

County of Venango, Pennsylvania

Financial Statements
and Required Supplementary
and Additional Information

Year Ended December 31, 2009
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

Pursuing the profession while promoting the public good*
www.md-cpas.com

COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2009

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COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2009

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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, 2009, 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, 2009, 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 27, 2010 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 schedules on pages 33 through 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 27, 2010

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, 2009. 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 - 32).

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities by \$30.8 million at December 31, 2009.
- The County maintained an A+ rating from Standard & Poor's.
- As of December 31, 2009, unrestricted net assets were \$17.5 million or 43% of total expenses.
- The total fund balance of the General Fund at December 31, 2009 was \$8.5 million or 49% of the total fund balance.
- The County's real property tax rate was 5.565 mills for 2009 and 2008.

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, human services, culture and recreation, and conservation and development. 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 32 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 33 to 35 of this report.

The combining and individual fund statements and schedules are presented as additional information immediately following the required pension supplementary information on pages 36 to 45 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, 2009 and 2008 are presented below:

**County of Venango
Summary Statements of Net Assets
December 31, 2009 and 2008**

	Governmental Activities	
	2009	2008
Assets		
Current and other assets	\$ 43,604,031	\$ 47,030,609
Lease receivable	4,288,378	4,607,500
Total Assets	47,892,409	51,638,109
Liabilities		
Current and other liabilities	8,823,097	8,916,466
Non-current liabilities	8,268,321	9,820,274
Total Liabilities	17,091,418	18,736,740
Net Assets		
Investment in capital assets, net of related debt	12,260,957	13,650,849
Restricted	1,025,230	1,142,136
Unrestricted	17,514,804	18,108,384
Total Net Assets	\$ 30,800,991	\$ 32,901,369

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 \$30.8 million at December 31, 2009, a decrease from December 31, 2008 of approximately \$2,100,000. The decrease is namely attributable to decreased human services funding and public works spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the change in net assets for the years ended December 31, 2009 and 2008:

County of Venango Change in Net Assets Years Ended December 31, 2009 and 2008

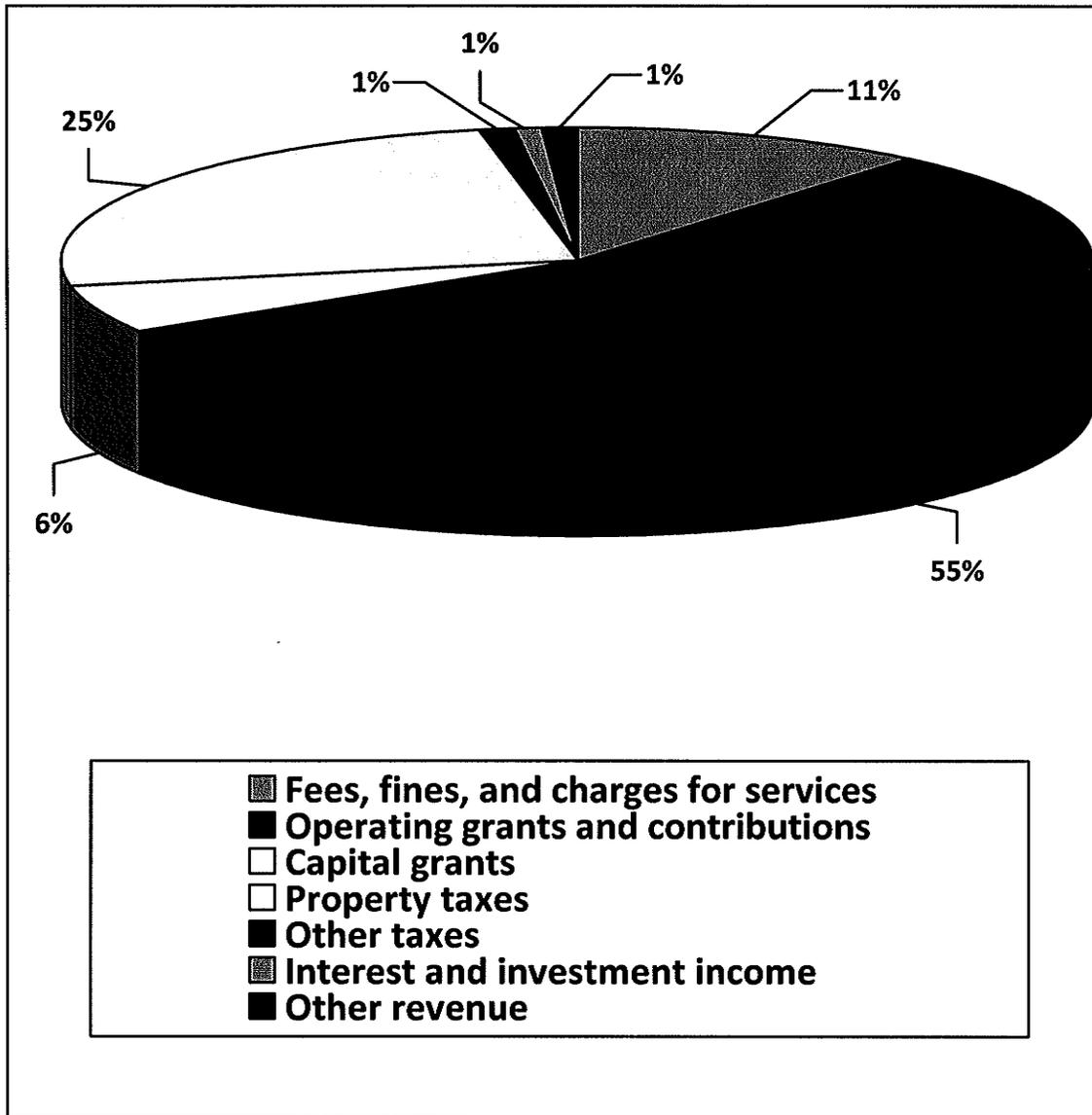
	Governmental Activities	
	2009	2008
Program revenues:		
Fees, fines, and charges for services	\$ 4,487,559	\$ 4,749,375
Operating grants and contributions	21,268,587	23,993,360
Capital grants	2,208,810	1,542,641
General revenues:		
Property taxes	9,753,406	9,868,906
Other taxes	490,746	470,549
Interest and investment income	391,744	713,149
Other	261,750	318,898
Total revenues	38,862,602	41,656,878
Program expenses:		
General government - administration	4,571,853	4,599,553
General government - judicial	3,636,741	3,637,670
Public safety	4,875,379	4,646,112
Public works	4,460,733	3,051,424
Human services	22,298,660	24,312,690
Culture and recreation	264,500	189,875
Conservation and development	479,149	565,786
Interest	375,965	350,626
Total expenses	40,962,980	41,353,736
Change in Net Assets	(2,100,378)	303,142
Net assets, beginning	32,901,369	32,598,227
Net assets, ending	\$ 30,800,991	\$ 32,901,369

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, 2009:

