

# County of Venango, Pennsylvania

Financial Statements  
and Required Supplementary  
and Supplementary Information

Year Ended December 31, 2010  
with Independent Auditor's Report

**MaherDuessel**  
Certified Public Accountants

# COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2010

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# COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2010

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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, 2010, 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, 2010, 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 28, 2011 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 should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages i through xiv and 33 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
September 28, 2011

## **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, 2010. 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 \$30.3 million at December 31, 2010.
- As of December 31, 2010, unrestricted net assets were \$15.6 million or 43% of total expenses.
- The total fund balance of the General Fund at December 31, 2010 was \$7.8 million or 51% of the total fund balance.
- The County's real property tax rate was 5.565 mills for 2010 and 2009.

## ***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 items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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.

*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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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.

**Required Supplementary 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.*"

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

The County's net assets at December 31, 2010 and 2009 are presented below:

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **County of Venango Summary Statements of Net Assets December 31, 2010 and 2009**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Current and other assets	\$ 42,613,012	\$ 43,604,031
Lease receivable	3,952,928	4,288,378
<b>Total Assets</b>	<b>46,565,940</b>	<b>47,892,409</b>
<b>Liabilities</b>		
Current and other liabilities	7,521,105	8,823,097
Non-current liabilities	8,711,736	8,268,321
<b>Total Liabilities</b>	<b>16,232,841</b>	<b>17,091,418</b>
<b>Net Assets</b>		
Investment in capital assets, net of related debt	14,021,630	12,260,957
Restricted	758,099	1,025,230
Unrestricted	15,553,370	17,514,804
<b>Total Net Assets</b>	<b>\$ 30,333,099</b>	<b>\$ 30,800,991</b>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$30.3 million at December 31, 2010, a decrease from December 31, 2009 of approximately \$468,000. The decrease is namely attributable to increased general government administration spending.

The following table presents the change in net assets for the years ended December 31, 2010 and 2009:

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## County of Venango Change in Net Assets Years Ended December 31, 2010 and 2009

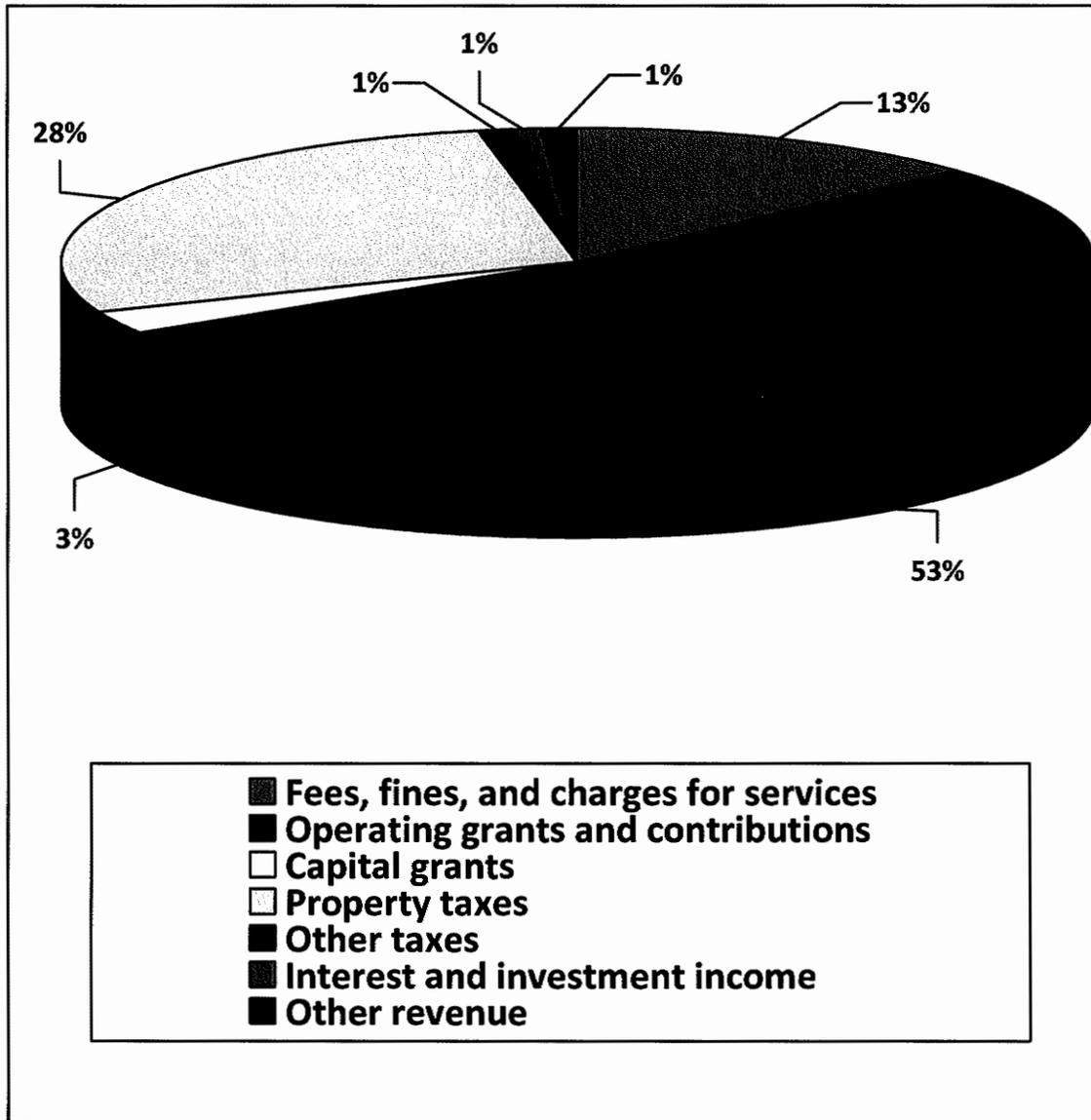
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Program revenues:		
Fees, fines, and charges for services	\$ 4,514,494	\$ 4,487,559
Operating grants and contributions	18,877,483	21,268,587
Capital grants	1,076,734	2,208,810
General revenues:		
Property taxes	10,001,620	9,753,406
Other taxes	517,011	490,746
Interest and investment income	379,479	391,744
Gain on disposal of capital assets	28,288	-
Other	115,753	261,750
 Total revenues	 <u>35,510,862</u>	 <u>38,862,602</u>
Program expenses:		
General government - administration	5,301,966	4,571,853
General government - judicial	3,736,525	3,636,741
Public safety	4,958,365	4,875,379
Public works	2,210,464	4,460,733
Human services	18,704,450	22,298,660
Culture and recreation	300,940	264,500
Conservation and development	525,286	479,149
Interest	240,758	375,965
 Total expenses	 <u>35,978,754</u>	 <u>40,962,980</u>
<b>Change in Net Assets</b>	<b>(467,892)</b>	<b>(2,100,378)</b>
Net assets, beginning	<u>30,800,991</u>	<u>32,901,369</u>
Net assets, ending	<u><u>\$ 30,333,099</u></u>	<u><u>\$ 30,800,991</u></u>

