

# COUNTY OF VENANGO, PENNSYLVANIA

PRIMARY GOVERNMENT FINANCIAL STATEMENTS  
AND  
REQUIRED SUPPLEMENTARY  
AND  
ADDITIONAL INFORMATION

YEAR ENDED DECEMBER 31, 2007

WITH

INDEPENDENT AUDITOR'S REPORT

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**MAHER DUESSEL**  
CERTIFIED PUBLIC ACCOUNTANTS

# COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2007

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# COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2007

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**MAHER DUESSEL**  
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Independent Auditor's Report

Board of County Commissioners  
County of Venango, Pennsylvania

We have audited the accompanying primary government financial statements (financial statements) of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Venango, Pennsylvania (County), as of and for the year ended December 31, 2007, which collectively comprise the financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The financial statements referred to above include only the primary government of the County, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the County, as of December 31, 2007, and the changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of the County as of December 31, 2007, and the respective changes in financial position, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of County Commissioners  
County of Venango, Pennsylvania  
Independent Auditor's Report  
Page Two

As discussed in Note 2 to the financial statements, for the year ended December 31, 2007, the County adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*" as related to capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2008 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis on pages i through xiv, and the pension information and the note to supplementary schedule on pages 34 and 35 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the primary government financial statements of the County. The combining and individual other governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual other governmental fund financial statements have been subjected to the auditing procedures applied in the audit of the primary government's financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
September 23, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ***INTRODUCTION***

The management of the County of Venango (County) is pleased to present to the readers of the County's primary government financial statements (financial statements) this narrative overview and analysis of the financial activities of the County as of and for the year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements (pages 1 - 9) and the notes to the primary government financial statements (pages 10 - 33). These financial statements include the primary government only and do not reflect the activities of the Oil Region Alliance of Business and Tourism (Oil Region Alliance) which meets the criteria for inclusion under Governmental Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity." Separate audited financial statements for the Oil Region Alliance are available from the Oil Region Alliance at P.O. Box 128, Oil City, PA 16301.

## ***FINANCIAL HIGHLIGHTS***

- The assets of the County exceeded its liabilities by \$32.60 million at December 31, 2007.
- In 2007, the County implemented a capital asset system for financial reporting purposes; therefore, capital assets and the related accumulated depreciation are included as an asset on the statement of net assets. This results in \$13.07 million in capital assets, net of related debt, within net assets.
- As of December 31, 2007, unrestricted net assets were \$18.36 million or 47% of total expenses.
- The County's real property tax rate was 5.565 mills for 2007 and 2006.

## ***OVERVIEW OF THE FINANCIAL STATEMENTS***

This Management's Discussion and Analysis is intended to serve as an introduction to the County's financial statements. The County's financial statements consist of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the primary government financial statements.

This report also contains other supplementary information in addition to the financial statements themselves.

A detailed explanation of all three components follows:

***1. Government-Wide Financial Statements*** – The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to the private sector. There are two government-wide financial statements. They are:

- The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the County is improving or deteriorating.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

- The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The statement of activities distinguishes functions of the County that are principally supported by real estate taxes, charges for services, and intergovernmental revenues as *governmental activities*. The governmental activities of the County include: general government, criminal justice system, public safety, public works, humans services, culture and recreation, and conservation. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The government-wide financial statements can be found on pages 1 and 2 of the financial statements.

**2. Fund Financial Statements** – The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other 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 two categories: (1) governmental funds and (2) fiduciary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government'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, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports four major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for these four *major* funds (General, Capital Projects, Human Services, and 911). Data from the other twenty *non-major* governmental funds are combined into a single, aggregated presentation (other governmental funds). Individual fund data for the other governmental funds is provided as additional information in the form of combining statements elsewhere in this report.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The governmental funds financial statements can be found on pages 3 to 7 of this report.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The fiduciary funds financial statements can be found on pages 8 and 9 of this report. They include the Pension Trust Fund and the Agency Funds. The Agency Funds are the fees, fines, costs, etc. collected by the County Row Officers, held in trust for disbursement to third parties.

**3. Notes to the Primary Government Financial Statements** – The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the primary government financial statements can be found on pages 10 to 30 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 31 and 33 of this report.

The combining and individual fund statements and schedules are presented as additional information immediately following the required pension supplementary information on pages 36 to 47 of this report.

## ***FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE***

The County presents its financial statements using the reporting model required by GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*"

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The County's net assets at December 31, 2007 and 2006 are presented below:

**County of Venango**  
**Summary Statements of Net Assets**  
**December 31, 2007 and 2006**

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
<b>Assets</b>		
Current and other assets	\$ 47,300,739	\$ 22,194,364
Lease receivable	4,911,090	5,199,904
<b>Total Assets</b>	<b>52,211,829</b>	<b>27,394,268</b>
<b>Liabilities</b>		
Current and other liabilities	9,772,381	8,796,359
Non-current liabilities	9,841,221	10,705,814
<b>Total Liabilities</b>	<b>19,613,602</b>	<b>19,502,173</b>
<b>Net Assets</b>		
Investment in capital assets, net of related debt	13,074,628	(11,185,000)
Restricted	1,167,576	1,109,774
Unrestricted	18,356,023	17,967,321
<b>Total Net Assets</b>	<b>\$ 32,598,227</b>	<b>\$ 7,892,095</b>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$32.60 million at December 31, 2007, an increase from December 31, 2006 of \$24.7 million. It should be noted that the County's statement of net assets includes capital assets and the related accumulated depreciation for the first time. Capital assets net of accumulated depreciation total \$23.34 million of the current and other assets amount at December 31, 2007.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the change in net assets for the years ended December 31, 2007 and 2006:

## County of Venango Change in Net Assets Years Ended December 31, 2007 and 2006

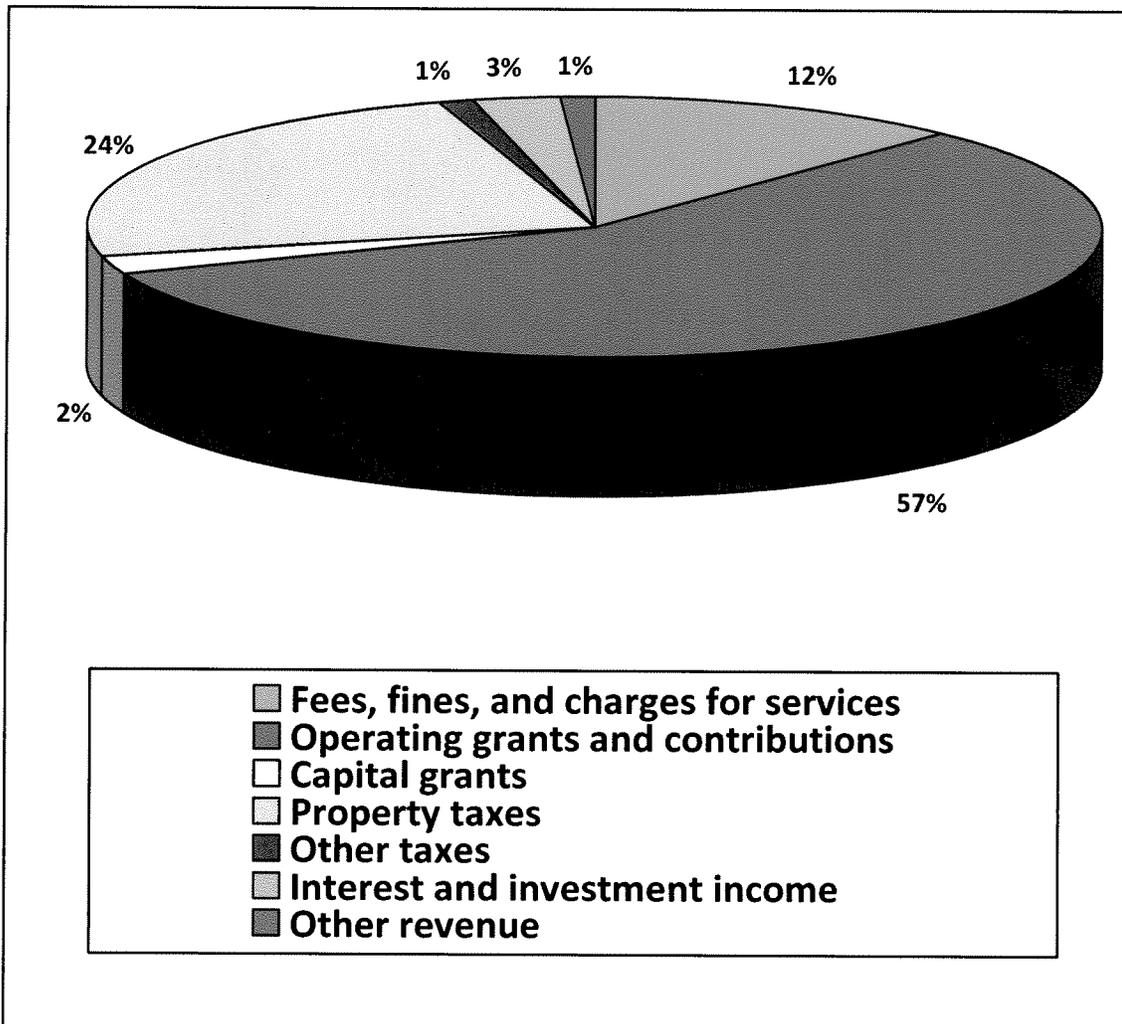
	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
Program revenues:		
Fees, fines, and charges for services	\$ 4,683,270	\$ 4,692,505
Operating grants and contributions	22,905,882	21,186,407
Capital grants	1,110,638	1,573,905
General revenues:		
Property taxes	9,796,729	9,847,862
Other taxes	504,323	495,967
Interest and investment income	1,151,061	949,488
Gain on disposal of capital assets	20,998	-
Other revenue	271,216	210,053
Total revenues	40,444,117	38,956,187
Program expenses:		
General government - administration	4,645,644	4,847,403
General government - judicial	3,410,984	3,250,082
Public safety	4,791,909	4,274,582
Public works and enterprises	2,887,674	1,909,139
Human services	22,408,045	21,389,521
Conservation and development	920,707	1,052,752
Interest	373,020	391,973
Total expenses	39,437,983	37,115,452
<b>Change in net assets</b>	1,006,134	1,840,735
Net assets, beginning as restated	31,592,093	6,051,360
Net assets, ending	\$ 32,598,227	\$ 7,892,095

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ***SOURCES OF REVENUES***

The following chart graphically depicts the government-wide sources of revenues for the fiscal year ended December 31, 2007:

**County of Venango  
Government-Wide Sources of Revenues  
Total Revenue \$40,444,117**



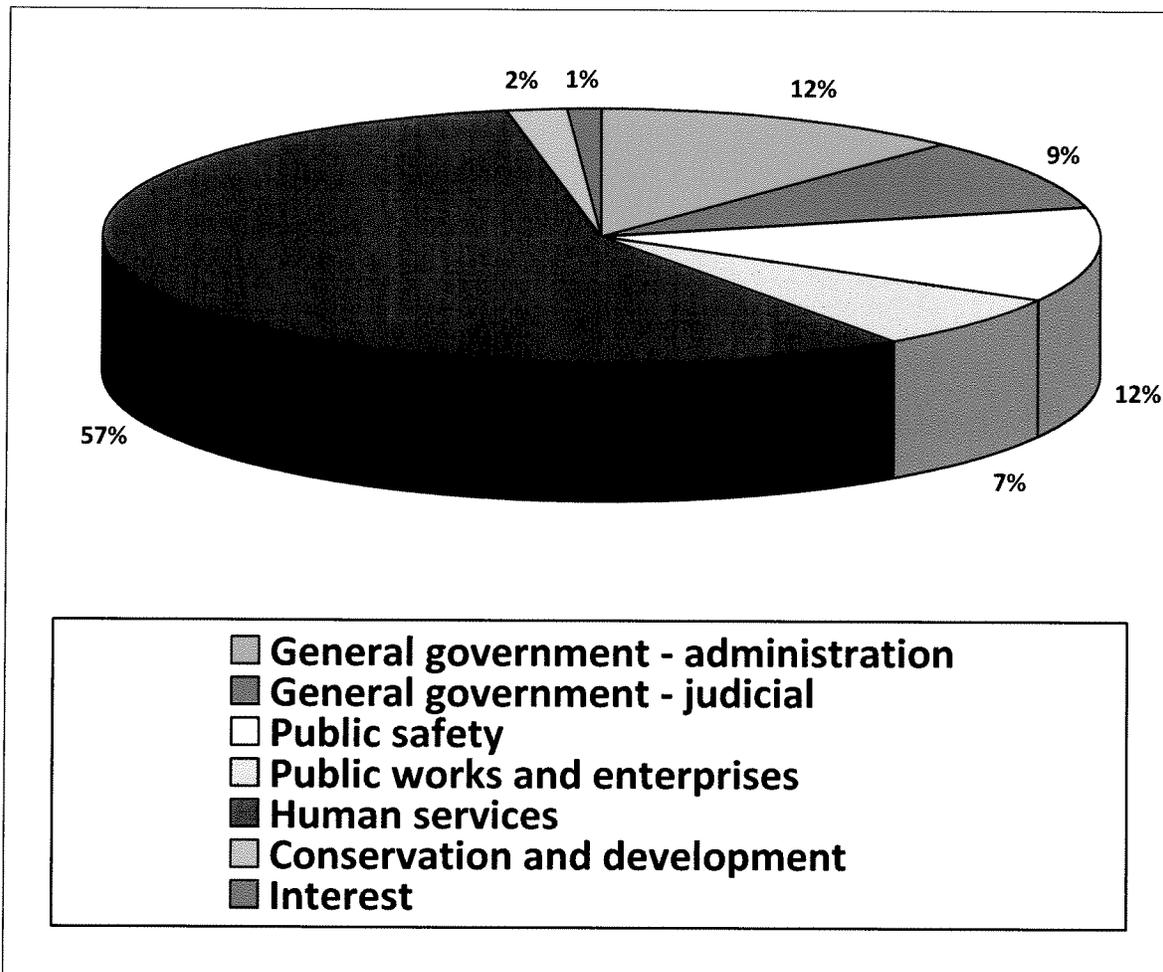
The government-wide revenues of \$40.44 million were derived primarily from program-based operating grants and contributions, representing 57% of the total revenues. The second largest source of revenue for the County was property taxes, which made up 24% of the total revenues. The third largest source of revenue was fees, fines, and charges for services, which is 12% of the total revenues.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## *PROGRAM EXPENSES*