**County of Venango
Government-Wide Sources of Revenues
Total Revenue \$38,862,602**

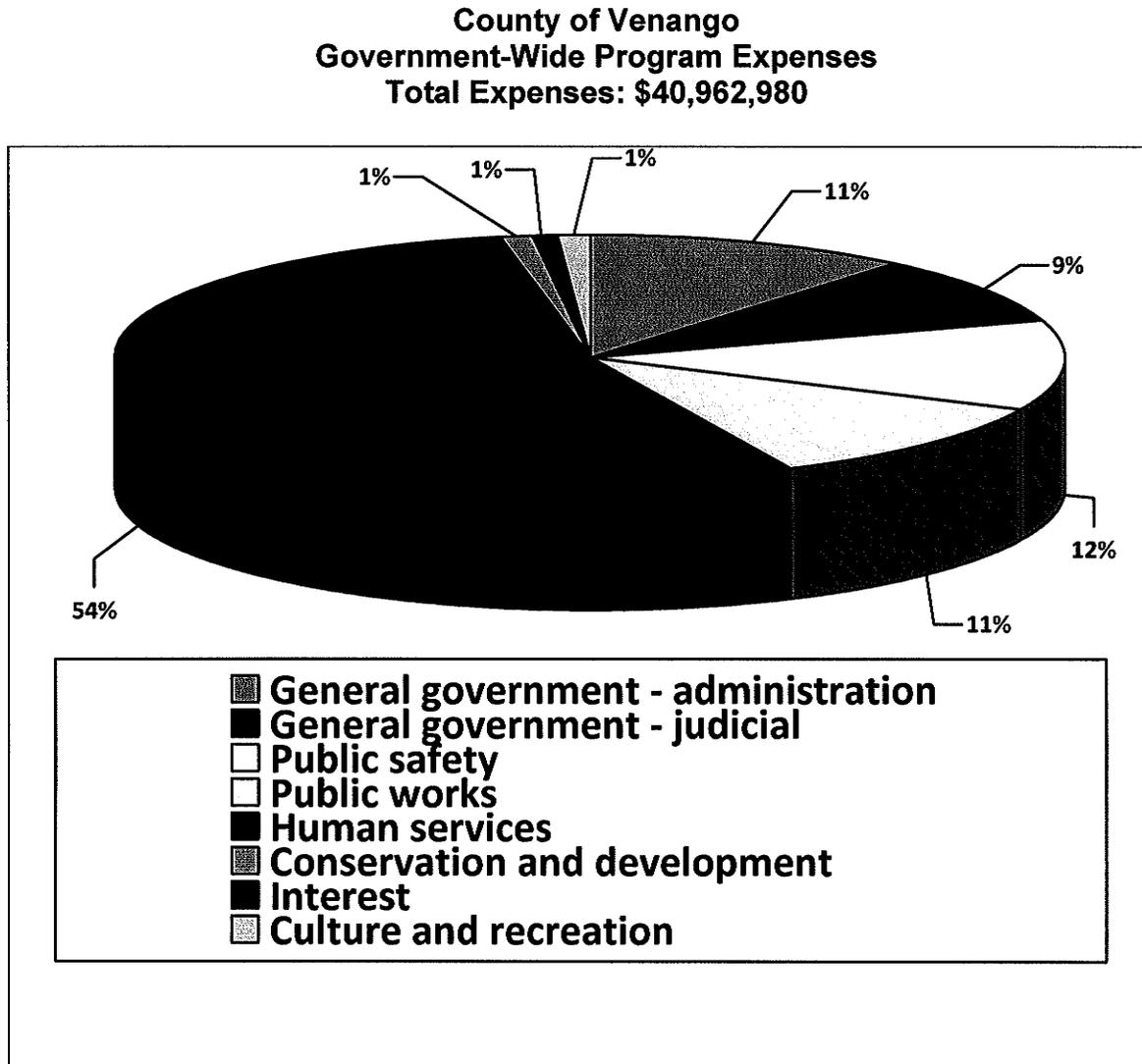


The government-wide revenues of \$38.9 million were derived primarily from program-based operating grants and contributions, representing 55% of the total revenues. The second largest source of revenue for the County was property taxes, which made up 25% of the total revenues. The third largest source 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, 2009:

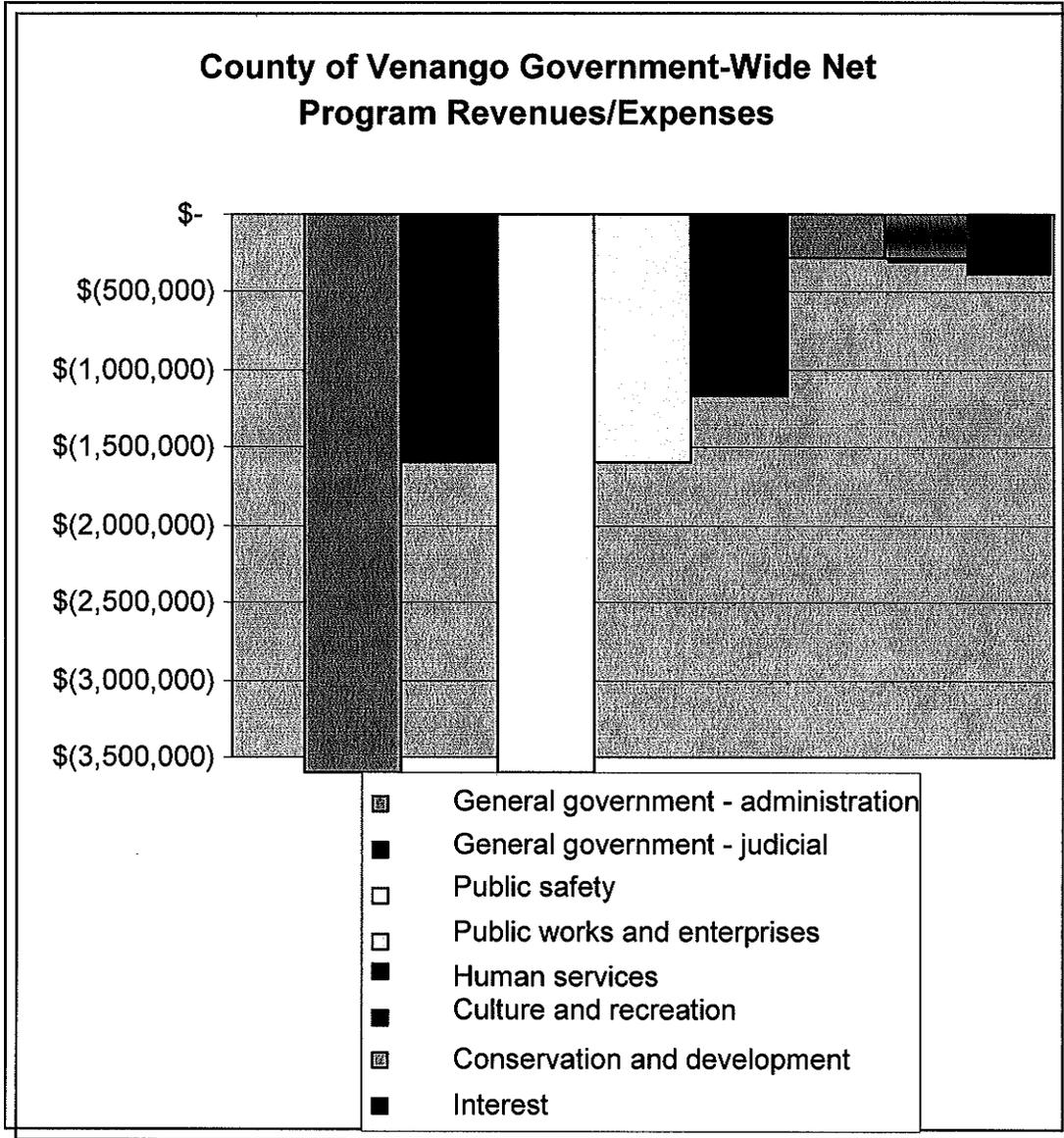


The largest area of expenses was Human Services which totaled \$22.3 million or 54% of all expenses. Human Services provides a vast array of social services programs, including Area Agency on Aging, Retired Senior Volunteer Program, Children and Youth Services, Substance Abuse, Mental Health/Mental Retardation, Transportation, Weatherization, and Office of Economic Opportunity. Following Human Services totaling \$4.8 million, Public Safety represented 12% 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 Public Works at \$4.5 million or 11% of the total followed by General Government - Judicial, with \$3.6 million in expenses or 9%, Conservation and Development at \$.5 million or 1%, Culture and Recreation at \$.3 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, 2009.



General government - administration required the most general revenue for support needing \$3.69 million during 2009.

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 36 and 37.

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 38 through 41.

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, 2009 and 2008:

MANAGEMENT'S DISCUSSION AND ANALYSIS

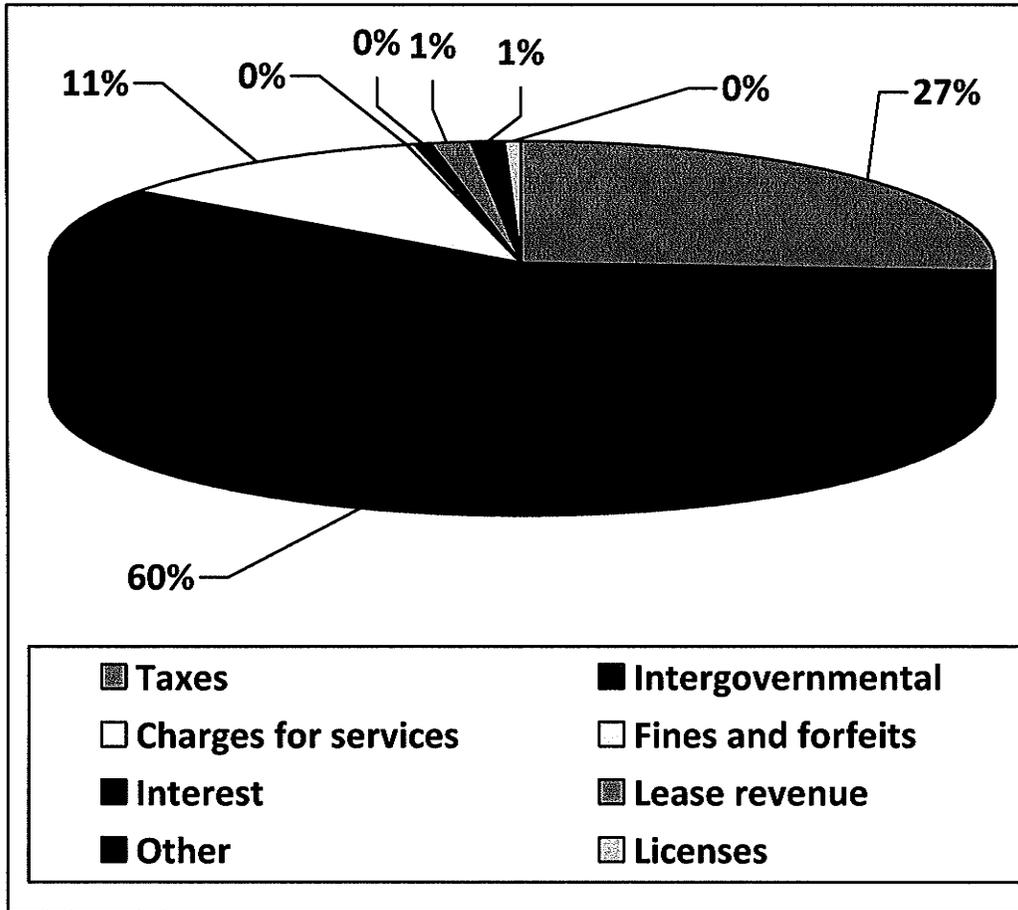
County of Venango Statements of Revenues, Expenditures, and Changes in Fund Balance Years Ended December 31, 2009 and 2008

