

COUNTY OF VENANGO, PENNSYLVANIA

FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY
AND
ADDITIONAL INFORMATION

YEAR ENDED DECEMBER 31, 2008

WITH

INDEPENDENT AUDITOR'S REPORT

MaherDuessel

Certified Public Accountants || *Pursuing the Profession While Promoting the Public Good®*

COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2008

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COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2008

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Independent Auditor's Report

Board of County Commissioners
County of Venango, Pennsylvania

We have audited the accompanying 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, 2008, which collectively comprise the County's financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions 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 opinions.

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 of the County as of December 31, 2008, and the respective changes in financial position, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 through 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. 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 basic 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 29, 2009

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Harrisburg || 3211 North Front Street - Suite 101 • Harrisburg, PA 17110 p 717.232.1230 f 717.232.8230
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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 financial statements this narrative overview and analysis of the financial activities of the County as of and for the year ended December 31, 2008. 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 financial statements (pages 10 - 33).

FINANCIAL HIGHLIGHTS

- The County's net assets increased \$303,142 in 2008.
- The assets of the County exceeded its liabilities by \$32.90 million at December 31, 2008.
- The County maintained an A+ rating from Standard & Poor's.
- As of December 31, 2008, unrestricted net assets were \$18.11 million or 42% of total expenses.
- The total fund balance of the General Fund at December 31, 2008 \$8.3 million or 48% of the total fund balance.
- The County's real property tax rate was 5.565 mills for 2008 and 2007.

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 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.
- 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 County'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 three 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 three *major* funds (General, Capital Projects, and Human Services). Data from the other twenty-one *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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, and costs, etc. collected by the County Row Officers, held in trust for disbursement to third parties.

3. ***Notes to 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 financial statements can be found on pages 10 to 33 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 34 to 36 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 37 to 48 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, 2008 and 2007 are presented below:

**County of Venango
Summary Statements of Net Assets
December 31, 2008 and 2007**

	Governmental Activities	
	2008	2007
Assets		
Current and other assets	\$ 47,030,609	\$ 47,300,739
Lease receivable	4,607,500	4,911,090
Total Assets	51,638,109	52,211,829
Liabilities		
Current and other liabilities	9,311,740	9,772,381
Non-current liabilities	9,425,000	9,841,221
Total Liabilities	18,736,740	19,613,602
Net Assets		
Investment in capital assets, net of related debt	13,650,849	13,074,628
Restricted	1,142,136	1,167,576
Unrestricted	18,108,384	18,356,023
Total Net Assets	\$ 32,901,369	\$ 32,598,227

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 \$32.9 million at December 31, 2008, an increase from December 31, 2007 of approximately \$300,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the change in net assets for the years ended December 31, 2008 and 2007:

County of Venango Change in Net Assets Years Ended December 31, 2008 and 2007

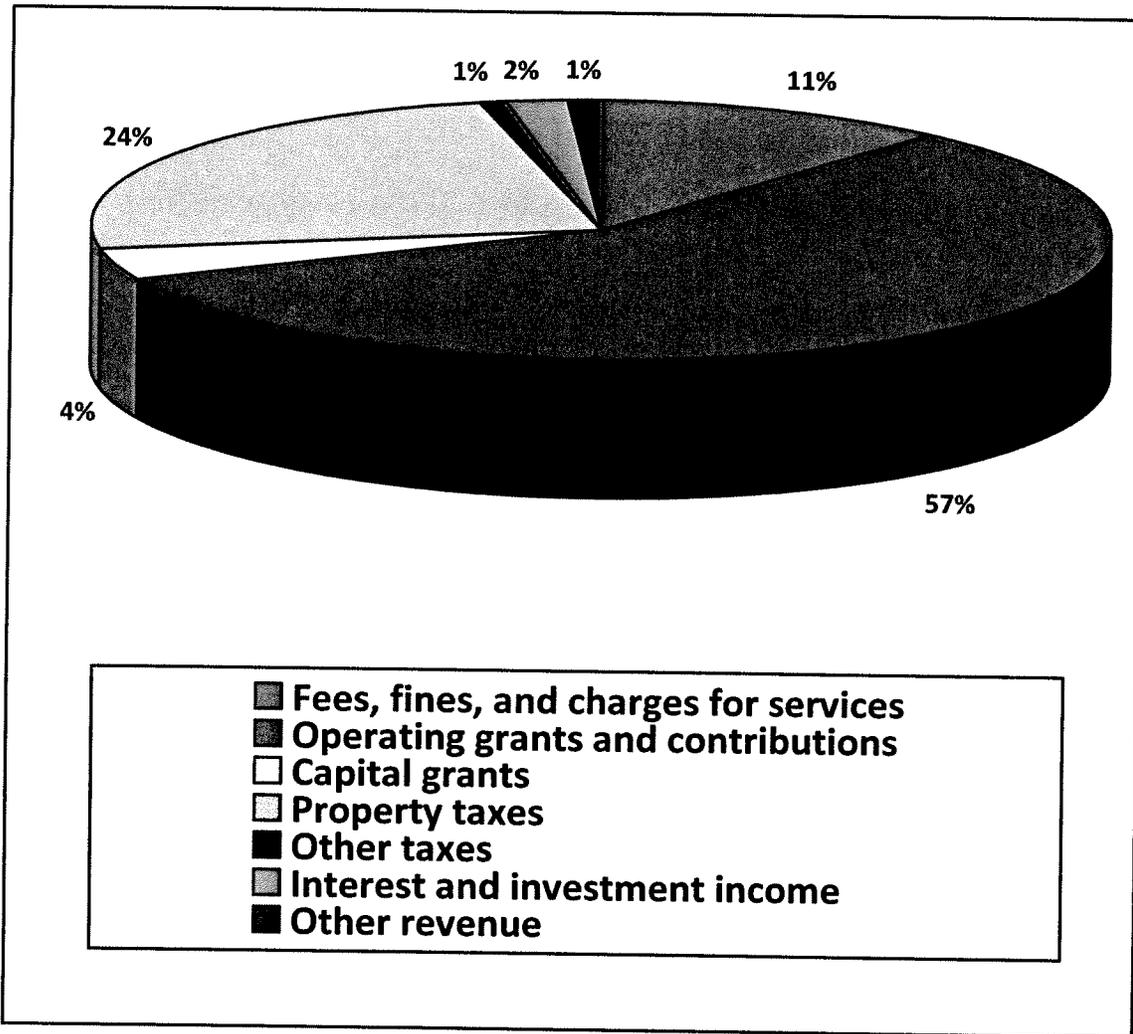
	Governmental Activities	
	2008	2007
Program revenues:		
Fees, fines, and charges for services	\$ 4,749,375	\$ 4,683,270
Operating grants and contributions	23,993,360	22,905,882
Capital grants	1,542,641	1,110,638
General revenues:		
Property taxes	9,868,906	9,796,729
Other taxes	470,549	504,323
Interest and investment income	713,149	1,151,061
Gain on disposal of capital assets	-	20,998
Other revenue	318,898	271,216
Total revenues	41,656,878	40,444,117
Program expenses:		
General government - administration	4,599,553	4,645,644
General government - judicial	3,637,670	3,410,984
Public safety	4,646,112	4,791,909
Public works	3,051,424	2,887,674
Human services	24,312,690	22,408,045
Culture and recreation	189,875	-
Conservation and development	565,786	920,707
Interest	350,626	373,020
Total expenses	41,353,736	39,437,983
Change in Net Assets	303,142	1,006,134
Net assets, beginning	32,598,227	31,592,093
Net assets, ending	\$ 32,901,369	\$ 32,598,227

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, 2008:

