. These amounts are as follows:

	<u>Total Governmental Activities Net Assets</u>
Net Assets, as previously reported	\$20,426,399
Recording of prior period additions	<u>487,889</u>
Net Assets, beginning of year, as restated	<u>\$20,914,288</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

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, 2005.

NOTE 15: SUBSEQUENT EVENTS

Tax and Revenue Anticipation Note

In February 2006, the County issued a Tax and Revenue Anticipation Note with a financial institution in the amount of \$5,500,000 at a fixed interest rate of 3.24%.

Capital Lease

In February 2006, the County entered into a Capital Lease with Sun Trust Leasing Corporation in order to finance the purchase and implementation of a new computer software system. The computer software implementation is expected to be complete by May 2007. The amount of the Capital Lease is \$952,100 with a lease rate of 3.69% over the 5 year term of the lease. Capital lease payments consist of 60 monthly payments of \$17,400.43.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

COUNTY OF SCHUYLKILL
EMPLOYEE RETIREMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2005

Schedule of Employer Contributions – Trend Information

<u>Years Ended</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Percentage of ARC Contributed</u>
December 31, 2000	0	N/A
December 31, 2001	0	N/A
December 31, 2002	0	N/A
December 31, 2003	\$ 631,779	100%
December 31, 2004	\$1,012,701	100%
December 31, 2005	\$ 943,363	100%

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Real Estate Taxes	\$ 24,549,694	\$ 24,549,694	\$ 24,425,734	\$ (123,960)
Per Capita Taxes	423,417	423,417	407,743	(15,674)
Hotel Tax	175,000	175,000	207,386	32,386
Grants and Gifts	4,655,865	4,543,555	3,483,928	(1,059,627)
Interest and Royalties	135,000	135,000	447,043	312,043
Charges for Services	6,614,836	6,614,836	6,812,215	197,379
Other Revenue	239,537	239,537	181,001	(58,536)
Total Revenues	36,793,349	36,681,039	35,965,050	(715,989)
Expenditures				
General Government - Administrative				
Commissioners	245,100	245,100	245,648	(548)
Solicitor	165,801	165,801	155,912	9,889
County Administrator	168,913	179,036	128,489	50,547
Maintenance	702,293	713,793	684,248	29,545
Voter Registration and Elections	569,399	575,739	581,439	(5,700)
Central Services	452,960	452,960	443,503	9,457
Tax Assessment	540,801	643,685	603,873	39,812
Treasurer	637,412	640,912	654,279	(13,367)
Tax Claim	394,196	394,196	354,893	39,303
Controller	382,092	395,692	394,174	1,518
Engineering and Real Estate	216,571	153,837	102,111	51,726
Planning and Zoning	245,093	242,593	217,796	24,797
Recorder of Deeds	412,455	420,153	400,402	19,751
Data Processing	584,829	584,829	317,351	267,478
Records Management	153,863	153,863	158,016	(4,153)
Personnel	188,125	188,125	185,473	2,652
Public Defender	1,000	1,800	1,618	182
Veteran Affairs	181,559	181,559	160,385	21,174
Grant Writer	50,385	50,385	30,136	20,249
Tax Refunds	10,000	30,000	23,686	6,314
Fringe Benefits	2,628,705	2,502,995	2,413,898	89,097
Insurances	551,500	635,765	176,841	458,924
Contributions to Various Agencies	502,799	81,115	32,734	48,381
Contingency	411,634	221,476	168,942	52,534
Total - General Government Administrative	10,397,485	9,855,409	8,635,847	1,219,562

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Public Safety				
Adults in Non-County Institutions	10,750	11,750	11,542	208
County Prison	3,193,245	3,423,000	3,291,277	131,723
Emergency Management	281,521	291,521	278,911	12,610
Fringe Benefits	1,605,871	1,529,076	1,443,412	85,664
Contributions to Various Agencies	38,250	38,250	38,250	-
Total - Public Safety	5,129,637	5,293,597	5,063,392	230,205
Public Works				
Engineering	1,285,319	1,291,069	220,226	1,070,843
Fringe Benefits	113,775	108,334	102,264	6,070
Contributions to Various Agencies	8,700	8,700	8,620	80
Total - Public Works	1,407,794	1,408,103	331,110	1,076,993
General Government - Judicial				
Registrar of Wills	260,009	260,009	262,765	(2,756)
Sheriff	857,748	857,748	805,176	52,572
Coroner	228,800	228,800	187,396	41,404
Prothonotary	338,317	338,317	311,625	26,692
Clerk of Courts	407,983	421,309	403,206	18,103
Public Defender	637,005	641,705	658,488	(16,783)
District Attorney	1,241,239	1,240,239	1,178,818	61,421
Law Library	214,903	214,903	217,541	(2,638)
Courts	1,458,739	1,457,239	1,382,278	74,961
District Justices	956,067	957,567	963,548	(5,981)
Constables	10,000	10,000	7,285	2,715
Jury Commissioners	23,816	23,916	24,445	(529)
Adult Probation	1,294,534	1,338,338	1,324,827	13,511
Juvenile Probation	901,002	901,002	921,615	(20,613)
Fringe Benefits	4,538,421	4,321,385	4,079,287	242,098
Total - General Government - Judicial	13,368,583	13,212,477	12,728,300	484,177
Conservation and Development				
Coal Lands	72,375	72,375	71,775	600
Economic Development	262,237	262,237	208,043	54,194
Solid Waste Management	540,106	558,106	374,494	183,612
Parks and Recreation	509,257	260,720	98,855	161,865
Agricultural Extension	327,636	334,836	314,495	20,341
Soil Conservation	410,017	410,017	381,061	28,956
Fringe Benefits	524,495	499,413	471,434	27,979
Contributions to Various Agencies	257,665	287,665	285,884	1,781
Total - Conservation and Development	2,903,788	2,685,369	2,206,041	479,328
Culture and Recreation				
Contributions to Various Agencies	386,855	386,855	412,030	(25,175)
Human Services				
Human Services Administration	375,288	409,830	377,802	32,028
Fringe Benefits	94,223	89,717	84,690	5,027
Contributions to Various Agencies	60,733	60,733	60,733	-
Total - Human Services	530,244	560,280	523,225	37,055
Capital Projects	504,621	570,103	434,088	136,015
Other Expenses	-	-	-	-
Total Expenditures	34,629,007	33,972,193	30,334,033	3,638,160
Excess of Revenues Over Expenditures	2,164,342	2,708,846	5,631,017	(2,922,171)