	Governmental Funds	
	2009	2008
Revenues:		
Taxes	\$ 10,317,283	\$ 10,360,599
Licenses	33,282	37,231
Intergovernmental	23,201,570	25,014,618
Charges for services	4,386,226	4,587,643
Fines and forfeits	142,264	173,207
Interest	170,866	476,739
Lease revenue	540,000	540,000
Other	481,422	514,340
Total revenues	39,272,913	41,704,377
Expenditures:		
General government - administration	4,433,176	4,556,877
General government - judicial	3,577,429	3,582,392
Public safety	4,560,707	4,644,413
Public works	3,242,407	2,672,573
Human services	22,025,863	24,203,301
Conservation and development	478,419	565,937
Culture and recreation	239,807	189,875
Capital projects	-	1,001,200
Debt service	1,057,746	1,235,626
Total expenditures	39,615,554	42,652,194
Excess (Deficiency) of Revenues Over Expenditures	(342,641)	(947,817)
Other Financing Sources (Uses):		
Sale of capital assets	430	-
Proceeds from capital lease	-	1,000,000
Proceeds from refunding bonds issued	9,615,000	-
Payment to bondholders	(9,531,095)	-
Total other financing sources and uses	84,335	1,000,000
Net Change in Fund Balance	(258,306)	52,183
Fund balance, beginning	13,374,411	13,322,228
Fund balance, ending	\$ 13,116,105	\$ 13,374,411

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds revenues, by source, for the year ended December 31, 2009 were:

**County of Venango, Governmental Fund
Revenues Classified by Source
Total Revenues: \$39,272,913**

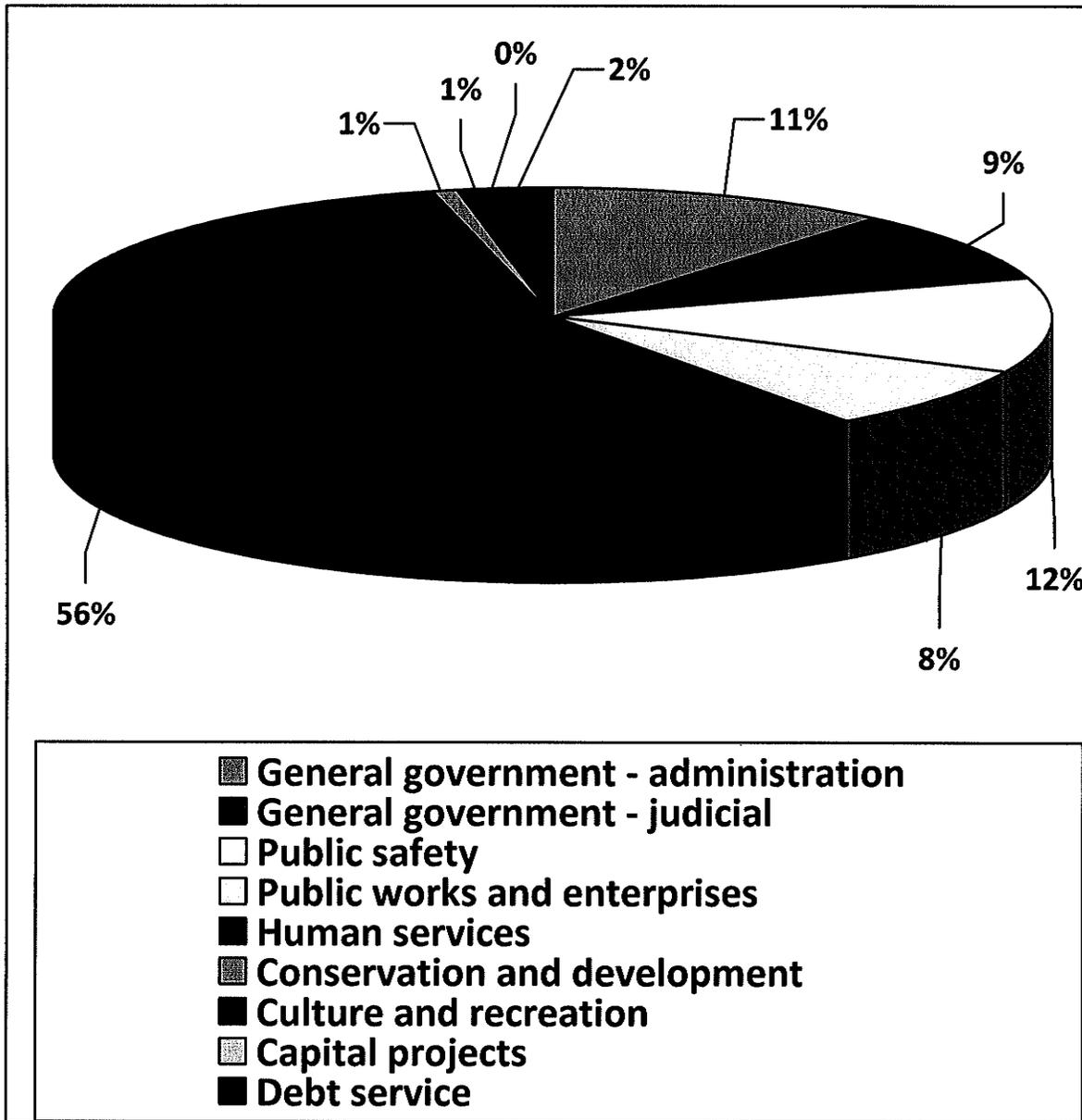


Governmental funds revenue totaled \$39.3 million for the year ending December 31, 2009, of which \$23 million (60%) came from Intergovernmental (Federal and State) Revenue. Taxes accounted for \$10.3 million (27%) in revenue. Charges for services reached \$4.4 million (11%) in revenue. Lease revenue and other revenue were each approximately 1% of total revenues. Licenses, fines and forfeits, and interest were less than 1% of total revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds expenditures, by function, for the year ended December 31, 2009 were:

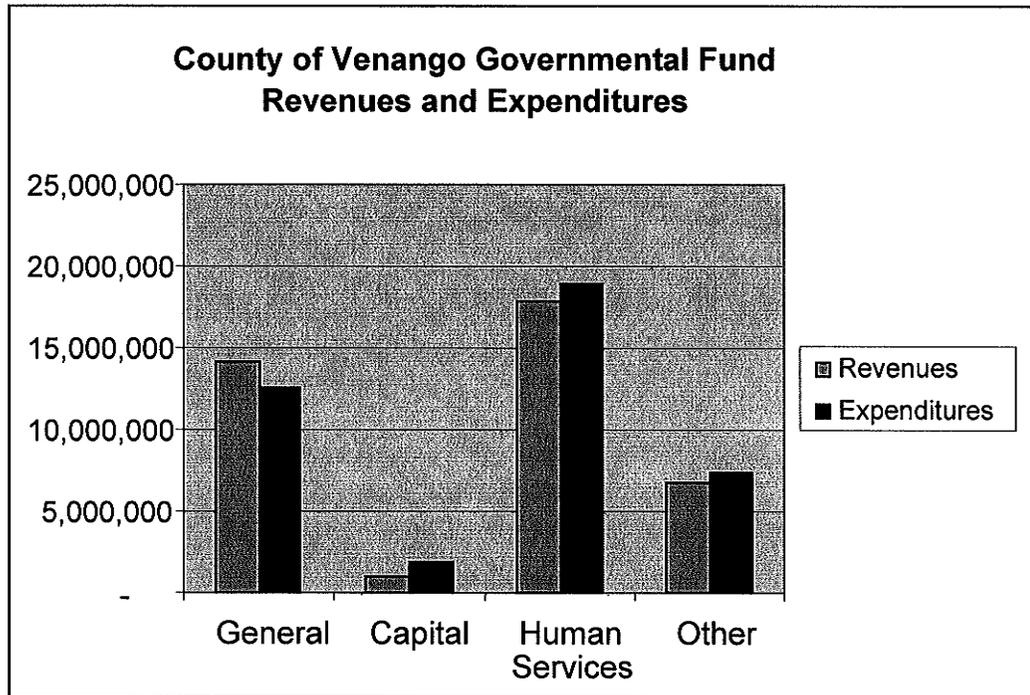
**County of Venango, Governmental Fund
Expenditures Classified by Function
Total Expenditures: \$ 39,615,554**



Governmental funds expenditures totaled \$39.6 million for the year ending December 31, 2009, of which \$22 million (56%) were Human Services expenditures. Public Safety, General Government – Administration, Public Works, and General Government - Judicial make up the next largest pieces; each with expenditures ranging from \$3.2 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, 2009:



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, 2009 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 \$1.5 million.

