

**COUNTY OF SCHUYLKILL
POTTSVILLE, PENNSYLVANIA**

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006**

COUNTY OF SCHUYLKILL
YEAR ENDED DECEMBER 31, 2006

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

County Commissioners
County of Schuylkill
Pottsville, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of COUNTY OF SCHUYLKILL as of and for the year ended December 31, 2006, 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 \$987,896 and \$699,083, respectively, and total revenues of \$7,877,951 and \$3,416,819, respectively, that were included in the COUNTY OF SCHUYLKILL's financial statements as of and for the year ended December 31, 2006. 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, 2006, 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.

<i>Harrisburg</i>	<i>Lehigh Valley</i>	<i>Philadelphia</i>
830 Sir Thomas Court, Suite 100	1101 West Hamilton Street	2370 York Road, Suite A-5
Harrisburg, PA 17109	Allentown, PA 18101-1043	Jamison, PA 18929
717.561.9200 Fax 717.561.9202	610.871.5077 Fax 717.561.9202	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 our report dated October 3, 2007, on our consideration of the COUNTY OF SCHUYLKILL's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

The management's discussion and analysis, schedule of employer contributions, and budgetary comparison information on pages 3 through 16 and 58 through 65 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
October 3, 2007

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, 2006. 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, 2006.

FINANCIAL HIGHLIGHTS

- For Fiscal Year 2006, 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 \$(886,727) and for the Business-Type Activities were \$888,368 at the end of the year. This was a change of \$3,306,528 and \$(136,678), respectively from the previous year.
- The County's net assets from Governmental and Business-Type Activities were \$31,319,893 at the end of the year. This was an increase of \$4,780,991 or 18.02% from the previous year.
- The County had \$20,225,000 of General Obligation Debt outstanding at the end of the year. This was a decrease of \$985,000 or 4.64% from the previous year.
- The General Fund Unreserved Fund Balance was \$5,238,701 at the end of the year. This was an increase of \$1,252,443 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 six major governmental funds: the General Fund, Mental Health/Mental Retardation Fund, Children and Youth Fund, Liquid Fuels Fund, Other Agency Fund and the Debt Service Fund. The County also maintains twenty non-major governmental funds that are combined into a single aggregated presentation.

The governmental fund financial statements can be found on pages 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 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 56 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

This is the fifth 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, 2006 and December 31, 2005 are presented below:

	Governmental Activities		Business-Type Activities	
	2006	2005	2006	2005
Other Assets	\$39,536,879	\$34,953,473	\$2,240,129	\$2,260,376
Capital Assets, net	<u>23,765,306</u>	<u>21,594,569</u>	<u>5,026,348</u>	<u>3,497,714</u>
Total Assets	63,302,185	56,548,042	7,266,477	5,758,090
Other Liabilities	14,105,943	8,850,586	750,736	568,225
Long-term Liabilities	<u>21,867,407</u>	<u>24,371,314</u>	<u>2,524,683</u>	<u>1,977,105</u>
Total Liabilities	35,973,350	33,221,900	3,275,419	2,545,330
Net Assets:				
Capital Assets, net of debt	21,094,033	19,534,569	3,102,690	2,187,714
Restricted	7,121,529	7,984,828	-	-
Unrestricted	<u>(886,727)</u>	<u>(4,193,255)</u>	<u>888,368</u>	<u>1,025,046</u>
Total Net Assets	\$27,328,835	\$23,326,142	\$3,991,058	\$3,212,760

Net assets of the County's governmental activities were \$27,328,835. Of this amount, \$21,094,033 represents the investment in capital assets, net of related debt, while \$7,121,529 was restricted for various purposes. The unrestricted net asset balance as of the end of the year was \$(886,727).

Net assets of the County's business-type activities were \$3,991,058. Of this amount, \$3,102,690 represents investment in capital assets, net of related debt. The unrestricted net asset balance as of the end of the year was \$888,368.

The following table presents the County's changes in net assets for the fiscal year ended December 31, 2006 and December 31, 2005:

County's Changes in Net Assets as of December 31, 2006 and 2005

	Governmental Activities		Business-Type Activities	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 10,258,210	\$ 8,923,312	\$11,961,944	\$11,347,589
Operating Grants & Contributions	65,679,653	63,774,858		
Capital Grants & Contributions	450,654	78,607		
General Revenues:				
Property Taxes	26,499,254	25,831,680		
Interest, Invest. Earnings & Royalties	982,003	718,464	19,761	3,117
Hotel Tax	198,378	207,386		
Per Capita Tax	411,629	407,743		
Miscellaneous	<u>713,466</u>	<u>1,531,694</u>	<u>585,814</u>	<u>728,944</u>
Total Revenues	105,193,247	101,473,744	12,567,519	12,079,650
Expenses:				
General Government	11,208,447	9,924,926		
Judicial Government	15,656,892	15,387,898		
Public Safety	6,390,267	6,711,370		
Public Works	4,949,869	4,386,274		
Human Services	56,425,523	54,616,325		
Culture/Recreation	428,836	459,922		
Conservation/Development	5,074,372	5,683,883		
Interest on Long-Term Debt	706,036	1,026,583		
911 Fund	-	-	2,713,717	2,406,997
Nursing Home	-	-	<u>9,425,816</u>	<u>9,372,905</u>
Total Expenses	100,840,242	98,197,181	12,139,533	11,779,902
Change in Net Assets before Transfers	4,353,005	3,276,563	427,986	299,748
Transfers	<u>(350,312)</u>	<u>(865,709)</u>	<u>350,312</u>	<u>864,709</u>
Change in Net Assets	4,002,693	2,410,854	778,298	1,164,457
Net Assets - Beginning	23,326,142	20,914,288	3,212,760	2,048,303
Net Assets - Ending	\$ 27,328,835	\$ 23,325,142	\$ 3,991,058	\$ 3,212,760

During 2006, total net assets of the County's governmental activities increased by \$4,002,693 or 17.2% to \$27,328,835. The primary factor contributing to this was an increase in operating grants for the General Fund, Mental Health/Mental Retardation Fund, and for the other Nonmajor Governmental Funds.

During 2006, total net assets of the County's business-type activities increased by \$778,298 or 24.2% to \$3,991,058. 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. The tariff fee began to be assessed and collected on wireless phones during 2005. However, on a calendar year basis, 2006 was the first year to reflect a full year of collection activity in connection with the tariff fee being assessed and collected on wireless phones.

Governmental Activities and Business-Type Activities

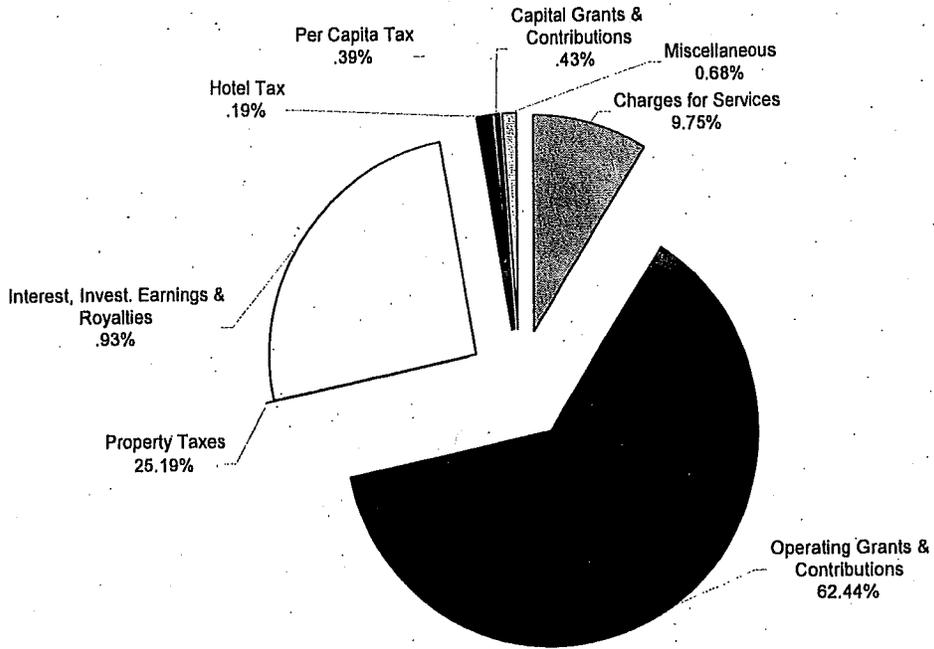
The following table presents the sources of revenues for the fiscal year ended December 31, 2006:

Sources of Revenues

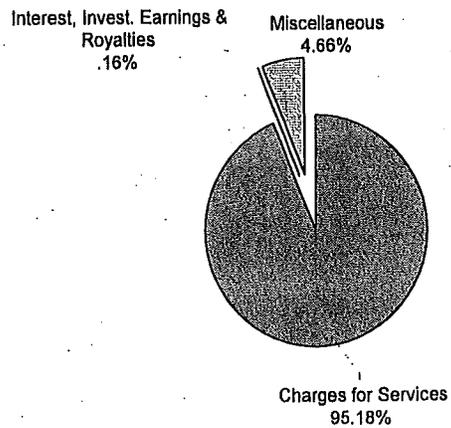
	<u>Governmental Activities</u>		<u>Business – Type Activities</u>	
Revenues				
Charges for Services	\$ 10,258,210	9.75%	\$11,961,944	95.18%
Operating Grants & Contributions	65,679,653	62.44%		0.00%
Capital Grants & Contributions	450,654	0.43%		0.00%
Property Taxes	26,499,254	25.19%		0.00%
Interest, Invest, Earnings & Royalties	982,003	0.93%	19,761	0.16%
Hotel Tax	198,378	0.19%		0.00%
Per Capita Tax	411,629	0.39%		0.00%
Miscellaneous	713,466	0.68%	585,814	4.66%
Total Revenues	\$105,193,247	100.00%	\$12,567,519	100.00%

(See the accompanying pie charts on next page)