# 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, 2010:

**County of Venango  
Government-Wide Sources of Revenues  
Total Revenue \$35,510,862**



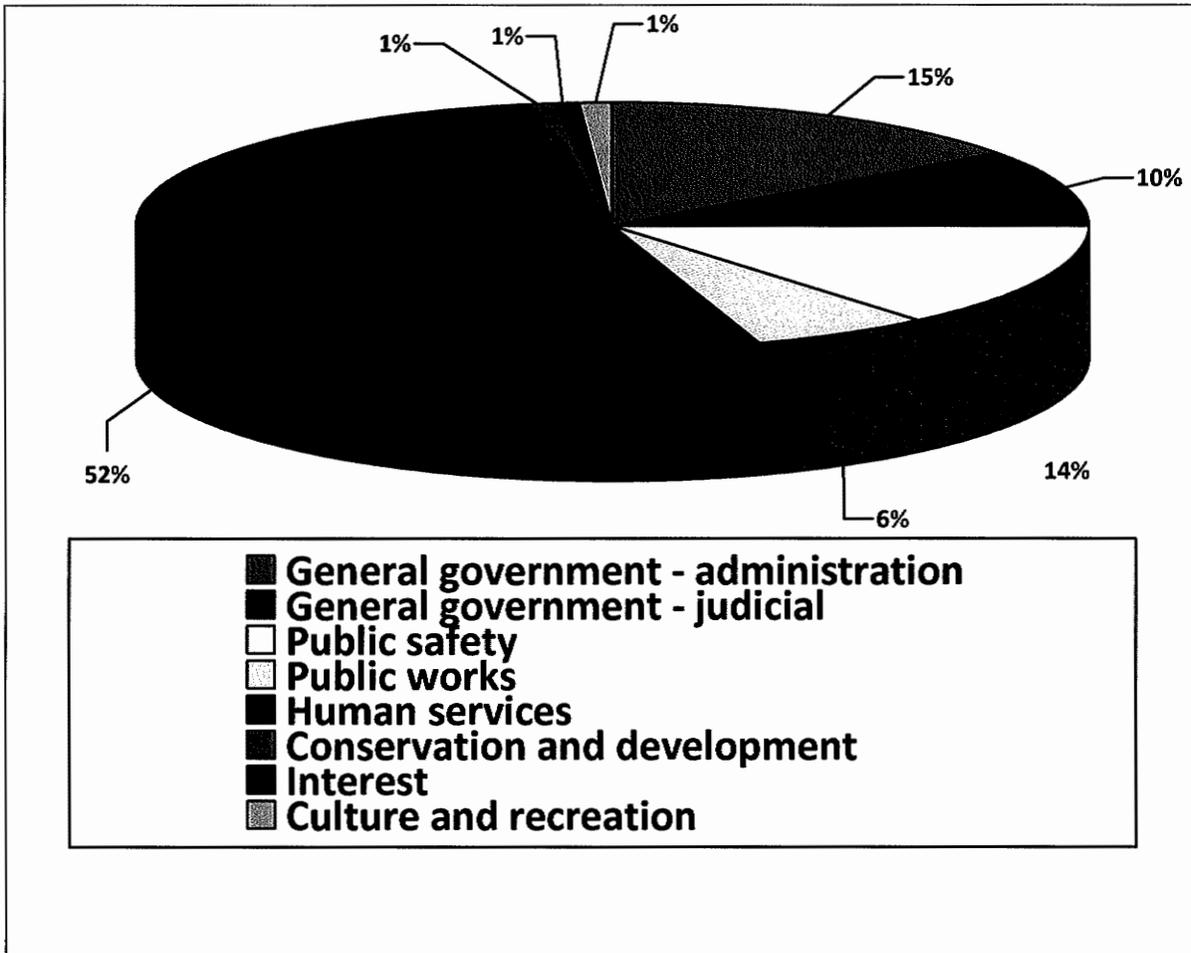
The government-wide revenues of \$35.5 million were derived primarily from program-based operating grants and contributions, representing 53% of the total revenues. The second largest source of revenue for the County was property taxes, which made up 28% of the total revenues. The third largest source of revenue was fees, fines, and charges for services, which is 13% 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, 2010:

**County of Venango  
Government-Wide Program Expenses  
Total Expenses: \$35,978,754**

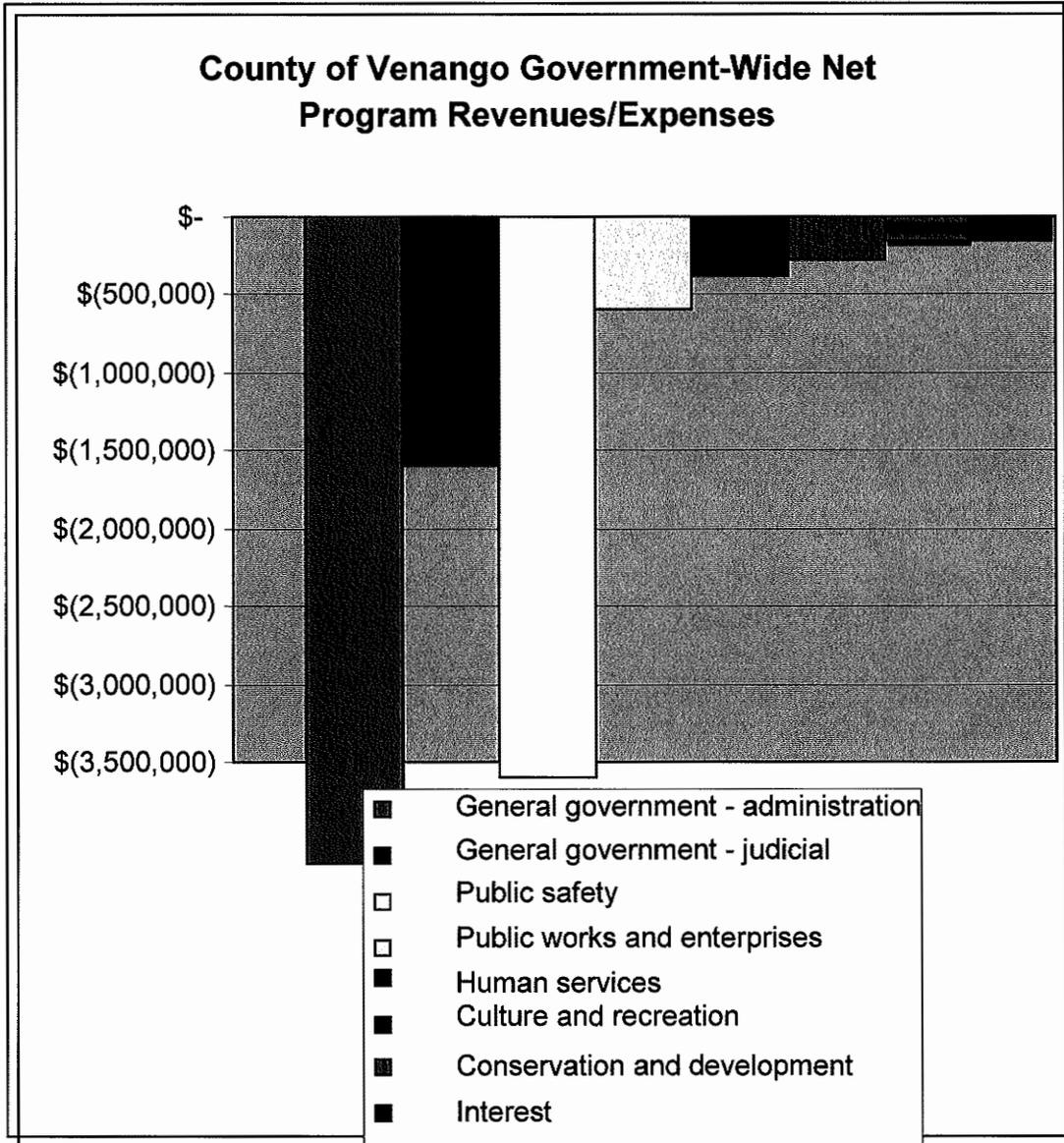


The largest area of expenses was Human Services which totaled \$18.7 million or 52% of all expenses. Human Services provides a vast array of social services programs, including Area Agency on Aging, Retired Senior Volunteer Program, Children and Youth Services, Substance Abuse, Mental Health/Mental Retardation, Transportation, Weatherization, and Office of Economic Opportunity. Following Human Services totaling \$5.3 million, General Government – Administration represented 15% of all expenses, followed by Public Safety with \$4.96 million in expenses representing 14% of expenses as well. The next largest area of expense was General Government - Judicial at \$3.7 million or 10% of the total followed by Public Works, with \$2.2 million in expenses or 6%, Conservation and Development at \$.5 million or 1%, Culture and Recreation at \$.3 million or 1%, and interest payments on long-term debt at \$.2 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, 2010.



General government - administration required the most general revenue for support needing \$4.45 million during 2010.