The County had a favorable variance between the final budget and actual revenue of approximately \$124,000. The largest contributors to the favorable variance were the excess of tax revenue over budget, and the shortfall of intergovernmental revenue, which is federal and state funding which was not obtained as planned. Consistent with recent years, the state funding has been lagging due to budget shortfalls at that level.

The County had a favorable variance between the final budget and actual expenditures of approximately \$1,149,000. The majority of this variance occurred in the General Government – Administration function, which shows approximately \$579,000 in favorable variance. The variance is primarily due to favorable variances in the salary and benefit lines as well as the contingent expenses

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. In late 2009, the County entered into agreement to purchase the office space subject to lease. In accordance with the agreement the County assumed the mortgage on the building and made payment to buy out the remainder of the lease in early 2010.

LONG-TERM DEBT

As of December 31, 2009, the County has \$8,820,000 of long-term debt, of which \$1,000,000 is payable in 2010. In February 2009, the County refinanced the outstanding long-term debt. In total, the refinancing is expected to save the County approximately \$350,000.

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, 2009

<u>Assets</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 15,768,653
Advances receivable	20,172
Taxes receivable, net	1,653,134
Accounts and loans receivable, at estimated realizable value	953,013
Accounts receivable - fiduciary funds	615,046
Due from other governments	2,547,794
Prepays	65,262
Capital assets, not being depreciated	1,628,152
Capital assets, net of accumulated depreciation	20,352,805
Lease receivable:	
Current	540,000
Non-current	3,748,378
Total Assets	47,892,409
<hr/>	
<u>Liabilities</u>	
Accounts payable	1,904,860
Accrued payroll	182,738
Due to other governments	390,461
Unearned revenue	4,445,038
Capital lease payable, current	900,000
Compensated absences, non-current	448,321
Bonds payable:	
Current	1,000,000
Non-current	7,820,000
Total Liabilities	17,091,418
<hr/>	
<u>Net Assets</u>	
Invested in capital assets, net of related debt	12,260,957
Restricted for highways and streets	1,025,230
Unrestricted:	
Lease receivable	4,288,378
Other unrestricted net assets	13,226,426
Total Net Assets	\$ 30,800,991

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2009

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	\$ 4,571,853	\$ 755,570	\$ 123,705	\$ (3,692,578)
General government - judicial	3,636,741	1,724,327	181,187	(1,731,227)
Public safety	4,875,379	790,666	470,342	(3,614,371)
Public works	4,460,733	770,654	-	(1,635,905)
Human services	22,298,660	446,342	20,470,480	(1,381,838)
Culture and recreation	264,500	-	22,873	(241,627)
Conservation and development	479,149	-	-	(324,513)
Interest	375,965	-	-	(375,965)
Total governmental activities	<u>\$ 40,962,980</u>	<u>\$ 4,487,559</u>	<u>\$ 21,268,587</u>	<u>\$ (12,998,024)</u>
General revenues:				
Property taxes				9,753,406
Other taxes				490,746
Interest and investment income				391,744
Other				261,750
Total general revenues				<u>10,897,646</u>
Change in Net Assets				<u>(2,100,378)</u>
Net Assets:				
Beginning of year				<u>32,901,369</u>
End of year				<u>\$ 30,800,991</u>

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2009

	General Fund	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 8,110,968	\$ 1,467,514	\$ 1,831,487	\$ 4,358,684	\$ 15,768,653
Advances receivable	-	-	20,172	-	20,172
Taxes receivable, net	1,653,134	-	-	-	1,653,134
Accounts receivable, net of allowance for uncollectibles	287,774	-	393,303	271,936	953,013
Due from other funds	703,772	-	53,528	30,387	787,687
Due from other governments	103,709	-	1,858,903	585,182	2,547,794
Prepays	-	-	13,128	52,134	65,262
Lease receivable:					
Current	-	540,000	-	-	540,000
Non-current	-	3,748,378	-	-	3,748,378
Total Assets	\$ 10,859,357	\$ 5,755,892	\$ 4,170,521	\$ 5,298,323	\$ 26,084,093
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 369,814	\$ -	\$ 1,140,437	\$ 394,609	\$ 1,904,860
Accrued payroll	100,565	-	62,515	19,658	182,738
Due to other funds	76,486	-	96,155	-	172,641
Due to other governments	-	-	-	390,461	390,461
Deferred revenue	1,822,956	4,288,378	2,676,697	1,529,257	10,317,288
Total Liabilities	2,369,821	4,288,378	3,975,804	2,333,985	12,967,988
Fund Balance:					
Reserved:					
Program	-	-	181,697	93,836	275,533
Prepays	-	-	13,128	52,134	65,262
Unreserved, designated for capital projects	-	1,467,514	-	-	1,467,514
Unreserved, undesignated reported in:					
General Fund	8,489,536	-	-	-	8,489,536
Special Revenue Funds	-	-	(108)	2,818,368	2,818,260
Total Fund Balance	8,489,536	1,467,514	194,717	2,964,338	13,116,105
Total Liabilities and Fund Balance	\$ 10,859,357	\$ 5,755,892	\$ 4,170,521	\$ 5,298,323	\$ 26,084,093

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, 2009

Total Fund Balance - Governmental Funds	\$ 13,116,105
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
Capital assets used in governmental activities are not current financial resources and therefore, are not reported as assets in governmental funds.	21,980,957
Long-term lease receivable is not available 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.	4,288,378
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.	1,583,872
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	\$ (448,321)
Capital lease payable	(900,000)
Bonds payable	<u>(8,820,000)</u>
	<u>(10,168,321)</u>
Total Net Assets - Governmental Activities	<u>\$ 30,800,991</u>

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, 2009

	General Fund	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 10,317,283	-	-	-	\$ 10,317,283
Licenses	33,282	-	-	-	33,282
Intergovernmental	641,357	-	17,301,548	5,258,665	23,201,570
Charges for services	2,364,016	-	315,380	1,706,830	4,386,226
Fines and forfeits	142,264	-	-	-	142,264
Interest	81,200	15,344	14,684	59,638	170,866
Lease revenue	-	540,000	-	-	540,000
Other	99,280	208	339,812	42,122	481,422
Total revenues	<u>13,678,682</u>	<u>555,552</u>	<u>17,971,424</u>	<u>7,067,255</u>	<u>39,272,913</u>
Expenditures:					
General government - administration	4,423,246	-	-	9,930	4,433,176
General government - judicial	3,108,239	-	-	469,190	3,577,429
Public safety	3,618,369	-	-	942,338	4,560,707
Public works	529,059	-	-	2,713,348	3,242,407
Human services	180,690	-	18,704,233	3,140,940	22,025,863
Conservation and development	308,749	-	-	169,670	478,419
Culture and recreation	239,807	-	-	-	239,807
Debt service	-	1,057,746	-	-	1,057,746
Total expenditures	<u>12,408,159</u>	<u>1,057,746</u>	<u>18,704,233</u>	<u>7,445,416</u>	<u>39,615,554</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,270,523</u>	<u>(502,194)</u>	<u>(732,809)</u>	<u>(378,161)</u>	<u>(342,641)</u>
Other Financing Sources (Uses):					
Sale of fixed assets	430	-	-	-	430
Proceeds from refunding bonds issued	-	9,615,000	-	-	9,615,000
Payment to bond holders	-	(9,531,095)	-	-	(9,531,095)
Transfers in	996,578	596,747	1,372,027	580,410	3,545,762
Transfers out	(2,119,004)	(408,307)	(608,820)	(409,631)	(3,545,762)
Total other financing sources (uses)	<u>(1,121,996)</u>	<u>272,345</u>	<u>763,207</u>	<u>170,779</u>	<u>84,335</u>
Net Change in Fund Balance	<u>148,527</u>	<u>(229,849)</u>	<u>30,398</u>	<u>(207,382)</u>	<u>(258,306)</u>
Fund Balance:					
Beginning 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>
End of year	<u>\$ 8,489,536</u>	<u>\$ 1,467,514</u>	<u>\$ 194,717</u>	<u>\$ 2,964,338</u>	<u>\$ 13,116,105</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, 2009