Sources of Revenue - Governmental Activities



Sources of Revenue - Business -Type Activities

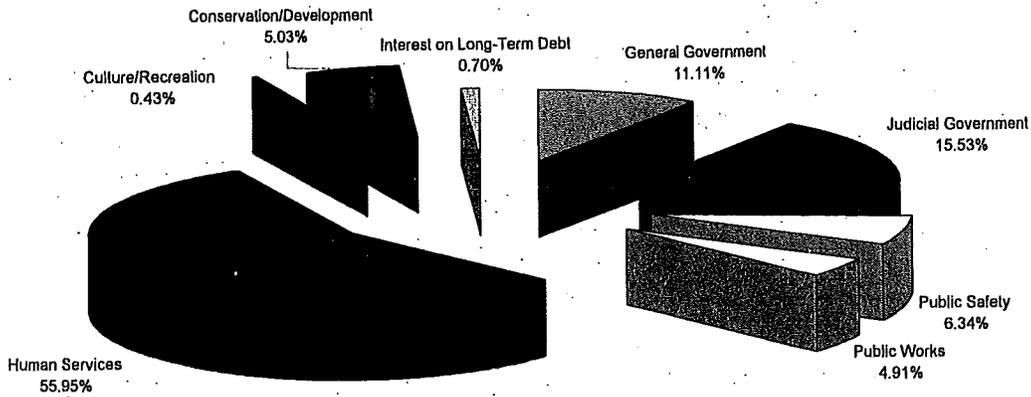


The following table presents the functional expenses for the fiscal year ended December 31, 2006:

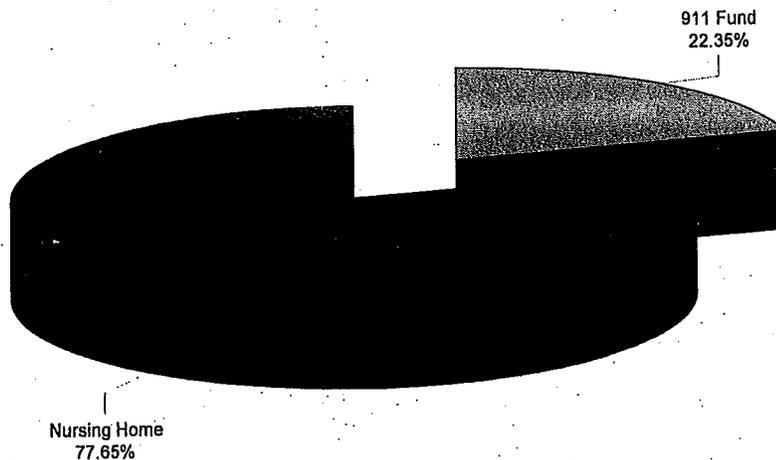
Functional Expenses

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
Expenses:				
General Government	\$ 11,208,447	11.11%		
Judicial Government	15,656,892	15.53%		
Public Safety	6,390,267	6.34%		
Public Works	4,949,869	4.91%		
Human Services	56,425,523	55.95%		
Culture/Recreation	428,836	0.43%		
Conservation/Development	5,074,372	5.03%		
Interest on Long-Term Debt	706,036	0.70%		
911 Fund			\$ 2,713,717	22.35%
Nursing Home			9,425,816	77.65%
Total Expenses	\$ 100,840,242	100.00%	\$ 12,139,533	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, Other Agency Fund, and Debt Service Fund make up the County's major governmental funds. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved/undesignated fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year. For the year ended December 31, 2006, Schuylkill County governmental funds reported a combined ending fund balance of \$22,365,837. This was an increase of \$772,407 or 3.58% from the previous year.

General Fund - The General Fund is the primary operating fund of the County. At the end of 2006, the General Fund reported a fund balance of \$5,238,701. This was an increase of \$1,252,443 or 31.42% from the previous year. This increase was primarily the result of a combined increase in the collection of charges for services and a decrease in anticipated expenses for fringe benefits.

The unreserved fund balance in the General Fund was also \$5,238,701 as of December 31, 2006.

Mental Health/Mental Retardation Fund – At the end of 2006, 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 2006, 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 2006, the Liquid Fuels Fund reported a fund balance of \$4,626,143. This was an increase of \$414,339 or 9.84% from the previous year. This increase was the result of postponing actual major repair work on several bridge projects from 2006 until 2007.

Other Agency Fund – At the end of 2006, the Other Agency Fund maintains no fund balance because the General Fund transfers a sufficient amount to bring the fund balance to zero.

Debt Service Fund – At the end of 2006, the Debt Service Fund reported a fund balance of \$9,421,989. This was a decrease of \$877,131 or 8.52% from the previous year. This decrease was the result of total expenditures exceeding total revenues for the fund. The 2006 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 2006, the Nursing Home reported net assets of \$2,673,912. This was an increase of \$22,357 or 0.84% from the previous year.

911 Fund - At the end of 2006, the 911 Fund reported net assets of \$1,317,146. This was an increase of \$755,941 or 134.70% 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. The tariff fee began to be assessed and collected on wireless phones during 2005. However, on a calendar year basis, 2006 was the first year to reflect a full year of collection activity in connection with the tariff fee being assessed and collected on wireless phones.

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 increased from \$41,950,202 to \$43,368,403, an increase of \$1,418,201 or 3.38%. The increase was due to various miscellaneous adjustments. Actual revenues and other financing sources received were \$41,017,914 or 94.58% of the final budget. The variance between actual revenues and other financing sources vs. final budgetary revenue and other financing sources totaled \$2,350,489. This negative variance was primarily the result of a decrease in state grants for engineering, a decrease in state grants for solid waste, a decrease in federal and state grants for juvenile probation and a decrease in financing sources from County Agencies.

The County's original expenditure budget increased from \$41,962,831 to \$43,771,846, an increase of \$1,809,015 or 4.31%. The increase was due to various miscellaneous adjustments. Actual expenditures and other financing uses were \$39,765,471 or 90.85% of the final budget. The variance between actual expenditures vs. final budgetary expenditures and other financing uses totaled \$4,006,375. This positive variance was primarily the result of a decrease in anticipated expenses for fringe benefits, engineering department, solid waste department, and for parks and recreation.

CAPITAL ASSETS

Schuylkill County's investment in capital assets for its governmental and business-type activities as of December 31, 2006 was \$28,791,654 (net of accumulated depreciation). This was an increase of \$3,699,372 or 14.74% over the previous year. Capital assets consist primarily of land, construction in progress, works of art collections, land improvements, buildings and improvements, machinery and equipment, motor vehicles, computer equipment and software, agricultural easements, and infrastructure.

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

Governmental Activities

- Construction in Progress decreased by a net amount of \$207,082; this primarily was the result of work completed on bridges #56 and #112 and then transferred to Infrastructure.
- Machinery and Equipment increased by a net amount of \$1,177,928; this primarily was the result of purchasing four hundred and twenty (420) electronic voting machines.
- Agricultural Easements increased by a net amount of \$302,706; this primarily was the result of purchasing eight additional agricultural easements in connection with the farmland preservation act.
- Infrastructure increased by a net amount of \$1,157,854; this primarily was the result of transferring bridges #56 and #112 from Construction in Progress to Infrastructure as well as the installation of a walkway, outdoor lighting, and an aluminum bridge at Sweet Arrow Lake.

- Leasehold Assets was created in 2006 via the result of entering into and recording a capital lease for the purchase of a new accounting system and software.

Business-Type Activities

- Buildings and Improvements increased by a net amount of \$796,414; this was the result of purchasing the 911 building.
- Machinery and Equipment increased by a net amount of \$1,315,184; this primarily was the net result of purchasing a new telephone system for the 911 building.
- Computer Equipment/Software decreased by a net amount of \$146,498; this primarily was the net result of removing and scrapping the previous telephone system from the 911 building.

The following is a summary of capital assets as of December 31, 2006 and December 31, 2005:

	Governmental Activities		Business-Type Activities		Balance at	Balance at
	2006	2005	2006	2005	December 31, 2006	December 31, 2005
Land	\$ 694,817	\$ 694,817	\$ -	\$ -	\$ 694,817	\$ 694,817
Construction In Progress	369,087	576,169	-	30,045	369,087	606,214
Works of Art Collections	174,000	174,000	-	-	174,000	174,000
Land Improvements	1,805,791	1,824,773	158,645	158,645	1,964,436	1,983,418
Buildings and Improvements	23,528,873	23,361,819	7,599,910	6,803,496	31,128,783	30,165,315
Machinery and Equipment	6,308,412	5,130,484	4,348,729	3,033,545	10,657,141	8,164,029
Motor Vehicles	7,494,218	7,798,469	104,374	104,374	7,598,592	7,902,843
Computer Equipment/Software	2,286,591	2,359,788	1,273,596	1,420,094	3,560,187	3,779,882
Agricultural Easements	848,321	545,615	-	-	848,321	545,615
Infrastructure	6,758,489	5,600,635	-	-	6,758,489	5,600,635
Leasehold Assets	1,056,273	-	4,111	-	1,060,384	-
Accumulated Depreciation	<u>(27,559,566)</u>	<u>(26,472,000)</u>	<u>(8,463,017)</u>	<u>(8,052,486)</u>	<u>(36,022,583)</u>	<u>(34,524,486)</u>
Total Capital Assets, Net of Accumulated Depreciation	\$ 23,765,306	\$ 21,594,569	\$ 5,026,348	\$ 3,497,713	\$ 28,791,654	\$ 25,092,282

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, 2006, Schuylkill County had \$20,225,000 in general obligation debts outstanding. This was a decrease of \$985,000 or 4.64% from the previous year. The following is a summary of general obligation debt activity during 2006:

Summary of General Obligation Bond Activity

	<u>Governmental Activities</u>	<u>Business – Type Activities</u>	<u>Total</u>
Beginning Balance at January 1, 2006	\$ 19,900,000	\$ 1,310,000	\$ 21,210,000
New Debt Issuance	-	750,000	750,000
Principal Payments	<u>(1,595,000)</u>	<u>(140,000)</u>	<u>(1,735,000)</u>
Ending Balance at December 31, 2006	\$ 18,305,000	\$ 1,920,000	\$ 20,225,000

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 5.5% as of December 31, 2006. This was higher than the State unemployment rate of 4.6% and the National unemployment rate of 4.5%.