# **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, 2010 and 2009:

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

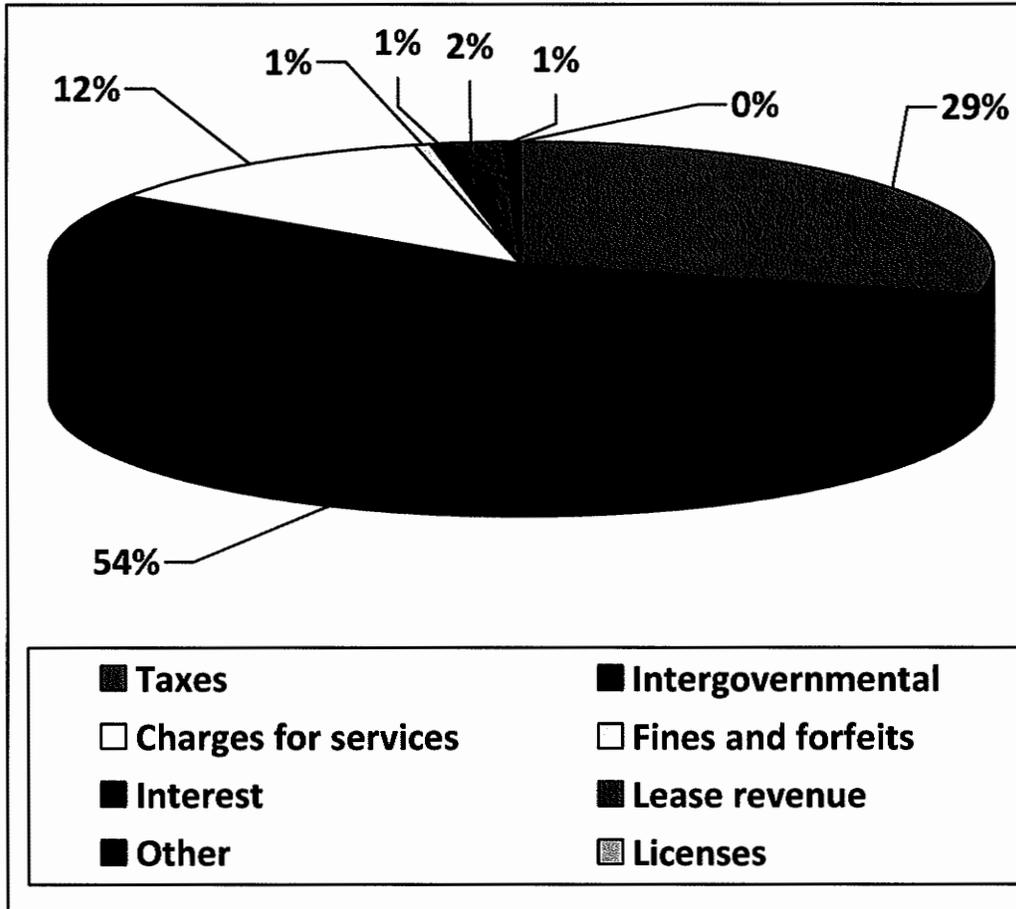
## **County of Venango Statements of Revenues, Expenditures, and Changes in Fund Balance Years Ended December 31, 2010 and 2009**

	<b>Governmental Funds</b>	
	<b>2010</b>	<b>2009</b>
<b>Revenues:</b>		
Taxes	\$ 10,522,463	\$ 10,317,283
Licenses	34,812	33,282
Intergovernmental	19,690,704	23,201,570
Charges for services	4,359,260	4,386,226
Fines and forfeits	142,174	142,264
Interest	129,929	170,866
Lease revenue	540,000	540,000
Other	329,154	481,422
Total revenues	<u>35,748,496</u>	<u>39,272,913</u>
<b>Expenditures:</b>		
General government - administration	4,752,639	4,433,176
General government - judicial	3,723,892	3,577,429
Public safety	4,715,369	4,560,707
Public works	2,124,698	3,242,407
Human services	19,027,768	22,025,863
Conservation and development	525,033	478,419
Culture and recreation	273,740	239,807
Capital projects	2,876,786	-
Debt service	1,313,422	1,057,746
Total expenditures	<u>39,333,347</u>	<u>39,615,554</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(3,584,851)</u>	<u>(342,641)</u>
<b>Other Financing Sources (Uses):</b>		
Sale of capital assets	46,918	430
Proceeds from general obligation note	1,609,000	-
Proceeds from refunding bonds issued	-	9,615,000
Payment to bondholders	-	(9,531,095)
Total other financing sources and uses	<u>1,655,918</u>	<u>84,335</u>
<b>Net Change in Fund Balance</b>	<u>(1,928,933)</u>	<u>(258,306)</u>
Fund balance, beginning	<u>13,116,105</u>	<u>13,374,411</u>
Fund balance, ending	<u>\$ 11,187,172</u>	<u>\$ 13,116,105</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds revenues, by source, for the year ended December 31, 2010 were:

**County of Venango, Governmental Fund  
Revenues Classified by Source  
Total Revenues: \$35,748,496**

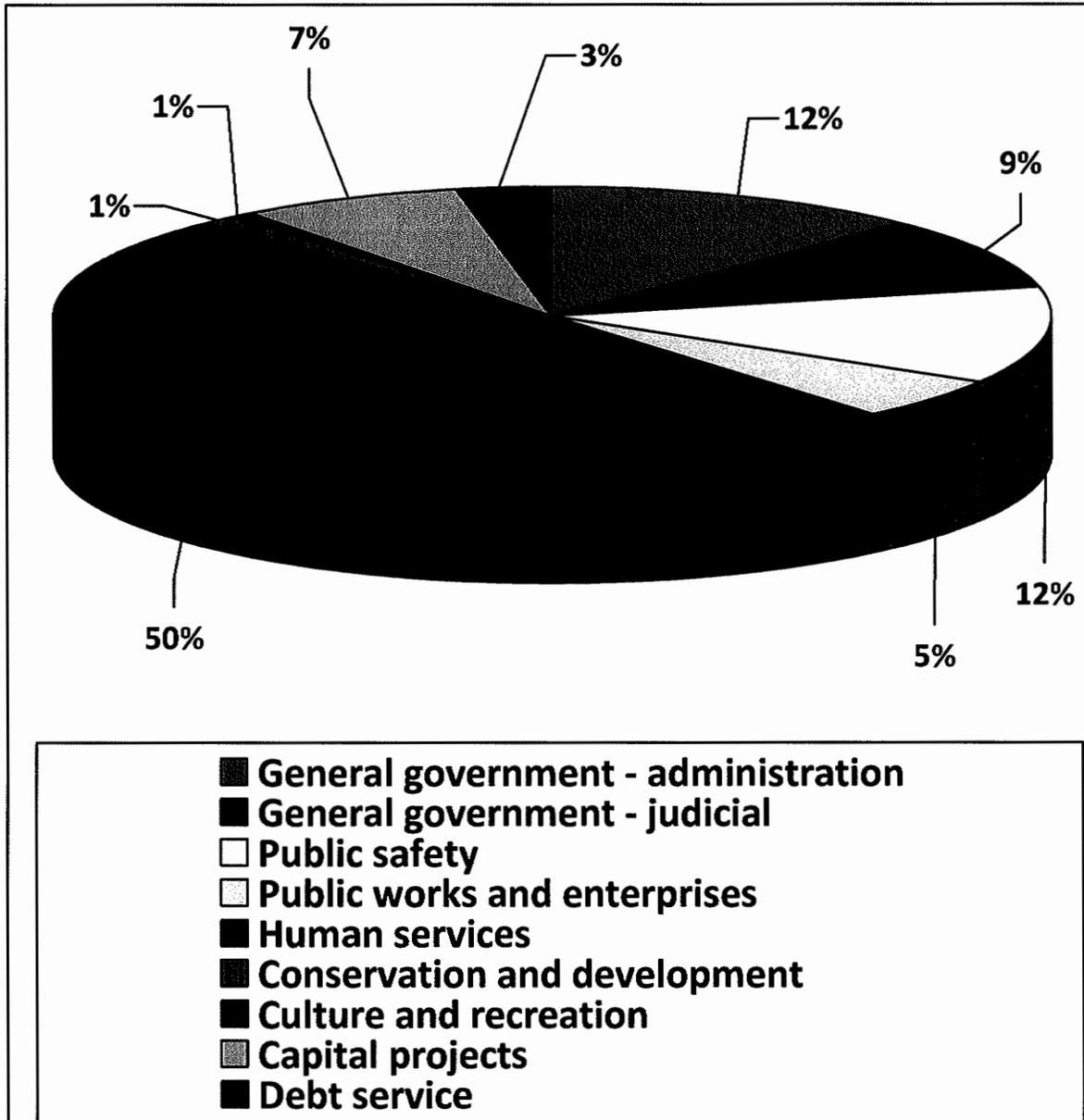


Governmental funds revenue totaled \$35.7 million for the year ending December 31, 2010, of which \$19.7 million (54%) came from Intergovernmental (Federal and State) Revenue. Taxes accounted for \$10.5 million (29%) in revenue. Charges for services reached \$4.4 million (12%) in revenue. Lease revenue and other revenue were each approximately 2% 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, 2010 were:

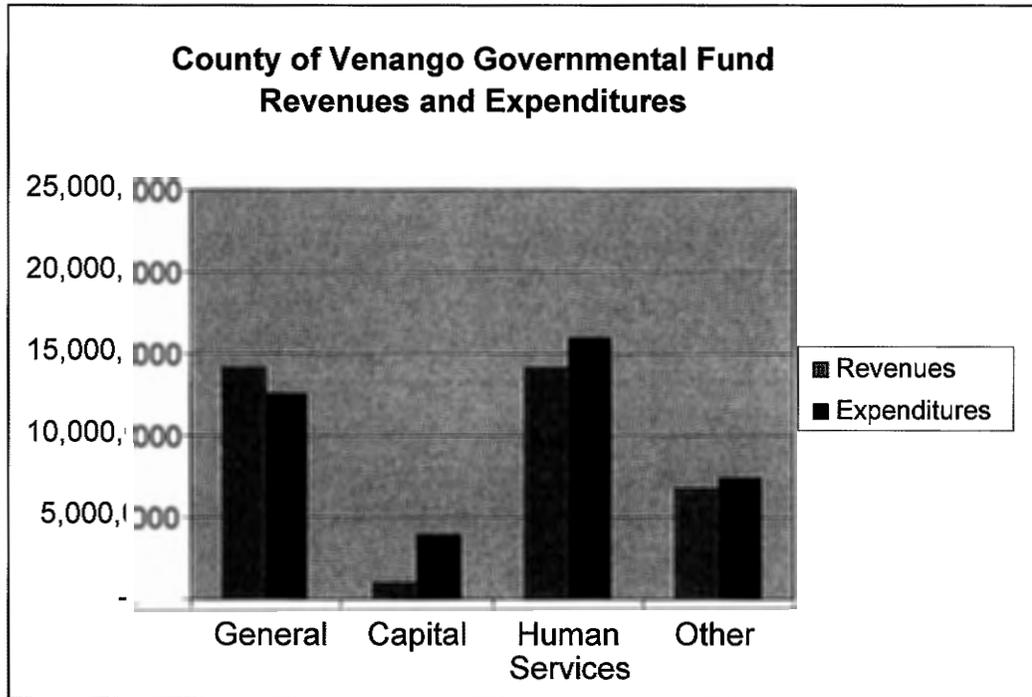
**County of Venango, Governmental Fund  
Expenditures Classified by Function  
Total Expenditures: \$ 39,333,347**



Governmental funds expenditures totaled \$39.3 million for the year ending December 31, 2010, of which \$19 million (48%) were Human Services expenditures. Public Safety, General Government – Administration, Public Works, Capital Projects, and General Government - Judicial make up the next largest pieces; each with expenditures ranging from \$2.1 to \$4.8 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, 2010:



## ***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, 2010 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 \$1.4 million.

The County had a favorable variance between the final budget and actual revenue of approximately \$802,000. 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 \$1,017,000. The majority of this variance occurred in the General Government – Administration function, which shows approximately \$468,000 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 ASSETS***

The County's investment in capital assets including infrastructure as of December 31, 2010 amounts to \$23,377,966 net of accumulated depreciation. This investment includes land and land improvements, buildings and building improvements, roads and bridges, machinery, vehicles, and equipment.

## ***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 late February 2010. As of December 31, 2010, the County has a total of \$1,536,336 outstanding on the note. Of that amount, \$91,331 is payable in 2011.

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

As of December 31, 2010, the County has \$7,820,000 of long-term debt, of which \$1,020,000 is payable in 2011.

## ***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, 2010

<u>Assets</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 13,866,080
Taxes receivable, net	1,607,090
Accounts and loans receivable, at estimated realizable value	1,035,271
Accounts receivable - fiduciary funds	624,580
Due from other governments	2,024,782
Prepays	77,243
Capital assets, not being depreciated	1,732,152
Capital assets, net of accumulated depreciation	21,645,814
Lease receivable:	
Current	540,000
Non-current	3,412,928
<b>Total Assets</b>	<u>46,565,940</u>
<u>Liabilities</u>	
Accounts payable	1,800,914
Accrued payroll	269,758
Due to other governments	277,998
Unearned revenue	4,061,104
Compensated absences, non-current	466,731
Notes payable:	
Current	91,331
Non-current	1,445,005
Bonds payable:	
Current	1,020,000
Non-current	6,800,000
<b>Total Liabilities</b>	<u>16,232,841</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	14,021,630
Restricted for highways and streets	758,099
Unrestricted:	
Lease receivable	3,952,928
Other unrestricted net assets	11,600,442
<b>Total Net Assets</b>	<u>\$ 30,333,099</u>

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
<b>Governmental activities:</b>					
General government - administration	\$ 5,301,966	\$ 752,181	\$ 102,307	\$ -	\$ (4,447,478)
General government - judicial	3,736,525	1,717,782	349,120	-	(1,669,623)
Public safety	4,958,365	772,523	546,816	-	(3,639,026)
Public works	2,210,464	773,941	-	870,902	(565,621)
Human services	18,704,450	498,067	17,863,940	-	(342,443)
Conservation and development	525,286	-	-	205,832	(319,454)
Culture and recreation	300,940	-	15,300	-	(285,640)
Interest	240,758	-	-	-	(240,758)
Total governmental activities	\$ 35,978,754	\$ 4,514,494	\$ 18,877,483	\$ 1,076,734	(11,510,043)
<b>General revenues:</b>					
Property taxes					10,001,620
Other taxes					517,011
Interest and investment income					374,989
Other					120,243
Gain on disposal of capital asset					28,288
Total general revenues					11,042,151
Change in Net Assets					(467,892)
<b>Net Assets:</b>					
Beginning of year					30,800,991
End of year					\$ 30,333,099

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	General Fund	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 7,804,298	\$ (402,535)	\$ 2,254,202	\$ 4,210,115	\$ 13,866,080
Taxes receivable, net	1,607,090	-	-	-	1,607,090
Accounts receivable, net of allowance for uncollectibles	320,687	-	384,715	329,869	1,035,271
Due from other funds	773,062	846,051	59,115	35,238	1,713,466
Due from other governments	86,178	-	1,833,855	104,749	2,024,782
Prepays	-	14,457	10,442	52,344	77,243
Lease receivable:					
Current	-	540,000	-	-	540,000
Non-current	-	3,412,928	-	-	3,412,928
<b>Total Assets</b>	<b>\$ 10,591,315</b>	<b>\$ 4,410,901</b>	<b>\$ 4,542,329</b>	<b>\$ 4,732,315</b>	<b>\$ 24,276,860</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 554,863	\$ -	\$ 979,517	\$ 266,534	\$ 1,800,914
Accrued payroll	125,123	-	112,015	32,620	269,758
Due to other funds	82,480	-	907,867	98,539	1,088,886
Due to other governments	-	-	-	277,998	277,998
Deferred revenue	2,068,742	3,997,928	2,291,601	1,293,861	9,652,132
<b>Total Liabilities</b>	<b>2,831,208</b>	<b>3,997,928</b>	<b>4,291,000</b>	<b>1,969,552</b>	<b>13,089,688</b>
<b>Fund Balance:</b>					
<b>Reserved:</b>					
Program	-	-	241,049	99,097	340,146
Prepays	-	14,457	10,442	52,344	77,243
Unreserved, designated for capital projects	-	302,435	-	-	302,435
Unreserved, designated for debt service	-	96,081	-	-	96,081
<b>Unreserved, undesignated reported in:</b>					
General Fund	7,760,107	-	-	-	7,760,107
Special Revenue Funds	-	-	(162)	2,611,322	2,611,160
<b>Total Fund Balance</b>	<b>7,760,107</b>	<b>412,973</b>	<b>251,329</b>	<b>2,762,763</b>	<b>11,187,172</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,591,315</b>	<b>\$ 4,410,901</b>	<b>\$ 4,542,329</b>	<b>\$ 4,732,315</b>	<b>\$ 24,276,860</b>

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, 2010

**Total Fund Balance - Governmental Funds** \$ 11,187,172

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. 23,377,966

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. 3,997,928

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. 1,593,100

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	\$ (466,731)	
Notes payable	(1,536,336)	
Bonds payable	<u>(7,820,000)</u>	
		<u>(9,823,067)</u>