Net Change in Fund Balance - Governmental Funds **\$ (258,306)**

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	\$ 365,984	
	Less: depreciation expense	<u>(2,252,100)</u>	(1,886,116)

Losses on disposal of capital assets occur only the statement of activities, as capital assets are expensed when purchased in governmental funds. (117,601)

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. (114,062)

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. 647,876

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. (319,122)

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. (53,047)

Change in Net Assets of Governmental Activities **\$ (2,100,378)**

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, 2009

	Budgeted Amounts		Actual amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 9,922,850	\$ 9,922,850	\$ 10,243,259	\$ 320,409
Licenses	33,800	33,800	34,322	522
Intergovernmental	825,844	854,994	617,467	(237,527)
Charges for services	2,369,816	2,369,816	2,418,018	48,202
Fines and forfeits	123,300	123,300	146,987	23,687
Interest	117,000	117,000	66,985	(50,015)
Other	77,750	77,751	96,531	18,780
Total revenues	13,470,360	13,499,511	13,623,569	124,058
Expenditures:				
General government - administration	4,907,961	5,076,495	4,497,755	578,740
General government - judicial	3,944,118	3,949,895	3,563,336	386,559
Public safety	3,803,121	3,829,884	3,676,115	153,769
Public works	533,623	563,623	537,269	26,354
Human services	127,539	185,539	184,837	702
Conservation and development	318,297	319,297	314,428	4,869
Culture and recreation	241,069	241,069	242,918	(1,849)
Total expenditures	13,875,728	14,165,802	13,016,658	1,149,144
Excess (Deficiency) of Revenues Over Expenditures	(405,368)	(666,291)	606,911	1,273,202
Other Financing Sources (Uses):				
Sale of fixed assets	-	-	430	430
Transfers in	2,648,285	2,909,208	3,004,452	95,244
Transfers out	(2,242,917)	(2,242,917)	(2,119,064)	123,853
Total other financing sources (uses)	405,368	666,291	885,818	219,527
Net Change in Fund Balance	\$ -	\$ -	\$ 1,492,729	\$ 1,492,729

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2009

Assets	Pension Trust Fund	Agency Funds	Total
Cash and cash equivalents	\$ 1,248,650	\$ 653,140	\$ 1,901,790
Investments:			
Bond Mutual Funds	3,870,603	-	3,870,603
Bonds	2,709,059	-	2,709,059
Federal National Mortgage Association	831,735	-	831,735
U.S. Government and Agency Securities	5,966,314	-	5,966,314
Common stock	21,618,903	-	21,618,903
Accounts receivable and fines, at estimated realizable value	-	373,894	373,894
Total Assets	36,245,264	1,027,034	37,272,298
Liabilities			
Due to other funds	-	615,046	615,046
Due to other governments	-	148,625	148,625
Escrow liability and interest	-	263,363	263,363
Total Liabilities	-	1,027,034	1,027,034
Net Assets Held in Trust for Pension Benefits	\$ 36,245,264	\$ -	\$ 36,245,264

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2009

	Pension Trust Funds
Additions:	
<hr/>	
Contributions:	
Employee	\$ 997,161
Investment income:	
Net appreciation in fair value of investments	5,152,343
Interest and dividends	935,379
Total investment income	6,087,722
Investment expense	102,858
Net investment income	5,984,864
Total additions	6,982,025
Deductions:	
<hr/>	
Benefits and refunds paid to plan members and beneficiaries	2,221,621
Administrative expense	37,021
Total deductions	2,258,642
Increase in Net Assets	4,723,383
Net Assets:	
<hr/>	
Beginning of year	31,521,881
End of year	\$ 36,245,264

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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, health and welfare, and culture and recreation. 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.
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COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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, 2009

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 they are collected within 30 days of the end of the current period. Expenditures generally are

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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, 2009

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, 2009 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, 2009

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, 2009

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, 2009

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, 2009

	<u>General Fund</u>
Net change in fund balance - General Fund as presented (modified accrual)	\$ 148,527
Adjustment to reconcile accounts and real estate taxes receivable to budgetary basis	(33,350)
Adjustment to reconcile prepaids and accounts and wages payable to budgetary basis	(203,734)
The Operating Reserve Fund is reported within the General Fund but is budgeted as a separate fund	1,710,293
Domestic Relations Fund is budgeted in the General Fund but is presented separately as an other governmental fund	<u>(129,007)</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u>\$ 1,492,729</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 balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

- 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.”

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:

- 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

- 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 \$16,012,558 at December 31, 2009, \$661,120 was covered by federal depository insurance. The remaining balance of \$15,351,438 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, 2009, of \$15,768,653 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 \$653,140 and the bank balance was \$701,227. Of the bank balance, \$106,970 was covered by federal depository insurance. The remaining balance of \$594,257 was collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

Pension Trust Fund

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

Fund and establishes investment guidelines and performance objectives for the Pension Trust Fund.

As of December 31, 2009, the County Pension Trust Fund held the following investments:

Cash or Investment Type	Fair Market Value	Investment Maturities (In Years) from December 31			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Bond Mutual Funds	\$ 3,870,603	\$ 3,870,603	\$ -	\$ -	\$ -
Government Bonds	98,913	-	-	-	98,913
Corporate Bonds	2,610,146	10,713	692,626	1,086,476	820,331
Federal National Mortgage Association	831,735	-	161,950	104,093	565,692
U.S. Government and Agency Securities:					
U.S. Treasury Notes	4,352,493	641,488	2,821,790	889,215	-
U.S. Treasury Bonds	597,190	-	-	-	597,190
Other U.S. Government Agencies	374,098	-	374,098	-	-
FHL Banks Consolidated Bond	249,533	-	-	-	249,533
Other governmental strips	393,000	-	-	-	393,000
Total debt securities	13,377,711	\$ 4,522,804	\$ 4,050,464	\$ 2,079,784	\$ 2,724,659
Cash and cash equivalents	1,248,650				
Common stock	21,618,903				
Total cash and other investments	22,867,553				
Total Pension Trust Fund cash, cash equivalents, and investments reported on statement of fiduciary net assets	\$ 36,245,264				

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

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

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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, 2009, the County's Pension Trust Fund investments in corporate bonds and U.S. Government and Agency securities have received the following ratings from Moody's:

Investment Type	Moody's Rating	Percentage of Total Pension Trust Fund Corporate Bonds
Corporate Bonds	Aa1	5%
Corporate Bonds	Aa2	24%
Corporate Bonds	Aa3	3%
Corporate Bonds	A1	20%
Corporate Bonds	A2	21%
Corporate Bonds	A3	14%
Corporate Bonds	Baa1	5%
Corporate Bonds	Baa2	8%
		100%
Investment Type	Moody's Rating	Percentage of Total U.S. Government and Agency Securities
U.S. Government Agency - FNMA	AAA	11%
U.S. Government Agency - FNMA	Unrated	45%
U.S. Government Agency - other	AAA	17%
U.S. Government Agency - other	Unrated	27%
		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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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, 2009, the County's Pension Trust Fund cash and cash equivalents bank and investment balance was \$1,261,131 and the carrying amount was \$1,248,650. Of the bank and investment balance, \$1,184,155 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.

Risks and Uncertainties

Financial instruments, which potentially expose the County to concentrations of credit risk, include investments in marketable securities. As a matter of policy, the County maintains investment balances only with institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate risk and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such a change could materially affect the amount reported on the statement of net assets.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

	Balance at January 1, 2009	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2009
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,711,077	\$ -	\$ (82,925)	\$ 1,628,152
Capital assets, being depreciated:				
Land improvements	402,603	-	-	402,603
Buildings and improvements	13,654,055	14,794	-	13,668,849
Machinery and equipment	12,308,744	351,190	(207,358)	12,452,576
Infrastructure	20,530,255	-	-	20,530,255
Total capital assets, being depreciated	46,895,657	365,984	(207,358)	47,054,283
Less: accumulated depreciation for:				
Land improvements	(232,884)	(19,754)	-	(252,638)
Buildings and improvements	(5,305,489)	(383,074)	-	(5,688,563)
Machinery and equipment	(8,139,534)	(930,080)	172,682	(8,896,932)
Infrastructure	(10,944,153)	(919,192)	-	(11,863,345)
Total accumulated depreciation	(24,622,060)	(2,252,100)	172,682	(26,701,478)
Total capital assets, being depreciated net	22,273,597	(1,886,116)	(34,676)	20,352,805
Governmental activities, capital assets, net	\$ 23,984,674			\$ 21,980,957

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 126,732
Judicial	50,521
Public safety	392,645
Public works	1,264,345
Human services	393,164
Culture and recreation	24,693
Total depreciation expense - governmental activities	\$ 2,252,100

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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 2009, County real estate taxes were levied at the rate of 5.565 mills on assessed valuation. Total assessed valuation for non-exempt properties in 2009 was approximately \$1,957,000,000.