The net job increase to the County during 2006 was neutral. Specifically, the Service Industry gained about 400 jobs but the Goods Producing Industry lost about 400 jobs.

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

Schuylkill County is a joint participant with Carbon County in the KOZ Program. The Schuylkill/Carbon Zone is designated a Keystone Opportunity Zone (KOZ) under Act 92 of 1998. Originally this Zone was comprised of 12 sub zones - nine (9) sub zones in Schuylkill County and three (3) sub zones in Carbon County and was for a twelve (12) year period effective January 1, 1999. A subsequent amendment to the initial legislation was enacted in December 2000 expanding the zones and extending the time period for the new zones from January 2001 through December 2013. With the new legislation, the number of sub zones increased to nineteen (19) – fourteen (14) in Schuylkill County and five (5) in Carbon County.

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

During 2006, the following highlights occurred within Schuylkill County's KOZ sub zones:

1. Sub zone #4 – Yudacot Development sold 6.1 acres to Brett Bates, Mahanoy City Borough, and Mahanoy City Little League Association for development purposes.
2. Sub zone #6 – An Office Building was sold by T.K.T. Miller Partners to Chris Verta.
3. Sub zone #13 – There were four transactions involving this Sub zone during 2006. There was a new lease agreement between LC&N and Hart Metals to expand and build a new manufacturing facility. T. Blew and R. Dmytrow sold a manufacturing facility to Carl and Eric Ankiewiez. An apartment complex was sold by TTT Partnership to 401 Hazle Associates. T. Blew and R. Dmytrow sold 8.8 acres to St. Luke's Hospital for the purpose of constructing a Satellite Health Center.
4. Sub zone #16 – Yooter Interactive Marketing entered into a new tenant agreement to lease space in the incubator building.

NEXT YEAR'S BUDGET AND RATES

For Fiscal Year 2007, 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 2007 General Fund appropriation was approved at \$42,671,025 on December 27, 2006. This was an increase of \$768,058 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, 2006

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 20,667,661	\$ 1,157,388	\$ 21,825,049	\$ 795,335
Restricted Cash	3,320,645	95,107	3,415,752	-
Investments	334,548	-	334,548	-
Accounts Receivable	-	1,646,724	1,646,724	25,921
Due From Third Party	374,890	-	374,890	-
Interest Receivable	118,681	-	118,681	-
Taxes Receivable	4,074,947	-	4,074,947	-
Due From Other Governmental Units	2,535,486	-	2,535,486	674,782
Internal Balances	679,273	(679,273)	-	-
Notes Receivable	7,095,000	-	7,095,000	-
Debt Issuance Costs	335,748	20,183	355,931	18,941
Capital Assets, Non Depreciable	1,237,904	-	1,237,904	-
Capital Assets, Depreciable, Net	22,527,402	5,026,348	27,553,750	172,000
Total Assets	63,302,185	7,266,477	70,568,662	1,686,979
Liabilities				
Accounts Payable	5,797,747	350,028	6,147,775	526,247
Accrued Expenses and Withholdings	570,612	135,388	706,000	12,582
Due to Other Governments	-	-	-	44,703
Unearned Revenues	2,419,943	-	2,419,943	-
Taxes Held in Escrow (Road and School)	344,497	-	344,497	-
Escrow Funds- Other	996,003	-	996,003	-
Excess of Taxes - Tax Claim Bureau	314,450	-	314,450	-
Escrow Land Sales	120,615	-	120,615	-
Funds Held in Fiduciary Capacity	1,545,080	95,107	1,640,187	-
Interest Payable	146,018	-	146,018	-
Current Portions of Long Term Liabilities:				
Loans and Notes Payable	-	24,484	24,484	340,984
General Obligation Bonds Payable	1,650,000	145,000	1,795,000	-
Capital Lease Payable	200,978	729	201,707	-
Non-Current Potions of Long Term Liabilities:				
Loans and Notes Payable	-	725,516	725,516	-
General Obligation Bonds Payable	16,356,920	1,025,000	17,381,920	-
Capital Lease Payable	695,568	2,929	698,497	-
Accrued Compensated Absences	4,089,005	771,238	4,860,243	-
Self Insurance Claims Payable	725,914	-	725,914	-
Total Liabilities	35,973,350	3,275,419	39,248,769	924,516
Net Assets				
Invested In Capital Assets, Net of Related Debt	21,094,033	3,102,690	24,196,723	151,800
Restricted:				
Library	228	-	228	-
Program Purposes	7,121,301	-	7,121,301	-
Unrestricted	(886,727)	888,368	1,641	610,663
Total Net Assets	\$ 27,328,835	\$ 3,991,058	\$ 31,319,893	\$ 762,463

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

Functions/Programs Primary Government	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Indirect Cost Allocation	Charges for Services	Primary Government		Component Units
				Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				Governmental Activities	Business-Type Activities	Total
General Government	\$ 11,208,447	\$ (3,428,037)	\$ 3,341,240	\$ 1,363,396	\$ 450,654	\$ (2,625,120)
Judicial Government	15,656,892	2,261,155	2,485,676	4,694,946	-	(10,737,425)
Public Safety	6,390,267	399,066	392,172	1,111,940	-	(5,285,221)
Public Works	4,949,869	70,558	1,414,939	3,893,644	-	288,156
Human Services	56,425,523	504,978	1,640,871	51,966,218	-	(3,323,412)
Culture/Recreation	428,836	-	-	6,592	-	(422,244)
Conservation/Development	5,074,372	192,280	983,312	2,642,917	-	(1,640,423)
Interest on Long-Term Debt	706,036	-	-	-	-	(706,036)
Total Governmental Activities	100,840,242	-	10,258,210	65,679,653	450,654	(24,451,725)
Business-Type Activities:						
911 Operations	2,713,717	-	2,780,540	-	-	66,823
Nursing Home	9,425,816	-	9,181,404	-	-	(244,412)
Total Business-Type Activities	12,139,533	-	11,961,944	-	-	(177,589)
Total Primary Government	\$ 112,979,775	\$ -	\$ 22,220,154	\$ 65,679,653	\$ 450,654	(24,451,725)
Component Units:						
Human Services	\$ 7,806,683	\$ -	\$ 544,692	\$ 7,289,529	\$ -	\$ 27,538
Public Safety	3,373,058	-	-	3,413,827	-	40,769
Total Component Units	\$ 11,179,741	\$ -	\$ 544,692	\$ 10,703,356	\$ -	68,307
General Revenues:						
Property Taxes - General Levy				26,499,254	-	26,499,254
Interest, Investment Earnings and Royalties				982,003	19,761	1,001,764
Hotel Tax				198,378	-	198,378
Per Capita Tax				411,629	-	411,629
Miscellaneous				713,466	585,814	1,299,280
Transfers (Internal Activities)				(350,312)	350,312	-
Total General Revenues and Transfers				28,454,418	955,887	29,410,305
Change in Net Assets				4,002,693	778,298	4,780,991
Net Assets - Beginning				23,326,142	3,212,760	26,538,902
Net Assets - Ending				\$ 27,328,835	\$ 3,991,058	\$ 31,319,893

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

COUNTY OF SCHUYLKILL
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2006

Assets	General	Mental Health/ Mental Retardation	Children and Youth	Liquid Fuels	Other Agency	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Cash on Hand	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Cash and Cash Equivalents	4,344,026	1,102,661	1,366,241	4,634,437	1,771,305	2,274,304	4,824,088	20,317,062
Restricted Cash	3,320,645	-	-	-	-	-	-	3,320,645
Investments	-	-	-	-	300,000	-	34,548	334,548
Taxes Receivable	3,882,391	-	-	-	-	192,556	-	4,074,947
Notes Receivable	-	-	-	-	-	7,095,000	-	7,095,000
Due from Third Party	374,890	-	-	-	-	-	-	374,890
Due from Other Governments	141,781	-	2,058,778	-	-	-	-	2,535,486
Due from Other Funds	1,999,156	33,652	-	-	-	5,340	334,927	2,038,148
Total Assets	\$ 14,077,889	\$ 1,136,313	\$ 3,425,019	\$ 4,634,437	\$ 2,071,305	\$ 9,567,200	\$ 5,193,563	\$ 40,105,726
Liabilities and Fund Balances								
Liabilities								
Vouchers and Warrants Payable	\$ 1,845,605	\$ 644,460	\$ 1,227,787	\$ 8,294	\$ 420,488	\$ -	\$ 1,525,157	\$ 5,671,791
Accrued Expenses and Withholdings	348,593	5,699	56,282	-	-	-	160,038	570,612
Unearned Revenues	2,917,697	480,513	-	-	1,588,876	145,211	350,554	5,482,851
Unearned Revenues From Third Party	374,890	-	-	-	-	-	-	374,890
Taxes Held in Escrow (Road and School)	344,497	-	-	-	-	-	-	344,497
Excess of Taxes - Tax Claim Bureau	314,450	-	-	-	-	-	-	314,450
Escrow Funds - Other	996,003	-	-	-	-	-	-	996,003
Escrow Land Sales	120,615	-	-	-	-	-	-	120,615
Funds Held in Fiduciary Capacity	1,545,080	-	-	-	-	-	-	1,545,080
Due to Other Funds	31,758	5,641	2,140,950	-	61,941	-	78,810	2,319,100
Total Liabilities	8,839,188	1,136,313	3,425,019	8,294	2,071,305	145,211	2,114,559	17,739,889
Fund Balances								
Fund Balances (Reserved)	-	-	-	-	-	9,421,989	-	9,421,989
Debt Service	-	-	-	-	-	-	228	228
Library	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	583,618	583,618
Program Purposes	-	-	-	4,626,143	-	-	2,495,158	7,121,301
Unreserved	5,238,701	-	-	-	-	-	-	5,238,701
Total Fund Balances	5,238,701	-	-	4,626,143	-	9,421,989	3,079,004	22,365,837
Total Liabilities and Fund Balances	\$ 14,077,889	\$ 1,136,313	\$ 3,425,019	\$ 4,634,437	\$ 2,071,305	\$ 9,567,200	\$ 5,193,563	\$ 40,105,726