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2007:

**County of Venango  
Government-Wide Program Expenses  
Total Expenses: \$39,437,983**

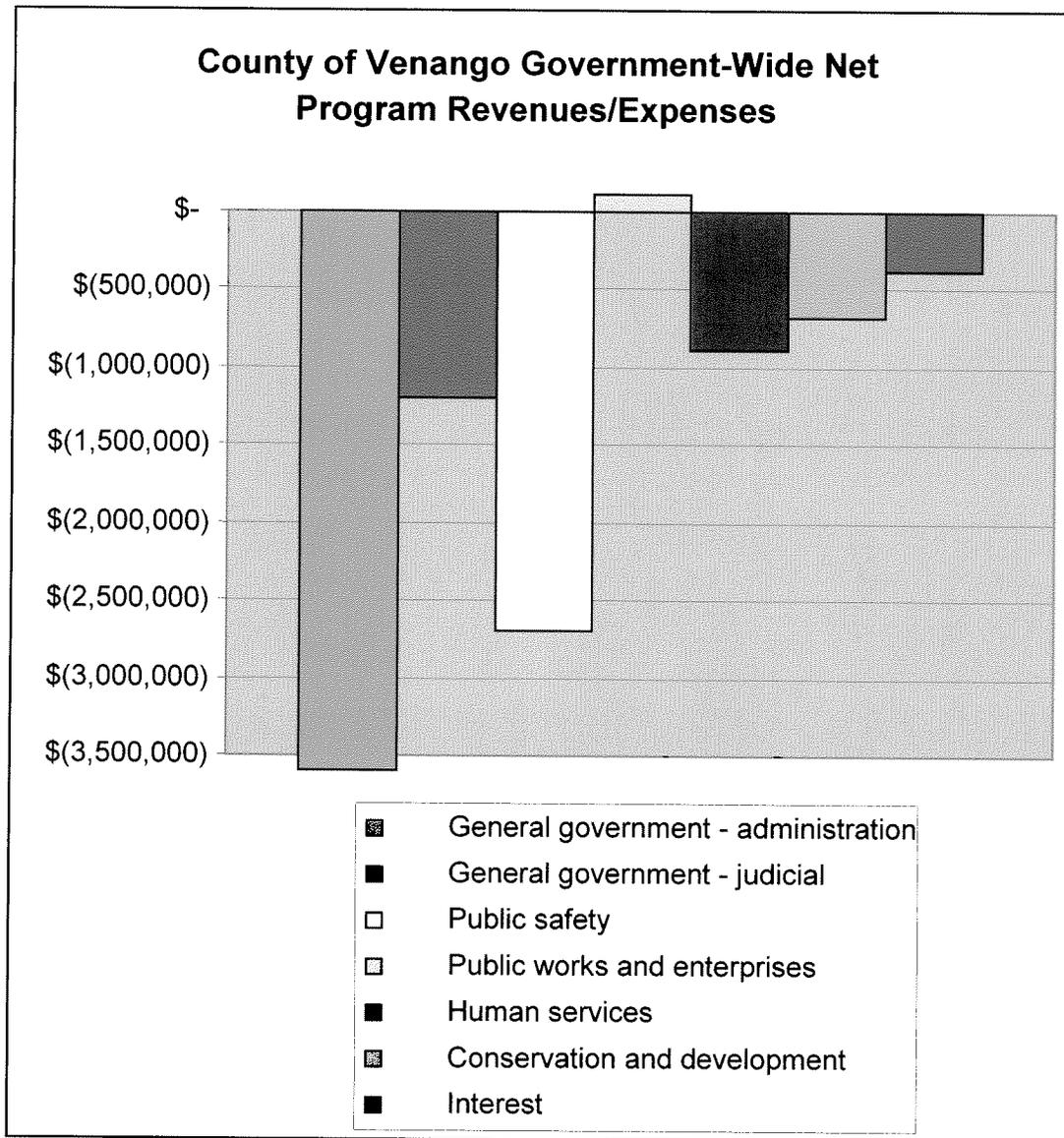


The largest area of expenses was Human Services which totaled \$22.4 million or 57% of all expenses. Human Services provides a vast array of social services programs, including Area Agency on Aging, Retired Senior Volunteer Program Fund, Children and Youth Services, Substance Abuse Program, Mental Health/Mental Retardation, Transportation, Weatherization, and Office of Economic Opportunity. Following Human Services totaling \$4.7 million, Public Safety represented 12% of all expenses, followed by General Government – Administration with \$4.6 million in expenses representing 12% of expenses as well. The next largest area of expense was General Government – Judicial at \$3.4 million or 9% of the total followed by Public Works and Enterprises, with \$2.9 million in expenses, or 7%, Conservation and Development at \$.9 million or 2%, and interest payments on long term debt at \$.4 million or 1%.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## *NET PROGRAM EXPENSES/REVENUES*

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. The following chart graphically depicts the net program expenses/revenues by function/program for the year ended December 31, 2007.



General government - administration required the most general revenue for support needing \$3.8 million during 2007.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

The County reports four major governmental funds (General, Capital Projects, Human Services, and 911). The Human Services fund consists of six programs: Area Agency on Aging; Retired Senior Volunteer Program Fund; Children and Youth Services; Substance Abuse Program; and Mental Health and Mental Retardation. Combining statements are found on pages 33 and 34.

The County also reports other governmental funds which includes twenty non-major funds. The largest of these include: Liquid Fuels, Airport, and Transportation. The combining statements of the other governmental funds can be found on pages 36 through 47.

As mentioned earlier, the focus of the governmental funds is to provide information on the near-term inflows, outflows, and the balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved/undesignated fund balances may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The following table presents the statements of revenues, expenditures, and changes in fund balance for the years ended December 31, 2007 and 2006:

# MANAGEMENT'S DISCUSSION AND ANALYSIS

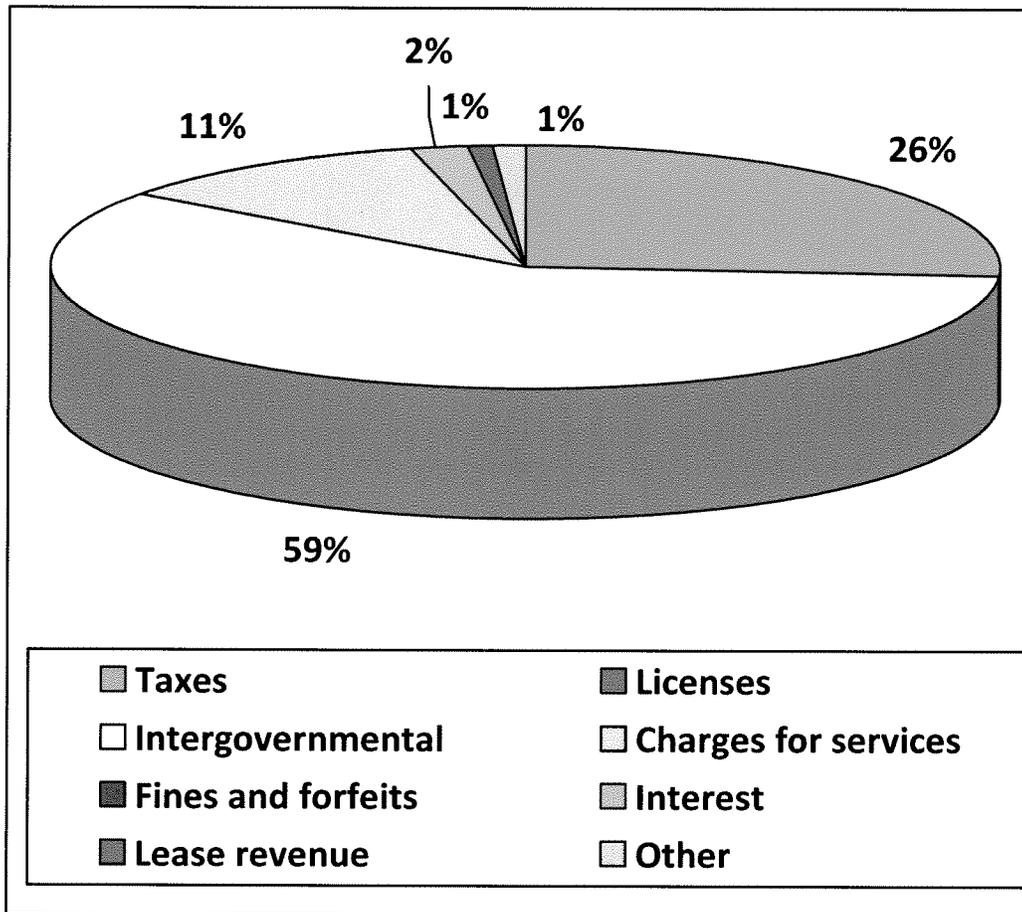
## County of Venango Statements of Revenues, Expenditures, and Changes in Fund Balance Years Ended December 31, 2007 and 2006

	<b>Governmental Funds</b>	
	<b>2007</b>	<b>2006</b>
<b>Revenues:</b>		
Taxes	\$ 10,224,940	\$ 10,333,257
Licenses	34,089	35,929
Intergovernmental	23,786,992	22,398,030
Charges for services	4,498,957	4,534,701
Fines and forfeits	140,813	105,604
Interest	899,875	684,245
Lease revenue	540,000	540,000
Other	466,655	536,406
Total revenues	40,592,321	39,168,172
<b>Expenditures:</b>		
General government - administration	4,757,063	4,832,529
General government - judicial	3,437,953	3,243,666
Public safety	5,410,981	4,264,267
Public works and enterprises	1,821,995	1,907,768
Human services	22,322,016	21,374,924
Conservation and development	920,426	1,052,219
Capital projects	1,201	1,200
Debt service	1,238,020	1,236,973
Total expenditures	39,909,655	37,913,546
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	682,666	1,254,626
<b>Other Financing Sources (Uses):</b>		
Sale of fixed assets	20,998	-
<b>Net Change in Fund Balance</b>	703,664	1,254,626
Fund balance, beginning	12,618,564	11,363,938
Fund balance, ending	\$ 13,322,228	\$ 12,618,564

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental funds revenues, by source, for the year ended December 31, 2007 were:

**County of Venango, Governmental Fund  
Revenues Classified by Source  
Total Revenues: \$40,592,321**

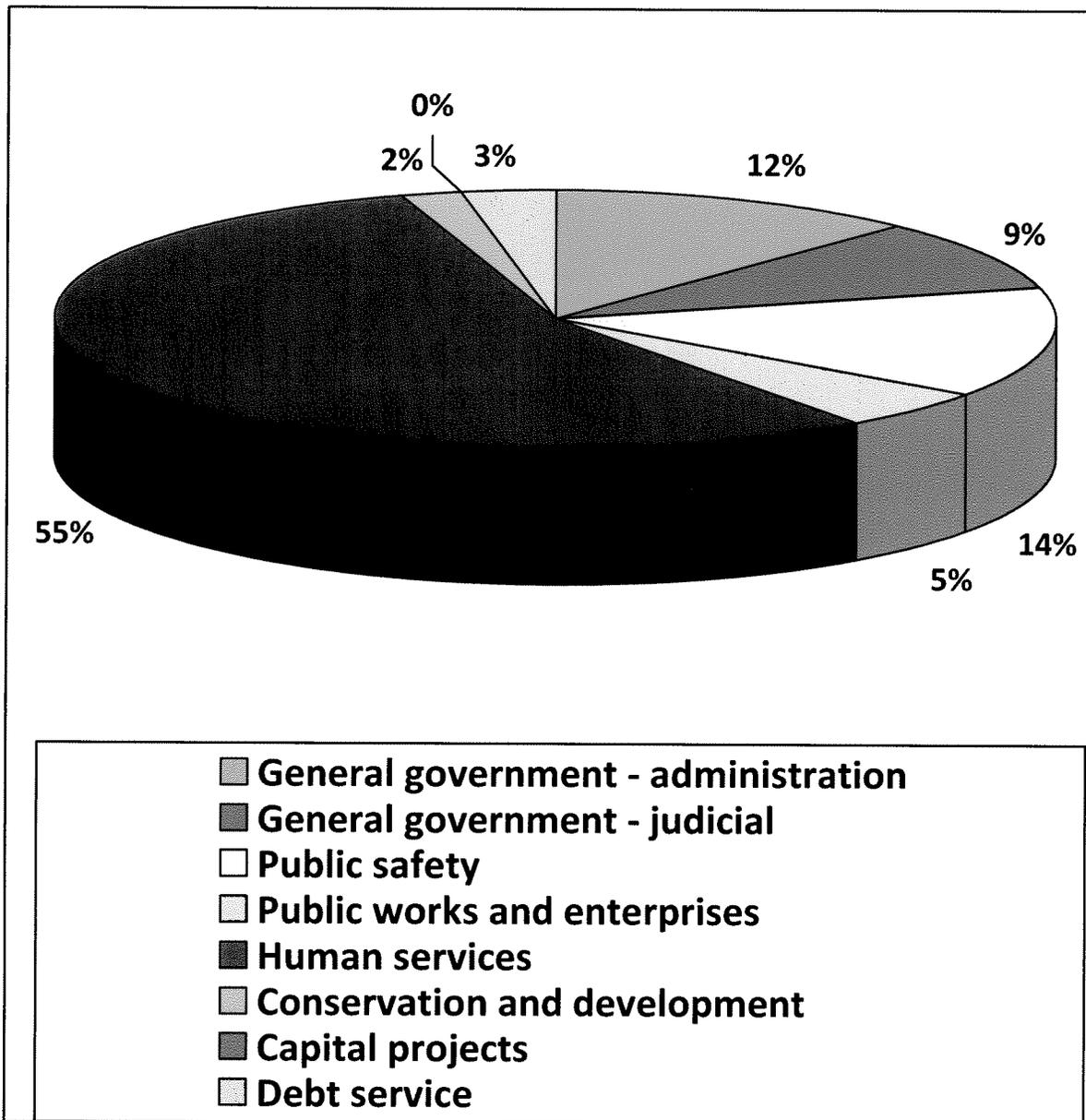


Governmental funds revenue totaled \$40.6 million for the year ending December 31, 2007, of which \$24 million (59%) came from Intergovernmental (Federal and State) Revenue. Taxes accounted for \$10.2 million (25%) in revenue. Charges for services reached \$4.5 million (11%) in revenue.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds expenditures, by function, for the year ended December 31, 2007 were:

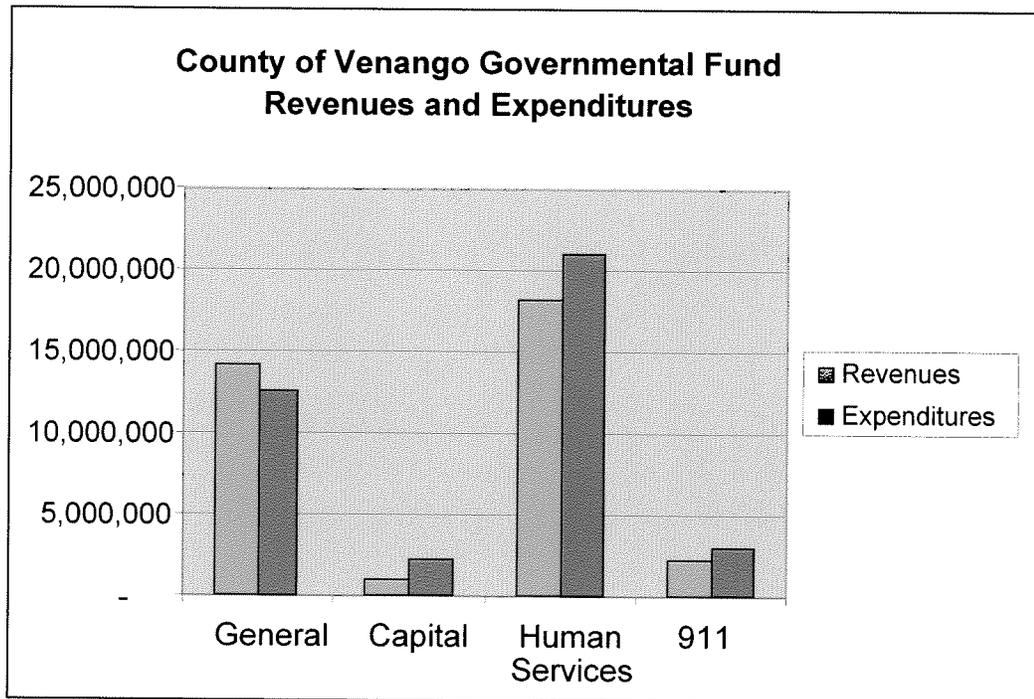
**County of Venango, Governmental Fund  
Expenditures Classified by Function  
Total Expenditures: \$ 39,909,655**



Governmental funds expenditures totaled \$39.9 million for the year ending December 31, 2007, of which \$22.3 million (56%) were Human Services expenditures. Public Safety, General Government – Administration, and General Government - Judicial make up the next largest pieces; each with expenditures ranging from \$3.4 to \$5.4 million.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following chart graphically depicts the total revenues received and expenditures incurred for the governmental funds for the year ended December 31, 2007:



## ***GENERAL FUND BUDGETARY HIGHLIGHTS***

The statement of revenues, expenditures, and changes in fund balance – budget to actual – General Fund for the year ended December 31, 2007 is found on page 7 of the financial statements.

Overall, the County had a favorable variance between the final budget and the actual net change in fund balance of \$2.9 million.

The County had a favorable variance between the final budget and actual revenue of approximately \$836,000. Favorable variances include excess tax revenue of approximately \$291,000 and excess interest of approximately \$212,000. The excess tax revenue results from a lower amount of refunds than anticipated while the excess interest revenue results from investment in short-term certificates of deposit.

The County had a favorable variance between the final budget and actual expenditures of approximately \$1,865,000. The majority of this variance occurred in the General Government – Administration function, which shows approximately \$1,115,000 in favorable variance. The variance is primarily due to favorable variances of:

- \$400,000 in professional fees due to favorable variances in: fiscal, assessment, custodial fees, planning, and the public defender's offices;
- \$300,000 in various insurance costs; and
- \$100,000 in salaries.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ***LONG-TERM DEBT***

As of December 31, 2007, the County has \$10,320,000 of long-term debt, of which \$885,000 is payable in 2008.

## ***BOND RATING***

The County was given an Aaa bond rating from Moody's Rating Committee which was based upon an insurance policy provided by Financial Guaranty Insurance Company. More detailed information about the County's debt can be found in Note 9 of the notes to the primary government financial statements found on pages 30 and 31.

## ***CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT***

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this report or requests for additional information should be directed, in writing, to:

Office of the County Commissioners  
County of Venango, Pennsylvania  
1174 Elk Street  
PO Box 831  
Franklin, PA 16323

# PRIMARY GOVERNMENT FINANCIAL STATEMENTS

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# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	<u>Primary Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 19,046,541
Advances receivable	315,480
Taxes receivable, net	1,585,878
Accounts and loans receivable, at estimated realizable value	547,698
Accounts receivable - fiduciary funds	571,539
Due from other governments	1,776,841
Prepays	62,134
Capital assets, not being depreciated	1,779,952
Capital assets, net of accumulated depreciation	21,555,313
Deferred bond costs	59,363
Lease receivable:	
Current	540,000
Non-current	4,371,090
<b>Total Assets</b>	<u>52,211,829</u>
<b>Liabilities</b>	
Accounts payable	2,865,812
Accrued payroll	424,125
Accrued interest payable	34,051
Due to other governments	1,626,087
Unearned revenue	3,937,306
Compensated absences, non-current	406,221
Bonds payable:	
Current	885,000
Non-current	9,435,000
<b>Total Liabilities</b>	<u>19,613,602</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	13,074,628
Restricted for highways and streets	1,167,576
Unrestricted:	
Lease receivable	4,911,090
Other unrestricted net assets	13,444,933
<b>Total Net Assets</b>	<u>\$ 32,598,227</u>

See accompanying notes to the primary government financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants
<b>Primary government:</b>					
Governmental activities:					
General government - administration	\$ 4,645,644	\$ 663,834	\$ 202,446	\$ -	\$ (3,779,364)
General government - judicial	3,410,984	1,868,611	267,747	-	(1,274,626)
Public safety	4,791,909	797,744	1,467,579	-	(2,526,586)
Public works and enterprises	2,887,674	904,714	-	831,815	(1,151,145)
Human services	22,408,045	448,367	20,968,110	-	(991,568)
Conservation and development	920,707	-	-	278,823	(641,884)
Interest	373,020	-	-	-	(373,020)
Total governmental activities	<u>\$ 39,437,983</u>	<u>\$ 4,683,270</u>	<u>\$ 22,905,882</u>	<u>\$ 1,110,638</u>	<u>(10,738,193)</u>
General revenues:					
Property taxes					9,796,729
Other taxes					504,323
Interest and investment income					1,151,061
Gain on disposal of capital assets					20,998
Other					271,216
Total general revenues					<u>11,744,327</u>
<b>Change in net assets</b>					<b>1,006,134</b>
<b>Net Assets:</b>					
Beginning of year, as restated					31,592,093
End of year					<u>\$ 32,598,227</u>

See accompanying notes to the primary government financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2007

Assets	General Fund	Capital Projects Fund	Human Services Fund	911 Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 8,137,826	\$ 1,933,368	\$ 3,081,151	\$ 2,325,218	\$ 3,568,978	\$ 19,046,541
Advances receivable	-	-	315,480	-	-	315,480
Taxes receivable, net	1,585,878	-	-	-	-	1,585,878
Accounts receivable, net of allowance for uncollectibles	174,150	-	202,177	48,144	123,227	547,698
Due from other funds	721,296	-	211,877	-	31,400	964,573
Due from other governments	85,461	-	807,636	330,048	553,696	1,776,841
Prepays	-	-	10,000	-	52,134	62,134
Lease receivable:						
Current	-	540,000	-	-	-	540,000
Non-current	-	4,371,090	-	-	-	4,371,090
<b>Total Assets</b>	<b>\$ 10,704,611</b>	<b>\$ 6,844,458</b>	<b>\$ 4,628,321</b>	<b>\$ 2,703,410</b>	<b>\$ 4,329,435</b>	<b>\$ 29,210,235</b>
<b>Liabilities and Fund Balance</b>						
Liabilities:						
Accounts payable	\$ 453,779	\$ -	\$ 1,136,561	\$ 1,052,504	\$ 222,968	\$ 2,865,812
Accrued payroll	260,498	-	147,218	16,409	-	424,125
Due to other funds	78,417	-	314,617	-	-	393,034
Due to other governments	-	-	-	1,235,141	390,946	1,626,087
Deferred revenue	1,935,049	4,866,090	2,912,464	376,987	488,359	10,578,949
<b>Total Liabilities</b>	<b>2,727,743</b>	<b>4,866,090</b>	<b>4,510,860</b>	<b>2,681,041</b>	<b>1,102,273</b>	<b>15,888,007</b>
Fund Balance:						
Reserved:						
Program	-	-	107,461	-	82,435	189,896
Prepays	-	-	10,000	-	52,134	62,134
Unreserved, designated for capital projects	-	1,978,368	-	-	-	1,978,368
Unreserved, undesignated reported in:						
General Fund	7,976,868	-	-	-	-	7,976,868
Special Revenue Funds	-	-	-	22,369	3,092,593	3,114,962
<b>Total Fund Balance</b>	<b>7,976,868</b>	<b>1,978,368</b>	<b>117,461</b>	<b>22,369</b>	<b>3,227,162</b>	<b>13,322,228</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,704,611</b>	<b>\$ 6,844,458</b>	<b>\$ 4,628,321</b>	<b>\$ 2,703,410</b>	<b>\$ 4,329,435</b>	<b>\$ 29,210,235</b>