All taxes receivables are shown net of an allowance for uncollectibles. Uncollected real estate taxes at December 31, 2009, including delinquent amounts, interest, and penalties, were \$1,896,303. Of this amount, approximately \$243,169 was considered uncollectible at December 31, 2009 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, 2009 is as follows:

	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Governmental activities:			
Property taxes receivable	<u>\$ 1,896,303</u>	<u>\$ 243,169</u>	<u>\$ 1,653,134</u>
Court related receivables (portion of accounts receivable - fiduciary funds)	<u>\$ 4,052,928</u>	<u>\$ 3,679,034</u>	<u>\$ 373,894</u>

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2009, as well as interfund transfers for the year ended December 31, 2009 were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:				
General	\$ 703,772	\$ 76,486	\$ 996,578	\$ 2,119,004
Capital Projects	-	-	596,747	408,307
Human Services	53,528	96,155	1,372,027	608,820
Other governmental funds	30,387	-	580,410	409,631
Fiduciary Fund:				
Agency Funds	-	615,046	-	-
	<u>\$ 787,687</u>	<u>\$ 787,687</u>	<u>\$ 3,545,762</u>	<u>\$ 3,545,762</u>

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.

8. VENANGO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

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

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

At January 1, 2009, the date of the most recent valuation, participants in the Plan were as follows:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

Participants:	
Retirees and beneficiaries	242
Deferred vested	35
Active employees:	
Vested	115
Nonvested	225

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.

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 2009, the County was not required to make a contribution to the Plan as determined by the January 1, 2009 actuarial valuation. The 2009 employee contributions were \$997,161.

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:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

Annual pension cost	\$	-
Contributions made	\$	-
Actuarial valuation date		1/1/2009
Actuarial cost method		Aggregate**
		5-Year
Asset valuation method		Smoothed Market
Actuarial assumptions:		
Investment rate of return*		7.5%
Projected salary increases*		4.5%
Cost of living adjustments		100% change in C.P.I.

* Includes inflation at 3%.

** The aggregate actuarial cost method is used to determine the annual require contribution for the Plan. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the Plan.

The County does not have a net pension obligation (NPO) as of December 31, 2009.

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2007	\$ -	100.0%	\$ -
12/31/2008	-	100.0%	-
12/31/2009	-	100.0%	-

Funded Status

The County's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2009, is as follows:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

<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>Excess of AAL as a Percentage of Covered Payroll</u>
\$ 40,701,087	\$ 33,770,166	\$ 6,930,921	120.5%	\$ 10,656,036	65.0%

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, 2009. The next actuarial valuation will be performed as of January 1, 2010.

9. LONG-TERM LIABILITIES

In September 2002, the County issued General Obligation Bonds, 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. During 2009, the County refunded \$6,170,000 of the 2002 bonds with the Series of 2009 bonds, as discussed below.

In April 2003, the County issued General Obligation Bonds, Series of 2003 (2003 Bonds) in the amount of \$5,095,000. The 2003 Bonds proceeds were used to refund the County's Series 1993B General Obligation Bonds (1993 Bonds). During 2009, the County refunded \$3,265,000 of the 2003 bonds with the Series of 2009 bonds, as discussed below.

In February 2009, the County issued General Obligation Bonds, Series of 2009 (2009 Bonds), in the amount of \$9,615,000. The 2009 Bonds proceeds were used to (1) refund the County's 2002 and 2003 Bonds and (2) pay the cost of issuing and insuring the bonds. The 2009 Bonds, whose last scheduled maturity date is June 1, 2019, bears interest at rates between 2% and 5%.

Annual debt service requirements to maturity related to the 2009 Bonds are as follows:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

Years	Principal	Interest	Total
2010	\$ 1,000,000	\$ 240,758	\$ 1,240,758
2011	1,020,000	220,558	1,240,558
2012	1,030,000	199,414	1,229,414
2013	1,070,000	161,720	1,231,720
2014	1,115,000	120,753	1,235,753
2015-2019	3,585,000	236,943	3,821,943
	\$ 8,820,000	\$ 1,180,146	\$ 10,000,146

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 was for a term of 20 years, payments were due monthly, and escalated from approximately \$35,000 per month in the initial year of the lease to approximately \$48,000 in the final year of the lease. The leased building was valued at \$1,000,000 at the time of purchase. The total minimum lease payments as of December 31, 2009 were as follows:

Year Ending December 31,	Amount
2010	\$ 492,123
2011	503,203
2012	558,603
2013	573,185
2014	573,885
2015-2019	2,877,134
2020-2024	2,890,448
2025-2028	1,830,617
Total payments	10,299,198
Less interest and other costs	(9,399,198)
Present value at December 31, 2009	\$ 900,000

Accumulated depreciation on the leased building was \$100,000 as of December 31, 2009. Depreciation expense of \$50,000 is included as an expense to the Human Services program on the statement of activities.

In February 2010, the County bought out the remainder of the lease with the ORA. The terms of this transaction included a \$1,000,000 payment for the lease termination, as well as, assumption of the mortgage that was held by the ORA in the amount of \$1,609,000. While

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

the terms of the mortgage include a balloon payment of approximately \$768,000 in February 2018, the County has established a sinking fund to provide for level monthly debt payments.

Annual debt service requirements related to the mortgage and sinking fund are as follows:

Year Ending December 31,	Principal	Interest	Total
2010	\$ 153,504	\$ 71,905	\$ 225,409
2011	188,338	82,153	270,491
2012	192,848	77,643	270,491
2013	199,124	71,367	270,491
2014	204,830	65,661	270,491
2015-2018	670,356	163,660	834,016
Total	<u>\$ 1,609,000</u>	<u>\$ 532,389</u>	<u>\$ 2,141,389</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009 was as follows:

	Balance at December 31, 2008	Additions	Reductions	Balance at December 31, 2009	Due Within One Year
Compensated absences	\$ 395,274	\$ 53,047	\$ -	\$ 448,321	\$ -
Capital lease	950,000	-	(50,000)	900,000	900,000
Bond Series:					
2002	6,170,000	-	(6,170,000)	-	-
2003	3,265,000	-	(3,265,000)	-	-
2009	-	9,615,000	(795,000)	8,820,000	1,000,000
Long-term liabilities	<u>\$ 10,780,274</u>	<u>\$ 9,668,047</u>	<u>\$(10,280,000)</u>	<u>\$ 10,168,321</u>	<u>\$ 1,900,000</u>

Due to the lease buyout paid in 2010 approximating the remaining value of the lease agreement, the entire balance of the capital lease agreement is presented as current in the above schedule and in the Statement of Net Assets.

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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, 2009:

2010	\$ 540,000
2011	540,000
2012	540,000
2013	540,000
2014	540,000
Subsequent	<u>2,540,000</u>
Future minimum lease payment for lease purchase agreement	5,240,000
Discounted to present value	<u>(951,622)</u>
Present value of minimum lease payments	<u>\$ 4,288,378</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.

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	Excess of AAL 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%
1/1/2009	40,701,087	33,770,166	6,930,921	120.5%	10,656,036	65.0%

Note: Information in this schedule is calculated using the entry age actuarial cost method, implemented for the 1/1/2008 Actuarial Valuation.

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>
2004	\$ -	N/A
2005	-	N/A
2006	-	N/A
2007	-	N/A
2008	-	N/A
2009	-	N/A

N/A = Not Applicable

See accompanying note to supplementary schedules.

COUNTY OF VENANGO, PENNSYLVANIA

NOTE TO SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2009

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	1/1/2009
Actuarial cost method	Aggregate**
Asset valuation method	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	4.5%
Cost of living adjustments	100% change in C.P.I.

* Includes inflation at 3%.

** The aggregate actuarial cost method is used to determine the annual required contribution for the Plan. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the Plan.