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, 2006

Total Fund Balances of Governmental Funds:	\$ 22,365,837
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets including Infrastructure assets, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	23,765,306
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.	443,954
Interest Receivable on long term receivables is not accrued in the current period and accordingly not reported as a fund asset.	118,681
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.	3,062,908
The funds record a unearned revenue for a due from thrid party receivable that will not be satisfied within 180 days subsequent to year-end. The statement of net assets includes a receivable and the revenue is regonized.	374,890
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.	335,748
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	(18,305,000)
Capital Lease Payable	(896,546)
Deferred Refunding Loss	298,080
Accrued Interest Payable	(146,018)
Accrued Compensated Absences	(4,089,005)
Total Net Assets of Governmental Activities	<u>\$ 27,328,835</u>

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

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

	General	Mental Health/ Mental Retardation	Children and Youth	Liquid Funds	Other Agency	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Real Estate Taxes	\$ 25,210,228	\$ -	\$ -	\$ -	\$ -	\$ 1,242,763	\$ 32	\$ 26,453,043
Per Capita Taxes	411,629	-	-	-	-	-	-	411,629
Hotel Tax	198,378	-	-	-	-	-	-	198,378
Interest and Royalties	652,006	20,223	17,629	104,084	11,866	96,975	78,925	981,708
Grants and Gifts	4,102,656	20,494,732	10,245,801	579,636	4,242,940	-	26,464,542	66,130,307
Charges for Services	7,202,309	208,406	848,980	-	2,614	-	1,621,011	9,883,320
Other Revenue	197,359	-	-	-	10,258	384,984	109,213	701,814
Total Revenues	37,974,565	20,723,361	11,112,410	683,720	4,267,678	1,724,742	28,273,723	104,760,199
Expenditures								
General Government	9,605,898	-	-	-	-	57,103	131,895	9,794,896
Judicial Government	12,261,811	-	-	-	1,697,883	-	1,428,160	15,387,854
Public Safety	5,288,880	-	-	-	-	-	851,042	6,139,922
Public Works	788,624	-	-	63,762	-	-	3,064,796	3,917,182
Human Services	489,022	20,636,018	14,032,236	-	2,155,460	-	18,755,625	56,067,361
Culture/Recreation	371,750	-	-	-	-	-	-	371,750
Conservation/Development	2,169,375	-	-	-	-	-	2,718,291	4,887,666
Debt Service - Principal	-	-	-	-	-	1,595,000	-	1,595,000
Debt Service - Interest	-	-	-	-	-	865,763	-	865,763
Capital Projects	2,558,610	272,729	144,731	19,009	3,823	-	1,028,482	4,027,384
Total Expenditures	39,532,370	20,908,747	14,176,967	82,771	3,857,166	2,517,866	27,978,291	103,054,778
Excess of Revenues Over (Under) Expenditures	4,441,595	(185,386)	(3,064,557)	600,949	410,512	(793,124)	295,432	1,705,421
Other Financing Sources (Uses)								
Operating Transfers In	3,043,349	311,073	4,165,704	-	74,774	78,847	1,349,551	9,023,298
Operating Transfers (Out)	(6,232,501)	(125,687)	(1,101,147)	(186,610)	(485,286)	(162,854)	(1,662,227)	(9,956,312)
Total Other Financing Sources (Uses)	(3,189,152)	185,386	3,064,557	(186,610)	(410,512)	(84,007)	(312,676)	(933,014)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,252,443	-	-	414,339	-	(877,131)	(17,244)	772,407
Fund Balances - Beginning of Year	3,986,258	-	-	4,211,804	-	10,298,120	3,096,248	21,593,430
Fund Balances - End of Year	\$ 5,238,701	\$ -	\$ -	\$ 4,626,143	\$ -	\$ 9,421,989	\$ 3,079,004	\$ 22,365,637

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, 2006

Net Change in fund balances - total governmental funds	\$	772,407
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital purchases as expenditures. In the Statement of Activities, the cost of these assets is depreciated over the estimated useful lives and is reported as depreciation expense. The difference in the current period between capital expenditures \$4,987,849 and depreciation expense (\$2,817,112) is a reconciling item.</p>		2,170,737
<p>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.</p>		46,211
<p>The outstanding Due From Third Party Receivable is recognized as revenue on the statement of activities. The funds report only receipts through 180 days subsequent to year-end.</p>		374,890
<p>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.</p>		295
<p>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.</p>		(822)
<p>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:</p>		
Principal Repayments		1,595,000
Capital Lease Payments		159,727
<p>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:</p>		
Capital Lease expenditures		(1,056,273)
Compensated absence expense		(9,129)
Accrual of interest on long-term debt		13,605
Amortization of issuance costs		(28,425)
Amortization of Deferred Refunding Loss		(35,530)
Change in Net Assets of governmental activities	\$	4,002,693

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

COUNTY OF SCHUYLKILL
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2006.

	Business-type Activities - Enterprise Funds			Governmental Activities
	Rest Haven Nursing Home	911 Fund	Totals	Internal Service Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 591,625	\$ 565,763	\$ 1,157,388	\$ 335,599
Due From Other Funds	1,632	-	1,632	960,225
Accounts Receivable	1,538,044	108,680	1,646,724	-
Total Current Assets	2,131,301	674,443	2,805,744	1,295,824
Non-Current Assets:				
Restricted Cash	95,107	-	95,107	-
Unamortized Note Issuance Costs	-	20,183	20,183	-
Capital Assets, Non Depreciable	-	-	-	-
Capital Assets -				
Net of Accumulated Depreciation				
Fixed Assets	8,395,244	4,258,131	12,653,375	-
Non-Eligible Fixed Assets	-	835,990	835,990	-
Accumulated Depreciation	(6,196,564)	(2,211,630)	(8,408,194)	-
Non-Eligible Accumulated Depreciation	-	(54,823)	(54,823)	-
Capital Assets, Depreciable, Net	2,198,680	2,827,668	5,026,348	-
Total Non-Current Assets	2,293,787	2,847,851	5,141,638	-
Total Assets	4,425,088	3,522,294	7,947,382	1,295,824
LIABILITIES				
Current Liabilities				
Vouchers and Warrants Payable	326,769	23,259	350,028	125,956
Accrued Expenses and Withholdings	107,531	27,857	135,388	-
Self Insurance Liabilities	-	-	-	725,914
Bonds Payable - Current Portion	-	145,000	145,000	-
Note Payable - Current Portion	-	24,484	24,484	-
Capital Lease Payable - Current Portion	-	729	729	-
Patient Funds Held in Safekeeping	95,107	-	95,107	-
Due to Other Funds	662,095	18,810	680,905	-
Total Current Liabilities	1,191,502	240,139	1,431,641	851,870
Long-Term Liabilities				
Compensated Absences	559,674	211,564	771,238	-
Bonds Payable	-	1,025,000	1,025,000	-
Note Payable	-	725,516	725,516	-
Capital Lease Payable	-	2,929	2,929	-
Total Long-Term Liabilities	559,674	1,965,009	2,524,683	-
Total Liabilities	1,751,176	2,205,148	3,956,324	851,870
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,198,680	904,010	3,102,690	-
Unrestricted	475,232	413,136	888,368	443,954
Total Net Assets	\$ 2,673,912	\$ 1,317,146	\$ 3,991,058	\$ 443,954

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, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities
	Rest Haven Nursing Home	911 Fund	Total	Internal Service Fund
Operating Revenues				
Net Patient Service	\$ 9,181,404	\$ -	\$ 9,181,404	\$ -
Miscellaneous Revenue	581,711	4,103	585,814	-
Tariff Revenue	-	2,780,540	2,780,540	-
Total Operating Revenues	<u>9,763,115</u>	<u>2,784,643</u>	<u>12,547,758</u>	<u>-</u>
Operating Expenditures				
Administration Services	413,412	-	413,412	2,500
Dietary and Food	1,004,854	-	1,004,854	-
Laundry	229,547	-	229,547	-
Housekeeping	372,811	-	372,811	-
Plant Operations	333,545	-	333,545	-
Maintenance	175,918	-	175,918	-
Boiler House	46,032	-	46,032	-
Nursing	3,559,413	-	3,559,413	-
Practitioners	24,589	-	24,589	-
Social Services	106,417	-	106,417	-
Patient Services	171,372	-	171,372	-
Pharmacy and Medical Supplies	284,566	-	284,566	-
Physical, Speech, and Occupational Therapy	652,920	-	652,920	-
Medical Records	7,264	-	7,264	-
Depreciation	314,923	331,090	646,013	-
Other	1,728,233	-	1,728,233	-
Emergency Communications	-	2,325,312	2,325,312	-
Workers' Compensation	-	-	-	568,550
Total Operating Expenditures	<u>9,425,816</u>	<u>2,656,402</u>	<u>12,082,218</u>	<u>571,050</u>
Operating Income (Loss)	<u>337,299</u>	<u>128,241</u>	<u>465,540</u>	<u>(571,050)</u>
Nonoperating Revenues and Expenses				
Interest Income	3,632	16,129	19,761	295
Interest Expense	-	(54,981)	(54,981)	-
Loss on Disposal of Capital Assets	-	(2,334)	(2,334)	-
Total Nonoperating Revenues and Expenses	<u>3,632</u>	<u>(41,186)</u>	<u>(37,554)</u>	<u>295</u>
Income (Loss) Before Other Financing Sources (Uses)	<u>340,931</u>	<u>87,055</u>	<u>427,986</u>	<u>(570,755)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	672,625	672,625	582,702
Operating Transfers Out	(318,574)	(3,739)	(322,313)	-
Total Other Financing Sources (Uses)	<u>(318,574)</u>	<u>668,886</u>	<u>350,312</u>	<u>582,702</u>
Net Income	<u>22,357</u>	<u>765,941</u>	<u>778,298</u>	<u>11,947</u>
Net Assets - Beginning of Year	<u>2,651,555</u>	<u>561,205</u>	<u>3,212,760</u>	<u>432,007</u>
Net Assets - End of Year	<u>\$ 2,673,912</u>	<u>\$ 1,317,146</u>	<u>\$ 3,991,058</u>	<u>\$ 443,954</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, 2006