**County of Venango
Government-Wide Sources of Revenues
Total Revenue \$41,656,878**



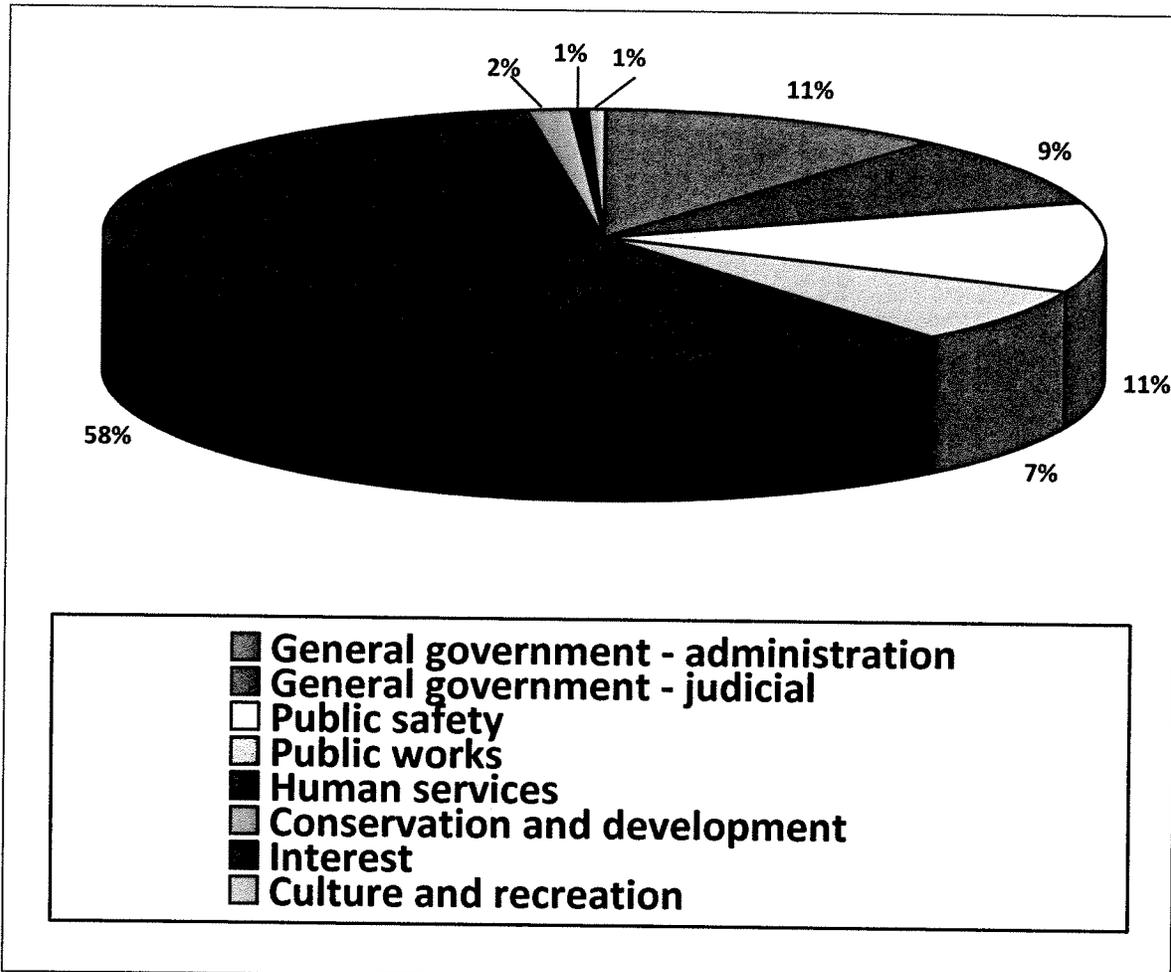
The government-wide revenues of \$41.66 million were derived primarily from program-based operating grants and contributions, representing 57% of the total revenues. The second largest source of revenue for the County was property taxes, which made up 24% of the total revenues. The third largest source of revenue was fees, fines, and charges for services, which is 11% 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, 2008:

**County of Venango
Government-Wide Program Expenses
Total Expenses: \$41,353,736**

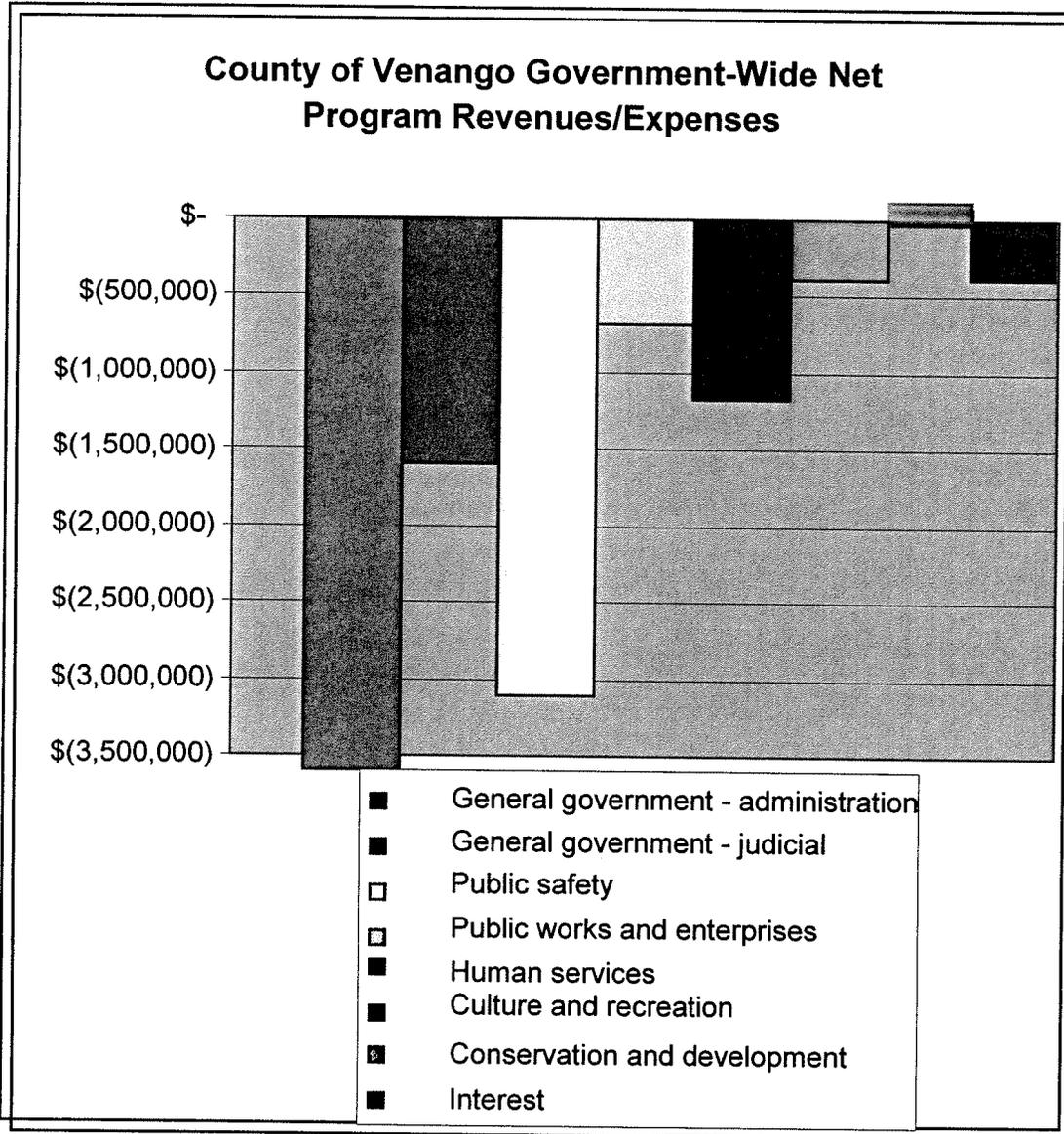


The largest area of expenses was Human Services which totaled \$24.3 million or 58% of all expenses. Human Services provides a vast array of social services programs, including Area Agency on Aging, Retired Senior Volunteer Program Fund, Children and Youth Services, Substance Abuse Program, Mental Health/Mental Retardation, Transportation, Weatherization, and Office of Economic Opportunity. Following Human Services totaling \$4.6 million, Public Safety represented 11% of all expenses, followed by General Government – Administration with \$4.6 million in expenses representing 11% of expenses as well. The next largest area of expense was General Government – Judicial at \$3.6 million or 9% of the total followed by Public Works and Enterprises, with \$3.1 million in expenses or 7%, Conservation and Development at \$.5 million or 2%, Culture and Recreation at \$.2 million or 1%, 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, 2008.



General government - administration required the most general revenue for support needing \$3.65 million during 2008. Please note the culture and recreation category which was utilized this year as the County Park was returned to the County in March 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reports three major governmental funds (General, Capital Projects, and Human Services). The Human Services Fund consists of six programs: Area Agency on Aging; Retired Senior Volunteer Program; Children and Youth Services; Substance Abuse; and Mental Health and Mental Retardation. Combining statements are found on pages 37 and 38.

The County also reports other governmental funds which includes twenty-one non-major funds. The largest of these include: Liquid Fuels, Airport, 911, and Transportation. The combining statements of the other governmental funds can be found on pages 39 through 42.

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, 2008 and 2007:

MANAGEMENT'S DISCUSSION AND ANALYSIS

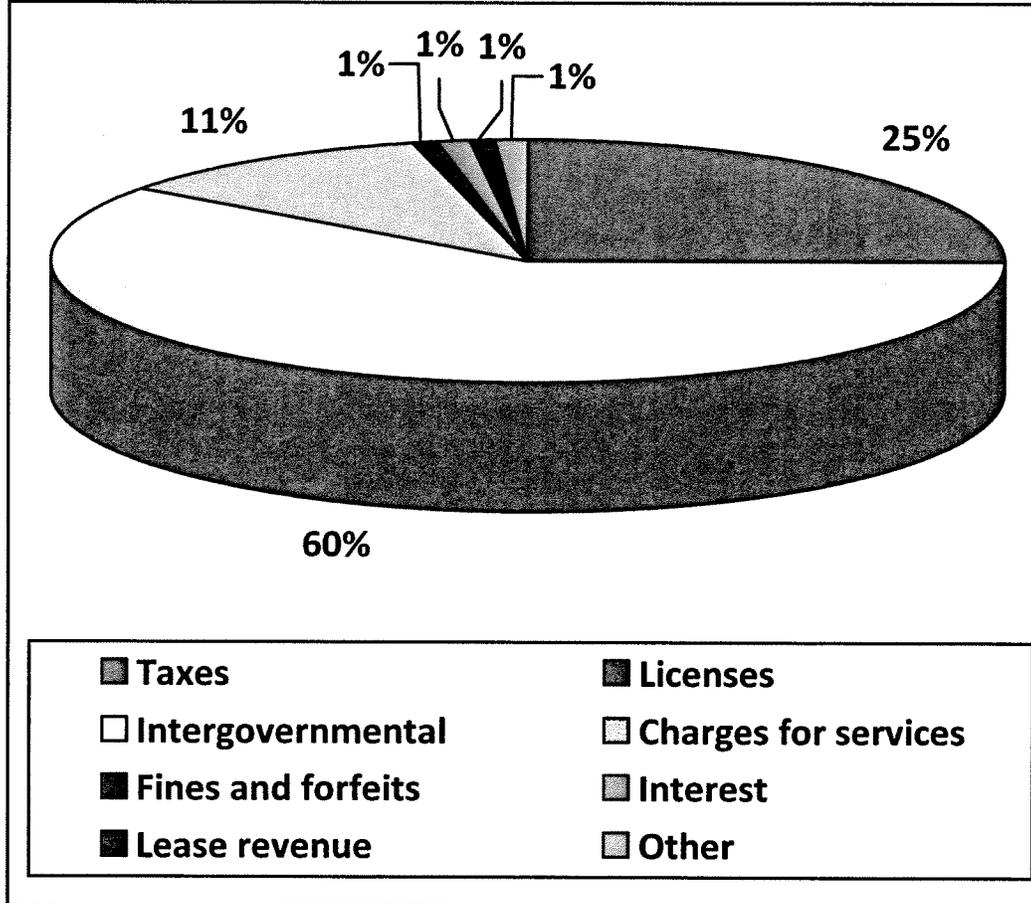
County of Venango
Statements of Revenues, Expenditures, and Changes in Fund Balance
Years Ended December 31, 2008 and 2007

	<u>Governmental Funds</u>	
	<u>2008</u>	<u>2007</u>
Revenues:		
Taxes	\$ 10,360,599	\$ 10,224,940
Licenses	37,231	34,089
Intergovernmental	25,014,618	23,786,992
Charges for services	4,587,643	4,498,957
Fines and forfeits	173,207	140,813
Interest	476,739	899,875
Lease revenue	540,000	540,000
Other	514,340	466,655
Total revenues	<u>41,704,377</u>	<u>40,592,321</u>
Expenditures:		
General government - administration	4,556,877	4,757,063
General government - judicial	3,582,392	3,437,953
Public safety	4,644,413	5,410,981
Public works	2,672,573	1,821,995
Human services	24,203,301	22,322,016
Conservation and development	565,937	920,426
Culture and recreation	189,875	-
Capital projects	1,001,200	1,201
Debt service	1,235,626	1,238,020
Total expenditures	<u>42,652,194</u>	<u>39,909,655</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(947,817)</u>	<u>682,666</u>
Other Financing Sources (Uses):		
Sale of capital assets	-	20,998
Proceeds from capital lease	1,000,000	-
Total other financing sources and uses	<u>1,000,000</u>	<u>20,998</u>
Net Change in Fund Balance	52,183	703,664
Fund balance, beginning	<u>13,322,228</u>	<u>12,618,564</u>
Fund balance, ending	<u>\$ 13,374,411</u>	<u>\$ 13,322,228</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds revenues, by source, for the year ended December 31, 2008 were:

**County of Venango, Governmental Fund
Revenues Classified by Source
Total Revenues: \$41,704,377**

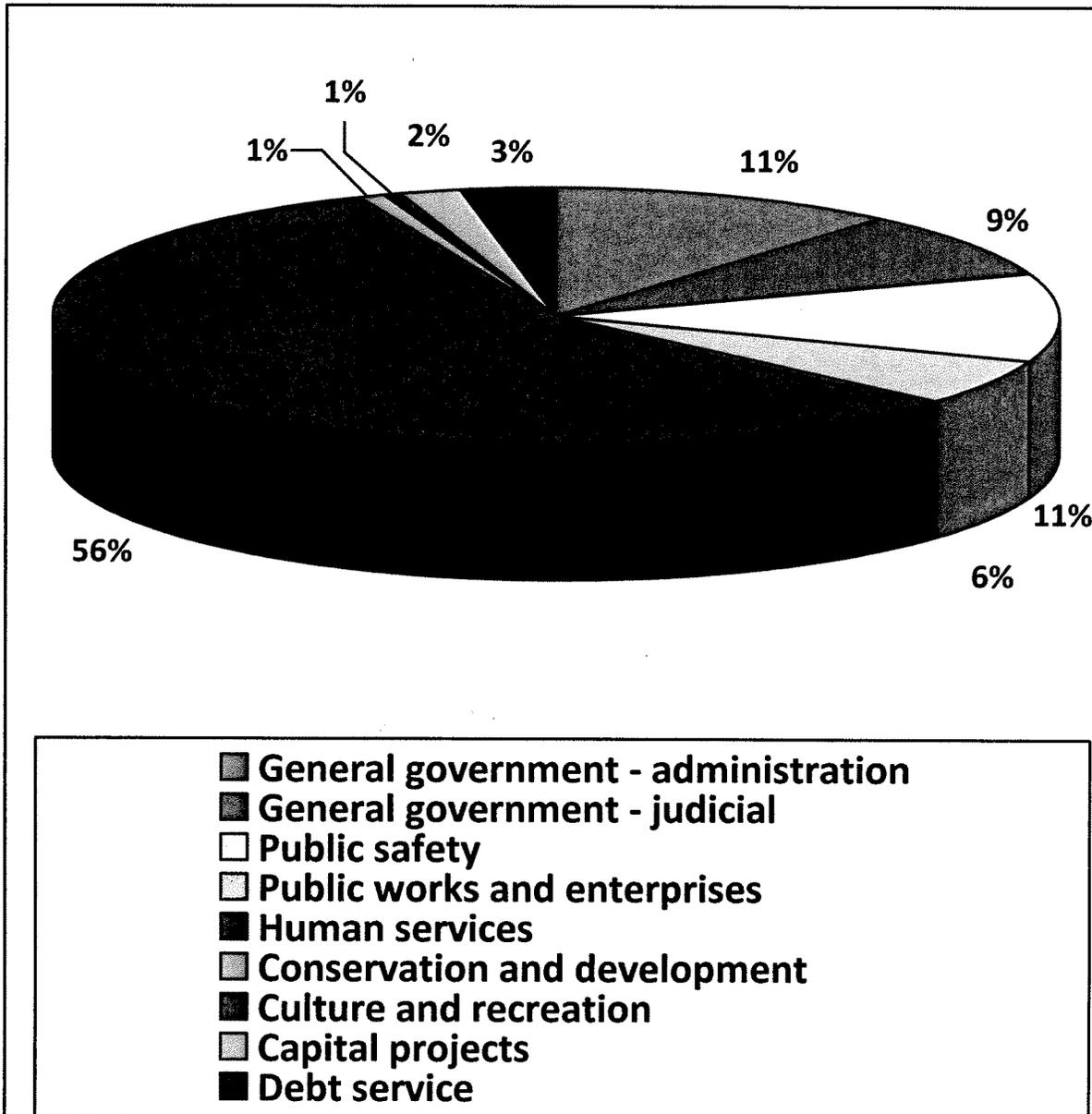


Governmental funds revenue totaled \$41.7 million for the year ending December 31, 2008, of which \$25 million (60%) came from Intergovernmental (Federal and State) Revenue. Taxes accounted for \$10.3 million (25%) in revenue. Charges for services reached \$4.5 million (11%) in revenue. Fines and forfeits, interest, lease revenue, and other revenue were each approximately 1% of total revenues. Licenses were approximately 0.1% of total revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds expenditures, by function, for the year ended December 31, 2008 were:

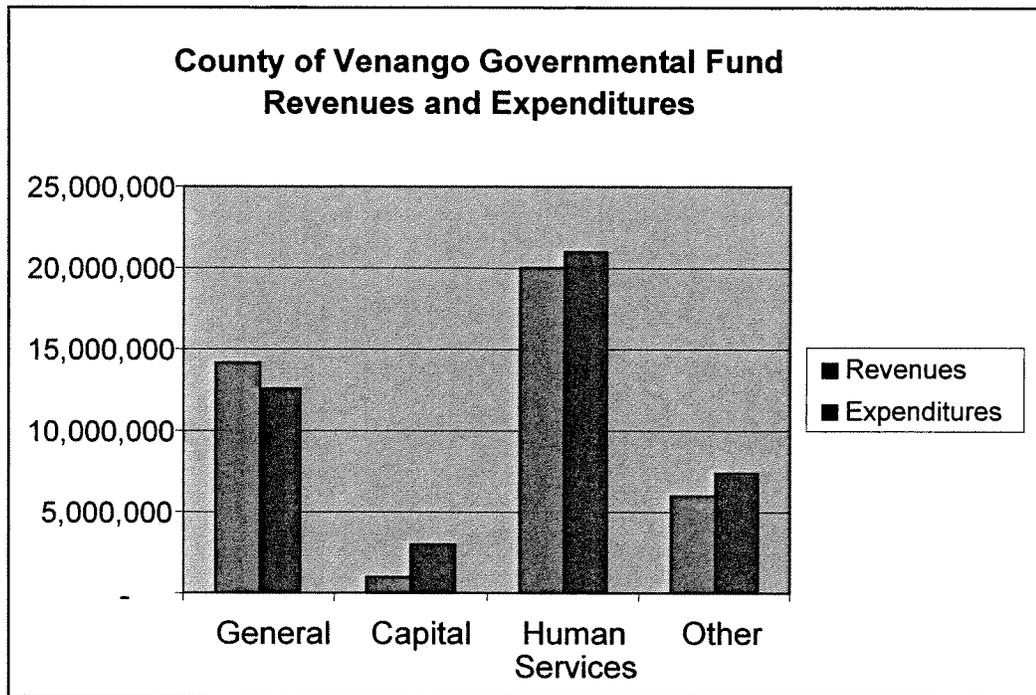
County of Venango, Governmental Fund Expenditures Classified by Function Total Expenditures: \$ 42,652,194



Governmental funds expenditures totaled \$42.7 million for the year ending December 31, 2008, of which \$24.2 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 \$3.5 to \$4.6 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, 2008:



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, 2008 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 \$2.5 million.