**Total Net Assets - Governmental Activities** \$ 30,333,099

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, 2010

	General Fund	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 10,522,463	\$ -	\$ -	\$ -	\$ 10,522,463
Licenses	34,812	-	-	-	34,812
Intergovernmental	794,659	-	14,352,778	4,543,267	19,690,704
Charges for services	2,336,322	-	360,848	1,662,090	4,359,260
Fines and forfeits	142,174	-	-	-	142,174
Interest	79,649	6,519	7,153	36,608	129,929
Lease revenue	-	540,000	-	-	540,000
Other	120,153	-	183,741	25,260	329,154
<b>Total revenues</b>	<b>14,030,232</b>	<b>546,519</b>	<b>14,904,520</b>	<b>6,267,225</b>	<b>35,748,496</b>
<b>Expenditures:</b>					
General government - administration	4,747,344	-	-	5,295	4,752,639
General government - judicial	3,186,969	-	-	536,923	3,723,892
Public safety	3,841,133	-	-	874,236	4,715,369
Public works	525,147	-	-	1,599,551	2,124,698
Human services	84,112	-	15,305,772	3,637,884	19,027,768
Conservation and development	313,013	-	-	212,020	525,033
Culture and recreation	273,740	-	-	-	273,740
Capital outlay	-	2,692,385	-	184,401	2,876,786
Debt service	-	1,313,422	-	-	1,313,422
<b>Total expenditures</b>	<b>12,971,458</b>	<b>4,005,807</b>	<b>15,305,772</b>	<b>7,050,310</b>	<b>39,333,347</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,058,774</b>	<b>(3,459,288)</b>	<b>(401,252)</b>	<b>(783,085)</b>	<b>(3,584,851)</b>
<b>Other Financing Sources (Uses):</b>					
Sale of fixed assets	15,787	-	29,241	1,890	46,918
Proceeds from general obligation note	-	1,609,000	-	-	1,609,000
Transfers in	903,857	1,096,924	1,383,837	1,016,317	4,400,935
Transfers out	(2,707,847)	(301,177)	(955,214)	(436,697)	(4,400,935)
<b>Total other financing sources (uses)</b>	<b>(1,788,203)</b>	<b>2,404,747</b>	<b>457,864</b>	<b>581,510</b>	<b>1,655,918</b>
<b>Net Change in Fund Balance</b>	<b>(729,429)</b>	<b>(1,054,541)</b>	<b>56,612</b>	<b>(201,575)</b>	<b>(1,928,933)</b>
<b>Fund Balance:</b>					
Beginning of year	8,489,536	1,467,514	194,717	2,964,338	13,116,105
End of year	<u>\$ 7,760,107</u>	<u>\$ 412,973</u>	<u>\$ 251,329</u>	<u>\$ 2,762,763</u>	<u>\$ 11,187,172</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, 2010

**Net Change in Fund Balance - Governmental Funds** **\$ (1,928,933)**

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

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

	Capital outlays	\$ 3,858,465	
	Less: depreciation expense	<u>(2,442,826)</u>	1,415,639

Losses on disposal of capital assets occur only the statement of activities, as capital assets are expensed when purchased in governmental funds. (18,630)

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. 9,228

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. 363,664

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. (290,450)

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. (18,410)

**Change in Net Assets of Governmental Activities** **\$ (467,892)**

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, 2010

	Budgeted Amounts		Actual amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 9,903,900	\$ 9,903,900	\$ 10,603,628	\$ 699,728
Licenses	32,800	32,800	34,812	2,012
Intergovernmental	765,018	845,752	811,814	(33,938)
Charges for services	2,248,090	2,266,743	2,331,608	64,865
Fines and forfeits	127,600	130,600	142,174	11,574
Interest	55,800	55,800	66,445	10,645
Other	37,750	39,750	86,772	47,022
<b>Total revenues</b>	<b>13,170,958</b>	<b>13,275,345</b>	<b>14,077,253</b>	<b>801,908</b>
<b>Expenditures:</b>				
General government - administration	5,236,231	5,140,923	4,672,623	468,300
General government - judicial	3,820,318	3,908,758	3,578,731	330,027
Public safety	3,755,877	3,914,609	3,780,009	134,600
Public works	537,247	540,747	516,210	24,537
Human services	135,989	135,989	81,060	54,929
Conservation and development	329,122	329,122	269,689	59,433
Culture and recreation	251,362	253,362	307,797	(54,435)
<b>Total expenditures</b>	<b>14,066,146</b>	<b>14,223,510</b>	<b>13,206,119</b>	<b>1,017,391</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(895,188)</b>	<b>(948,165)</b>	<b>871,134</b>	<b>1,819,299</b>
<b>Other Financing Sources (Uses):</b>				
Sale of fixed assets	-	-	15,787	15,787
Transfers in	3,160,528	3,015,505	3,113,940	98,435
Transfers out	(2,265,340)	(2,067,340)	(2,707,847)	(640,507)
<b>Total other financing sources (uses)</b>	<b>895,188</b>	<b>948,165</b>	<b>421,880</b>	<b>(526,285)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,293,014</b>	<b>\$ 1,293,014</b>

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2010

<b>Assets</b>	Pension Trust Fund	Agency Funds	Total
Cash and cash equivalents	\$ 1,030,410	\$ 646,482	\$ 1,676,892
Investments:			
Bond Mutual Funds	5,525,352	-	5,525,352
Bonds	4,708,272	-	4,708,272
Federal National Mortgage Association	607,660	-	607,660
U.S. Government and Agency Securities	4,402,204	-	4,402,204
Common stock	24,236,955	-	24,236,955
Accounts receivable and fines, at estimated realizable value	-	386,954	386,954
<b>Total Assets</b>	<b>40,510,853</b>	<b>1,033,436</b>	<b>41,544,289</b>
<b>Liabilities</b>			
Due to other funds	-	624,580	624,580
Due to other governments	-	145,356	145,356
Escrow liability and interest	-	263,500	263,500
<b>Total Liabilities</b>	<b>-</b>	<b>1,033,436</b>	<b>1,033,436</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 40,510,853</b>	<b>\$ -</b>	<b>\$ 40,510,853</b>

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2010

	<u>Pension Trust Fund</u>
<b>Additions:</b>	
<hr/>	
Contributions:	
Employee	\$ 1,033,523
Employer	<u>480,564</u>
Total contributions	<u>1,514,087</u>
Investment income:	
Net appreciation in fair value of investments	3,421,415
Interest and dividends	<u>1,632,518</u>
Total investment income	5,053,933
Investment expense	<u>132,417</u>
Net investment income	<u>4,921,516</u>
Total additions	<u>6,435,603</u>
<b>Deductions:</b>	
<hr/>	
Benefits and refunds paid to plan members and beneficiaries	2,128,252
Administrative expense	<u>41,762</u>
Total deductions	<u>2,170,014</u>
<b>Increase in Net Assets</b>	4,265,589
<b>Net Assets:</b>	
<hr/>	
Beginning of year	<u>36,245,264</u>
End of year	<u><u>\$ 40,510,853</u></u>

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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### 1. REPORTING ENTITY

The County of Venango (County), located in western Pennsylvania, is a sixth class County, originally chartered in 1800 by an act of the Legislature. The County operates under an elected three-member Board of Commissioners (Commissioners). The County provides services in many areas to its residents, including various general government services, public safety, human services, and 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 Governmental Accounting Standards Board (GASB) Statement No. 14, "*Financial Reporting Entity*," and GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*," management has evaluated all potential component units, and has determined the County has no component units. Consistent with applicable guidance, the criteria used by the County to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the County reviews the applicability of the following criteria:

1. Organizations that make up the legal County entity.
2. Legally separate organizations if the Commissioners appoint a voting majority of the organizations' governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.
  - a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
  - b. Financial Benefit or Burden - Exists if the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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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

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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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

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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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, 2010

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### 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, 2010 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, 2010

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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.

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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### 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, 2010

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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, 2010

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	<u>General Fund</u>
Net change in fund balance - General Fund as presented (modified accrual)	\$ (729,449)
Adjustment to reconcile accounts and real estate taxes receivable to budgetary basis	62,778
Adjustment to reconcile prepaids and accounts and wages payable to budgetary basis	209,607
The Operating Reserve Fund is reported within the General Fund but is budgeted as a separate fund	1,974,110
Domestic Relations Fund is budgeted in the General Fund but is presented separately as an other governmental fund	<u>(224,032)</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u>\$ 1,293,014</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, 2010

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- 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, 2010

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- 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 \$14,380,936 at December 31, 2010, \$924,210 was covered by federal depository insurance. The remaining balance of \$13,456,726 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, 2010, of \$13,866,080, 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 \$646,482 and the bank balance was \$715,262. Of the bank balance, \$102,505 was covered by federal depository insurance. The remaining balance of \$612,757 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, 2010

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

As of December 31, 2010, the County Pension Trust Fund held the following investments:

<u>Cash or Investment Type</u>	<u>Fair Market Value</u>	<u>Investment Maturities (In Years) from December 31</u>			
		<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More than 10 Years</u>
Bond Mutual Funds	\$ 5,525,352	\$ 5,525,352	\$ -	\$ -	\$ -
Government Bonds	89,592	-	-	89,592	-
Corporate Bonds	4,618,680	25,603	1,514,834	2,124,622	953,621
Federal National Mortgage Association	607,660	-	-	77,174	530,486
U.S. Government and Agency Securities:					
U.S. Treasury Notes	3,121,019	839,613	2,281,406	-	-
U.S. Treasury Bonds	628,440	-	-	-	628,440
Other U.S. Government Agencies	243,745	10,230	184,878	-	48,637
Other governmental strips	409,000	-	-	-	409,000
Total debt securities	<u>15,243,488</u>	<u>\$ 6,400,798</u>	<u>\$ 3,981,118</u>	<u>\$ 2,291,388</u>	<u>\$ 2,570,184</u>
Cash and cash equivalents	1,030,410				
Common stock	<u>24,236,955</u>				
Total cash and other investments	<u>25,267,365</u>				
<b>Total Pension Trust Fund cash, cash equivalents, and investments reported on statement of fiduciary net assets</b>	<u><u>\$ 40,510,853</u></u>				