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, 2009

	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	\$ 231,514	\$ 17,187	\$ (513,267)	\$ 237,553	\$ 247,965	\$ 1,610,535	\$ 1,831,487
Advances receivable	-	-	-	-	5,822	14,350	20,172
Accounts receivable, net of allowance for uncollectibles	5,141	-	198,375	146,263	21,381	22,143	393,303
Due from other funds	14,652	-	16,358	3,807	7,392	11,319	53,528
Due from other governments	88,386	-	1,335,197	1,223	82,386	351,711	1,858,903
Prepays	-	-	13,020	-	28	80	13,128
Total Assets	\$ 339,693	\$ 17,187	\$ 1,049,683	\$ 388,846	\$ 364,974	\$ 2,010,138	\$ 4,170,521
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	\$ 115,543	\$ -	\$ 559,823	\$ 95,565	\$ 99,075	\$ 270,431	\$ 1,140,437
Accrued payroll	12,732	824	18,742	4,101	11,830	14,286	62,515
Due to other funds	-	-	96,155	-	-	-	96,155
Deferred revenue	211,418	473	352,382	132,934	254,069	1,725,421	2,676,697
Total Liabilities	339,693	1,297	1,027,102	232,600	364,974	2,010,138	3,975,804
Fund Balance:							
Reserved:							
Program	-	15,890	9,561	156,246	-	-	181,697
Prepays	-	-	13,020	-	28	80	13,128
Unreserved, undesignated	-	-	-	-	(28)	(80)	(108)
Total Fund Balance	-	15,890	22,581	156,246	-	-	194,717
Total Liabilities and Fund Balance	\$ 339,693	\$ 17,187	\$ 1,049,683	\$ 388,846	\$ 364,974	\$ 2,010,138	\$ 4,170,521

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2009

	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	\$ 2,156,326	\$ 58,096	\$ 6,275,950	\$ 672,655	\$ 2,539,020	\$ 5,599,501	\$ -	\$ 17,301,548
Charges for services	-	-	195,956	92,977	-	26,447	-	315,380
Interest	-	112	698	2,032	2,603	9,239	-	14,684
Other	37,270	340	273,485	859	12,998	14,860	-	339,812
Total revenues	2,193,596	58,548	6,746,089	768,523	2,554,621	5,650,047	-	17,971,424
Expenditures:								
Human services	1,993,772	58,096	7,709,053	763,967	2,480,212	5,699,133	-	18,704,233
Excess (Deficiency) of Revenues Over Expenditures	199,824	452	(962,964)	4,556	74,409	(49,086)	-	(732,809)
Other Financing Sources (Uses):								
Transfers in	41,224	-	1,155,981	52,434	128,263	165,528	(171,403)	1,372,027
Transfers out	(241,048)	-	(191,999)	(28,062)	(202,672)	(116,442)	171,403	(608,820)
Total other financing sources (uses)	(199,824)	-	963,982	24,372	(74,409)	49,086	-	763,207
Net Change in Fund Balance	-	452	1,018	28,928	-	-	-	30,398
Fund Balance:								
Beginning of year	-	15,438	21,563	127,318	-	-	-	164,319
End of year	\$ -	\$ 15,890	\$ 22,581	\$ 156,246	\$ -	\$ -	\$ -	\$ 194,717

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, 2009

		Special Revenue Funds									
		Affordable Housing Program	Airport	Hazardous Materials	911	Planning Commission	Court Constable	Offender ID	Juvenile Court Restitution	County Records Improvement	Prothonotary Automation
	\$ 1,025,230	\$ 240,478	\$ 1,061,399	\$ 53,489	\$ 1,332,536	\$ 3,436	\$ 123,179	\$ 83,611	\$ 6,651	\$ 59,405	\$ 75,572
	-	-	139,277	-	41,032	-	273	-	-	-	-
	-	3,559	-	-	-	-	441	1,754	67	1,170	527
	-	-	-	-	2,475	-	-	-	-	-	-
	-	-	52,134	-	-	-	-	-	-	-	-
Total Assets	\$ 1,025,230	\$ 244,037	\$ 1,252,810	\$ 53,489	\$ 1,376,043	\$ 3,436	\$ 123,893	\$ 85,365	\$ 6,718	\$ 60,575	\$ 76,099
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 169,123	\$ 311	\$ 98,544	\$ -	\$ 107	\$ 143	\$ -	\$ 71	\$ -
Accrued payroll	-	-	-	-	6,500	-	-	-	-	-	-
Due to other governments	40,360	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	1,250,545	-	-	-	-	-	-
Total Liabilities	40,360	-	169,123	311	1,355,589	-	107	143	-	71	-
Fund Balance:											
Reserved:	-	-	-	-	-	-	-	-	-	-	-
Program	-	-	52,134	-	-	-	-	-	-	-	-
Prepays	-	244,037	1,031,553	53,178	20,454	3,436	123,786	85,222	6,718	60,504	76,099
Unreserved, undesignated	984,870	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	984,870	244,037	1,083,687	53,178	20,454	3,436	123,786	85,222	6,718	60,504	76,099
Total Liabilities and Fund Balance	\$ 1,025,230	\$ 244,037	\$ 1,252,810	\$ 53,489	\$ 1,376,043	\$ 3,436	\$ 123,893	\$ 85,365	\$ 6,718	\$ 60,575	\$ 76,099

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

(Continued)

DECEMBER 31, 2009

	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	
Assets											
Cash and cash equivalents	\$ (2,926)	\$ 20,594	\$ 80,282	\$ (18,159)	\$ 190,034	\$ (265,266)	\$ 87,033	\$ 265,662	\$ 6,803	\$ (70,359)	\$ 4,358,684
Accounts receivable, net of allowance for uncollectibles	-	-	-	1,501	1,633	17,861	-	-	-	70,359	271,936
Due from other funds	57	3,723	770	1,386	3,327	13,606	-	-	-	-	30,387
Due from other governments	2,995	154,830	-	17,701	853	406,328	-	-	-	-	585,182
Prepays	-	-	-	-	-	-	-	-	-	-	52,134
Total Assets	\$ 126	\$ 179,147	\$ 81,052	\$ 2,429	\$ 195,847	\$ 172,529	\$ 87,033	\$ 265,662	\$ 6,803	\$ -	\$ 5,298,323
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ 51	\$ 19,249	\$ 10,073	\$ 340	\$ 23,560	\$ 73,037	\$ -	\$ -	\$ -	\$ -	\$ 394,609
Accrued payroll	75	3,282	639	1,007	1,331	6,824	-	-	-	-	19,658
Due to other governments	-	-	70,340	-	14,099	-	-	265,662	-	-	390,461
Deferred revenue	-	156,616	-	1,082	28,346	92,668	-	-	-	-	1,529,257
Total Liabilities	126	179,147	81,052	2,429	67,336	172,529	-	265,662	-	-	2,333,985
Fund Balance:											
Reserved:											
Program	-	-	-	-	-	-	87,033	-	6,803	-	93,836
Prepays	-	-	-	-	-	-	-	-	-	-	52,134
Unreserved, undesignated	-	-	-	-	128,511	-	-	-	-	-	2,818,368
Total Fund Balance	-	-	-	-	128,511	-	87,033	-	6,803	-	2,964,338
Total Liabilities and Fund Balance	\$ 126	\$ 179,147	\$ 81,052	\$ 2,429	\$ 195,847	\$ 172,529	\$ 87,033	\$ 265,662	\$ 6,803	\$ -	\$ 5,298,323

(Concluded)

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2009

	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	\$ 547,958	\$ 36,700	\$ 1,491,367	\$ -	\$ 115,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	36,434	489,349	17,725	544,257	1,732	72,208	25,976	2,235	13,422	8,185
Interest	10,446	2,461	12,000	485	14,970	25	937	641	54	516	661
Other	-	-	9,134	-	4,167	-	-	-	-	-	-
Total revenues	558,404	75,595	2,001,850	18,210	678,838	1,757	73,145	26,617	2,289	13,938	8,846
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	9,930	-
General government - judicial	-	-	-	-	-	-	47,737	13,975	2,677	-	-
Public safety	-	-	-	16,430	925,908	-	-	-	-	-	-
Public works	715,670	-	1,997,678	-	-	-	-	-	-	-	-
Human services	-	102,451	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	715,670	102,451	1,997,678	16,430	925,908	-	47,737	13,975	2,677	9,930	-
Excess (Deficiency) of Revenues Over Expenditures	(157,266)	(26,856)	4,172	1,780	(247,070)	1,757	25,408	12,642	(388)	4,008	8,846
Other Financing Sources (Uses):											
Transfers in	-	-	35,414	-	293,465	-	-	-	-	-	-
Transfers out	-	(15,317)	(65,414)	-	(48,023)	-	(6,640)	(504)	-	-	(6,605)
Total other financing sources (uses)	-	(15,317)	(30,000)	-	245,442	-	(6,640)	(504)	-	-	(6,605)
Net Change in Fund Balance	(157,266)	(42,173)	(25,828)	1,780	(1,628)	1,757	18,768	12,138	(388)	4,008	2,241
Fund Balance:											
Beginning 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
End of year	\$ 984,870	\$ 244,037	\$ 1,083,687	\$ 53,178	\$ 20,454	\$ 3,436	\$ 123,786	\$ 85,222	\$ 6,718	\$ 60,504	\$ 76,099