The County had a favorable variance between the final budget and actual revenue of approximately \$672,000. Favorable variances include excess tax revenue of approximately \$416,000 and excess other revenues of approximately \$158,000. The excess tax revenue results from increased collections through our Tax Claim Bureau and the other revenue excess results from the sale of natural gas at the park.

The County had a favorable variance between the final budget and actual expenditures of approximately \$1,907,000. The majority of this variance occurred in the General Government – Administration function, which shows approximately \$1,292,000 in favorable variance. The variance is primarily due to favorable variances of:

- \$300,000 in various insurance costs;
- \$200,000 in contingent expenses; and
- \$100,000 in salaries.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL LEASE

In late 2007, the County entered into a capital lease for office space for the Human Services Division. At December 31, 2008, the capital lease payable balance is \$950,000.

LONG-TERM DEBT

As of December 31, 2008, the County has \$9,435,000 of long-term debt, of which \$910,000 is payable in 2009. In February 2009, the County refinanced the outstanding long-term debt.

BOND RATING

The County was given an A+ bond rating from Standard and Poor's Rating Services in February 2009. In the opinion of the rating service, the County currently maintains a low debt burden with manageable near-term capital needs.

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

FINANCIAL STATEMENTS

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2008

<u>Assets</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 16,919,524
Advances receivable	104,480
Taxes receivable, net	1,591,174
Accounts and loans receivable, at estimated realizable value	852,704
Accounts receivable - fiduciary funds	605,576
Due from other governments	2,834,722
Prepays	86,580
Capital assets, not being depreciated	1,711,077
Capital assets, net of accumulated depreciation	22,273,597
Deferred bond costs	51,175
Lease receivable:	
Current	540,000
Non-current	4,067,500
Total Assets	51,638,109
<hr/>	
<u>Liabilities</u>	
Accounts payable	2,098,816
Accrued payroll	588,290
Accrued interest payable	34,051
Due to other governments	451,789
Unearned revenue	4,783,520
Compensated absences, non-current	395,274
Capital lease payable:	
Current	50,000
Non-current	900,000
Bonds payable:	
Current	910,000
Non-current	8,525,000
Total Liabilities	18,736,740
<hr/>	
<u>Net Assets</u>	
Invested in capital assets, net of related debt	13,650,849
Restricted for highways and streets	1,142,136
Unrestricted:	
Lease receivable	4,607,500
Other unrestricted net assets	13,500,884
Total Net Assets	\$ 32,901,369

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government - administration	\$ 4,599,553	\$ 739,343	\$ 210,144	\$ (3,650,066)
General government - judicial	3,637,670	1,806,378	148,028	(1,683,264)
Public safety	4,646,112	786,500	671,529	(3,188,083)
Public works	3,051,424	995,671	-	(713,713)
Human services	24,312,690	421,483	22,674,949	(1,216,258)
Culture and recreation	189,875	-	288,710	98,835
Conservation and development	565,786	-	-	(365,185)
Interest	350,626	-	-	(350,626)
Total governmental activities	\$ 41,353,736	\$ 4,749,375	\$ 23,993,360	(11,068,360)
General revenues:				
Property taxes				9,868,906
Other taxes				470,549
Interest and investment income				713,149
Other				318,898
Total general revenues				11,371,502
Change in Net Assets				303,142
Net Assets:				
Beginning of year				32,598,227
End of year				<u>\$ 32,901,369</u>

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2008

Assets	General Fund	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 8,373,246	\$ 1,697,363	\$ 2,260,043	\$ 4,588,872	\$ 16,919,524
Advances receivable	-	-	104,480	-	104,480
Taxes receivable, net	1,591,174	-	-	-	1,591,174
Accounts receivable, net of allowance for uncollectibles	145,832	-	554,994	151,878	852,704
Due from other funds	753,685	-	241,952	36,191	1,031,828
Due from other governments	61,367	-	2,181,877	591,478	2,834,722
Prepays	25	-	34,421	52,134	86,580
Lease receivable:					
Current	-	540,000	-	-	540,000
Non-current	-	4,067,500	-	-	4,067,500
Total Assets	\$ 10,925,329	\$ 6,304,863	\$ 5,377,767	\$ 5,420,553	\$ 28,028,512
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 352,466	\$ -	\$ 1,485,972	\$ 260,378	\$ 2,098,816
Accrued payroll	321,647	-	206,486	60,157	588,290
Due to other funds	143,273	-	282,979	-	426,252
Due to other governments	-	-	-	451,789	451,789
Deferred revenue	1,766,934	4,607,500	3,238,011	1,476,509	11,088,954
Total Liabilities	2,584,320	4,607,500	5,213,448	2,248,833	14,654,101
Fund Balance:					
Reserved:					
Program	-	-	129,898	88,987	218,885
Prepays	25	-	34,421	52,134	86,580
Unreserved, designated for capital projects	-	1,697,363	-	-	1,697,363
Unreserved, undesignated reported in:					
General Fund	8,340,984	-	-	-	8,340,984
Special Revenue Funds	-	-	-	3,030,599	3,030,599
Total Fund Balance	8,341,009	1,697,363	164,319	3,171,720	13,374,411
Total Liabilities and Fund Balance	\$ 10,925,329	\$ 6,304,863	\$ 5,377,767	\$ 5,420,553	\$ 28,028,512

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

Total Fund Balance - Governmental Funds \$ 13,374,411

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. 23,984,674

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. 4,607,500

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. 1,697,934

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. 51,175

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	\$ (395,274)	
Capital lease payable	(950,000)	
Bonds payable	(9,435,000)	
Accrued interest on debt	(34,051)	
		<u>(10,814,325)</u>

Total Net Assets - Governmental Activities \$ 32,901,369

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

<u>Revenues:</u>	General Fund	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 10,360,599	-	-	-	\$ 10,360,599
Licenses	37,231	-	-	-	37,231
Intergovernmental	676,715	-	19,440,547	4,897,356	25,014,618
Charges for services	2,504,495	-	267,729	1,815,419	4,587,643
Fines and forfeits	173,207	-	-	-	173,207
Interest	274,947	14,248	84,825	102,719	476,739
Lease revenue	-	540,000	-	-	540,000
Other	202,610	-	249,529	62,201	514,340
Total revenues	<u>14,229,804</u>	<u>554,248</u>	<u>20,042,630</u>	<u>6,877,695</u>	<u>41,704,377</u>
Expenditures:					
General government - administration	4,547,487	-	-	9,390	4,556,877
General government - judicial	3,071,819	-	-	510,573	3,582,392
Public safety	3,524,324	-	-	1,120,089	4,644,413
Public works	501,070	-	-	2,171,503	2,672,573
Human services	253,073	-	20,691,494	3,258,734	24,203,301
Conservation and development	346,592	-	-	219,345	565,937
Culture and recreation	189,875	-	-	-	189,875
Capital projects	-	1,001,200	-	-	1,001,200
Debt service	-	1,235,626	-	-	1,235,626
Total expenditures	<u>12,434,240</u>	<u>2,236,826</u>	<u>20,691,494</u>	<u>7,289,634</u>	<u>42,652,194</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,795,564</u>	<u>(1,682,578)</u>	<u>(648,864)</u>	<u>(411,939)</u>	<u>(947,817)</u>
Other Financing Sources (Uses):					
Proceeds from capital lease	-	1,000,000	-	-	1,000,000
Transfers in	720,248	731,503	1,264,632	618,752	3,335,135
Transfers out	(2,151,671)	(329,930)	(568,910)	(284,624)	(3,335,135)
Total other financing sources (uses)	<u>(1,431,423)</u>	<u>1,401,573</u>	<u>695,722</u>	<u>334,128</u>	<u>1,000,000</u>
Net Change in Fund Balance	<u>364,141</u>	<u>(281,005)</u>	<u>46,858</u>	<u>(77,811)</u>	<u>52,183</u>
Fund Balance:					
Beginning of year	7,976,868	1,978,368	117,461	3,249,531	13,322,228
End of year	<u>\$ 8,341,009</u>	<u>\$ 1,697,363</u>	<u>\$ 164,319</u>	<u>\$ 3,171,720</u>	<u>\$ 13,374,411</u>

See accompanying notes to 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, 2008