See accompanying notes to the primary government financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

YEAR ENDED DECEMBER 31, 2007

**Total Fund Balance - Governmental Funds** \$ 13,322,228

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore, are not reported as assets in governmental funds. 23,335,265

Long-term lease receivable is not due in the current period and thus is not available to pay for the current period's expenditures, and therefore is reported as deferred in the fund statements. 4,911,090

Property taxes receivable and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and therefore, are deferred in the fund statements. 1,730,553

Governmental funds report the effect of issuance costs, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 59,363

Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Accrued compensated absences	\$ (406,221)	
Bonds payable	(10,320,000)	
Accrued interest on debt	<u>(34,051)</u>	
		<u>(10,760,272)</u>

**Total Net Assets - Governmental Activities** \$ 32,598,227

See accompanying notes to the primary government financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2007

	General Fund	Capital Projects Fund	Human Services Fund	911 Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 10,224,940	-	-	-	-	\$ 10,224,940
Licenses	34,089	-	-	-	-	34,089
Intergovernmental	829,411	-	18,871,980	1,101,412	2,984,189	23,786,992
Charges for services	2,433,996	-	321,220	523,617	1,220,124	4,498,957
Fines and forfeits	140,813	-	-	-	-	140,813
Interest	441,088	159,411	96,425	76,012	126,939	899,875
Lease revenue	-	540,000	-	-	-	540,000
Other	120,922	-	261,034	10,000	74,699	466,655
<b>Total revenues</b>	<u>14,225,259</u>	<u>699,411</u>	<u>19,550,659</u>	<u>1,711,041</u>	<u>4,405,951</u>	<u>40,592,321</u>
<b>Expenditures:</b>						
General government - administration	4,749,624	-	-	-	7,439	4,757,063
General government - judicial	2,907,976	-	-	-	529,977	3,437,953
Public safety	3,477,106	-	-	1,918,612	15,263	5,410,981
Public works and enterprises	501,413	-	-	-	1,320,582	1,821,995
Human services	74,763	-	20,051,265	-	2,195,988	22,322,016
Conservation and development	600,656	-	-	-	319,770	920,426
Capital projects	-	1,201	-	-	-	1,201
Debt service	-	1,238,020	-	-	-	1,238,020
<b>Total expenditures</b>	<u>12,311,538</u>	<u>1,239,221</u>	<u>20,051,265</u>	<u>1,918,612</u>	<u>4,389,019</u>	<u>39,909,655</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,913,721</u>	<u>(539,810)</u>	<u>(500,606)</u>	<u>(207,571)</u>	<u>16,932</u>	<u>682,666</u>
<b>Other Financing Sources (Uses):</b>						
Sale of fixed assets	18,641	-	2,357	-	-	20,998
Transfers in	1,175,504	714,110	1,022,028	118,809	400,582	3,431,033
Transfers out	(2,051,616)	(559,881)	(537,741)	-	(281,795)	(3,431,033)
<b>Total other financing sources (uses)</b>	<u>(857,471)</u>	<u>154,229</u>	<u>486,644</u>	<u>118,809</u>	<u>118,787</u>	<u>20,998</u>
<b>Net Change in Fund Balance</b>	<u>1,056,250</u>	<u>(385,581)</u>	<u>(13,962)</u>	<u>(88,762)</u>	<u>135,719</u>	<u>703,664</u>
<b>Fund Balance:</b>						
Beginning of year	6,920,618	2,363,949	131,423	111,131	3,091,443	12,618,564
End of year	<u>\$ 7,976,868</u>	<u>\$ 1,978,368</u>	<u>\$ 117,461</u>	<u>\$ 22,369</u>	<u>\$ 3,227,162</u>	<u>\$ 13,322,228</u>

See accompanying notes to the primary government financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2007

**Net Change in Fund Balance - Governmental Funds** \$ 703,664

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

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

	Capital outlays	\$ 1,889,813	
	Less: depreciation expense	<u>(2,254,546)</u>	(364,733)

Some taxes and other revenues will not be collected for several months after the County's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues changed by this amount during the year.

119,612

The issuance of long-term obligations (e.g. notes and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

856,812

The lease receivable is scheduled to be collected in monthly installments over the life of the lease, and therefore these revenues are not considered "available" revenues in the governmental funds. The change in the value of the lease receivable is shown here.

(288,814)

In the statement of activities, certain operating expenses - accumulated employee benefits (workers' compensation and sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

(20,407)

**Change in Net Assets of Governmental Activities** \$ 1,006,134

See accompanying notes to the primary government financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 9,858,308	\$ 9,858,308	\$ 10,148,828	\$ 290,520
Licenses	31,650	31,650	33,231	1,581
Intergovernmental	789,151	857,727	927,432	69,705
Charges for services	2,198,030	2,280,357	2,378,564	98,207
Fines and forfeits	101,621	101,621	138,290	36,669
Interest	83,270	83,270	294,864	211,594
Other	40,050	44,050	171,728	127,678
<b>Total revenues</b>	<b>13,102,080</b>	<b>13,256,983</b>	<b>14,092,937</b>	<b>835,954</b>
<b>Expenditures:</b>				
Current:				
General government - administration	5,727,119	5,815,319	4,700,312	1,115,007
General government - judicial	3,682,930	3,795,600	3,323,375	472,225
Public safety	3,668,403	3,699,997	3,443,925	256,072
Public works and enterprises	488,590	497,590	496,564	1,026
Human services	84,130	84,130	74,009	10,121
Conservation and development	589,542	603,942	593,752	10,190
<b>Total expenditures</b>	<b>14,240,714</b>	<b>14,496,578</b>	<b>12,631,938</b>	<b>1,864,640</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,138,634)</b>	<b>(1,239,595)</b>	<b>1,460,999</b>	<b>2,700,594</b>
<b>Other Financing Sources (Uses):</b>				
Sale of fixed assets	-	-	18,641	18,641
Transfers in	3,438,012	3,538,973	3,502,481	(36,492)
Transfers out	(2,299,378)	(2,299,378)	(2,051,616)	247,762
<b>Total other financing sources (uses)</b>	<b>1,138,634</b>	<b>1,239,595</b>	<b>1,469,506</b>	<b>229,911</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,930,505</b>	<b>\$ 2,930,505</b>

See accompanying notes to the primary government financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2007

	Pension Trust Fund	Agency Funds	Total
<hr/> <b>Assets</b> <hr/>			
Cash and cash equivalents	\$ 2,334,566	\$ 497,886	\$ 2,832,452
Investments:			
Registered investment companies	15,143,599	-	15,143,599
Common stock	26,433,983	-	26,433,983
Accounts receivable and fines, at estimated realizable value	-	426,300	426,300
<b>Total Assets</b>	<u>43,912,148</u>	<u>924,186</u>	<u>44,836,334</u>
<hr/> <b>Liabilities</b> <hr/>			
Due to other funds	-	571,539	571,539
Due to other governments	-	210,452	210,452
Escrow liability and interest	-	142,195	142,195
<b>Total Liabilities</b>	<u>-</u>	<u>924,186</u>	<u>924,186</u>
<b>Net Assets Held in Trust for Pension Benefits</b>	<u>\$ 43,912,148</u>	<u>\$ -</u>	<u>\$ 43,912,148</u>

See accompanying notes to the primary government financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2007

	Pension Trust Funds
<b>Additions:</b>	
<hr/>	
Contributions:	
Employee	\$ 891,084
Investment income:	
Net appreciation in fair value of investments	2,958,608
Interest and dividends	1,375,256
	<hr/>
Total investment income	4,333,864
Investment expense	112,002
	<hr/>
Net investment income	4,221,862
	<hr/>
Total additions	5,112,946
<b>Deductions:</b>	
<hr/>	
Benefits and refunds paid to plan members and beneficiaries	1,701,162
Administrative expense	39,422
	<hr/>
Total deductions	1,740,584
<b>Increase in Net Assets</b>	3,372,362
<b>Net Assets:</b>	
<hr/>	
Beginning of year	40,539,786
	<hr/>
End of year	\$ 43,912,148
	<hr/> <hr/>

See accompanying notes to the primary government financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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### 1. REPORTING ENTITY

The County of Venango (County), located in western Pennsylvania, is a sixth class County, originally chartered in 1800 by an act of the Legislature. The County operates under an elected three-member Board of Commissioners (Commissioners). The County provides services in many areas to its residents, including various general government services, public safety, human services, and health and welfare. These programs are financed mainly through the assessment of taxes, charges for services, and federal and state grants.

The reporting entity for the County includes the accounts of all County operations, including administrative and judicial general government, corrections, and health and welfare.

These financial statements include the primary government and do not reflect all component units which meet the criteria for inclusion under Governmental Accounting Standards Board (GASB) Statement No. 14, "*Financial Reporting Entity*."

In evaluating the County as a primary government in accordance with the GASB Statement No. 14, "*Financial Reporting Entity*," and GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*," management has addressed all potential component units. Consistent with applicable guidance, the criteria used by the County to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the County reviews the applicability of the following criteria:

1. Organizations that make up the legal County entity.
2. Legally separate organizations if the Commissioners appoint a voting majority of the organizations' governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.
  - a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
  - b. Financial Benefit or Burden - Exists if the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.

The following separately administered organization meets the criteria for inclusion in the County's reporting entity. However, as described above, these financial statements include only the primary government.

### Oil Region Alliance

The Oil Region Alliance is a private non-profit incorporated for the purpose of assisting existing businesses and attracting new businesses in order to preserve and to create jobs for the residents of the County. In addition, the Alliance is responsible for planning and promoting programs designed to stimulate and increase the volume of tourist, visitor, and vacation-convention business within the County. The Alliance has been designated by the Commissioners as the lead economic development agency in the County. The Alliance is fiscally dependent on funding received from the County and the County appoints one of twenty-five board members. Separate audited financial statements are available from the Alliance located at P.O. Box 128, Oil City, PA 16301.

Following are related organizations, which, with the exception of the Oil Region Alliance, have the majority of their governing Board appointed by the Commissioners, without the County being financially accountable for the organization:

### Venango County Housing Authority

The Venango County Housing Authority (Housing Authority) administers HUD's Section 8 housing program for the County and is funded through federal grants and other revenues. The Housing Authority's Board is appointed by the County and operates independently of any ongoing involvement of the Commissioners. The Housing Authority is not financially accountable to the County and no financial benefit or burden exists between the two entities.

### Venango Park and Natural Resources Authority

The Venango Park and Natural Resources Authority (Park Authority) was organized to own and operate Two-Mile Run County Park and coordinate County-wide recycling efforts and natural resource issues. The Park Authority's Board members are appointed by the County. The Park Authority is not financially accountable to the County and no financial benefit or burden exists between the two entities. See Note 12 regarding the Authority.

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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### Venango County Industrial Development Authority

The Venango County Industrial Development Authority (Development Authority) issues low interest, tax-exempt bonds, and uses the proceeds to finance projects intended to stimulate economic growth in the County. The Development Authority's Board is appointed by the County. The County must approve the concept of any major bond issue of the Development Authority but only in relation to the benefit to the County of the projects that will be funded through the debt proceeds. The approval is considered to be ministerial and the County can not exercise its will over the Development Authority. The County has no responsibility for the Development Authority debt payments.

### Venango County Conservation District

The Venango County Conservation District (Conservation District), whose Board is appointed by the County, provides services and programs intended to address the conservation of the County's natural resources. The Conservation District operates independently of any ongoing involvement of the County and no financial benefit or burden exists between the two entities.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the County. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental grants, are reported separately from business-type activities, (of which the County has none) which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers for services provided and rents and 2) operating grants. Taxes and other items not properly included among program revenues are reported instead as general revenues.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the principal operating fund of the County which is used to account for all financial transactions except those required to be accounted for in other funds.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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The *Human Services Fund* is used to account for the proceeds of revenue received from various federal, state and county sources. This fund is restricted for the provision of specified social services to eligible recipients.

The *911 Fund* is used to account for money received from phone user charges and potential County contributions to operate the County's emergency communication systems, as well as grants received from the state for E-911 upgrades.

Additionally, the government reports the following fiduciary funds:

The *Pension Trust Fund* accounts for the activities of the Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for cash collected by elected row officers (Register of Wills and Recorder of Deeds, Sheriff, Prothonotary and Clerk of Courts, and Treasurer) and other County offices that are subsequently disbursed to the County, other governments, or individuals for whom it was collected.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. The government has elected not to follow subsequent private-sector guidance.