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2009

	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	\$ 154,636	\$ 362,087	\$ 150,805	\$ 86,225	\$ 274,069	\$ 2,039,374	\$ -	\$ -	\$ -	\$ -	\$ 5,258,665
Charges for services	-	-	-	-	34,138	59,640	-	-	750	400,779	1,706,830
Interest	2	20	352	-	478	1,524	-	-	56	9,967	59,638
Other	-	-	-	-	28,800	-	-	-	-	21	42,122
Total revenues	154,638	362,107	151,157	86,225	337,485	2,100,538	4,043	-	806	410,767	7,067,255
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	-	9,930
General government - judicial	-	-	-	-	-	-	-	-	-	404,801	469,190
Public safety	-	-	-	-	-	-	-	-	-	-	942,338
Public works	-	-	-	-	-	-	-	-	-	-	2,713,348
Human services	-	288,582	149,003	81,922	250,072	2,268,910	-	-	-	-	3,140,940
Conservation and development	169,670	-	-	-	-	-	-	-	-	-	169,670
Total expenditures	169,670	288,582	149,003	81,922	250,072	2,268,910	-	-	404,801	404,801	7,445,416
Excess (Deficiency) of Revenues Over Expenditures	(15,032)	73,525	2,154	4,303	87,413	(168,372)	4,043	-	806	5,966	(378,161)
Other Financing Sources (Uses):											
Transfers in	15,317	-	-	-	-	211,832	-	-	-	24,382	580,410
Transfers out	(285)	(73,525)	(2,154)	(4,303)	(113,053)	(43,460)	-	-	-	(30,348)	(409,631)
Total other financing sources (uses)	15,032	(73,525)	(2,154)	(4,303)	(113,053)	168,372	-	-	-	(5,966)	170,779
Net Change in Fund Balance	-	-	-	-	(25,640)	-	4,043	-	806	-	(207,382)
Fund Balance:											
Beginning of year	-	-	-	-	154,151	-	82,990	-	5,997	-	3,171,720
End of year	\$ -	\$ -	\$ -	\$ -	\$ 128,511	\$ -	\$ 87,033	\$ -	\$ 6,803	\$ -	\$ 2,964,338

(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, and Act 26 Shared Ride Capital programs.

COUNTY OF VENANGO, PENNSYLVANIA

TRANSPORTATION FUND COMBINING BALANCE SHEET

DECEMBER 31, 2009

	Shared Ride	MATP	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital	Total Transportation Fund
Assets							
Cash and cash equivalents	\$ (2,695)	\$ (354,409)	\$ (830)	\$ 87,112	\$ -	\$ 5,556	\$ (265,266)
Accounts receivable, net of allowance for uncollectibles	17,057	-	804	-	-	-	17,861
Due from other funds	1,443	2,722	9,441	-	-	-	13,606
Due from other governments	49,795	356,533	-	-	-	-	406,328
Total Assets	\$ 65,600	\$ 4,846	\$ 9,415	\$ 87,112	\$ -	\$ 5,556	\$ 172,529
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	\$ 64,559	\$ 3,037	\$ 5,441	\$ -	\$ -	\$ -	\$ 73,037
Accrued payroll	1,041	1,809	3,974	-	-	-	6,824
Deferred revenue	-	-	-	87,112	-	5,556	92,668
Total Liabilities	65,600	4,846	9,415	87,112	-	5,556	172,529
Fund Balance:							
Unreserved, undesignated	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 65,600	\$ 4,846	\$ 9,415	\$ 87,112	\$ -	\$ 5,556	\$ 172,529

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2009

	Shared Ride	MATP	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital	Eliminations	Total Transportation Fund
Revenues:								
Intergovernmental	\$ 185,253	\$ 1,308,748	\$ 4,007	\$ 119,841	\$ 421,525	\$ -	\$ -	\$ 2,039,374
Charges for services	18,503	-	41,137	-	-	-	-	59,640
Interest	-	-	-	604	920	-	-	1,524
Total revenues	203,756	1,308,748	45,144	120,445	422,445	-	-	2,100,538
Expenditures:								
Human services	884,316	1,061,477	323,117	-	-	-	-	2,268,910
Excess (Deficiency) of Revenues Over Expenditures	(680,560)	247,271	(277,973)	120,445	422,445	-	-	(168,372)
Other Financing Sources (Uses):								
Transfers in	689,415	-	304,758	172,013	18,009	-	(972,363)	211,832
Transfers out	(8,855)	(247,271)	(26,785)	(292,458)	(440,454)	-	972,363	(43,460)
Total other financing sources (uses)	680,560	(247,271)	277,973	(120,445)	(422,445)	-	-	168,372
Net Change in Fund Balance	-	-	-	-	-	-	-	-
Fund Balance:								
Beginning of year	-	-	-	-	-	-	-	-
End of year	-	-	-	-	-	-	-	-

AGENCY FUNDS

Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds are used to account for cash collected by elected row officers (Treasurer, Sheriff, 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, 2009

	Treasurer	Register of Wills and Recorder of Deeds	Prothonotary and Clerk of Courts	Sheriff	Prison	Domestic Relations	Total
Assets							
Cash and cash equivalents	\$ 4,408	\$ 231,790	\$ 166,744	\$ 189,608	\$ 57,052	\$ 3,538	\$ 653,140
Accounts receivable and fines, at estimated realizable value	-	-	373,894	-	-	-	373,894
Total Assets	\$ 4,408	\$ 231,790	\$ 540,638	\$ 189,608	\$ 57,052	\$ 3,538	\$ 1,027,034
Liabilities							
Due to other funds	\$ 759	\$ 124,565	\$ 452,652	\$ 37,070	\$ -	\$ -	\$ 615,046
Due to other governments	3,649	106,915	32,841	5,220	-	-	148,625
Escrow liability and interest	-	310	55,145	147,318	57,052	3,538	263,363
Total Liabilities	\$ 4,408	\$ 231,790	\$ 540,638	\$ 189,608	\$ 57,052	\$ 3,538	\$ 1,027,034

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2009

	Balance at January 1, 2009	Additions	Deletions	Balance at December 31, 2009
Treasurer				
Assets				
Cash and cash equivalents	\$ 11,558	\$ 166,884	\$ 174,034	\$ 4,408
Liabilities				
Due to other funds	\$ 2,040	\$ 21,980	\$ 23,261	\$ 759
Due to other governments	9,518	144,579	150,448	3,649
Escrow liability and interest	-	325	325	-
Total Liabilities	\$ 11,558	\$ 166,884	\$ 174,034	\$ 4,408
Register of Wills and Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 180,935	\$ 966,417	\$ 915,562	\$ 231,790
Liabilities				
Due to other funds	\$ 103,936	\$ 366,878	\$ 346,249	\$ 124,565
Due to other governments	76,826	596,218	566,129	106,915
Escrow liability and interest	173	3,321	3,184	310
Total Liabilities	\$ 180,935	\$ 966,417	\$ 915,562	\$ 231,790
Prothonotary and Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 240,582	\$ 1,389,654	\$ 1,463,492	\$ 166,744
Accounts receivable and fines, at estimated realizable value	414,825	515,716	556,647	373,894
Total Assets	\$ 655,407	\$ 1,905,370	\$ 2,020,139	\$ 540,638
Liabilities				
Due to other funds	\$ 491,535	\$ 504,241	\$ 543,124	\$ 452,652
Due to other governments	149,636	175,652	292,447	32,841
Escrow liability and interest	14,236	1,225,477	1,184,568	55,145
Total Liabilities	\$ 655,407	\$ 1,905,370	\$ 2,020,139	\$ 540,638

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2009
(Continued)

	<u>Balance at January 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2009</u>
Sheriff				
<u>Assets</u>				
Cash and cash equivalents	\$ 116,413	\$ 542,787	\$ 469,592	\$ 189,608
<u>Liabilities</u>				
Due to other funds	\$ 8,065	\$ 116,376	\$ 87,371	\$ 37,070
Due to other governments	5,750	22,137	22,667	5,220
Escrow liability and interest	102,598	404,274	359,554	147,318
Total Liabilities	<u>\$ 116,413</u>	<u>\$ 542,787</u>	<u>\$ 469,592</u>	<u>\$ 189,608</u>
Prison				
<u>Assets</u>				
Cash and cash equivalents	\$ 44,794	\$ 394,141	\$ 381,883	\$ 57,052
<u>Liabilities</u>				
Escrow liability and interest	\$ 44,794	\$ 394,141	\$ 381,883	\$ 57,052
Domestic Relations				
<u>Assets</u>				
Cash and cash equivalents	\$ 1,521	\$ 374,592	\$ 372,575	\$ 3,538
<u>Liabilities</u>				
Escrow liability and interest	\$ 1,521	\$ 374,592	\$ 372,575	\$ 3,538

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2009
(Continued)

	Balance at January 1, 2009	Additions	Deletions	Balance at December 31, 2009
Total all Agency Funds				
Assets				
Cash and cash equivalents	\$ 595,803	\$ 3,834,475	\$ 3,777,138	\$ 653,140
Accounts receivable and fines, at estimated realizable value	414,825	515,716	556,647	373,894
Total Assets	\$ 1,010,628	\$ 4,350,191	\$ 4,333,785	\$ 1,027,034
Liabilities				
Due to other funds	\$ 605,576	\$ 1,009,475	\$ 1,000,005	\$ 615,046
Due to other governments	241,730	938,586	1,031,691	148,625
Escrow liability and interest	163,322	2,402,130	2,302,089	263,363
Total Liabilities	\$ 1,010,628	\$ 4,350,191	\$ 4,333,785	\$ 1,027,034

(Concluded)