Net Change in Fund Balance - Governmental Funds \$ 52,183

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	\$ 3,296,899	
	Less: depreciation expense	<u>(2,386,771)</u>	910,128

Losses on disposal of capital assets occur only the statement of activities, as capital assets are expensed when purchased in governmental funds. (210,719)

Some taxes and other revenues will not be collected for several months after the County of Venango's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues changed by this amount during the year. (32,619)

The issuance of long-term obligations (e.g. bonds or capital lease financing) 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. (123,188)

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. (303,590)

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. 10,947

Change in Net Assets of Governmental Activities \$ 303,142

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

Revenues:	Budgeted Amounts		Actual amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final	(See Note 2)	
Taxes	\$ 9,927,800	\$ 9,929,800	\$ 10,345,390	\$ 415,590
Licenses	33,675	33,675	37,153	3,478
Intergovernmental	750,008	830,770	699,554	(131,216)
Charges for services	2,391,876	2,395,876	2,470,956	75,080
Fines and forfeits	115,300	115,300	172,986	57,686
Interest	105,670	105,670	198,854	93,184
Other	11,050	78,550	236,959	158,409
Total revenues	13,335,379	13,489,641	14,161,852	672,211
Expenditures:				
Current:				
General government - administration	5,804,185	5,856,793	4,564,978	1,291,815
General government - judicial	3,745,283	3,786,803	3,522,234	264,569
Public safety	3,642,509	3,716,305	3,537,130	179,175
Public works	497,461	497,461	502,917	(5,456)
Human services	355,517	355,517	253,348	102,169
Conservation and development	340,816	360,816	348,804	12,012
Culture and recreation	212,572	252,572	189,875	62,697
Total expenditures	14,598,343	14,826,267	12,919,286	1,906,981
Excess (Deficiency) of Revenues Over Expenditures	(1,262,964)	(1,336,626)	1,242,566	2,579,192
Other Financing Sources (Uses):				
Transfers in	3,659,001	3,732,663	3,439,893	(292,770)
Transfers out	(2,396,037)	(2,396,037)	(2,151,671)	244,366
Total other financing sources (uses)	1,262,964	1,336,626	1,288,222	(48,404)
Net Change in Fund Balance	\$ -	\$ -	\$ 2,530,788	\$ 2,530,788

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2008

Assets	Pension Trust Fund	Agency Funds	Total
Cash and cash equivalents	\$ 2,199,892	\$ 595,803	\$ 2,795,695
Investments:			
Bond Mutual Funds	2,898,985	-	2,898,985
Bonds	3,022,277	-	3,022,277
Federal National Mortgage Association	2,420,755	-	2,420,755
U.S. government and agency securities	5,232,244	-	5,232,244
Common stock	15,747,728	-	15,747,728
Accounts receivable and fines, at estimated realizable value	-	414,825	414,825
Total Assets	31,521,881	1,010,628	32,532,509
Liabilities			
Due to other funds	-	605,576	605,576
Due to other governments	-	241,730	241,730
Escrow liability and interest	-	163,322	163,322
Total Liabilities	-	1,010,628	1,010,628
Net Assets Held in Trust for Pension Benefits	\$ 31,521,881	\$ -	\$ 31,521,881

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2008

	Pension Trust Funds
Additions:	
<hr/>	
Contributions:	
Employee	\$ 944,808
	<hr/>
Investment income (loss):	
Net depreciation in fair value of investments	(12,219,336)
Interest and dividends	1,144,411
	<hr/>
Total investment income (loss)	(11,074,925)
Investment expense	101,616
	<hr/>
Net investment income (loss)	(11,176,541)
	<hr/>
Total additions	(10,231,733)
	<hr/>
Deductions:	
<hr/>	
Benefits and refunds paid to plan members and beneficiaries	2,120,502
Administrative expense	38,032
	<hr/>
Total deductions	2,158,534
	<hr/>
Decrease in Net Assets	(12,390,267)
Net Assets:	
<hr/>	
Beginning of year	43,912,148
	<hr/>
End of year	\$ 31,521,881
	<hr/> <hr/>

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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.

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 evaluated all potential component units, and has determined the County has no 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.
 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.
-

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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:

Oil Region Alliance (ORA)

The ORA 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, ORA 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 County appoints one of twenty-five Board members, and the ORA has been designated by the Commissioners as the lead economic development agency in the County. During 2008, the County entered into a lease agreement with the ORA, as further described in Note 9. The ORA does not meet the criteria for inclusion in the County's financial reporting entity. Although a financial relationship exists, the County does not appoint a majority of the board, and no control is exercised over the ORA.

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 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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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.

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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.

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.

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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Interfund Activity in the Government-Wide Financial 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.

Interfund Receivables and Payables

Activities between governmental funds that are representative of temporary 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, 2008 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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: 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.

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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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.

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 FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

	<u>General Fund</u>
Net change in fund balance - General Fund as presented (modified accrual)	\$ 364,141
Adjustment to reconcile accounts and real estate taxes receivable to budgetary basis	4,789
Adjustment to reconcile prepaids and accounts and wages payable to budgetary basis	(45,341)
The Operating Reserve Fund is reported within the General Fund but is budgeted as a separate fund	2,322,672
Domestic Relations Fund is budgeted in the General Fund but is presented separately as an other governmental fund	<u>(115,473)</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u>\$ 2,530,788</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:

- 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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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.”

Adopted Pronouncement

During 2008, the County adopted GASB Statement No. 50, “*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.*” This statement enhances information disclosed in the notes to financial statements and information presented as required supplementary information by pension plans and by employers that provide pension benefits. The disclosure requirements of GASB Statement No. 50 are included in Note 8.

Pending Pronouncement

GASB issued Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions,*” effective for periods beginning after June 15, 2010. This statement provides clearer, more structured fund balance classifications, and clarifies the definitions of existing governmental fund types. The effect of implementation of this statement has not yet been determined by the County.

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.

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:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

- 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 \$17,392,149 at December 31, 2008, \$857,167 was covered by federal depository insurance. The remaining balance of \$16,534,982 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, 2008, of \$16,919,524 are reported as cash and cash equivalents in the statement of net assets.

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. The carrying amount of deposits for the row offices and other County offices was \$595,803 and the bank balance was \$685,116. Of the bank balance, \$119,307 was covered by federal depository insurance. The remaining balance of \$565,809 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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 Pension Trust Fund.

As of December 31, 2008, the County Pension Trust Fund held the following investments:

<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	\$ 2,898,985	\$ 2,898,985	\$ -	\$ -	\$ -
Government Bonds	94,559	-	-	-	94,559
Corporate Bonds	2,927,718	27,152	1,002,665	1,092,107	805,794
Federal National Mortgage Association	2,420,755	35,000	1,067,674	39,186	1,278,895
U.S. Government and Agency Securities:					
U.S. Treasury Notes	3,593,119	451,416	2,412,648	729,055	-
U.S. Treasury Bonds	681,955	-	-	-	681,955
Other U.S. Government Agencies	10,042	-	10,042	-	-
Federal Home Loan Mortgage	593,128	-	-	-	593,128
Other governmental strips	354,000	-	-	-	354,000
Total debt securities	<u>13,574,261</u>	<u>\$ 3,412,553</u>	<u>\$ 4,493,029</u>	<u>\$ 1,860,348</u>	<u>\$ 3,808,331</u>
Cash and cash equivalents	2,199,892				
Common stock	<u>15,747,728</u>				
Total cash and other investments	<u>17,947,620</u>				
Total pension Trust Fund cash, cash equivalents, and investments reported on statement of fiduciary net assets	<u>\$ 31,521,881</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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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.

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. Rarely, based on the timing of receipts and disbursements, does the County maintain greater than \$100,000 in their Pension Trust Fund checking account. The Pension Trust Fund Board does not have concerns at this time.

As of December 31, 2008, 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:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Investment Type	Moody's Rating	Percentage of Total Pension Trust Fund Corporate Bonds
Corporate Bonds	Aaa	19%
Corporate Bonds	Aa1	3%
Corporate Bonds	Aa2	4%
Corporate Bonds	Aa3	2%
Corporate Bonds	A1	8%
Corporate Bonds	A2	34%
Corporate Bonds	A3	7%
Corporate Bonds	Baa1	15%
Corporate Bonds	Baa2	7%
Corporate Bonds	Baa3	1%
		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 - FNMA	AAA	32%
U.S. Government Agency - other	AAA	14%
U.S. Government Agency - other	Unrated	54%
		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, 2008, the County's Pension Trust Fund cash and cash equivalents bank and investment balance was \$2,237,994 and the carrying amount was \$2,199,892. Of the bank and investment balance, \$2,114,328 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	<u>Balance at January 1, 2008</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance at December 31, 2008</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,779,952	\$ -	\$ (68,875)	\$ 1,711,077
Capital assets, being depreciated:				
Land improvements	395,087	7,516	-	402,603
Buildings and improvements	12,436,261	1,743,710	(525,916)	13,654,055
Machinery and equipment	10,661,021	1,853,763	(206,040)	12,308,744
Infrastructure	20,386,373	143,882	-	20,530,255
Total capital assets, being depreciated	<u>43,878,742</u>	<u>3,748,871</u>	<u>(731,956)</u>	<u>46,895,657</u>
Less: accumulated depreciation for:				
Land improvements	(205,614)	(27,270)	-	(232,884)
Buildings and improvements	(4,873,500)	(816,061)	384,072	(5,305,489)
Machinery and equipment	(7,363,236)	(982,338)	206,040	(8,139,534)
Infrastructure	(9,881,079)	(1,063,074)	-	(10,944,153)
Total accumulated depreciation	<u>(22,323,429)</u>	<u>(2,888,743)</u>	<u>590,112</u>	<u>(24,622,060)</u>
Total capital assets, being depreciated net	<u>21,555,313</u>	<u>860,128</u>	<u>(141,844)</u>	<u>22,273,597</u>
Governmental activities, capital assets, net	<u>\$ 23,335,265</u>			<u>\$ 23,984,674</u>