### Interfund Activity in the Government-Wide Statements

The effect of interfund activity has been eliminated from the government-wide financial statements.

### Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased.

### Investments

Investments are stated at fair value based on current market prices.

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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### Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and fiduciary funds are reported in the government-wide financial statements as “accounts receivable – fiduciary funds.”

### Inventories and Prepaid Items

Inventories used in governmental funds, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2007 is not significant.

### Capital Assets

Capital assets, which include land and land improvements, building and improvements, machinery and equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with initial, individual cost of more than of \$1,000 and an estimated useful life in excess of three years. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. These costs are charged to operations when incurred.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and improvements	5 - 40 years
Machinery and equipment	5 - 20 years
Infrastructure	10 - 40 years

### Compensated Absences

The County follows the provisions of GASB Statement No. 16, “*Accounting for Compensated Absences.*” Calculation of the liability amount is determined by the

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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appropriate vacation, sick, and lump sum payments, which would be available to employees if they would leave or retire from the County.

All accumulated vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### Reserved

Reserved is used to denote that portion of fund balance that is not available for expenditure appropriation or is legally segregated for a specific purpose.

Reserve for prepaid expenditures: This reserve accounts for prepaid expenditures.

Reserve for program expenditures: This reserve accounts for funds that are restricted by the grantor for program purpose uses only.

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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### Unreserved

Unreserved is used to denote that portion of the fund balance that is available for appropriation.

### Designated

Designated is used to denote that portion of the fund balance designated for specific purposes.

### Budgets and Budgetary Accounting

Annual budgets are required to be adopted on a basis consistent with cash basis for the General Fund. The budgetary controls for the Human Services Fund and other funds are maintained through enforcement of related grant provisions or debt indentures.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Starting in August, a budget package is prepared and sent to each department and row officer. The department or agency heads use this budget package to develop financial projections for their programs for the ensuing year.
2. The budget is presented in preliminary form to the Commissioners in September. The Commissioners can interview department or agency heads to discuss their budgets if deemed necessary.
3. Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable method of financing them.
4. Subsequently, the preliminary projections of revenues and expenditures are incorporated into a final budget including any revisions or adjustments resulting from the aforementioned Commissioners' review.
5. By December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
6. After the 20-day inspection period, but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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Legally management of the County including department heads may make budgetary transfers between departments as long as overall fund expenditures are not affected. However, as a matter of control all transfers between departmental budgets are ratified by the Commissioners. The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. The Commissioners must approve changes to overall appropriations at the fund level. Therefore, the legal level of budgetary responsibility is by fund.

During the year, there were supplemental appropriations enacted. Budget transfers did occur between accounts. The statement of revenues, expenditures, and changes in fund balance - budget and actual – General Fund, reflects the originally adopted budget and the originally adopted budget adjusted for supplemental appropriations. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The following is a reconciliation of the actual results of operations in the statement of revenues, expenditures, and changes in fund balance – General Fund to the budgetary cash basis of accounting used in the statement of revenues, expenditures, and changes in fund balance – budget and actual – General Fund.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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	<u>General Fund</u>
Net change in fund balance - General Fund as presented (modified accrual)	\$ 1,056,250
Adjustment to reconcile accounts and real estate taxes receivable to budgetary basis	5,975
Adjustment to reconcile prepaids and accounts and wages payable to budgetary basis	122,609
The Operating Reserve fund is reported within the General Fund but is budgeted as a separate fund	1,777,637
Domestic Relations Fund is budgeted in the General Fund but is presented separately as a non-major governmental fund	<u>(31,966)</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u><u>\$ 2,930,505</u></u>

### Estimates

The preparation of the financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ than those estimates.

### Net Assets

The balance sheet presentation required by GASB Statement No. 34, "*Basis Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*," includes the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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- Invested in capital assets, net of related debt – This component of net assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- Restricted – This component of net assets consists of constraints placed on net asset use through external restrictions.
- Unrestricted – The component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### Restatement of Net Assets

The beginning net asset balance as of January 1, 2007 has been restated in the government-side financial statements, as the County adopted the provisions related to the accounting and financial reporting of capital assets set forth in GASB Statement No. 34, “*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*”

Beginning net assets and beginning capital assets have been increased by \$23,669,998 to reflect the County’s inclusion of capital assets on the December 31, 2007 financial statements.

### **3. DEPOSITS AND INVESTMENTS**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds and other investments consistent with sound business practice.

GASB Statement No. 40, “*Deposit and Investment Risk Disclosures,*” requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk, to the extent they are applicable to the deposits and investments held by the County.

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County's current deposit and investment policy limits its investment choices based on credit ratings by nationally recognized statistical rating organizations to the following:

- United States Treasury bills.
- Obligations of the United States government or its agents or instrumentalities.
- Deposits in savings or time accounts or share accounts of financial institutions having their principal place of business in the Commonwealth of Pennsylvania and are insured by the FDIC, FSLIC, NCUSIF, PDIC, or PSAIC and, for any amounts above the insured maximum, are collateralized as provided by law.
- Obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision, or any of its respective agencies or instrumentalities, which are backed by the full faith and credit of the respective government unit.
- Certificates of deposit purchased from institutions having their principal place of business in the state of Pennsylvania and are insured by the FDIC, FSLIC, NCUSIF, PDIC, or PSAIC and, for any amounts above the insured maximum, are collateralized by a pledge or assignment of assets of the institution.

The deposit and investment policy of the County adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits, savings accounts, or certificates of deposit.

### Deposits

The following is a description of the County's deposit risks:

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's formal policy for custodial credit risk is described above. Of the bank balance of \$19,333,756 at December 31, 2007, \$453,264 was covered by federal depository insurance. The remaining balance of \$18,880,492 was collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name. These deposits, with carrying amounts as of December 31, 2007, of \$19,046,541 are reported as cash and cash equivalents in the statement of net assets.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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### Agency Fund

The County maintains bank accounts for the elected row officers and other County offices. The balance of these accounts is reflected in the statement of fiduciary net assets. Receipts and disbursements for these programs were \$4,193,132 and \$4,314,596, respectively, for the year December 31, 2007. The carrying amount of deposits for the row offices and other County offices was \$497,886 and the bank balance was \$569,949. Of the bank balance, \$167,241 was covered by federal depository insurance. The remaining balance of \$402,708 was collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

### Pension Trust Fund

The Pension Trust Fund investments are held separately from those of other County funds. Investments of the plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price. The County's Pension Trust Fund maintains investment policies that summarize the investment philosophy of the County's Pension Trust Fund and establishes investment guidelines and performance objectives for the fund.

As of December 31, 2007, the County Pension Trust Fund held the following investments:

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

<u>Cash or Investment Type</u>	<u>Fair Market Value</u>	<u>Investment Maturities (In Years) from December 31</u>			
		<u>Less than 1 year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 years</u>
Bond Mutual Funds	\$ 3,831,370	\$ 3,831,370	\$ -	\$ -	\$ -
Government Bonds	99,261	-	-	-	99,261
Corporate Bonds	2,716,483	410,422	723,830	732,523	849,708
Federal National Mortgage Association	2,209,560	700,341	396,150	-	1,113,069
U.S. government and agency securities:					
U.S. Treasury Notes	4,157,536	-	2,536,778	1,620,758	-
U.S. Treasury Bonds	598,635	-	-	-	598,635
Asset backed securities	249,297	-	249,297	-	-
Federal Home Loan Mortgage	450,148	-	-	-	450,148
Federal Home Loan Bank	492,809	-	-	238,746	254,063
Other governmental strips	338,500	-	-	-	338,500
<b>Total debt securities</b>	<u>15,143,599</u>	<u>\$ 4,942,133</u>	<u>\$3,906,055</u>	<u>\$ 2,592,027</u>	<u>\$3,703,384</u>
Cash and cash equivalents	2,334,566				
Common stock	<u>26,433,983</u>				
<b>Total cash and other investments</b>	<u>28,768,549</u>				
<b>Total Pension Trust Fund cash, cash equivalents, and investments reported on statement of fiduciary net assets</b>	<u>\$ 43,912,148</u>				

The following is a description of the County's Pension Trust Fund deposit and investment risks:

*Credit risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County's Pension Trust Fund current investment policy has no qualitative guidelines suggested with regard to ratings, rankings, etc., except that all assets selected for the portfolio must have a readily ascertainable market value and must be marketable. The pension investment policy limits its deposit and investment choices to the following:

*Equities:* Common stock, convertible securities, including debentures and American depository receipts.

*Fixed-income investments:* U.S. Government and Agency securities notes and bonds, commercial paper, certificates of deposit, corporate bonds, preferred stock, insured unit investment trusts, and laddered bond portfolio.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

*Short Term Cash:* Funds must be deposited in a money market fund, an interest bearing account, or in 30-day treasuries. No more than \$100,000 is to be on deposit with any single institution, and no instrument of deposit will carry a maturity greater than 180 days, and the institution must be FDIC insured.

As of December 31, 2007, the County's Pension Trust Fund investments in corporate bonds and U.S. Government and Agency securities have received the following ratings from Moody's:

Investment Type	Moody's Rating	Percentage of Total Pension Trust Fund Corporate Bonds
Corporate Bonds	Aaa	54%
Corporate Bonds	Aa2	1%
Corporate Bonds	Aa3	5%
Corporate Bonds	A1	12%
Corporate Bonds	A2	15%
Corporate Bonds	A3	3%
Corporate Bonds	Baa1	3%
Corporate Bonds	Baa2	5%
Corporate Bonds	Baa3	2%
		100%
		Percentage of Total U.S. Government and Agency Securities
Investment Type	Moody's Rating	Percentage of Total U.S. Government and Agency Securities
U.S. Government Agency - FHLMC	AAA	9%
U.S. Government Agency - FNMA	AAA	59%
U.S. Government Agency - other	AAA	20%
U.S. Government Agency - other	Unrated	12%
		100%

*Custodial Credit Risk* - For deposits and investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust Funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The County's Pension Trust Fund does not have a formal investment policy for custodial credit risk. The County's Pension Trust Fund investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. As of December 31, 2007, the County's Pension Trust Fund cash and cash equivalents bank and investment balance was \$2,416,535 and the carrying amount was \$2,334,566. Of the bank and investment balance, \$2,360,293

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

was exposed to custodial credit risk. All of the County's Pension Trust Fund investments were uninsured and held by the counterparty, or by the counterparty's trust department or agent but not in the County's name.

*Interest Rate Risk* – The Pension Trust Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### 4. CAPITAL ASSETS

As discussed in Note 2, prior to 2007 the County did not record capital assets or the related activity in the financial statements. Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance at January 1, 2007	Additions	Transfers/ Deletions	Balance at December 31, 2007
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,779,952	\$ -	\$ -	\$ 1,779,952
Capital assets, being depreciated:				
Land improvements	395,087	-	-	395,087
Buildings and improvements	12,311,451	124,810	-	12,436,261
Machinery and equipment	9,254,399	1,557,192	(150,570)	10,661,021
Infrastructure	20,178,562	207,811	-	20,386,373
Total capital assets, being depreciated	42,139,499	1,889,813	(150,570)	43,878,742
Less: accumulated depreciation for:				
Land improvements	(185,859)	(19,755)	-	(205,614)
Buildings and improvements	(4,559,878)	(313,622)	-	(4,873,500)
Machinery and equipment	(6,686,479)	(827,327)	150,570	(7,363,236)
Infrastructure	(8,787,237)	(1,093,842)	-	(9,881,079)
Total accumulated depreciation	(20,219,453)	(2,254,546)	150,570	(22,323,429)
Total capital assets, being depreciated net	21,920,046	(364,733)	-	21,555,313
Governmental activities, capital assets, net	\$ 23,699,998			\$ 23,335,265

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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

Governmental activities:		
General government	\$	118,804
Judicial		60,886
Public safety		437,829
Public works		1,284,417
Human services		<u>352,610</u>
Total depreciation expense - governmental activities	\$	<u><u>2,254,546</u></u>

### 5. REAL ESTATE TAXES

Real estate taxes attach as an enforceable lien on property as of January 1 and are levied on March 1. These taxes are billed by the County and collected by elected tax collectors. Taxes paid through April 30 are reduced by a 2% discount. Amounts paid after June 30 are assessed a 10% penalty. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

The County is permitted by the County Code of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of assessed valuation for general County purposes and the rate of taxation for payment of interest and principal on any indebtedness shall be unlimited. For 2007, County real estate taxes were levied at the rate of 5.565 mills on assessed valuation. Total assessed valuation for non-exempt properties in 2007 was approximately \$1,775,300,000.

All taxes receivables are shown net of an allowance for uncollectibles. Uncollected real estate taxes at December 31, 2007, including delinquent amounts, interest, and penalties, were \$1,817,113. Of this amount, approximately \$230,264 was considered uncollectible at December 31, 2007 and is netted against the corresponding taxes receivable balance on the statement of net assets.