	Proprietary Fund Types			Internal Service Fund
	Rest Haven Nursing Home	911. Fund	Total Enterprise	
Cash Flow From Operating Activities				
Patient Service Revenue Receipts	\$ 8,764,259	\$ -	\$ 8,764,259	\$ -
911 Tariff Revenue Receipts	-	2,772,696	2,772,696	-
Payments to Suppliers	(4,686,234)	(926,875)	(5,613,109)	(481,189)
Payments to Employees	(4,327,437)	(1,410,950)	(5,738,387)	-
Internal - Payments To Other Funds	-	-	-	(61,750)
Other Receipts	581,711	4,103	585,814	-
Net Cash Provided by (Used in) Operating Activities	332,299	438,974	771,273	(542,939)
Cash Flows from Investing Activities				
Interest Receipts	3,632	16,129	19,761	295
Net Cash Provided by Investing Activities	3,632	16,129	19,761	295
Cash Flows from Capital Activities				
Purchase of Capital Assets	(7,335)	(2,165,988)	(2,173,323)	-
Net Cash Used in Capital Activities	(7,335)	(2,165,988)	(2,173,323)	-
Cash Flows from Financing Activities				
Payments on Long-Term Debt	-	(140,000)	(140,000)	-
Note Issuance Proceeds	-	750,000	750,000	-
Note Issuance Costs	-	(20,183)	(20,183)	-
Net Operating Transfers	(318,574)	668,886	350,312	582,702
Interest Paid	-	(54,981)	(54,981)	-
Net Cash Provided by (Used in) Financing Activities	(318,574)	1,203,722	885,148	582,702
Net Increase (Decrease) in Cash	10,022	(507,163)	(497,141)	40,058
Cash - Beginning of Year	581,603	1,072,926	1,654,529	295,541
Cash - End of Year	\$ 591,625	\$ 565,763	\$ 1,157,388	\$ 335,599
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating Income (Loss)	\$ 337,299	\$ 128,241	\$ 465,540	\$ (671,050)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation	314,923	331,090	646,013	-
(Increase) Decrease in Assets:				
Accounts Receivable	(440,891)	(7,844)	(448,735)	-
Due From Other Funds	-	-	-	26,985
Increase (Decrease) in Liabilities:				
Accounts Payable	61,085	10,725	71,810	89,861
Accrued Liabilities	(3,885)	(10,733)	(14,618)	(88,735)
Compensated Absences	40,022	7,308	47,330	-
Due to Other Funds	23,746	(19,813)	3,933	-
Total Adjustments	(5,000)	310,733	305,733	28,111
Net Cash Provided by (Used in) Operating Activities	\$ 332,299	\$ 438,974	\$ 771,273	\$ (542,939)

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

County of Schuylkill
Statement of Fiduciary Net Assets
December 31, 2006

	<u>Employee Retirement</u>	<u>Agency</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 6,201,238	\$ 2,551,278	\$ 8,752,516
Investments	71,133,027	-	71,133,027
Unrealized Appreciation	10,717,662	-	10,717,662
Total Assets	<u>88,051,927</u>	<u>2,551,278</u>	<u>90,603,205</u>
Laibilities			
Funds Held in Fiduciary Capacity	-	2,551,278	2,551,278
Total Liabilities	<u>-</u>	<u>2,551,278</u>	<u>2,551,278</u>
Net Assets held for Employees' Pension Benefits	<u>\$ 88,051,927</u>	<u>\$ -</u>	<u>\$ 88,051,927</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, 2006

	Employee Pension
Additions:	
Contributions:	
Employee	\$ 2,076,751
Employer	1,227,586
Total Contributions	3,304,337
Investment Income:	
Net Appreciation in Fair Value of Investments	6,718,519
Interest	1,140,342
Dividends	1,292,858
Less: Investment Expense	(423,082)
Net Investment Income	8,728,637
Total Additions	12,032,974
Deductions:	
Administrative Costs	5,280
Retirement Benefits	3,797,864
Death Benefits	61,744
Member Contribution Refunds	438,829
Total Deductions	4,303,717
Net Increase	7,729,257
Net Assets Held in Trust for Employees' Pension Benefits:	
Beginning of Year	80,322,670
End of Year	\$ 88,051,927

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

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

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, 2006.

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, 2006

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, 2006.

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, 2006.

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, 2006

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, 2006	North Central Highway Safety Network December 31, 2006
Assets		
Other Assets	\$ 824,746	\$ 690,233
Capital Assets, Net	163,150	8,850
Total Assets	987,896	699,083
Liabilities	541,480	383,036
Net Assets		
Unrestricted	303,466	307,197
Invested in Capital Assets, Net of Related Debt	142,950	8,850
Total Net Assets	\$ 446,416	\$ 316,047

Condensed Statements of Revenues,
 Expenditures, and Changes in Net Assets

	Child Development, Inc. Year Ended June 30, 2006	North Central Highway Safety Network Year Ended December 31, 2006
Revenues	\$7,877,951	\$3,416,819
Expenditures	7,806,683	3,373,058
Excess of Revenues Over Expenditures	71,268	43,761
Net Assets - Beginning of Year	375,148	272,286
Net Assets - End of Year	\$ 446,416	\$ 316,047

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

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, 2006

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 balance/net assets, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be 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, 2006

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, 2006

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, 2006

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. Other Agency Fund

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

f. Debt Service Fund

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

2. Proprietary Fund Types

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

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, 2006

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, 2006

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

D) Budgets and Budgetary Accounting

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

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

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

E) Cash and Cash Equivalents

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

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2006

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

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 \$516,817.

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
Leasehold Assets	10 Years
Infrastructure	20 - 50 Years

J) Interfund Transactions

The County affects a variety of transactions between the funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2006, appropriate interfund receivables or payables have been established.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

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) Unearned Revenues

Unearned Revenues are reported in government-wide financial statements. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned 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, 2006

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. 46, "*Net Assets Restricted by Enabling Legislation*", an amendment of GASB No. 34. The adoption of this statement had no effect on the financial reporting information of the County.

The County adopted the provisions of GASB Statement No. 47, "*Accounting for Termination Benefits*". The adoption of this statement had no effect on previously reported amounts.

P) Pending Changes in Accounting Principles

In June 2004, the GASB issued Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*". The County is required to adopt Statement No. 45 for its calendar year 2008 financial statements.

In September 2006, the GASB issued Statement No. 48, "*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*". The County is required to adopt Statement No. 48 for its calendar year 2007 financial statements.

In November 2006, the GASB issued Statement No. 49, "*Accounting and Financial Reporting for Pollution Remediation*". The County is required to adopt Statement No. 49 for its calendar year 2008 financial statements.

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2006

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

P) Pending Changes in Accounting Principles (Continued)

In May 2007, the GASB issued Statement No. 50, "Pension Disclosures". The County is required to adopt Statement No. 50 for its calendar year 2008 financial statements.

In July 2007, the GASB issued Statement No. 51, "Accounting and Financial Report for Intangible Assets". The County is required to adopt Statement No. 51 for its calendar year 2010 financial statements.

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

NOTE 2: DEPOSIT AND INVESTMENT RISK

As of December 31, 2006, 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	\$ 334,548	\$ 334,548	\$ -	\$ -	\$ -
Total	\$ 334,548	\$ 334,548	\$ -	\$ -	\$ -

As of December 31, 2006, the County had the following debt investments and maturities within its Retirement Fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 3,715,042	\$1,486,983	\$1,250,404	\$ 977,655	\$ -
U.S. Government Agencies	10,986,097	2,342,888	5,147,894	2,448,799	1,046,516
Corporate Bonds	5,658,097	2,331,559	2,268,980	840,432	217,126
Total	\$20,359,236	\$6,161,430	\$8,667,278	\$4,266,886	\$1,263,642

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 \$334,548 were comprised of various certificates of deposit at local financial institutions, all of which will mature within one year as noted above.

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2006

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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.

As of December 31, 2006, 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	24%
Corporate Bonds	A1	16%
Corporate Bonds	A2	22%
Corporate Bonds	A3	4%
Corporate Bonds	BAA1	4%
Corporate Bonds	BAA2	11%

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, 2006, the County's cash and restricted cash balances for its governmental activities, business-type activities and agency fund were \$27,792,079 and its bank balances were \$32,410,347. Of those bank balances, \$30,854,156 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. \$300,000 or 90% of the \$334,548 governmental activity investments are in various certificates of deposit in the other agency fund.

The County's Retirement Investment Policy limits investments, other than those in U.S. Government or other federal agencies, to no more than 5% of the total market value of the fixed income portfolio.

More than 5% of the County's Retirement Fund investments are in the Federal Home Loans Banks. These investments are 7% 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, 2006. The market value of the County's portion of the Fund was \$5,237,133 as of December 31, 2006.