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

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

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

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

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

*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, 2010, the County's Pension Trust Fund investments in corporate bonds and U.S. Government and Agency securities have received the following ratings from Moody's:

Investment Type	Moody's Rating	Percentage of Total Pension Trust Fund Corporate Bonds
Corporate Bonds	Aaa	14%
Corporate Bonds	Aa1	2%
Corporate Bonds	Aa2	15%
Corporate Bonds	Aa3	4%
Corporate Bonds	A1	8%
Corporate Bonds	A2	24%
Corporate Bonds	A3	8%
Corporate Bonds	Baa1	8%
Corporate Bonds	Baa2	16%
Corporate Bonds	Baa3	1%
		100%
		Percentage of Total U.S. Government and Agency Securities
Investment Type	Moody's Rating	
U.S. Government Agency - FNMA	Unrated	60%
U.S. Government Agency - other	Unrated	40%
		100%

*Custodial Credit Risk* - For deposits and investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust Funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The County's Pension Trust Fund does not have a formal investment policy for custodial credit risk. The County's Pension Trust Fund investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. As of December 31, 2010, the County's Pension Trust Fund cash and cash equivalents bank and investment balance was \$1,045,612

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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and the carrying amount was \$1,030,410. Of the bank and investment balance, \$896,236 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. The counterparties are members of the Securities Investor Protection Corporation (SIPC), which provides insurance coverage up to \$500,000 of the net equity balance, including up to \$250,000 in cash, in the event the counterparty fails, owing the County cash and securities that are missing from their accounts. This coverage does not extend to losses incurred due to fraud, misrepresentation, or investment decisions.

*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, 2010 was as follows:

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

	Balance at January 1, 2010	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2010
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,628,152	\$ 104,000	\$ -	\$ 1,732,152
Capital assets, being depreciated:				
Land improvements	402,603	76,382	-	478,985
Buildings and improvements	13,668,849	1,514,509	(26,845)	15,156,513
Machinery and equipment	12,452,576	776,191	(894,809)	12,333,958
Infrastructure	20,530,255	1,387,383	-	21,917,638
Total capital assets, being depreciated	47,054,283	3,754,465	(921,654)	49,887,094
Less: accumulated depreciation for:				
Land improvements	(252,638)	(20,709)	-	(273,347)
Buildings and improvements	(5,688,563)	(391,197)	26,845	(6,052,915)
Machinery and equipment	(8,896,932)	(903,620)	876,179	(8,924,373)
Infrastructure	(11,863,345)	(1,127,300)	-	(12,990,645)
Total accumulated depreciation	(26,701,478)	(2,442,826)	903,024	(28,241,280)
Total capital assets, being depreciated net	20,352,805	1,311,639	(18,630)	21,645,814
Governmental activities, capital assets, net	\$ 21,980,957			\$ 23,377,966

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 201,027
Judicial	49,460
Public safety	394,522
Public works	1,472,497
Human services	298,120
Culture and recreation	27,200
Total depreciation expense - governmental activities	\$ 2,442,826

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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### 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 2010, County real estate taxes were levied at the rate of 5.565 mills on assessed valuation. Total assessed valuation for non-exempt properties in 2010 was approximately \$1,958,000,000.

All taxes receivables are shown net of an allowance for uncollectibles. Uncollected real estate taxes at December 31, 2010, including delinquent amounts, interest, and penalties, were \$1,866,547. Of this amount, approximately \$259,457 was considered uncollectible at December 31, 2010 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, 2010 is as follows:

	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Governmental activities:			
Property taxes receivable	<u>\$ 1,866,547</u>	<u>\$ 259,457</u>	<u>\$ 1,607,090</u>
Court related receivables (portion of accounts receivable - fiduciary funds)	<u>\$ 4,052,928</u>	<u>\$ 3,665,974</u>	<u>\$ 386,954</u>

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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

Individual fund receivable and payable balances at December 31, 2010, as well as interfund transfers for the year ended December 31, 2010 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	\$ 773,062	\$ 82,480	\$ 903,857	\$ 2,707,847
Capital Projects	846,051	907,867	1,096,924	301,177
Human Services	59,115	98,539	1,383,837	955,214
Other governmental funds	35,238	-	1,016,317	436,697
Fiduciary Fund:				
Agency Funds	-	624,580	-	-
	<u>\$ 1,713,466</u>	<u>\$ 1,713,466</u>	<u>\$ 4,400,935</u>	<u>\$ 4,400,935</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, 2010, 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, 2010

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Participants:

Retirees and beneficiaries	245
Deferred vested	34
Active employees:	
Vested	119
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.

At December 31, 2010, there were no individual investments that are required to be disclosed that constituted more than 5% of any of the Plan net assets available for benefits. In addition, the Plan did not have any investment transactions with related parties during the year.

### 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 2010, the County's annual required contribution to the Plan as determined by the January 1, 2010 actuarial valuation was \$480,564. The 2010 employee contributions were \$1,033,523.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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

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

Annual pension cost	\$ 480,564
Contributions made	\$ 480,564
Actuarial valuation date	1/1/2010
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.

The County does not have a net pension obligation (NPO) as of December 31, 2010.

### Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2008	\$ -	100.0%	\$ -
12/31/2009	-	100.0%	-
12/31/2010	480,564	100.0%	-

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

### Funded Status

The County's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2010, is as follows:

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
\$ 35,810,829	\$ 35,523,755	\$ 287,074	100.8%	\$ 11,175,917	2.6%

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, 2010. The next actuarial valuation will be performed as of January 1, 2011.

## 9. LONG-TERM LIABILITIES

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, bear interest at rates between 2% and 5%.

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

Years	Principal	Interest	Total
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	1,140,000	91,575	1,231,575
2016-2019	2,445,000	145,369	2,590,369
	<u>\$ 7,820,000</u>	<u>\$ 939,389</u>	<u>\$ 8,759,389</u>

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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### General Obligation Note

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.

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. The terms of the mortgage include a balloon payment of approximately \$768,000 in February 2018, and 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:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 91,331	\$ 82,153	\$ 173,484
2012	95,841	77,643	173,484
2013	102,118	71,366	173,484
2014	107,823	65,661	173,484
2015	113,709	59,775	173,484
2016-2018	1,025,514	107,353	1,132,867
Total	<u>\$ 1,536,336</u>	<u>\$ 463,951</u>	<u>\$ 2,000,287</u>

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

	Balance at December 31, 2009	Additions	Reductions	Balance at December 31, 2010	Due Within One Year
Compensated absences	\$ 448,321	\$ -	\$ 18,410	\$ 466,731	\$ -
Capital lease	900,000	-	(900,000)	-	-
General obligation note	-	1,609,000	(72,664)	1,536,336	91,331
Bond Series:					
2009	8,820,000	-	(1,000,000)	7,820,000	1,020,000
Long-term liabilities	<u>\$ 10,168,321</u>	<u>\$ 1,609,000</u>	<u>\$ (1,954,254)</u>	<u>\$ 9,823,067</u>	<u>\$ 1,111,331</u>

### 10. LEASE RECEIVABLE

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

The following is a schedule of future minimum lease payments under the lease purchase agreement, together with the net present value of the minimum lease payments as of December 31, 2010:

2011	\$ 540,000
2012	540,000
2013	540,000
2014	540,000
2015	540,000
Subsequent	<u>2,000,000</u>
Future minimum lease payment for lease purchase agreement	4,700,000
Discounted to present value	<u>(747,072)</u>
Present value of minimum lease payments	<u>\$ 3,952,928</u>

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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### **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%
1/1/2010	35,810,829	35,523,755	287,074	100.8%	11,175,917	2.6%

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>
2005	\$ -	N/A
2006	-	N/A
2007	-	N/A
2008	-	N/A
2009	-	N/A
2010	480,564	100%

N/A = Not Applicable

See accompanying note to supplementary schedules.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTE TO SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2010

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

Actuarial valuation date	1/1/2010
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.