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. In March 2008, the Park Authority was dissolved and all remaining assets and liabilities reverted to the County. As a result, for the year ended December 31, 2008, the County has recognized approximately \$288,000 of contribution revenue in the statement of activities, which is the approximate net value of the capital assets received by the County from the transaction. The County has recorded both the historical cost of the capital assets and the estimated accumulated depreciation to date on capital assets obtained from this transaction as a "transfer/addition" in the above schedule.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	140,619
Judicial		57,092
Public safety		383,797
Public works		1,364,721
Human services		<u>490,542</u>
 Total depreciation expense - governmental activities	 \$	 <u>2,436,771</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 2008, County real estate taxes were levied at the rate of 5.565 mills on assessed valuation. Total assessed valuation for non-exempt properties in 2008 was approximately \$1,929,000,000.

All taxes receivables are shown net of an allowance for uncollectibles. Uncollected real estate taxes at December 31, 2008, including delinquent amounts, interest, and penalties, were \$1,821,438. Of this amount, approximately \$230,264 was considered uncollectible at December 31, 2008 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 cases, specific account analysis. The allowance for uncollectible accounts at December 31, 2008 is as follows:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

	Gross Receivable	Allowance for Uncollectibles	Net Receivable
Governmental activities:			
Property taxes receivable	\$ 1,821,438	\$ 230,264	\$ 1,591,174
Court related receivables (portion of accounts receivable - fiduciary funds)	\$ 4,052,928	\$ 3,638,103	\$ 414,825

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2008, as well as interfund transfers for the year ended December 31, 2008 were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental activities:				
General	\$ 753,685	\$ 143,273	\$ 720,248	\$ 2,151,671
Capital Projects	-	-	731,503	329,930
Human Services	241,952	282,979	1,264,632	568,910
Other governmental fund	36,191	-	618,752	284,624
Fiduciary Fund:				
Agency Funds	-	605,576	-	-
	\$ 1,031,828	\$ 1,031,828	\$ 3,335,135	\$ 3,335,135

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 FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

8. VENANGO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Venango County Employees' Retirement System (Plan), as administered 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, 2008, the date of the most recent valuation, participants in the Plan were as follows:

Participants:		
Retirees and beneficiaries		224
Deferred vested		34
Active employees:		
Vested		124
Nonvested		199

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 FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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 2008, the County was not required to make a contribution to the plan as determined by the January 1, 2008 actuarial valuation. The 2008 employee contributions were \$944,808.

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		1/1/2008
Actuarial cost method		Aggregate**
Asset valuation method		5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return*		7.50%
Projected salary increases*		4.25% - 4.5%; graduated .25% increments over 1 year
Cost of living adjustments		100% change in C.P.I.

* Includes inflation at 3%.

** Plans that use the aggregate actuarial cost method are now required to present a schedule of funding progress on the entry age method.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

The County does not have a net pension obligation (NPO) as of December 31, 2008.

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2006	\$ -	100.0%	\$ -
12/31/2007	-	100.0%	-
12/31/2008	-	100.0%	-

Funded Status

The County's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2008, is as follows:

<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Excess of assets over (under) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
\$ 43,941,134	\$ 31,917,041	\$ 12,024,093	137.7%	\$ 9,812,458	122.5%

The required schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

As noted above, certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2008. The next actuarial valuation will be performed as of January 1, 2009 and will take into account subsequent declines in the market value of investments being held in the Plan. While the exact impact is not known, it is expected that the market declines will negatively impact the funding status of the Plan and increase the future funding requirements of the Plan.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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 1.5% 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 3.6 %.

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,030,000	199,915	1,229,915
2014-2018	4,180,000	464,823	4,644,823
2019	410,000	8,918	418,918
	<u>\$ 9,435,000</u>	<u>\$ 1,801,021</u>	<u>\$ 11,236,021</u>

In February 2009, the County current refunded their 2002 and 2003 bonds with the issuance of refunding bonds of 2009 in the amount of \$9,615,000.

Capital Lease

During 2007, the County entered into an agreement with the ORA to lease office and storage space for use by various Human Service Departments beginning in 2008. The lease is for a term of 20 years, payments are due monthly, and escalate from approximately \$35,000 per month in the initial year of the lease to approximately \$48,000 in the final year of the lease.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

The leased building is valued at \$1,000,000 as of December 31, 2008. The total minimum lease payments are as follows:

Year Ending December 31,	Amount
2009	\$ 436,723
2010	492,123
2011	503,203
2012	558,603
2013	573,185
2014-2018	2,872,929
2019-2023	2,890,448
2024-2028	2,408,707
Total payments	10,735,921
Less interest and other costs	(9,785,921)
Present value at December 31, 2008	\$ 950,000

Accumulated depreciation on the leased building was \$50,000 as of December 31, 2008. Depreciation expense of \$50,000 is included as an expense to the Human Services program on the statement of activities.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008 was as follows:

	Balance at December 31, 2007	Additions	Reductions	Balance at December 31, 2008	Due Within One Year
Compensated absences	\$ 406,221	\$ -	\$ (10,947)	\$ 395,274	\$ -
Capital lease	-	1,000,000	(50,000)	950,000	50,000
Bond Series:					
2002	6,635,000	-	(465,000)	6,170,000	490,000
2003	3,685,000	-	(420,000)	3,265,000	420,000
Long-term liabilities	\$ 10,726,221	\$ 1,000,000	\$ (945,947)	\$ 10,780,274	\$ 960,000

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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, 2008:

2009	\$ 540,000
2010	540,000
2011	540,000
2012	540,000
2013	540,000
Subsequent	<u>3,080,000</u>
Future minimum lease payment for sale-leaseback agreement	5,780,000
Discounted to present value	<u>(1,172,500)</u>
Present value of minimum lease payments	<u>\$ 4,607,500</u>

11. COMMITMENTS AND 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

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.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF VENANGO, PENNSYLVANIA

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of assets over (under) AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2008	\$ 43,941,134	\$ 31,917,041	\$ 12,024,093	137.7%	\$ 9,812,458	122.5%

See accompanying note to supplementary schedules.

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>
2003	\$ -	N/A
2004	-	N/A
2005	-	N/A
2006	-	N/A
2007	-	N/A
2008	-	N/A

N/A = Not Applicable

See accompanying note to supplementary schedules.

COUNTY OF VENANGO, PENNSYLVANIA

NOTE TO SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2008

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	1/1/2008
Actuarial cost method	Aggregate**
Asset valuation method	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return *	7.50%
Projected salary increases *	4.25% - 4.5%; graduated .25% increments over 1 year
Cost of living adjustments	100% change in C.P.I.

* Includes inflation at 3%.

** Plans that use the aggregate actuarial cost method are now required to present a schedule of funding progress on the entry age method.

ADDITIONAL INFORMATION

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.

COUNTY OF VENANGO, PENNSYLVANIA

HUMAN SERVICES FUND COMBINING BALANCE SHEET

DECEMBER 31, 2008

	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Mental Retardation	Total Human Services Fund
Assets							
Cash and cash equivalents	\$ 461,594	\$ 22,400	\$ (1,010,246)	\$ 162,378	\$ 412,009	\$ 2,211,908	\$ 2,260,043
Advances receivable	-	-	-	-	5,822	98,658	104,480
Accounts receivable, net of allowance for uncollectibles	10,175	-	403,285	109,629	14,906	16,999	554,994
Due from other funds	18,255	-	86,072	7,996	5,129	124,500	241,952
Due from other governments	58,076	-	1,754,602	-	81,776	287,423	2,181,877
Prepays	-	-	34,421	-	-	-	34,421
Total Assets	\$ 548,100	\$ 22,400	\$ 1,268,134	\$ 280,003	\$ 519,642	\$ 2,739,488	\$ 5,377,767
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	\$ 82,859	\$ 3,795	\$ 542,682	\$ 93,335	\$ 162,693	\$ 600,608	\$ 1,485,972
Accrued payroll	40,353	2,729	80,309	10,844	26,640	45,611	206,486
Due to other funds	-	-	160,355	-	8,809	113,815	282,979
Deferred revenue	424,888	438	463,225	48,506	321,500	1,979,454	3,238,011
Total Liabilities	548,100	6,962	1,246,571	152,685	519,642	2,739,488	5,213,448
Fund Balance:							
Reserved:							
Program	-	15,438	(12,858)	127,318	-	-	129,898
Prepays	-	-	34,421	-	-	-	34,421
Total Fund Balance	-	15,438	21,563	127,318	-	-	164,319
Total Liabilities and Fund Balance	\$ 548,100	\$ 22,400	\$ 1,268,134	\$ 280,003	\$ 519,642	\$ 2,739,488	\$ 5,377,767