### 6. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

All trade and taxes receivables are shown net of an allowance for uncollectibles. The County estimates the allowance for uncollectibles using historical collection data and in certain

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

cases, specific account analysis. The allowance for uncollectible accounts at December 31, 2007 is as follows:

<b>Governmental activities:</b>	Gross Receivable	Allowance for Uncollectibles	Net Receivable
Property taxes receivable	\$ 1,817,113	\$ 230,264	\$ 1,586,849
Court related receivables (portion of internal balances)	\$ 4,052,928	\$ 3,626,628	\$ 426,300

### 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2007, as well as interfund transfers for the year ended December 31, 2007 were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
<b>Governmental Activities:</b>				
General	\$ 721,296	\$ 78,417	\$ 1,175,504	\$ 2,051,616
Capital Projects	-	-	714,110	559,881
Human Services	211,877	314,617	1,022,028	537,741
911 Fund	-	-	118,809	-
Other governmental funds	31,400	-	400,582	281,795
<b>Fiduciary Funds:</b>				
Agency Funds	-	571,539	-	-
	\$ 964,573	\$ 964,573	\$ 3,431,033	\$ 3,431,033

A large portion of the General Fund interfund transfers out and Human Service Fund transfers in represents the County's required contribution to various programs based upon Department of Public Welfare requirements. The majority of the interfund receivable balance in the General Fund represents amounts due from various Agency Funds, and overpayments due back from the Human Services Fund.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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### 8. VENANGO COUNTY EMPLOYEES' RETIREMENT SYSTEM

#### Plan Description

The Venango County Employees' Retirement System (Plan), as administrated by the County, is a single employer defined benefit pension plan governed by the County Pension Law Act 96 (Act) of 1971, as amended, enacted by the General Assembly of the Commonwealth of Pennsylvania. The Plan is reported as the Employees' Retirement Fund in the accompanying financial statements. Separate Plan financial statements are not available.

All full-time County employees become plan participants immediately upon becoming an employee. Membership in the Plan is optional for elected officials. The Plan requires each member to contribute a percentage of their salary to the plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

At January 1, 2007, the date of the most recent valuation, participants in the Plan were as follows:

Participants:	
Retirees and beneficiaries	220
Deferred vested	34
Active employees:	
Vested	121
Nonvested	202

#### Summary of Significant Accounting Policies

Financial information of the Plan is presented 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 as required by the Act and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments of the Plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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### Contributions and Funding Policy

The Plan funding policy provides for periodic employer contributions at actuarially determined rates, that expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates is determined using the aggregate actuarial funding method and the same actuarial assumptions used to calculate the net pension obligation.

As a condition of participation, employees hired after January 1, 2004 are required to contribute 9% of their salary and employees hired prior to January 1, 2004 are required to contribute 8%, as stipulated in the Act. Interest is credited to employee accounts each year at an annual rate of between 4.0% and 5.5% as voted upon by the County Retirement Board.

In 2007, the County was not required to make a contribution to the plan as determined by the January 1, 2007 actuarial valuation. The 2007 employee contributions were \$891,084.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the Plan and funded from investment earnings.

The County's annual pension cost and related information is as follows:

Annual pension cost	\$	-
Contributions made	\$	-
Actuarial valuation date		1/1/2007
Actuarial cost method		Aggregate**
Asset valuation method		5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return*		7.50%
Projected salary increases*		4.0% - 4.5%; graduated .25% increments over 2 years
Cost of living adjustments		100% change in C.P.I.

\* Includes inflation at 3%.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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\*\* Plans that use the aggregate actuarial cost method are not required to present a schedule of funding progress. Separate determination and amortization of the unfunded actuarial liability are not part of the aggregate actuarial cost method and are not required when that method is used.

The County does not have a net pension obligation (NPO) as of December 31, 2007.

### Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2005	\$ -	100.0%	\$ -
12/31/2006	-	100.0%	-
12/31/2007	-	100.0%	-

## 9. LONG-TERM LIABILITIES

### General Obligation Bonds, Series of 2002

In September 2002, the County issued the General Obligation Bond Series of 2002 (2002 Bonds) in the amount of \$8,035,000. The 2002 Bonds proceeds were used to refund the outstanding General Obligation Bonds, Series of 1992 and 1993B and pay the costs of issuing and insuring bonds. The 2002 Bonds, whose last scheduled maturity date is June 1, 2019, bear interest at rates that vary from 1.50% to 4.35%.

### General Obligation Bonds, Series of 2003

In April 2003, the County issued the Series 2003 General Obligation Bonds (2003 Bonds) for \$5,095,000. The 2003 Bonds proceeds were used to refund the County's Series 1993B General Obligation Bonds (1993 Bonds). The 2003 Bonds, whose last scheduled maturity date is June 1, 2015, bear interest at rates between 1.1% and 3.7%.

Annual debt service requirements to maturity related to the 2002 and 2003 Bonds are as follows:

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Years	Principal	Interest	Total
2008	\$ 885,000	\$ 350,625	\$ 1,235,625
2009	910,000	326,102	1,236,102
2010	940,000	298,428	1,238,428
2011	970,000	267,871	1,237,871
2012	995,000	234,964	1,229,964
2013-2017	4,525,000	632,347	5,157,347
2018-2021	1,095,000	41,309	1,136,309
	\$ 10,320,000	\$ 2,151,646	\$ 12,471,646

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007 was as follows:

	Balance at December 31, 2006	Additions	Reductions	Balance at December 31, 2007	Due Within One Year
Compensated absences	\$ 385,814	\$ 20,407	\$ -	\$ 406,221	\$ -
Bond Series:					
2002	7,095,000	-	(460,000)	6,635,000	465,000
2003	4,090,000	-	(405,000)	3,685,000	420,000
Long-term liabilities	\$ 11,570,814	\$ 20,407	\$ (865,000)	\$ 10,726,221	\$ 885,000

## 10. LEASE RECEIVABLE

On January 1, 1998, Venango Manor, a 214-bed nursing home, was sold to Sugarcreek Station, a new nonprofit subsidiary of a regional health system. The sale was in the form of a lease-purchase agreement that called for \$50,000 to be paid at closing and monthly installments of \$45,000 each to be paid over the ensuing 18 years. The agreement includes a \$2 million bargain purchase payment at the end of 18 years. Management believes this option will be exercised and title will pass.

The following is a schedule of future minimum lease payments under the lease purchase agreement, together with the net present value of the minimum lease payments as of December 31, 2007:

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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2008	\$ 540,000
2009	540,000
2010	540,000
2011	540,000
2012	540,000
Subsequent	<u>3,620,000</u>
Future minimum lease payment for sale-leaseback agreement	6,320,000
Discounted to present value	<u>(1,408,910)</u>
Present value of minimum lease payments	<u>\$ 4,911,090</u>

### 11. COMMITMENTS AND CONTINGENCIES

#### Commitments

During 2007, the County entered into an agreement with the Oil Region Alliance, a component unit of the County, to lease office and storage space for use by various Human Service Departments. The first payment was not made until June 2008, but the agreement was entered into prior to December 31, 2007. The total minimum lease payments for this lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2008	\$ 363,936
2009	436,723
2010	492,123
2011	503,203
2012	558,603
2013-2017	2,868,725
2018-2022	2,889,748
2023-2027	2,666,908
2028	<u>531,840</u>
Total	<u>\$ 11,311,809</u>

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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### Contingencies

The County participates in both state and federally assisted grant programs. These grant programs are subject to program compliance audits by the grantors or their representatives. The County is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The County has been named in other cases and complaints. There are numerous matters involving prisoners at the Venango County Jail and various items that have occurred in the normal course of business. These matters are currently being reviewed by the County, as well as the County's insurance carrier and legal counsel. No determination as to the likelihood of loss or the range of loss can be determined at this time; therefore, no loss provisions have been included in the accompanying financial statements.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant changes in insurance coverage since the prior year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

## **12. SUBSEQUENT EVENT**

In May 2007, the Board of the Park Authority (as described in Note 1) voted to cease operations at the park and return the park to the County. In September 2007, the County accepted the resignations of the Park Authority Board and appointed a new Park Authority Board. In March 2008, the Park Authority was dissolved and the park was returned to County ownership. The County assumed all operational and financial responsibilities associated with the park.

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## REQUIRED SUPPLEMENTARY INFORMATION

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# COUNTY OF VENANGO, PENNSYLVANIA

## SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

<u>Calendar Year</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2002	\$ -	N/A
2003	-	N/A
2004	-	N/A
2005	-	N/A
2006	-	N/A
2007	-	N/A

N/A = Not Applicable

See accompanying note to supplementary schedule.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTE TO SUPPLEMENTARY SCHEDULE

DECEMBER 31, 2007

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

Actuarial valuation date	1/1/2007
Actuarial cost method	Aggregate**
Asset valuation method	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return *	7.50%
Projected salary increases *	4.0% - 4.5%; graduated .25% increments over 2 years
Cost of living adjustments	100% change in C.P.I.

\* Includes inflation at 3%.

\*\* Plans that use the aggregate actuarial cost method are not required to present a schedule of funding progress. Separate determination and amortization of the unfunded actuarial liability are not part of the aggregate actuarial cost method and are not required when that method is used.

## ADDITIONAL INFORMATION

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## **HUMAN SERVICES FUND**

These accounts are used to account for the expenditure of a combination of revenues received from various federal, state, and County sources. These accounts are restricted for the provision of specified social services to eligible recipients. The Human Services Fund is comprised of the following accounts:

The **Area Agency on Aging** account is used to account for various funds received from and through the Pennsylvania Department of Aging to provide services to eligible older Pennsylvanians based on the local Area Plan.

The **Retired Senior Volunteer Program (RSVP)** account includes Federal funds received from the Corporation for National and Community Service through the AAA sponsorship. These funds are used to help Americans age 55 or older find opportunities to address community needs through volunteer service. The RSVP locally is also supported in part by the Area Agency on Aging and community contributions.

The **Children and Youth Services** account is used to account for the proceeds of revenue received from various federal, state, and County sources. This revenue is restricted for the provision of specified social services to eligible children and youths within the County.

The **Substance Abuse** account is used for the control, prevention, intervention, treatment, rehabilitation, research, education, and training aspects of drug and alcohol abuse and dependence problems. It is funded by various state, federal, and County funds.

The **Mental Health and Mental Retardation** accounts are used to account for the proceeds of revenue received from various federal, state, and county sources. The account is restricted for the provision of specified social services provided to eligible recipients with a mental health or mental retardation diagnosis.

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# COUNTY OF VENANGO, PENNSYLVANIA

## HUMAN SERVICES FUND COMBINING BALANCE SHEET

DECEMBER 31, 2007

	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Mental Retardation	Total Human Services Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 493,925	\$ 16,456	\$ 530,389	\$ 146,483	\$ 248,934	\$ 1,644,964	\$ 3,081,151
Advances receivable	-	-	-	-	45,821	269,659	315,480
Accounts receivable, net of allowance for uncollectibles	12,035	-	77,425	83,240	4,331	25,146	202,177
Due from other funds	21,277	-	58,117	5,624	4,207	122,652	211,877
Due from other governments	75,636	-	642,066	(54,092)	38,778	105,248	807,636
Prepays	-	-	10,000	-	-	-	10,000
<b>Total Assets</b>	<b>\$ 602,873</b>	<b>\$ 16,456</b>	<b>\$ 1,317,997</b>	<b>\$ 181,255</b>	<b>\$ 342,071</b>	<b>\$ 2,167,669</b>	<b>\$ 4,628,321</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 81,660	\$ 44	\$ 460,943	\$ 51,157	\$ 94,866	\$ 447,891	\$ 1,136,561
Accrued payroll	33,202	2,050	43,871	12,880	23,434	31,781	147,218
Due to other funds	-	-	191,993	-	8,809	113,815	314,617
Deferred revenue	481,796	438	601,347	39,739	214,962	1,574,182	2,912,464
<b>Total Liabilities</b>	<b>596,658</b>	<b>2,532</b>	<b>1,298,154</b>	<b>103,776</b>	<b>342,071</b>	<b>2,167,669</b>	<b>4,510,860</b>
<b>Fund Balance:</b>							
Reserved:							
Program	6,215	13,924	9,843	77,479	-	-	107,461
Prepays	-	-	10,000	-	-	-	10,000
<b>Total Fund Balance</b>	<b>6,215</b>	<b>13,924</b>	<b>19,843</b>	<b>77,479</b>	<b>-</b>	<b>-</b>	<b>117,461</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 602,873</b>	<b>\$ 16,456</b>	<b>\$ 1,317,997</b>	<b>\$ 181,255</b>	<b>\$ 342,071</b>	<b>\$ 2,167,669</b>	<b>\$ 4,628,321</b>