## **Supplementary 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, 2010

	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Mental Retardation	Total Human Services Fund
<b>Assets</b>							
Cash and cash equivalents	\$ 588,527	\$ 16,867	\$ (461,242)	\$ 326,609	\$ 233,367	\$ 1,550,074	\$ 2,254,202
Accounts receivable, net of allowance for uncollectibles	1,380	-	87,111	51,279	93,377	151,568	384,715
Due from other funds	14,843	-	18,293	6,683	8,207	11,089	59,115
Due from other governments	57,571	-	1,560,197	-	111,304	104,783	1,833,855
Prepays	-	-	10,280	-	72	90	10,442
<b>Total Assets</b>	<b>\$ 662,321</b>	<b>\$ 16,867</b>	<b>\$ 1,214,639</b>	<b>\$ 384,571</b>	<b>\$ 446,327</b>	<b>\$ 1,817,604</b>	<b>\$ 4,542,329</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 96,138	\$ -	\$ 484,780	\$ 73,734	\$ 218,152	\$ 106,713	\$ 979,517
Accrued payroll	15,316	1,019	43,420	5,834	31,362	15,064	112,015
Due to other funds	107,500	-	411,188	55,318	124,371	209,490	907,867
Deferred revenue	427,271	479	237,740	67,332	72,442	1,486,337	2,291,601
<b>Total Liabilities</b>	<b>646,225</b>	<b>1,498</b>	<b>1,177,128</b>	<b>202,218</b>	<b>446,327</b>	<b>1,817,604</b>	<b>4,291,000</b>
<b>Fund Balance:</b>							
Reserved:							
Program	16,096	15,369	27,231	182,353	-	-	241,049
Prepays	-	-	10,280	-	72	90	10,442
Unreserved, undesignated	-	-	-	-	(72)	(90)	(162)
<b>Total Fund Balance</b>	<b>16,096</b>	<b>15,369</b>	<b>37,511</b>	<b>182,353</b>	<b>-</b>	<b>-</b>	<b>251,329</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 662,321</b>	<b>\$ 16,867</b>	<b>\$ 1,214,639</b>	<b>\$ 384,571</b>	<b>\$ 446,327</b>	<b>\$ 1,817,604</b>	<b>\$ 4,542,329</b>

# COUNTY OF VENANGO, PENNSYLVANIA

## HUMAN SERVICES FUND

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

YEAR ENDED DECEMBER 31, 2010

	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Mental Retardation	Eliminations	Total Human Services Fund
<b>Revenues:</b>								
Intergovernmental	\$ 2,048,430	\$ 59,839	\$ 6,771,642	\$ 780,603	\$ 2,526,479	\$ 2,165,785	\$ -	\$ 14,352,778
Charges for services	-	-	210,859	132,828	-	17,161	-	360,848
Interest	-	54	160	1,488	1,807	3,644	-	7,153
Other	-	328	174,839	555	8,019	-	-	183,741
<b>Total revenues</b>	<b>2,048,430</b>	<b>60,221</b>	<b>7,157,500</b>	<b>915,474</b>	<b>2,536,305</b>	<b>2,186,590</b>	<b>-</b>	<b>14,904,520</b>
<b>Expenditures:</b>								
Human services	1,866,702	60,742	7,822,212	885,706	2,528,415	2,141,995	-	15,305,772
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>181,728</b>	<b>(521)</b>	<b>(664,712)</b>	<b>29,768</b>	<b>7,890</b>	<b>44,595</b>	<b>-</b>	<b>(401,252)</b>
<b>Other Financing Sources (Uses):</b>								
Sale of fixed assets	16,096	-	10,535	-	2,610	-	-	29,241
Transfers in	37,393	-	974,460	41,252	153,971	186,723	(9,962)	1,383,837
Transfers out	(219,121)	-	(305,353)	(44,913)	(164,471)	(231,318)	9,962	(955,214)
<b>Total other financing sources (uses)</b>	<b>(165,632)</b>	<b>-</b>	<b>679,642</b>	<b>(3,661)</b>	<b>(7,890)</b>	<b>(44,595)</b>	<b>-</b>	<b>457,864</b>
<b>Net Change in Fund Balance</b>	<b>16,096</b>	<b>(521)</b>	<b>14,930</b>	<b>26,107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,612</b>
<b>Fund Balance:</b>								
Beginning of year	-	15,890	22,581	156,246	-	-	-	194,717
End of year	<u>\$ 16,096</u>	<u>\$ 15,369</u>	<u>\$ 37,511</u>	<u>\$ 182,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,329</u>

## OTHER GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

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

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

The **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, 2010

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
<b>Assets</b>											
Cash and cash equivalents	\$ 758,099	\$ 186,817	\$ 938,070	\$ 40,013	\$ 893,198	\$ -	\$ 149,417	\$ 115,261	\$ 4,370	\$ 63,353	\$ 82,265
Accounts receivable, net of allowance for uncollectibles	-	-	157,704	-	38,564	-	-	-	-	-	-
Due from other funds	-	3,166	-	-	-	-	301	3,784	152	1,276	672
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	52,134	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 758,099</b>	<b>\$ 189,983</b>	<b>\$ 1,147,908</b>	<b>\$ 40,013</b>	<b>\$ 931,762</b>	<b>\$ -</b>	<b>\$ 149,718</b>	<b>\$ 119,045</b>	<b>\$ 4,522</b>	<b>\$ 64,629</b>	<b>\$ 82,937</b>
<b>Liabilities and Fund Balance</b>											
<b>Liabilities:</b>											
Accounts payable	\$ -	\$ -	\$ 104,381	\$ 583	\$ 24,445	\$ -	\$ 4,755	\$ 92	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	6,926	-	-	-	-	-	-
Due to other governments	2,999	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	834,084	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>2,999</b>	<b>-</b>	<b>104,381</b>	<b>583</b>	<b>865,455</b>	<b>-</b>	<b>4,755</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>											
Reserved:											
Program	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	52,134	-	-	-	-	-	-	-	-
Unreserved, undesignated	755,100	189,983	991,393	39,430	66,307	-	144,963	118,953	4,522	64,629	82,937
<b>Total Fund Balance</b>	<b>755,100</b>	<b>189,983</b>	<b>1,043,527</b>	<b>39,430</b>	<b>66,307</b>	<b>-</b>	<b>144,963</b>	<b>118,953</b>	<b>4,522</b>	<b>64,629</b>	<b>82,937</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 758,099</b>	<b>\$ 189,983</b>	<b>\$ 1,147,908</b>	<b>\$ 40,013</b>	<b>\$ 931,762</b>	<b>\$ -</b>	<b>\$ 149,718</b>	<b>\$ 119,045</b>	<b>\$ 4,522</b>	<b>\$ 64,629</b>	<b>\$ 82,937</b>

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

## OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET (Continued)

DECEMBER 31, 2010

	Special Revenue Funds										Total Other Governmental Funds
	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	Transportation	Special Purpose Gifts	Tax Claim Delinquent	Adoption Counseling	Domestic Relations Operation	
<b>Assets</b>											
Cash and cash equivalents	\$ (3,392)	\$ 131,683	\$ 76,644	\$ (39,302)	\$ 69,222	\$ 336,338	\$ 91,437	\$ 230,145	\$ 7,660	\$ 78,817	\$ 4,210,115
Accounts receivable, net of allowance for uncollectibles	-	-	38,384	13,159	-	22,869	-	-	-	59,189	329,869
Due from other funds	189	4,529	933	1,826	3,491	14,919	-	-	-	-	35,238
Due from other governments	5,273	-	-	39,002	21,470	39,004	-	-	-	-	104,749
Prepays	210	-	-	-	-	-	-	-	-	-	52,344
<b>Total Assets</b>	<b>\$ 2,280</b>	<b>\$ 136,212</b>	<b>\$ 115,961</b>	<b>\$ 14,685</b>	<b>\$ 94,183</b>	<b>\$ 413,130</b>	<b>\$ 91,437</b>	<b>\$ 230,145</b>	<b>\$ 7,660</b>	<b>\$ 138,006</b>	<b>\$ 4,732,315</b>
<b>Liabilities and Fund Balance</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 18	\$ 38,169	\$ 9,357	\$ 537	\$ 22,342	\$ 61,855	\$ -	\$ -	\$ -	\$ -	\$ 266,534
Accrued payroll	153	2,901	767	2,272	1,613	17,988	-	-	-	-	32,620
Due to other funds	1,971	19,710	7,883	10,836	12,810	45,329	-	-	-	-	98,539
Due to other governments	-	-	44,854	-	-	-	230,145	-	-	-	277,998
Deferred revenue	-	75,186	53,100	1,040	42,493	287,958	-	-	-	-	1,293,861
<b>Total Liabilities</b>	<b>2,142</b>	<b>135,966</b>	<b>115,961</b>	<b>14,685</b>	<b>79,258</b>	<b>413,130</b>	<b>-</b>	<b>230,145</b>	<b>-</b>	<b>-</b>	<b>1,969,552</b>
<b>Fund Balance:</b>											
Reserved:											
Program	-	-	-	-	-	-	91,437	-	7,660	-	99,097
Prepays	210	-	-	-	-	-	-	-	-	-	52,344
Unreserved, undesignated	(72)	246	-	-	14,925	-	-	-	-	138,006	2,611,322
<b>Total Fund Balance</b>	<b>138</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>14,925</b>	<b>-</b>	<b>91,437</b>	<b>-</b>	<b>7,660</b>	<b>138,006</b>	<b>2,762,763</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,280</b>	<b>\$ 136,212</b>	<b>\$ 115,961</b>	<b>\$ 14,685</b>	<b>\$ 94,183</b>	<b>\$ 413,130</b>	<b>\$ 91,437</b>	<b>\$ 230,145</b>	<b>\$ 7,660</b>	<b>\$ 138,006</b>	<b>\$ 4,732,315</b>