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2006

NOTE 3: RESTRICTED CASH

Restricted cash of \$95,107 at December 31, 2006 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 \$3,320,645 at December 31, 2006 in the General Fund is comprised of the following:

Cash for road and school district taxes	\$ 344,497
Cash in Excess of Taxes held by Tax Claim Bureau	314,450
Cash held in Escrow Funds	996,003
Cash held in Escrow from Land Sales	120,615
Cash for Clerk of Courts	<u>1,545,080</u>
	<u>\$3,320,645</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, 2006

NOTE 4: NOTES RECEIVABLE (CONTINUED)

Repayment terms on all notes as of December 31, 2006, 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>
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	-	110,000	265,000	105,000	480,000
2012 - 2016	-	640,000	1,535,000	620,000	2,795,000
2017 - 2018	-	305,000	165,000	295,000	765,000
	<u>\$1,325,000</u>	<u>\$1,450,000</u>	<u>\$2,915,000</u>	<u>\$1,405,000</u>	<u>\$7,095,000</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>
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	-	48,616	88,301	47,035	183,952
2012 - 2016	-	157,492	235,844	152,303	545,639
2017 - 2018	-	15,375	4,125	14,875	34,375
	<u>\$ 194,412</u>	<u>\$ 462,355</u>	<u>\$ 793,943</u>	<u>\$ 447,407</u>	<u>\$1,898,117</u>

The principal amount of \$7,095,000 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 2006 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 2006 real estate taxes assessed equaled \$27,151,992 based on a total County valuation of \$2,266,441,935. Based on the 2006 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, 2006

NOTE 6: CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2006 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 694,817	\$ -	\$ -	\$ 694,817
Construction-In-Progress	576,169	127,355	(334,437)	369,087
Works of Art Collections	174,000	-	-	174,000
Total Capital Assets, Not Being Depreciated	1,444,986	127,355	(334,437)	1,237,904
Capital Assets, Being Depreciated:				
Land Improvements	1,824,773	37,103	(56,085)	1,805,791
Buildings and Improvements	23,361,819	252,336	(85,282)	23,528,873
Machinery and Equipment	5,130,484	1,418,782	(240,854)	6,308,412
Motor Vehicles	7,798,469	851,913	(1,156,164)	7,494,218
Computer Equipment	2,359,788	213,772	(286,969)	2,286,591
Agricultural Easements	545,615	302,706	-	848,321
Infrastructure	5,600,635	1,157,854	-	6,758,489
Leasehold Assets	-	1,056,273	-	1,056,273
Total Capital Assets, Being Depreciated	46,621,583	5,290,739	(1,825,354)	50,086,968
Total Capital Assets, Historical Cost	48,066,569	5,418,094	(2,159,791)	51,324,872
Less Accumulated Depreciation for:				
Land Improvements	511,867	51,402	(51,415)	511,854
Buildings and Improvements	13,699,935	673,331	(43,577)	14,329,689
Machinery and Equipment	3,342,857	443,522	(206,634)	3,579,745
Motor Vehicles	5,714,530	1,027,944	(1,152,207)	5,590,267
Computer Equipment	1,610,273	264,984	(275,713)	1,599,544
Agricultural Easements	27,782	17,424	-	45,206
Infrastructure	1,564,756	232,878	-	1,797,634
Leasehold Assets	-	105,627	-	105,627
Total Accumulated Depreciation	(26,472,000)	(2,817,112)	1,729,546	(27,559,566)
Total Capital Assets, Net of Accumulated Depreciation	\$ 21,594,569	\$ 2,600,982	\$ (430,245)	\$23,765,306

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2006

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Construction-In-Progress	\$ 30,045	\$ -	\$ (30,045)	\$ -
Total Capital Assets, Not Being Depreciated	30,045	-	(30,045)	-
Capital Assets, Being Depreciated:				
Land Improvements	158,645	-	-	158,645
Buildings and Improvements	6,803,496	796,414	-	7,599,910
Machinery and Equipment	3,033,545	1,344,014	(28,830)	4,348,729
Motor Vehicles	104,374	-	-	104,374
Computer Equipment	1,420,094	62,488	(208,986)	1,273,596
Leasehold Assets	-	4,111	-	4,111
Total Capital Assets, Being Depreciated	11,520,154	2,207,027	(237,816)	13,489,365
Total Capital Assets	11,550,199	2,207,027	(267,861)	13,489,365
Less Accumulated Depreciation for:				
Land Improvements	140,905	3,992	-	144,897
Buildings and Improvements	4,587,421	256,521	-	4,843,942
Machinery and Equipment	2,280,031	238,113	(26,496)	2,491,648
Motor Vehicles	83,823	8,221	-	92,044
Computer Equipment	960,306	138,755	(208,986)	890,075
Leasehold Assets	-	411	-	411
Total Accumulated Depreciation	(8,052,486)	(646,013)	235,482	(8,463,017)
Total Capital Assets, Net of Accumulated Depreciation	\$ 3,497,713	\$ 1,561,014	\$ (32,379)	\$ 5,026,348

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

Governmental Activities:

General Government	\$ 663,088
Judicial Government	269,038
Public Safety	250,345
Public Works	1,032,687
Human Services	358,162
Culture/Recreation	57,086
Conservation/Development	186,706
	<u>\$2,817,112</u>

Business-Type Activities:

Rest Haven Nursing Home	\$ 314,923
911 Operations	331,090
	<u>\$ 646,013</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

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

Basis of Accounting

The financial statements of the pension trust fund are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. 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, 2007, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	443
Terminated Plan Members Entitled to but not yet Receiving Benefits	33
Active Plan Members	<u>713</u>
Total	<u>1,189</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, 2006

NOTE 7: EMPLOYEE RETIREMENT TRUST FUND (CONTINUED)

Actuarial Valuation Information

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

Actuarial Cost Method:	Aggregate Actuarial Cost
Asset Valuation Method:	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.5% (including 3% inflation)
Projected Salary Increases	4.00%-4.5%; graduated .25% increments over 2 years (including 3% inflation)

No Postretirement Benefit Increases

Annual Pension Cost and Net Pension Obligation

The County's Annual Required Contribution for 2006, was determined as part of the January 1, 2007, actuarial valuation. The County's annual pension cost and net pension obligation to the Schuylkill County Employee's Retirement System for 2006, was as follows:

Annual Required Contribution	\$(1,227,586)
Interest on Net Pension Obligation	2,331
Adjustment to Annual Required Contribution	<u>(3,709)</u>
Annual Pension Cost	(1,228,964)
Contribution	<u>1,227,586</u>
Change in Net Pension Obligation	1,378
Net Pension Asset (Obligation) - January 1, 2006	<u>31,077</u>
Net Pension Asset (Obligation) - December 31, 2006	<u>\$ 29,699</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
December 31, 2006	(1,228,964)	99.89%	29,699

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8: POST-EMPLOYMENT 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 post-employment health care benefits are financed on a pay-as-you-go basis. As of December 31, 2006, 363 retirees satisfied the appropriate eligibility requirements and expenditures of \$1,528,251 were recognized accordingly for fiscal year 2006.

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 \$335,599 at December 31, 2006. The County was not required to fund the amount in 2006, 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, 2005 and 2006:

	<u>2005</u>	<u>2006</u>
January 1, Liability	\$ 417,077	\$ 730,649
Incurred Claims and Changes in Estimate	686,240	474,907
Payments	(372,668)	(479,642)
	<hr/>	<hr/>
December 31, Liability	\$ 730,649	\$ 725,914

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2006

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

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

NOTE 10: LONG-TERM OBLIGATIONS

During 2006, the County issued a General Obligation Note, Series 2006 in the aggregate principal amount of \$750,000 for the purpose of purchasing the Schuylkill County 911/Communications Building.

Long-term obligations outstanding at December 31, 2006, consisted of the following:

	Governmental Activities	Business- Type Activities	Total Long-term Obligations
General Obligation Bonds	\$18,305,000	\$ 1,170,000	\$19,475,000
General Obligation Note	-	750,000	750,000
Capital Leases	896,546	3,658	900,204
Compensated Absences	4,089,005	771,238	4,860,243
Workers' Compensation Liability	725,914	-	725,914
	<u>\$24,016,465</u>	<u>\$ 2,694,896</u>	<u>\$26,711,361</u>

COUNTY OF SCHUYLKILL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2006

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	Internal Service Fund	Total Long-term Debt
	General Obligation Bonds Payable	Capital Lease Obligations	General Obligation Note Payable	Capital Lease Obligations	Compensated Absences	Workers' Compensation Liability	
Outstanding at January 1, 2006	\$ 19,900,000	\$ -	\$ 1,310,000	\$ -	\$ 519,652	\$ 730,649	\$ 26,744,433
New Additions:	-	1,056,273	-	750,000	-	-	1,810,384
General Obligation Debt Principal Retirements	(1,595,000)	-	(140,000)	-	-	-	(1,735,000)
Capital Lease Payments	-	(159,727)	-	(453)	-	-	(160,180)
Increase in Compensated Absences	-	-	-	-	7,308	40,022	56,459
Decrease in Workers' Comp. Liability	-	-	-	-	-	(4,735)	(4,735)
Outstanding at December 31, 2006	\$ 18,305,000	\$ 896,546	\$ 1,170,000	\$ 750,000	\$ 559,674	\$ 725,914	\$ 26,711,361

An analysis of debt service requirements to maturity on these obligations follows with the exception of accrued vacation pay, accrued sick time, workers' compensation liability, and capital lease obligations. For analysis of capital lease obligations see footnote # 11.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

The following table summarizes long-term bonds and notes principal and interest payments for debt outstanding as of December 31, 2006:

<u>Years Ending December 31,</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Requirements</u>
2007	\$ 1,819,484	\$ 781,345	\$ 2,600,829
2008	1,883,606	717,407	2,601,013
2009	1,959,894	647,035	2,606,929
2010	2,031,147	571,276	2,602,423
2011	2,127,462	490,407	2,617,869
2012-2016	9,174,295	1,153,598	10,327,893
2017-2021	968,718	120,563	1,089,281
2022-2026	260,394	45,979	306,373
	<u>\$20,225,000</u>	<u>\$ 4,527,610</u>	<u>\$24,752,610</u>
To be Retired by:			
Business-type Activities	\$ 1,920,000	\$ 631,848	\$ 2,551,848
Governmental Activities	18,305,000	3,895,762	22,200,762
	<u>\$20,225,000</u>	<u>\$ 4,527,610</u>	<u>\$24,752,610</u>

The following is a summary of the bonds and notes outstanding as of December 31, 2006:

<u>Year</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2006</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.	\$ 8,220,000	\$ 415,000
2001	\$4,975,000	3.50%-4.65% General Obligation Bonds issued to currently refund the 1993 General Obligation Bond Series A and Series B.	3,285,000	415,000
2002	\$6,400,000	2%-4% General Obligation Bonds issued to currently refund the 1992 A and 1993 C Series General Obligation Bonds.	1,615,000	455,000
2002A	\$8,045,000	1.35% to 4.4% General Obligation Bonds issued to currently refund the 1998 Series General Obligation Bonds.	6,355,000	510,000
2006	\$750,000	4.85% fixed for the first 15 years and up to 6.5% for the final 5 years, General Obligation Note issued to purchase 911/Communications Building	<u>750,000</u>	<u>24,484</u>
Total General Long-term Debt Obligations at December 31, 2006			<u>\$20,225,000</u>	<u>\$1,819,484</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 10: LONG-TERM OBLIGATIONS (CONTINUED)

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 3.96% at December 31, 2006.