# COUNTY OF VENANGO, PENNSYLVANIA

## HUMAN SERVICES FUND

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2007

	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Mental Retardation	Eliminations	Total Human Services Funds
<b>Revenues:</b>								
Intergovernmental	\$ 1,934,096	\$ 59,129	\$ 6,094,708	\$ 818,973	\$ 2,334,735	\$ 7,630,339	\$ -	\$ 18,871,980
Charges for services	32,461	-	228,570	49,190	-	10,999	-	321,220
Interest	288	534	1,721	5,882	21,129	66,871	-	96,425
Other	22,622	1,060	196,253	1,825	15,400	23,874	-	261,034
<b>Total revenues</b>	<u>1,989,467</u>	<u>60,723</u>	<u>6,521,252</u>	<u>875,870</u>	<u>2,371,264</u>	<u>7,732,083</u>	<u>-</u>	<u>19,550,659</u>
<b>Expenditures:</b>								
Human services	1,812,770	60,057	7,285,309	982,054	2,248,692	7,662,383	-	20,051,265
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>176,697</u>	<u>666</u>	<u>(764,057)</u>	<u>(106,184)</u>	<u>122,572</u>	<u>69,700</u>	<u>-</u>	<u>(500,606)</u>
<b>Other Financing Sources (Uses):</b>								
Sale of fixed assets	-	-	-	39	580	1,738	-	2,357
Transfers in	20,537	-	986,158	95,026	639	35,739	(116,071)	1,022,028
Transfers out	(194,218)	-	(213,450)	(15,176)	(123,791)	(107,177)	116,071	(537,741)
<b>Total other financing sources (uses)</b>	<u>(173,681)</u>	<u>-</u>	<u>772,708</u>	<u>79,889</u>	<u>(122,572)</u>	<u>(69,700)</u>	<u>-</u>	<u>486,644</u>
<b>Net Change in Fund Balance</b>	<u>3,016</u>	<u>666</u>	<u>8,651</u>	<u>(26,295)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,962)</u>
<b>Fund Balance:</b>								
Beginning of year	3,199	13,258	11,192	103,774	-	-	-	131,423
End of year	<u>\$ 6,215</u>	<u>\$ 13,924</u>	<u>\$ 19,843</u>	<u>\$ 77,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,461</u>

## OTHER GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Following are the Special Revenue Funds used by the County:

The **Liquid Fuels Fund** accounts for state aid revenues used for the building and improving of roads and bridges through the County.

The **Affordable Housing Program Fund** accounts for the revenue and expenditures authorized by Act 137 of 1992 by the General Assembly of the Commonwealth of Pennsylvania for the purpose of providing housing services to low to moderate income families.

The **Airport Fund** accounts for the monies earned from the sale of fuel at the Venango County Airport and monies received from the state to fund major airport projects. The fund is also used to account for the activity related to the airshow held yearly at Venango County Airport.

The **Hazardous Materials Fund** accounts for monies received from companies who have hazardous waste removed from their premises. These funds are to be used in the event of a hazardous waste accident.

The **Planning Commission Fund** is used to match grants received for special projects.

The **Court Constable Fund** accounts for fees imposed by the district justice offices and pays court and constable expenses consistent with the court order establishing the fund.

The **Offender ID Fund** accounts for fees imposed and offender identification charges consistent with the court order establishing the fund.

The **Juvenile Court Restitution Fund** accounts for fees imposed by the district justice offices and courts for all juvenile cases in the County. The money will be used for expenses relating to juvenile probation.

The **County Records Improvement Fund** is used to account for a recording fee surcharge. The money is to be expended based on the goal of standardizing and equalizing the capabilities of all County offices consistent with their need to receive, manage, and provide information to the public as efficiently as possible.

The **Prothonotary Automation Fund** is used to account for fee surcharges collected by the Prothonotary to be used solely for the purpose of automation and continued automation updates for the office.

The **Community Development Block Grant Fund** is used to account for the revenue and expenditures appropriated from the Housing and Community Act of 1974 for the purpose of improving water systems, sanitary sewer systems, storm sewers, housing rehabilitation, public/community facilities, streets and roads, and the removal of architectural barriers.

The **Community Services Block Grant Fund** accounts for Federal funds used to provide housing, transportation, utility assistance, and other services to low income clients in Crawford and Venango County.

The **Office of Economic Opportunity – Supported Work Program Fund** accounts for Federal funds used to provide supported work experience and other related activities to Crawford and Venango County residents.

The **Office of Economic Opportunity – Weatherization Fund** is used to account for weatherization services provided to eligible renters and homeowners, and services to alleviate non-fuel related heating emergencies.

The **Office of Economic Opportunity – Other Funds** are used to account for various activities providing services to County residents.

The **Transportation Fund** is used to account for the expenditure of a combination of federal, state, and County monies designated for the purpose of providing and improving public transportation throughout the County.

The **Special Purpose Gifts Fund** is used to account for the receipt of private grant funds that are restricted for use as determined by the grantee.

The **Tax Claim Delinquent Fund** is used to account for the operations of the Tax Claim Bureau. Amounts collected on behalf of other governments have been reported net of remittances.

The **Adoption Counseling Fund** accounts for adoption filing fees and the cost of adoption counseling for individuals unable to pay for these services.

The **Domestic Relations Operation Fund** is used to account for expenditures and revenue related to the operation of the County's child support enforcement program, which is funded by federal, state, and County funds.

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# COUNTY OF VENANGO, PENNSYLVANIA

## OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2007

	Special Revenue Funds									
	Liquid Fuels	Affordable Housing Program	Airport	Hazardous Materials	Planning Commission	Court Constable	Offender ID	Juvenile Court Restitution	County Records Improvement	Prothonotary Automation
\$ 1,167,576	\$ 312,989	\$ 845,581	\$ 44,538	\$ 1,631	\$ 114,190	\$ 59,569	\$ 3,913	\$ 47,362	\$ 62,071	
-	-	22,872	3,384	-	-	-	-	-	-	
-	3,432	-	-	-	431	1,206	145	1,236	1,553	
-	-	320,652	-	-	-	-	-	-	-	
-	-	52,134	-	-	-	-	-	-	-	
<u>\$ 1,167,576</u>	<u>\$ 316,421</u>	<u>\$ 1,241,239</u>	<u>\$ 47,922</u>	<u>\$ 1,631</u>	<u>\$ 114,621</u>	<u>\$ 60,775</u>	<u>\$ 4,058</u>	<u>\$ 48,598</u>	<u>\$ 63,624</u>	
\$ -	\$ 8,250	\$ 44,622	\$ 512	\$ -	\$ 7,238	\$ 106	\$ -	\$ -	\$ -	
31,433	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
31,433	8,250	44,622	512	-	7,238	106	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	52,134	-	-	-	-	-	-	-	
1,136,143	308,171	1,144,483	47,410	1,631	107,383	60,669	4,058	48,598	63,624	
1,136,143	308,171	1,196,617	47,410	1,631	107,383	60,669	4,058	48,598	63,624	
<u>\$ 1,167,576</u>	<u>\$ 316,421</u>	<u>\$ 1,241,239</u>	<u>\$ 47,922</u>	<u>\$ 1,631</u>	<u>\$ 114,621</u>	<u>\$ 60,775</u>	<u>\$ 4,058</u>	<u>\$ 48,598</u>	<u>\$ 63,624</u>	

(Continued)

**Assets**

Cash and cash equivalents  
 Accounts receivable, net of allowance for uncollectibles  
 Due from other funds  
 Due from other governments  
 Prepaids

**Total Assets**

**Liabilities and Fund Balance**

**Liabilities:**

Accounts payable  
 Due to other governments  
 Deferred revenue

**Total Liabilities**

**Fund Balance:**

**Reserved:**

Program  
 Prepaids  
 Unreserved, undesignated

**Total Fund Balance**

**Total Liabilities and Fund Balance**

# COUNTY OF VENANGO, PENNSYLVANIA

## OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET (Continued)

DECEMBER 31, 2007

	Special Revenue Funds											Total Other Governmental Funds
	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	Transportation	Special Purpose Gifts	Tax Claim Delinquent	Adoption Counseling	Domestic Relations Operation	-	
<b>Assets</b>												
Cash and cash equivalents	\$ (550)	\$ (6,790)	\$ (5,805)	\$ (8,865)	\$ 196,836	\$ 372,370	\$ 77,125	\$ 359,513	\$ 5,310	\$ (79,586)	\$ 3,568,978	
Accounts receivable, net of allowance for uncollectibles	-	-	14,121	1,729	673	862	-	-	-	79,586	123,227	
Due from other funds	-	4,618	892	1,435	4,044	12,408	-	-	-	-	31,400	
Due from other governments	57,907	12,305	-	5,894	8,323	148,615	-	-	-	-	553,696	
Prepays	-	-	-	-	-	-	-	-	-	-	52,134	
<b>Total Assets</b>	<b>\$ 57,357</b>	<b>\$ 10,133</b>	<b>\$ 9,208</b>	<b>\$ 193</b>	<b>\$ 209,876</b>	<b>\$ 534,255</b>	<b>\$ 77,125</b>	<b>\$ 359,513</b>	<b>\$ 5,310</b>	<b>\$ -</b>	<b>\$ 4,329,435</b>	
<b>Liabilities and Fund Balance</b>												
<b>Liabilities:</b>												
Accounts payable	\$ 53,770	\$ 10,133	\$ 9,208	\$ 168	\$ 21,935	\$ 67,026	\$ -	\$ -	\$ -	\$ -	\$ 222,968	
Due to other governments	-	-	-	-	-	-	-	359,513	-	-	390,946	
Deferred revenue	3,587	-	-	25	17,518	467,229	-	-	-	-	488,359	
<b>Total Liabilities</b>	<b>57,357</b>	<b>10,133</b>	<b>9,208</b>	<b>193</b>	<b>39,453</b>	<b>534,255</b>	<b>-</b>	<b>359,513</b>	<b>-</b>	<b>-</b>	<b>1,102,273</b>	
<b>Fund Balance:</b>												
Reserved:												
Program	-	-	-	-	-	-	77,125	-	5,310	-	82,435	
Prepays	-	-	-	-	-	-	-	-	-	-	52,134	
Unreserved, undesignated	-	-	-	-	170,423	-	-	-	-	-	3,092,593	
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170,423</b>	<b>-</b>	<b>77,125</b>	<b>-</b>	<b>5,310</b>	<b>-</b>	<b>3,227,162</b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 57,357</b>	<b>\$ 10,133</b>	<b>\$ 9,208</b>	<b>\$ 193</b>	<b>\$ 209,876</b>	<b>\$ 534,255</b>	<b>\$ 77,125</b>	<b>\$ 359,513</b>	<b>\$ 5,310</b>	<b>\$ -</b>	<b>\$ 4,329,435</b>	

(Concluded)

# COUNTY OF VENANGO, PENNSYLVANIA

## OTHER GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds											
	Liquid Fuels	Affordable Housing Program	Airport	Hazardous Materials	Planning Commission	Court Constable	Offender ID	Juvenile Court Restitution	County Records Improvement	Prothonotary Automation		
<b>Revenues:</b>												
Intergovernmental	\$ 322,579	\$ -	\$ 478,712	\$ 3,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	47,601	597,526	16,875	-	40,629	23,324	2,723	17,032	-	10,465	-
Interest	56,007	18,216	-	2,292	337	5,869	2,349	115	2,584	-	2,654	-
Other	-	-	43,794	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>378,586</b>	<b>65,817</b>	<b>1,120,032</b>	<b>22,551</b>	<b>337</b>	<b>46,498</b>	<b>25,673</b>	<b>2,838</b>	<b>19,616</b>	<b>-</b>	<b>13,119</b>	<b>-</b>
<b>Expenditures:</b>												
General government - administration	-	-	-	-	-	-	-	-	6,885	-	554	-
General government - judicial	-	-	-	-	-	52,455	11,421	-	-	-	-	-
Public safety	-	-	-	15,263	-	-	-	-	-	-	-	-
Public works and enterprises	345,596	-	974,986	-	-	-	-	-	-	-	-	-
Human services	-	97,353	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	10,000	-	15,000	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>345,596</b>	<b>97,353</b>	<b>984,986</b>	<b>15,263</b>	<b>15,000</b>	<b>52,455</b>	<b>11,421</b>	<b>-</b>	<b>6,885</b>	<b>-</b>	<b>554</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>32,990</b>	<b>(31,536)</b>	<b>135,046</b>	<b>7,288</b>	<b>(14,663)</b>	<b>(5,957)</b>	<b>14,252</b>	<b>2,838</b>	<b>12,731</b>	<b>-</b>	<b>12,565</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(6,621)	(17,027)	-	-	-	(5,527)	(245)	-	(25,312)	-	(1,500)	-
<b>Total other financing sources (uses)</b>	<b>(6,621)</b>	<b>(17,027)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,527)</b>	<b>(245)</b>	<b>-</b>	<b>(25,312)</b>	<b>-</b>	<b>(1,500)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>26,369</b>	<b>(48,563)</b>	<b>135,046</b>	<b>7,288</b>	<b>(14,663)</b>	<b>(11,484)</b>	<b>14,007</b>	<b>2,838</b>	<b>(12,581)</b>	<b>-</b>	<b>11,065</b>	<b>-</b>
<b>Fund Balance:</b>												
Beginning of year	1,109,774	356,734	1,061,571	40,122	16,294	118,867	46,662	1,220	61,179	-	52,559	-
End of year	\$ 1,136,143	\$ 308,171	\$ 1,196,617	\$ 47,410	\$ 1,631	\$ 107,383	\$ 60,669	\$ 4,058	\$ 48,598	\$ -	\$ 63,624	\$ -