COUNTY OF VENANGO, PENNSYLVANIA

HUMAN SERVICES FUND COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2008

	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Mental Retardation	Eliminations	Total Human Services Fund
Revenues:								
Intergovernmental	\$ 2,070,229	\$ 58,095	\$ 6,395,197	\$ 853,023	\$ 2,215,806	\$ 7,848,197	\$ -	\$ 19,440,547
Charges for services	-	-	185,113	70,944	-	11,672	-	267,729
Interest	173	370	3,687	6,228	12,994	61,373	-	84,825
Other	-	1,144	198,280	125	24,963	25,017	-	249,529
Total revenues	2,070,402	59,609	6,782,277	930,320	2,253,763	7,946,259	-	20,042,630
Expenditures:								
Human services	1,828,931	57,935	7,697,180	931,848	2,219,048	7,956,552	-	20,691,494
Excess (Deficiency) of Revenues Over Expenditures	241,471	1,674	(914,903)	(1,528)	34,715	(10,293)	-	(648,864)
Other Financing Sources (Uses):								
Transfers in	28,903	-	1,115,933	67,267	116,295	111,560	(175,326)	1,264,632
Transfers out	(276,589)	(160)	(199,310)	(15,900)	(151,010)	(101,267)	175,326	(568,910)
Total other financing sources (uses)	(247,686)	(160)	916,623	51,367	(34,715)	10,293	-	695,722
Net Change in Fund Balance	(6,215)	1,514	1,720	49,839	-	-	-	46,858
Fund Balance:								
Beginning of year	6,215	13,924	19,843	77,479	-	-	-	117,461
End of year	\$ -	\$ 15,438	\$ 21,563	\$ 127,318	\$ -	\$ -	\$ -	\$ 164,319

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 **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.

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.

COUNTY OF VENANGO, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2008

Assets		Special Revenue Funds									
		Affordable Housing Program	Airport	Hazardous Materials	911	Planning Commission	Court Constable	Offender ID	Juvenile Court Restitution	County Records Improvement	Prothonotary Automation
Cash and cash equivalents	\$ 1,139,200	\$ 283,288	\$ 1,062,378	\$ 52,899	\$ 1,274,015	\$ 1,679	\$ 104,878	\$ 71,284	\$ 7,072	\$ 55,404	\$ 72,487
Accounts receivable, net of allowance for uncollectibles	-	-	34,094	-	37,437	-	-	30	-	-	-
Due from other funds	-	2,922	-	-	-	-	594	1,770	34	1,092	1,371
Due from other governments	2,936	-	31,399	-	-	-	-	-	-	-	-
Prepays	-	-	52,134	-	-	-	-	-	-	-	-
Total Assets	\$ 1,142,136	\$ 286,210	\$ 1,180,205	\$ 52,899	\$ 1,311,452	\$ 1,679	\$ 105,472	\$ 73,084	\$ 7,106	\$ 56,496	\$ 73,858
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 70,690	\$ 1,501	\$ 42,893	\$ -	\$ 454	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	17,351	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	1,229,126	-	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ 70,690	\$ 1,501	\$ 1,289,370	\$ -	\$ 454	\$ -	\$ -	\$ -	\$ -
Fund Balance:											
Reserved:											
Program	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	52,134	-	-	-	-	-	-	-	-
Unreserved, undesignated	1,142,136	286,210	1,057,381	51,398	22,082	1,679	105,018	73,084	7,106	56,496	73,858
Total Fund Balance	1,142,136	286,210	1,109,515	51,398	22,082	1,679	105,018	73,084	7,106	56,496	73,858
Total Liabilities and Fund Balance	\$ 1,142,136	\$ 286,210	\$ 1,180,205	\$ 52,899	\$ 1,311,452	\$ 1,679	\$ 105,472	\$ 73,084	\$ 7,106	\$ 56,496	\$ 73,858

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

(Continued)

DECEMBER 31, 2008

	Special Revenue Funds										Total Other Governmental Funds
	Community Development Block Grant	Community Services Block Grant	OEO - SWP	Weatherization	OEO - Other	Transportation	Special Purpose Gifts	Tax Claim Delinquent	Adoption Counseling	Domestic Relations Operation	
\$	(1,861)	\$ (70,811)	\$ 50,109	\$ (11,252)	\$ 201,520	\$ (141,817)	\$ 82,990	\$ 416,152	\$ 5,997	\$ (66,939)	\$ 4,588,872
	-	-	-	5,539	1,641	6,198	-	-	-	66,939	151,878
	-	4,421	951	2,242	5,378	15,416	-	-	-	-	36,191
	4,290	87,753	-	10,491	853	453,756	-	-	-	-	591,478
	-	-	-	-	-	-	-	-	-	-	52,134
Total Assets	\$ 2,429	\$ 21,363	\$ 51,060	\$ 7,020	\$ 209,392	\$ 333,553	\$ 82,990	\$ 416,152	\$ 5,997	\$ -	\$ 5,420,553
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	1,404	7,866	13,868	455	20,212	101,035	-	-	-	-	260,378
Accrued payroll	1,025	-	1,555	2,985	17,183	20,058	-	-	-	-	60,157
Due to other governments	-	-	35,637	-	-	-	-	416,152	-	-	451,789
Deferred revenue	-	13,497	-	3,580	17,846	212,460	-	-	-	-	1,476,509
Total Liabilities	2,429	21,363	51,060	7,020	55,241	333,553	-	416,152	-	-	2,248,833
Fund Balance:											
Reserved:											
Program	-	-	-	-	-	-	82,990	-	5,997	-	88,987
Prepays	-	-	-	-	-	-	-	-	-	-	52,134
Unreserved, undesignated	-	-	-	-	154,151	-	-	-	-	-	3,030,599
Total Fund Balance	-	-	-	-	154,151	-	82,990	-	5,997	-	3,171,720
Total Liabilities and Fund Balance	\$ 2,429	\$ 21,363	\$ 51,060	\$ 7,020	\$ 209,392	\$ 333,553	\$ 82,990	\$ 416,152	\$ 5,997	\$ -	\$ 5,420,553

(Concluded)

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds										
	Liquid Fuels	Affordable Housing Program	Airport	Hazardous Materials	911	Planning Commission	Court Constable	Offender ID	Juvenile Court Restitution	County Records Improvement	Prothonotary Automation
Revenues:											
Intergovernmental	\$ 511,209	\$ -	\$ 812,382	\$ -	\$ 334,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	42,786	704,903	15,725	493,344	-	50,468	26,126	2,897	15,812	9,661
Interest	34,569	9,305	5,533	1,567	37,935	48	3,103	1,778	151	1,476	1,933
Other	-	-	28,400	-	10,000	-	-	-	-	-	-
Total revenues	545,778	52,091	1,551,218	17,292	875,483	48	53,571	27,904	3,048	17,288	11,594
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	9,390	-
General government - judicial	-	-	-	-	-	-	55,211	15,489	-	-	-
Public safety	-	-	-	13,304	1,106,785	-	-	-	-	-	-
Public works	533,183	-	1,638,320	-	-	-	-	-	-	-	-
Human services	-	55,362	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	533,183	55,362	1,638,320	13,304	1,106,785	-	55,211	15,489	-	9,390	-
Excess (Deficiency) of Revenues Over Expenditures	12,595	(3,271)	(87,102)	3,988	(231,302)	48	(1,640)	12,415	3,048	7,898	11,594
Other Financing Sources (Uses):											
Transfers in	-	-	35,328	-	242,146	-	-	-	-	-	-
Transfers out	(6,602)	(18,690)	(35,328)	-	(11,131)	-	(725)	-	-	-	(1,360)
Total other financing sources (uses)	(6,602)	(18,690)	-	-	231,015	-	(725)	-	-	-	(1,360)
Net Change in Fund Balance	5,993	(21,961)	(87,102)	3,988	(287)	48	(2,365)	12,415	3,048	7,898	10,234
Fund Balance:											
Beginning of year	1,136,143	308,171	1,196,617	47,410	22,369	1,631	107,383	60,669	4,058	48,598	63,624
End of year	\$ 1,142,136	\$ 286,210	\$ 1,109,515	\$ 51,398	\$ 22,082	\$ 1,679	\$ 105,018	\$ 73,084	\$ 7,106	\$ 56,496	\$ 73,858