Interest rates in the General Obligation Note, Series of 2006 are fixed at 4.85% for the first 15 years of the Note, it then converts to a floating rate with a maximum rate of 6.5% for the final 5 years. The final 5 years interest payments are calculated at the 6.5% maximum for reporting purposes.

NOTE 11: CAPITAL LEASES

During 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 amount of the Capital Lease is \$952,100 with a lease rate of 3.69% over the 5 year term of the lease. The Capital Lease payments are calculated as 60 monthly payments of \$17,400.43. Payments began on March 31, 2006, and will continue for 5 years through February 28, 2011.

During 2006, the County also entered into a Capital Lease with Key Equipment Finance, Inc. in order to finance copiers for various offices within the County. The amount of the Capital Lease is \$90,284 with the aggregate principal amounts of \$86,173 and \$4,111 to be retired by Governmental Activities and the 911 Proprietary Fund, respectively. The term of the lease is 5 years. The Capital Lease payments are calculated as 60 monthly payments of \$1,854.46. Payments began on May 17, 2006, and will continue for 5 years through April 17, 2011.

During 2006, the County also entered into a Capital Lease with Pitney Bowes in order to finance the purchase of a Digital Mailing System. The amount of the Capital Lease is \$18,000. The term of the lease is 5 years. The Capital Lease payments are calculated as 60 monthly payments of \$313.00. Payments began on January 31, 2006, and will continue for 5 years through December 31, 2010.

The assets acquired through the capital leases are as follows:

ASSETS:		
Leasehold Assets		\$ 1,060,384
Less: Accumulated Depreciation		<u>(106,038)</u>
Total		<u>\$ 954,346</u>

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Years ending December 31</u>			
2007	\$ 233,801	\$ 1,013	\$ 234,814
2008	233,801	1,013	234,814
2009	233,801	1,013	234,814
2010	233,801	1,013	234,814
2011	<u>41,883</u>	<u>338</u>	<u>42,221</u>
Total payments	\$ 977,087	\$ 4,390	\$ 981,477
		Less: Amounts representing interest	<u>(81,273)</u>
		Total present value of minimum Lease Payments	<u>\$ 900,204</u>

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 12: INTERFUND BALANCES

Interfund receivable and payable balances of each individual fund as of December 31, 2006, are as follows:

<u>Governmental Fund Types</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,999,156	\$ 31,758
Debt Service Fund	5,340	-
Capital Projects Fund	-	4,390
Special Revenue Funds		
Domestic Relations Office	-	30,553
Drug and Alcohol	-	2,314
Mental Health/Mental Retardation	33,652	5,641
Children and Youth Services	-	2,140,950
Office of Senior Services	-	41,553
Other Agency	-	61,941
	<hr/>	<hr/>
Total Special Revenue Funds	33,652	2,282,952
	<hr/>	<hr/>
Total Governmental Fund Types	2,038,148	2,319,100
	<hr/>	<hr/>
<u>Proprietary Fund Types</u>		
Rest Haven Nursing Home	1,632	662,095
911 Operations	-	18,810
Internal Service	960,225	-
	<hr/>	<hr/>
Total Proprietary Funds	961,857	680,905
	<hr/>	<hr/>
	\$ 3,000,005	\$ 3,000,005
	<hr/>	<hr/>

These balances exist because the General Fund, Debt Service 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, 2006.

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, 2006, are as follows:

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 12: INTERFUND BALANCES (CONTINUED)

<u>Governmental Fund Types</u>	<u>Transferred from Other Funds</u>	<u>Transferred to Other Funds</u>
General Fund	\$ 3,043,349	\$ 6,232,501
Debt Service Fund	78,847	162,854
Capital Projects Fund	154,829	-
Special Revenue Funds		
Human Service Complex	190,045	70,162
Liquid Fuels Tax	-	186,610
Domestic Relations Office	197,230	440,464
Drug and Alcohol	28,605	160,435
Mental Health/Mental Retardation	311,073	125,687
Children and Youth	4,165,704	1,101,147
Office of Senior Services	62,962	662,321
Other Agency	74,774	485,286
Farmland Preservation	350,528	-
Affordable Housing	-	11,913
Transportation	289,258	-
Demolition	76,094	-
Conduit	-	252,751
SCBG	-	64,181
	<hr/>	<hr/>
Total Special Revenue Fund	5,746,273	3,560,957
	<hr/>	<hr/>
Total Governmental Fund Types	\$ 9,023,298	\$ 9,956,312
	<hr/>	<hr/>
<u>Proprietary Fund Types</u>		
Rest Haven Nursing Home	\$ -	\$ 318,574
911 Operations	672,625	3,739
Internal Service	582,702	-
	<hr/>	<hr/>
Total Proprietary Fund Types	1,255,327	322,313
	<hr/>	<hr/>
	\$10,278,625	\$10,278,625

NOTE 13: OPERATING LEASES

The County leases office space under several operating lease agreements which have expiration dates ranging from 2007 to 2012. 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, 2006:

<u>Years</u>	<u>Courts</u>	<u>Agencies</u>	<u>Certain Other Departments</u>	<u>Total</u>
2007	\$ 172,584	\$ 120,877	\$ 137,280	\$ 430,741
2008	166,023	120,877	137,280	424,180
2009	166,285	120,877	137,280	424,442
2010	159,723	120,877	137,280	417,880
2011	159,723	120,877	137,280	417,880
2012	159,723	120,877	137,281	417,881
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 984,061	\$ 725,262	\$ 823,681	\$2,533,004

Expenses incurred by the County under these leases in 2006 totaled \$517,333.

COUNTY OF SCHUYLKILL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

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, 2006.

NOTE 15: DUE FROM THIRD PARTY

The County is owed \$374,890 from a third party based on an Independent Consulting Services report. This receivable is based on excess payments to a provider in prior years. This amount is recorded as a receivable and unearned revenue in the general fund of the fund level financial statements and is recorded as a receivable and as revenue in the entity-wide financial statements.

NOTE 16: SUBSEQUENT EVENTS

Tax and Revenue Anticipation Note

In January 2007, the County issued a Tax and Revenue Anticipation Note with a financial institution in the aggregate principal amount of \$4,000,000 at a fixed interest rate of 3.65%.

Accrued Vacation Time Buy-Out

In February 2007, the County, in an effort to reduce year-end compensated absence liabilities, offered a one time buy out of vacation hours accrued by a Court Unit One and Court Unit Two Union employees. Along with this buy out the County agreed on an addendum to the Unions contracts that set a two week maximum of accrued vacation carryover from year to year. The total amount paid to employees was \$407,322.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

COUNTY OF SCHUYLKILL
REQUIRED SUPPLEMENTAL INFORMATION
EMPLOYEE RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2006

Schedule of Employer Contributions – Trend Information

<u>Years Ended</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Percentage of ARC Contributed</u>
December 31, 2001	\$ -	N/A
December 31, 2002	\$ -	N/A
December 31, 2003	\$ 631,779	100%
December 31, 2004	\$1,012,701	100%
December 31, 2005	\$ 943,363	100%
December 31, 2006	\$1,227,586	100%

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Real Estate Taxes	\$ 25,829,749	\$ 25,829,749	\$ 25,210,228	\$ (619,521)
Per Capita Taxes	423,365	423,365	411,629	(11,736)
Hotel Tax	175,000	175,000	198,378	23,378
Grants and Gifts	4,842,805	6,097,968	4,102,656	(1,995,312)
Interest and Royalties	196,000	196,000	652,006	456,006
Charges for Services	6,583,363	6,697,352	7,202,309	504,957
Other Revenue	98,786	100,743	197,359	96,616
Total Revenues	38,149,068	39,520,177	37,974,565	(1,545,612)
Expenditures				
General Government - Administrative				
Commissioners	1,109,128	685,870	661,240	24,630
Solicitor	166,239	176,239	173,919	2,320
County Administrator	181,836	181,836	117,543	64,293
Maintenance	725,392	756,574	725,235	31,339
Voter Registration and Elections	549,069	570,984	517,457	53,527
Central Services	458,446	458,446	429,828	28,618
Tax Assessment	713,146	672,546	620,943	51,603
Treasurer	689,783	689,783	687,677	2,106
Tax Claim	355,381	434,090	437,140	(3,050)
Controller	418,151	420,182	395,985	24,197
Engineering and Real Estate	73,733	68,843	62,292	6,551
Planning and Zoning	233,191	233,191	221,695	11,496
Recorder of Deeds	423,948	428,948	347,177	81,771
Data Processing	601,359	601,359	540,646	60,713
Records Management	165,740	165,740	165,660	80
Personnel	198,643	194,643	187,094	7,549
Public Defender	1,000	1,400	1,132	268
Veteran Affairs	171,888	171,888	168,841	3,047
Grant Writer	40,527	40,527	23,929	16,598
Tax Refunds	20,000	45,000	41,716	3,284
Fringe Benefits	2,752,727	2,761,635	2,327,139	434,496
Insurances	557,200	611,200	562,578	48,622
Contributions to Various Agencies	398,475	213,507	189,032	24,475
Total - General Government Administrative	11,005,002	10,584,431	9,605,898	978,533