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

## OTHER GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (Continued)

YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds										Total Other Governmental Funds
	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	Transportation	Special Purpose Gifts	Tax Claim Delinquent	Adoption Counseling	Domestic Relations Operation	
<b>Revenues:</b>											
Intergovernmental	\$ 278,823	\$ 364,380	\$ 121,079	\$ 71,512	\$ 381,670	\$ 962,050	\$ -	\$ -	\$ -	\$ -	\$ 2,984,189
Charges for services	-	-	-	-	34,053	45,418	-	-	75	384,403	1,220,124
Interest	143	103	283	8,126	8,126	17,185	7,932	-	244	2,500	126,939
Other	-	5	-	-	30,900	-	-	-	-	-	74,699
Total revenues	278,966	364,488	121,362	71,512	454,749	1,024,653	7,932	-	319	386,903	4,405,951
<b>Expenditures:</b>											
General government - administration	-	-	-	-	-	-	-	-	-	-	7,439
General government - judicial	-	-	-	-	-	-	-	-	-	466,101	529,977
Public safety	-	-	-	-	-	-	-	-	-	-	15,263
Public works and enterprises	-	-	-	-	-	-	-	-	-	-	1,320,582
Human services	-	307,723	117,599	64,347	320,166	1,287,988	812	-	-	-	2,195,988
Conservation and development	294,770	-	-	-	-	-	-	-	-	-	319,770
Total expenditures	294,770	307,723	117,599	64,347	320,166	1,287,988	812	-	-	466,101	4,389,019
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(15,804)	56,765	3,763	7,165	134,583	(263,335)	7,120	-	319	(79,198)	16,932
<b>Other Financing Sources (Uses):</b>											
Transfers in	17,716	-	-	-	1,223	302,445	-	-	-	79,198	400,582
Transfers out	(1,912)	(56,765)	(3,763)	(7,165)	(116,829)	(39,110)	(19)	-	-	-	(281,795)
Total other financing sources (uses)	15,804	(56,765)	(3,763)	(7,165)	(115,606)	263,335	(19)	-	-	79,198	118,787
<b>Net Change in Fund Balance</b>	-	-	-	-	18,977	-	7,101	-	319	-	135,719
<b>Fund Balance:</b>											
Beginning of year	-	-	-	-	151,446	-	70,024	-	4,991	-	3,091,443
End of year	\$ -	\$ -	\$ -	\$ -	\$ 170,423	\$ -	\$ 77,125	\$ -	\$ 5,310	\$ -	\$ 3,227,162

(Concluded)

## **TRANSPORTATION FUND**

The transportation funds are used to account for the expenditure of a combination of federal, state, and County monies designated for the purpose of providing and improving public transportation throughout the County, including the Shared Ride, MATP, Fixed Route, Capital Transit, Rural Operating Assistance, Persons with Disabilities, and Act 26 Shared Ride Capital programs.

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# COUNTY OF VENANGO, PENNSYLVANIA

## TRANSPORTATION FUND COMBINING BALANCE SHEET

DECEMBER 31, 2007

	Shared Ride	MATP	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital Programs	Persons with Disabilities	Total Transportation Fund
Cash and cash equivalents	\$ 35,283	\$ (117,316)	\$ (2,815)	\$ 461,499	\$ (9,310)	\$ 5,419	\$ (390)	\$ 372,370
Accounts receivable, net of allowance for uncollectibles	698	-	164	-	-	-	-	862
Due from other funds	1,046	1,742	9,620	-	-	-	-	12,408
Due from other governments	2,973	135,234	708	-	9,310	-	390	148,615
<b>Total Assets</b>	<b>\$ 40,000</b>	<b>\$ 19,660</b>	<b>\$ 7,677</b>	<b>\$ 461,499</b>	<b>\$ -</b>	<b>\$ 5,419</b>	<b>\$ -</b>	<b>\$ 534,255</b>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 39,689	\$ 19,660	\$ 7,677	\$ -	\$ -	\$ -	\$ -	\$ 67,026
Deferred revenue	311	-	-	461,499	-	5,419	-	467,229
<b>Total Liabilities</b>	<b>40,000</b>	<b>19,660</b>	<b>7,677</b>	<b>461,499</b>	<b>-</b>	<b>5,419</b>	<b>-</b>	<b>534,255</b>
<b>Fund Balance:</b>								
Unreserved, undesignated	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 40,000</b>	<b>\$ 19,660</b>	<b>\$ 7,677</b>	<b>\$ 461,499</b>	<b>\$ -</b>	<b>\$ 5,419</b>	<b>\$ -</b>	<b>\$ 534,255</b>

# COUNTY OF VENANGO, PENNSYLVANIA

## TRANSPORTATION FUND COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2007

	Shared Ride	MATP	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital Programs	Persons with Disabilities	Eliminations	Total Transportation Fund
<b>Revenues:</b>									
Intergovernmental	\$ 136,198	\$ 370,998	\$ 32,021	\$ 198,584	\$ 154,537	\$ -	\$ 69,712	\$ -	\$ 962,050
Charges for services	3,885	-	41,533	-	-	-	-	-	45,418
Interest	-	1,574	-	16,172	(561)	-	-	-	17,185
Other	-	-	-	-	-	-	-	-	-
Total revenues	140,083	372,572	73,554	214,756	153,976	-	69,712	-	1,024,653
<b>Expenditures:</b>									
Human services	630,882	283,849	303,545	-	-	-	69,712	-	1,287,988
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(490,799)	88,723	(229,991)	214,756	153,976	-	-	-	(263,335)
<b>Other Financing Sources (Uses):</b>									
Transfers in	497,731	-	358,609	110,122	189,575	-	-	(853,592)	302,445
Transfers out	(6,932)	(88,723)	(128,618)	(324,878)	(343,551)	-	-	853,592	(39,110)
Total other financing sources (uses)	490,799	(88,723)	229,991	(214,756)	(153,976)	-	-	-	263,335
<b>Net Change in Fund Balance</b>	-	-	-	-	-	-	-	-	-
<b>Fund Balance:</b>									
Beginning of year	-	-	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## **AGENCY FUNDS**

Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for cash collected by elected row officers (Treasurer, Register of Wills and Recorder of Deeds, and Prothonotary and Clerk of Courts) and other County offices that are subsequently disbursed to the County, other governments, or individuals for whom it was collected.

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# COUNTY OF VENANGO, PENNSYLVANIA

## ALL AGENCY FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2007

Assets	Treasurer's Office	Register of Wills and Recorder of Deeds	Prothonotary and Clerk of Courts	Sheriff	Prison	Domestic Relations	Total
Cash and cash equivalents	\$ 3,661	\$ 167,911	\$ 183,733	\$ 100,063	\$ 40,997	\$ 1,521	\$ 497,886
Accounts receivable and fines, at estimated realizable value	-	-	426,300	-	-	-	426,300
<b>Total Assets</b>	<b>\$ 3,661</b>	<b>\$ 167,911</b>	<b>\$ 610,033</b>	<b>\$ 100,063</b>	<b>\$ 40,997</b>	<b>\$ 1,521</b>	<b>\$ 924,186</b>
<b>Liabilities</b>							
Due to other funds	\$ 603	\$ 77,886	\$ 483,507	\$ 9,543	\$ -	\$ -	\$ 571,539
Due to other governments	3,058	89,852	112,512	5,030	-	-	210,452
Escrow liability and interest	-	173	14,014	85,490	40,997	1,521	142,195
<b>Total Liabilities</b>	<b>\$ 3,661</b>	<b>\$ 167,911</b>	<b>\$ 610,033</b>	<b>\$ 100,063</b>	<b>\$ 40,997</b>	<b>\$ 1,521</b>	<b>\$ 924,186</b>

# COUNTY OF VENANGO, PENNSYLVANIA

## ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2007

	Balance at January 1, 2007	Additions	Deletions	Balance at December 31, 2007
<b>Treasurer</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,839	\$ 168,022	\$ 169,200	\$ 3,661
<b>Liabilities</b>				
Due to other funds	\$ 650	\$ 34,136	\$ 34,183	\$ 603
Due to other governments	4,189	133,511	134,642	3,058
Escrow liability and interest	-	375	375	-
<b>Total Liabilities</b>	<b>\$ 4,839</b>	<b>\$ 168,022</b>	<b>\$ 169,200</b>	<b>\$ 3,661</b>
<b>Register of Wills and Recorder of Deeds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 197,375	\$ 1,244,666	\$ 1,274,130	\$ 167,911
<b>Liabilities</b>				
Due to other funds	\$ 113,885	\$ 446,031	\$ 482,030	\$ 77,886
Due to other governments	83,247	796,775	790,170	89,852
Escrow liability and interest	243	1,860	1,930	173
<b>Total Liabilities</b>	<b>\$ 197,375</b>	<b>\$ 1,244,666</b>	<b>\$ 1,274,130</b>	<b>\$ 167,911</b>
<b>Prothonotary and Clerk of Courts</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 251,294	\$ 1,334,223	\$ 1,401,784	\$ 183,733
Accounts receivable and fines, at estimated realizable value	382,800	300,000	256,500	426,300
<b>Total Assets</b>	<b>\$ 634,094</b>	<b>\$ 1,634,223</b>	<b>\$ 1,658,284</b>	<b>\$ 610,033</b>
<b>Liabilities</b>				
Due to other funds	\$ 448,873	\$ 631,209	\$ 596,575	\$ 483,507
Due to other governments	18,879	145,833	52,200	112,512
Escrow liability and interest	166,342	857,181	1,009,509	14,014
<b>Total Liabilities</b>	<b>\$ 634,094</b>	<b>\$ 1,634,223</b>	<b>\$ 1,658,284</b>	<b>\$ 610,033</b>

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

## ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2007

(Continued)

	<u>Balance at January 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2007</u>
<b>Sheriff</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 118,122	\$ 687,578	\$ 705,637	\$ 100,063
<u>Liabilities</u>				
Due to other funds	\$ 8,963	\$ 200,322	\$ 199,742	\$ 9,543
Due to other governments	5,330	20,186	20,486	5,030
Escrow liability and interest	103,829	467,070	485,409	85,490
<b>Total Liabilities</b>	<u>\$ 118,122</u>	<u>\$ 687,578</u>	<u>\$ 705,637</u>	<u>\$ 100,063</u>
<b>Prison</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 46,000	\$ 358,810	\$ 363,813	\$ 40,997
<u>Liabilities</u>				
Escrow liability and interest	\$ 46,000	\$ 358,810	\$ 363,813	\$ 40,997
<b>Domestic Relations</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 4,751	\$ 399,833	\$ 403,063	\$ 1,521
<u>Liabilities</u>				
Escrow liability and interest	\$ 4,751	\$ 399,833	\$ 403,063	\$ 1,521

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

## ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2007  
(Continued)

	Balance at January 1, 2007	Additions	Deletions	Balance at December 31, 2007
<b>Total all Agency Funds</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 622,381	\$ 4,193,132	\$ 4,317,627	\$ 497,886
Accounts receivable and fines, at estimated realizable value	382,800	300,000	256,500	426,300
<b>Total Assets</b>	<b>\$ 1,005,181</b>	<b>\$ 4,493,132</b>	<b>\$ 4,574,127</b>	<b>\$ 924,186</b>
<u>Liabilities</u>				
Due to other funds	\$ 572,371	\$ 1,311,698	\$ 1,312,530	\$ 571,539
Due to other governments	111,645	1,096,305	997,498	210,452
Escrow liability and interest	321,165	2,085,129	2,264,099	142,195
<b>Total Liabilities</b>	<b>\$ 1,005,181</b>	<b>\$ 4,493,132</b>	<b>\$ 4,574,127</b>	<b>\$ 924,186</b>

(Concluded)