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	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	
Revenues:											
Intergovernmental	\$ 200,601	\$ 319,429	\$ 182,649	\$ 78,568	\$ 300,891	\$ 2,157,423	\$ -	\$ -	\$ -	\$ -	\$ 4,897,356
Charges for services	-	-	-	-	48,687	61,756	-	-	525	342,729	1,815,419
Interest	54	276	633	-	3,947	(5,766)	-	-	162	200	102,719
Other	-	-	-	-	23,440	311	-	-	-	-	62,201
Total revenues	200,655	319,705	183,282	78,568	376,965	2,213,724	5,865	-	687	342,929	6,877,695
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	-	9,390
General government - judicial	-	-	-	-	-	-	-	-	-	439,873	510,573
Public safety	-	-	-	-	-	-	-	-	-	-	1,120,089
Public works	-	-	-	-	-	-	-	-	-	-	2,171,503
Human services	-	263,271	180,050	72,050	309,947	2,378,054	-	-	-	-	3,258,734
Conservation and development	219,345	-	-	-	-	-	-	-	-	-	219,345
Total expenditures	219,345	263,271	180,050	72,050	309,947	2,378,054	-	-	-	439,873	7,289,634
Excess (Deficiency) of Revenues Over Expenditures	(18,690)	56,434	3,232	6,518	67,018	(164,330)	5,865	-	687	(96,944)	(411,939)
Other Financing Sources (Uses):											
Transfers in	18,690	13,998	-	-	-	207,475	-	-	-	101,115	618,752
Transfers out	-	(70,432)	(3,232)	(6,518)	(83,290)	(43,145)	-	-	-	(4,171)	(284,624)
Total other financing sources (uses)	18,690	(56,434)	(3,232)	(6,518)	(83,290)	164,330	-	-	-	96,944	334,128
Net Change in Fund Balance	-	-	-	-	(16,272)	-	5,865	-	687	-	(77,811)
Fund Balance:											
Beginning of year	-	-	-	-	170,423	-	77,125	-	5,310	-	3,249,531
End of year	\$ -	\$ -	\$ -	\$ -	\$ 154,151	\$ -	\$ 82,990	\$ -	\$ 5,997	\$ -	\$ 3,171,720

(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, Act 26 Shared Ride Capital, and Persons with Disabilities programs.

COUNTY OF VENANGO, PENNSYLVANIA

TRANSPORTATION FUND COMBINING BALANCE SHEET

DECEMBER 31, 2008

	Shared Ride	MATP	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital Programs	Persons with Disabilities	Total Transportation Fund
Assets								
Cash and cash equivalents	\$ (2,325)	\$ (357,231)	\$ 5,279	\$ 206,953	\$ -	\$ 5,507	\$ -	\$ (141,817)
Accounts receivable, net of allowance for uncollectibles	5,356	-	842	-	-	-	-	6,198
Due from other funds	1,464	3,266	10,686	-	-	-	-	15,416
Due from other governments	63,228	390,528	-	-	-	-	-	453,756
Total Assets	\$ 67,723	\$ 36,563	\$ 16,807	\$ 206,953	\$ -	\$ 5,507	\$ -	\$ 333,553
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	\$ 63,919	\$ 30,917	\$ 6,199	\$ -	\$ -	\$ -	\$ -	\$ 101,035
Accrued payroll	3,804	5,646	10,608	-	-	-	-	20,058
Deferred revenue	-	-	-	206,953	-	5,507	-	212,460
Total Liabilities	67,723	36,563	16,807	206,953	-	5,507	-	333,553
Fund Balance:								
Unreserved, undesignated	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 67,723	\$ 36,563	\$ 16,807	\$ 206,953	\$ -	\$ 5,507	\$ -	\$ 333,553

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2008

	Shared Ride	MATP	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital Programs	Persons with Disabilities	Eliminations	Total Transportation Fund
Revenues:									
Intergovernmental	\$ 194,204	\$ 1,243,190	\$ 5,389	\$ 414,265	\$ 290,815	\$ -	\$ 9,560	\$ -	\$ 2,157,423
Charges for services	15,006	-	46,750	-	-	-	-	-	61,756
Interest	-	-	-	(6,692)	926	-	-	-	(5,766)
Other	311	-	-	-	-	-	-	-	311
Total revenues	209,521	1,243,190	52,139	407,573	291,741	-	9,560	-	2,213,724
Expenditures:									
Human services	764,028	1,069,626	373,256	161,646	-	-	9,498	-	2,378,054
Excess (Deficiency) of Revenues Over Expenditures	<u>(554,507)</u>	<u>173,564</u>	<u>(321,117)</u>	<u>245,927</u>	<u>291,741</u>	<u>-</u>	<u>62</u>	<u>-</u>	<u>(164,330)</u>
Other Financing Sources (Uses):									
Transfers in	562,529	-	348,254	204,422	-	-	-	(907,730)	207,475
Transfers out	(8,022)	(173,564)	(27,137)	(450,349)	(291,741)	-	(62)	907,730	(43,145)
Total other financing sources (uses)	554,507	(173,564)	321,117	(245,927)	(291,741)	-	(62)	-	164,330
Net Change in Fund Balance	-	-	-	-	-	-	-	-	-
Fund Balance:									
Beginning of year	-	-	-	-	-	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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.

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2008

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	\$ 11,558	\$ 180,935	\$ 240,582	\$ 116,413	\$ 44,794	\$ 1,521	\$ 595,803
Accounts receivable and fines, at estimated realizable value	-	-	414,825	-	-	-	414,825
Total Assets	\$ 11,558	\$ 180,935	\$ 655,407	\$ 116,413	\$ 44,794	\$ 1,521	\$ 1,010,628
Liabilities							
Due to other funds	\$ 2,040	\$ 103,936	\$ 491,535	\$ 8,065	\$ -	\$ -	\$ 605,576
Due to other governments	9,518	76,826	149,636	5,750	-	-	241,730
Escrow liability and interest	-	173	14,236	102,598	44,794	1,521	163,322
Total Liabilities	\$ 11,558	\$ 180,935	\$ 655,407	\$ 116,413	\$ 44,794	\$ 1,521	\$ 1,010,628

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2008

	Balance at January 1, 2008	Additions	Deletions	Balance at December 31, 2008
Treasurer				
Assets				
Cash and cash equivalents	\$ 3,661	\$ 167,948	\$ 160,051	\$ 11,558
Liabilities				
Due to other funds	\$ 603	\$ 24,126	\$ 22,689	\$ 2,040
Due to other governments	3,058	143,302	136,842	9,518
Escrow liability and interest	-	520	520	-
Total Liabilities	\$ 3,661	\$ 167,948	\$ 160,051	\$ 11,558
Register of Wills and Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 167,911	\$ 1,154,567	\$ 1,141,543	\$ 180,935
Liabilities				
Due to other funds	\$ 77,886	\$ 426,420	\$ 400,370	\$ 103,936
Due to other governments	89,852	724,713	737,739	76,826
Escrow liability and interest	173	3,434	3,434	173
Total Liabilities	\$ 167,911	\$ 1,154,567	\$ 1,141,543	\$ 180,935
Prothonotary and Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 183,733	\$ 1,604,306	\$ 1,547,457	\$ 240,582
Accounts receivable and fines, at estimated realizable value	426,300	571,000	582,475	414,825
Total Assets	\$ 610,033	\$ 2,175,306	\$ 2,129,932	\$ 655,407
Liabilities				
Due to other funds	\$ 483,507	\$ 559,347	\$ 551,319	\$ 491,535
Due to other governments	112,512	208,986	171,862	149,636
Escrow liability and interest	14,014	1,406,973	1,406,751	14,236
Total Liabilities	\$ 610,033	\$ 2,175,306	\$ 2,129,932	\$ 655,407

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2008

(Continued)

	<u>Balance at January 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2008</u>
Sheriff				
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 100,063</u>	<u>\$ 839,772</u>	<u>\$ 823,422</u>	<u>\$ 116,413</u>
<u>Liabilities</u>				
Due to other funds	\$ 9,543	\$ 115,253	\$ 116,731	\$ 8,065
Due to other governments	5,030	20,502	19,782	5,750
Escrow liability and interest	<u>85,490</u>	<u>704,017</u>	<u>686,909</u>	<u>102,598</u>
Total Liabilities	<u>\$ 100,063</u>	<u>\$ 839,772</u>	<u>\$ 823,422</u>	<u>\$ 116,413</u>
Prison				
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 40,997</u>	<u>\$ 417,853</u>	<u>\$ 414,056</u>	<u>\$ 44,794</u>
<u>Liabilities</u>				
Escrow liability and interest	<u>\$ 40,997</u>	<u>\$ 417,853</u>	<u>\$ 414,056</u>	<u>\$ 44,794</u>
Domestic Relations				
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 1,521</u>	<u>\$ 443,785</u>	<u>\$ 443,785</u>	<u>\$ 1,521</u>
<u>Liabilities</u>				
Escrow liability and interest	<u>\$ 1,521</u>	<u>\$ 443,785</u>	<u>\$ 443,785</u>	<u>\$ 1,521</u>

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2008
(Continued)

	Balance at January 1, 2008	Additions	Deletions	Balance at December 31, 2008
Total all Agency Funds				
<u>Assets</u>				
Cash and cash equivalents	\$ 497,886	\$ 4,628,231	\$ 4,530,314	\$ 595,803
Accounts receivable and fines, at estimated realizable value	426,300	571,000	582,475	414,825
Total Assets	\$ 924,186	\$ 5,199,231	\$ 5,112,789	\$ 1,010,628
<u>Liabilities</u>				
Due to other funds	\$ 571,539	\$ 1,125,146	\$ 1,091,109	\$ 605,576
Due to other governments	210,452	1,097,503	1,066,225	241,730
Escrow liability and interest	142,195	2,976,582	2,955,455	163,322
Total Liabilities	\$ 924,186	\$ 5,199,231	\$ 5,112,789	\$ 1,010,628

(Concluded)