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Other Financing Sources (Uses)				
Operating Transfers In				
911 Tariff Fund	56,234	56,234	32,937	(23,297)
Drug and Alcohol	230,532	230,532	176,562	(53,970)
Mental Health/Mental Retardation	171,238	171,238	19,347	(151,891)
Children and Youth Services	1,079,947	1,079,947	775,302	(304,645)
Domestic Relations Office	458,881	458,881	505,675	46,794
Offender Supervision	51,011	93,684	42,673	(51,011)
Liquid Fuels Tax	16,640	16,640	-	(16,640)
Office of Senior Services	740,702	740,702	554,506	(186,196)
Conduit Fund	332,557	332,557	97,872	(234,685)
Other Agency Fund	33,937	33,937	-	(33,937)
Human Services Complex Fund	31,132	31,132	31,087	(45)
Transportation Fund	24,443	24,443	19,398	(5,045)
County Home - Rest Haven	216,499	216,499	119,007	(97,492)
Community Development Block Grant	65,000	65,000	77,849	12,849
Highway Safety	1,749	1,749	932	(817)
Driving Under the Influence	200,000	200,000	-	(200,000)
Other Funds	483,431	517,973	259,510	(258,463)
	<u>4,193,933</u>	<u>4,271,148</u>	<u>2,712,657</u>	<u>(1,558,491)</u>
Operating Transfers (Out)				
Farmland Preservation	200,000	755,000	755,000	-
Mental Health/Mental Retardation	311,073	450,456	450,456	-
Children and Youth Services	3,409,873	3,409,873	3,409,873	-
Domestic Relations Office	493,601	493,601	493,601	-
Office of Senior Services	24,200	24,200	24,200	-
Drug and Alcohol	19,130	19,130	19,130	-
Transportation Fund	311,109	311,109	311,109	-
Capital Reserves	300,000	300,000	300,000	-
Other Funds	-	-	829,159	(829,159)
911 Tariff Fund	1,289,289	1,289,289	1,289,289	-
Total Operating Transfers (Out)	<u>6,358,275</u>	<u>7,052,658</u>	<u>7,881,817</u>	<u>(829,159)</u>
Total Other Financing Uses	<u>(2,164,342)</u>	<u>(2,781,510)</u>	<u>(5,169,160)</u>	<u>(2,387,650)</u>
Excess of Revenue Over Expenditures and Other Financing Uses	-	(72,664)	461,857	534,521
Fund Balances - Beginning of Year	-	72,663	3,524,401	3,451,738
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 3,986,258</u>	<u>\$ 3,986,259</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, 2005

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 11,910,210	\$ 11,910,210	\$ 10,455,499	\$ (1,454,711)
Interest and Royalties	10,100	10,100	21,521	11,421
Charges for Services	1,089,385	1,089,385	811,988	(277,397)
Total Revenues	13,009,695	13,009,695	11,289,008	(1,720,687)
Expenditures				
Human Services	16,744,368	16,744,368	13,732,060	3,012,308
Capital Projects	50,200	50,200	76,247	(26,047)
Total Expenditures	16,794,568	16,794,568	13,808,307	2,986,261
Excess of Revenues Over (Under) Expenditures	(3,784,873)	(3,784,873)	(2,519,299)	1,265,574
Other Financing Sources (Uses)				
Operating Transfers In	3,409,873	3,409,873	3,409,873	-
Operating Transfers (Out)	-	-	(890,574)	(890,574)
Total Other Financing Sources (Uses)	3,409,873	3,409,873	2,519,299	(890,574)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(375,000)	(375,000)	-	375,000
Fund Balances - Beginning of Year	375,000	375,000	-	(375,000)
Fund Balances - End of Year	\$ -	\$ -	\$ -	\$ -

COUNTY OF SCHUYLKILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - LIQUID FUELS - SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 590,000	\$ 590,000	\$ 937,850	\$ 347,850
Interest and Royalties	41,800	41,800	91,038	49,238
Total Revenues	<u>631,800</u>	<u>631,800</u>	<u>1,028,888</u>	<u>397,088</u>
Expenditures				
Public Works	313,116	313,116	43,232	269,884
Capital Projects	792,000	792,000	160,861	631,139
Total Expenditures	<u>1,105,116</u>	<u>1,105,116</u>	<u>204,093</u>	<u>901,023</u>
Excess of Revenues Over (Under) Expenditures	<u>(473,316)</u>	<u>(473,316)</u>	<u>824,795</u>	<u>1,298,111</u>
Other Financing Sources (Uses)				
Operating Transfers (Out)	-	-	(180,708)	(180,708)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(180,708)</u>	<u>(180,708)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(473,316)</u>	<u>(473,316)</u>	<u>644,087</u>	<u>1,117,403</u>
Fund Balances - Beginning of Year	<u>473,316</u>	<u>473,316</u>	<u>3,567,717</u>	<u>3,094,401</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,211,804</u>	<u>\$ 4,211,804</u>