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Public Safety				
Adults in Non-County Institutions	11,300	11,300	9,362	1,938
County Prison	3,378,105	3,850,105	3,524,929	325,176
Emergency Management	288,341	305,502	268,895	36,607
Fringe Benefits	1,709,787	1,715,320	1,445,444	269,876
Contributions to Various Agencies	40,250	40,250	40,250	-
Total - Public Safety	5,427,783	5,922,477	5,288,880	633,597
Public Works				
Engineering	1,432,990	1,443,990	682,279	761,711
Fringe Benefits	115,290	115,663	97,466	18,197
Contributions to Various Agencies	8,700	8,879	8,879	-
Total - Public Works	1,556,980	1,568,532	788,624	779,908
General Government - Judicial				
Registrar of Wills	270,118	274,618	272,594	2,024
Sheriff	832,256	852,256	876,055	(23,799)
Coroner	194,419	204,234	201,407	2,827
Prothonotary	344,571	344,571	335,280	9,291
Clerk of Courts	437,321	452,321	458,776	(6,455)
Public Defender	628,375	670,582	807,527	(136,945)
District Attorney	1,243,136	1,243,136	1,067,841	175,295
Law Library	233,172	255,023	260,791	(5,768)
Courts	1,537,267	1,519,444	1,099,620	419,824
District Justices	1,015,914	1,015,914	961,101	54,813
Constables	5,000	10,000	10,000	-
Jury Commissioners	25,749	25,749	25,236	513
Adult Probation	1,354,815	1,423,355	1,049,191	374,164
Juvenile Probation	915,332	918,928	962,092	(43,164)
Fringe Benefits	4,582,834	4,597,683	3,874,300	723,383
Total - General Government - Judicial	13,620,079	13,807,794	12,261,811	1,545,983
Conservation and Development				
Coal Lands	74,720	74,720	75,165	(445)
Economic Development	168,543	168,543	127,689	40,854
Solid Waste Management	558,740	556,958	407,782	149,176
Parks and Recreation	780,227	780,227	132,697	647,530
Agricultural Extension	339,778	347,257	204,591	142,666
Soil Conservation	428,936	416,436	420,503	(4,067)
Fringe Benefits	584,027	585,916	493,733	92,183
Contributions to Various Agencies	285,240	307,240	307,215	25
Total - Conservation and Development	3,220,211	3,237,297	2,169,375	1,067,922
Culture and Recreation				
Contributions to Various Agencies	399,780	432,166	371,750	60,416
Human Services				
Human Services Administration	402,000	408,348	343,149	65,199
Fringe Benefits	98,179	98,497	83,000	15,497
Contributions to Various Agencies	61,873	61,873	61,873	-
Total - Human Services	562,052	568,718	488,022	80,696
Capital Projects	503,177	1,665,356	2,558,610	(893,254)
Total Expenditures	36,295,064	37,786,771	33,532,970	4,253,801
Excess of Revenues Over Expenditures	1,854,004	1,733,406	4,441,595	(2,708,189)

COUNTY OF SCHUYLKILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Other Financing Sources (Uses)				
Operating Transfers In				
911 Tariff Fund	58,760	58,760	9,732	(49,028)
Drug and Alcohol	59,645	59,645	63,710	4,065
Mental Health/Mental Retardation	100,486	100,486	45,839	(54,647)
Children and Youth Services	1,022,258	1,022,258	779,721	(242,537)
Domestic Relations Office	599,777	599,777	436,223	(163,554)
Juvenile Training	76,392	76,392	76,392	-
Offender Supervision	92,308	92,308	92,308	-
Liquid Fuels Tax	22,200	22,200	-	(22,200)
Office of Senior Services	740,702	740,702	537,884	(202,818)
Conduit Fund	155,977	203,070	321,233	118,163
Human Services Complex Fund	464,069	464,069	463,447	(622)
Hazmat	35,000	35,000	18,896	(16,104)
Transportation Fund	-	-	16,764	16,764
Community Development Block Grant	65,000	65,000	56,275	(8,725)
Highway Safety	-	-	437	437
Driving Under the Influence	200,000	200,000	77,976	(122,024)
Other Funds	108,559	108,559	46,512	(62,047)
	<u>3,801,133</u>	<u>3,848,226</u>	<u>3,043,349</u>	<u>(804,877)</u>
Operating Transfers (Out)				
Farmland Preservation	333,220	350,528	350,528	-
Mental Health/Mental Retardation	311,073	311,073	311,073	-
Children and Youth Services	4,155,704	4,155,704	4,155,704	-
Domestic Relations Office	197,230	197,230	197,230	-
Office of Senior Services	24,200	24,200	24,200	-
Drug and Alcohol	28,605	28,605	28,605	-
Transportation Fund	289,258	289,258	289,258	-
Other Funds	-	-	203,278	(203,278)
911 Tariff Fund	328,477	628,477	672,625	(44,148)
	<u>5,667,767</u>	<u>5,985,075</u>	<u>6,232,501</u>	<u>(247,426)</u>
Total Operating Transfers (Out)	<u>5,667,767</u>	<u>5,985,075</u>	<u>6,232,501</u>	<u>(247,426)</u>
Total Other Financing Uses	<u>(1,866,634)</u>	<u>(2,136,849)</u>	<u>(3,189,152)</u>	<u>(557,451)</u>
Excess of Revenue Over Expenditures and Other Financing Uses	<u>(12,630)</u>	<u>(403,443)</u>	<u>1,252,443</u>	<u>1,655,886</u>
Fund Balances - Beginning of Year	<u>12,630</u>	<u>403,443</u>	<u>3,986,258</u>	<u>3,582,815</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,238,701</u>	<u>\$ 5,238,701</u>

COUNTY OF SCHUYLKILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - MENTAL HEALTH/MENTAL RETARDATION - SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Grants and Gifts	\$ 19,802,663	\$ 20,038,675	\$ 20,494,732	\$ 456,057
Interest and Royalties	20,000	33,950	20,223	(13,727)
Charges for Services	33,800	205,818	208,406	2,588
Total Revenues	19,856,463	20,278,443	20,723,361	444,918
Expenditures				
Human Services	20,150,536	20,855,478	20,636,018	219,460
Capital Projects	17,000	55,500	272,729	(217,229)
Total Expenditures	20,167,536	20,910,978	20,908,747	2,231
Excess of Revenues Over (Under) Expenditures	(311,073)	(632,535)	(185,386)	447,149
Other Financing Sources (Uses)				
Operating Transfers In	311,073	311,073	311,073	-
Operating Transfers (Out)	-	-	(125,687)	(125,687)
Total Other Financing Sources (Uses)	311,073	311,073	185,386	(125,687)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(321,462)	-	321,462
Fund Balances - Beginning of Year	-	321,462	-	(321,462)
Fund Balances - End of Year	\$ -	\$ -	\$ -	\$ -

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, 2006

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 11,397,618	\$ 11,397,618	\$ 10,245,801	\$ (1,151,817)
Interest and Royalties	25,100	25,100	17,629	(7,471)
Charges for Services	918,775	918,775	848,980	(69,795)
Total Revenues	<u>12,341,493</u>	<u>12,341,493</u>	<u>11,112,410</u>	<u>(1,229,083)</u>
Expenditures				
Human Services	16,349,697	16,369,697	14,032,236	2,337,461
Capital Projects	147,500	147,500	144,731	2,769
Total Expenditures	<u>16,497,197</u>	<u>16,517,197</u>	<u>14,176,967</u>	<u>2,340,230</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,155,704)</u>	<u>(4,175,704)</u>	<u>(3,064,557)</u>	<u>1,111,147</u>
Other Financing Sources (Uses)				
Operating Transfers In	4,155,704	4,175,704	4,165,704	(10,000)
Operating Transfers (Out)	-	-	(1,101,147)	(1,101,147)
Total Other Financing Sources (Uses)	<u>4,155,704</u>	<u>4,175,704</u>	<u>3,064,557</u>	<u>(1,111,147)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SCHUYLKILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - LIQUID FUELS - SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 590,000	\$ 590,000	\$ 579,636	\$ (10,364)
Interest and Royalties	49,000	49,000	104,084	55,084
Total Revenues	<u>639,000</u>	<u>639,000</u>	<u>683,720</u>	<u>44,720</u>
Expenditures				
Public Works	335,122	335,012	63,762	271,250
Capital Projects	732,500	732,500	19,009	713,491
Total Expenditures	<u>1,067,622</u>	<u>1,067,512</u>	<u>82,771</u>	<u>984,741</u>
Excess of Revenues Over (Under) Expenditures	<u>(428,622)</u>	<u>(428,512)</u>	<u>600,949</u>	<u>1,029,461</u>
Other Financing Sources (Uses)				
Operating Transfers (Out)	-	-	(186,610)	(186,610)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(186,610)</u>	<u>(186,610)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(428,622)</u>	<u>(428,512)</u>	<u>414,339</u>	<u>842,851</u>
Fund Balances - Beginning of Year	<u>428,622</u>	<u>428,512</u>	<u>4,211,804</u>	<u>3,783,292</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,626,143</u>	<u>\$ 4,626,143</u>

COUNTY OF SCHUYLKILL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - OTHER AGENCY- SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
Revenues				
Grants and Gifts	\$ 4,039,695	\$ 5,736,597	\$ 4,242,940	\$ (1,493,657)
Charges for Services	-	-	2,614	2,614
Interest and Royalties	12,740	12,740	11,866	(874)
Other Revenue	76,644	76,644	10,258	(66,386)
Total Revenues	4,129,079	5,825,981	4,267,678	(1,558,303)
Expenditures				
Judicial Government	1,500,000	3,066,854	1,697,883	1,368,971
Human Services	2,440,139	2,570,793	2,155,460	415,333
Capital Projects	58,418	57,092	3,823	53,269
Total Expenditures	3,998,557	5,694,739	3,857,166	1,837,573
Excess of Revenues Over (Under) Expenditures	130,522	131,242	410,512	279,270
Other Financing Sources (Uses)				
Operating Transfers In	-	-	74,774	74,774
Operating Transfers (Out)	(54,960)	(54,960)	(485,286)	(430,326)
Total Other Financing Sources (Uses)	(54,960)	(54,960)	(410,512)	(355,552)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	75,562	76,282	-	(76,282)
Fund Balances - Beginning of Year	(75,562)	(76,282)	-	76,282
Fund Balances - End of Year	\$ -	\$ -	\$ -	\$ -