(Concluded)

# COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2010

	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
<b>Revenues:</b>											
Intergovernmental	\$ 610,610	\$ -	\$ 222,256	\$ -	\$ 206,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	36,497	498,249	19,821	470,722	-	73,990	46,675	2,546	13,162	8,642
Interest	4,514	976	4,490	238	10,532	10	616	404	24	273	357
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>615,124</b>	<b>37,473</b>	<b>724,995</b>	<b>20,059</b>	<b>688,062</b>	<b>10</b>	<b>74,606</b>	<b>47,079</b>	<b>2,570</b>	<b>13,435</b>	<b>8,999</b>
<b>Expenditures:</b>											
General government - administration	-	-	-	-	-	-	-	-	-	5,295	-
General government - judicial	-	-	-	-	-	-	42,898	13,348	4,766	-	-
Public safety	-	-	-	33,807	840,429	-	-	-	-	-	-
Public works	837,897	-	761,654	-	-	-	-	-	-	-	-
Human services	-	83,654	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>837,897</b>	<b>83,654</b>	<b>761,654</b>	<b>33,807</b>	<b>840,429</b>	<b>-</b>	<b>42,898</b>	<b>13,348</b>	<b>4,766</b>	<b>5,295</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(222,773)</b>	<b>(46,181)</b>	<b>(36,659)</b>	<b>(13,748)</b>	<b>(152,367)</b>	<b>10</b>	<b>31,708</b>	<b>33,731</b>	<b>(2,196)</b>	<b>8,140</b>	<b>8,999</b>
<b>Other Financing Sources (Uses):</b>											
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	201,771	-	-	-	-	-	-
Transfers out	(6,997)	(7,873)	(3,501)	-	(3,551)	(3,446)	(10,531)	-	-	(4,015)	(2,161)
<b>Total other financing sources (uses)</b>	<b>(6,997)</b>	<b>(7,873)</b>	<b>(3,501)</b>	<b>-</b>	<b>198,220</b>	<b>(3,446)</b>	<b>(10,531)</b>	<b>-</b>	<b>-</b>	<b>(4,015)</b>	<b>(2,161)</b>
<b>Net Change in Fund Balance</b>	<b>(229,770)</b>	<b>(54,054)</b>	<b>(40,160)</b>	<b>(13,748)</b>	<b>45,853</b>	<b>(3,436)</b>	<b>21,177</b>	<b>33,731</b>	<b>(2,196)</b>	<b>4,125</b>	<b>6,838</b>
<b>Fund Balance:</b>											
Beginning 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
End of year	<u>\$ 755,100</u>	<u>\$ 189,983</u>	<u>\$ 1,043,527</u>	<u>\$ 39,430</u>	<u>\$ 66,307</u>	<u>\$ -</u>	<u>\$ 144,963</u>	<u>\$ 118,953</u>	<u>\$ 4,522</u>	<u>\$ 64,629</u>	<u>\$ 82,937</u>

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds										Total Other Governmental Funds
	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	Transportation	Special Purpose Gifts	Tax Claim Delinquent	Adoption Counseling	Domestic Relations Operation	
<b>Revenues:</b>											
Intergovernmental	\$ 205,832	\$ 902,259	\$ 152,012	\$ 127,617	\$ 229,840	\$ 1,886,033	\$ -	\$ -	\$ -	\$ -	\$ 4,543,267
Charges for services	-	-	-	-	47,606	52,291	-	-	825	391,064	1,662,090
Interest	5	298	252	-	621	2,899	8,203	-	32	1,864	36,608
Other	-	-	-	-	25,030	-	-	-	-	230	25,260
<b>Total revenues</b>	<b>205,837</b>	<b>902,557</b>	<b>152,264</b>	<b>127,617</b>	<b>303,097</b>	<b>1,941,223</b>	<b>8,203</b>	<b>-</b>	<b>857</b>	<b>393,158</b>	<b>6,267,225</b>
<b>Expenditures:</b>											
General government - administration	-	-	-	-	-	-	-	-	-	-	5,295
General government - judicial	-	-	-	-	-	-	-	-	-	475,911	536,923
Public safety	-	-	-	-	-	-	-	-	-	-	874,236
Public works	-	-	-	-	-	-	-	-	-	-	1,599,551
Human services	-	793,332	146,640	118,849	233,316	2,262,093	-	-	-	-	3,637,884
Conservation and development	212,020	-	-	-	-	-	-	-	-	-	212,020
Capital outlay	-	-	-	-	-	184,401	-	-	-	-	184,401
<b>Total expenditures</b>	<b>212,020</b>	<b>793,332</b>	<b>146,640</b>	<b>118,849</b>	<b>233,316</b>	<b>2,446,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>475,911</b>	<b>7,050,310</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(6,183)</b>	<b>109,225</b>	<b>5,624</b>	<b>8,768</b>	<b>69,781</b>	<b>(505,271)</b>	<b>8,203</b>	<b>-</b>	<b>857</b>	<b>(82,753)</b>	<b>(783,085)</b>
<b>Other Financing Sources (Uses):</b>											
Sale of fixed assets	-	-	-	-	-	1,890	-	-	-	-	1,890
Transfers in	7,873	-	-	-	-	585,914	-	-	-	220,759	1,016,317
Transfers out	(1,552)	(108,979)	(5,624)	(8,768)	(183,367)	(82,533)	(3,799)	-	-	-	(436,697)
<b>Total other financing sources (uses)</b>	<b>6,321</b>	<b>(108,979)</b>	<b>(5,624)</b>	<b>(8,768)</b>	<b>(183,367)</b>	<b>505,271</b>	<b>(3,799)</b>	<b>-</b>	<b>-</b>	<b>220,759</b>	<b>581,510</b>
<b>Net Change in Fund Balance</b>	<b>138</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>(113,586)</b>	<b>-</b>	<b>4,404</b>	<b>-</b>	<b>857</b>	<b>138,006</b>	<b>(201,575)</b>
<b>Fund Balance:</b>											
Beginning of year	-	-	-	-	128,511	-	87,033	-	6,803	-	2,964,338
End of year	<u>\$ 138</u>	<u>\$ 246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,925</u>	<u>\$ -</u>	<u>\$ 91,437</u>	<u>\$ -</u>	<u>\$ 7,660</u>	<u>\$ 138,006</u>	<u>\$ 2,762,763</u>

(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, 2010

	Shared Ride	MATP	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital	Total Transportation Fund
<b>Assets</b>							
Cash and cash equivalents	\$ (33,032)	\$ 224,265	\$ 11,308	\$ 87,109	\$ 41,107	\$ 5,581	\$ 336,338
Accounts receivable, net of allowance for uncollectibles	21,581	-	1,288	-	-	-	22,869
Due from other funds	6,239	2,853	5,827	-	-	-	14,919
Due from other governments	39,004	-	-	-	-	-	39,004
<b>Total Assets</b>	<b>\$ 33,792</b>	<b>\$ 227,118</b>	<b>\$ 18,423</b>	<b>\$ 87,109</b>	<b>\$ 41,107</b>	<b>\$ 5,581</b>	<b>\$ 413,130</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 17,013	\$ 38,715	\$ 6,127	\$ -	\$ -	\$ -	\$ 61,855
Accrued payroll	9,881	2,709	5,398	-	-	-	17,988
Due to other funds	6,898	31,533	6,898	-	-	-	45,329
Deferred revenue	-	154,161	-	87,109	41,107	5,581	287,958
<b>Total Liabilities</b>	<b>33,792</b>	<b>227,118</b>	<b>18,423</b>	<b>87,109</b>	<b>41,107</b>	<b>5,581</b>	<b>413,130</b>
<b>Fund Balance:</b>							
Unreserved, undesignated	-	-	-	-	-	-	-
<b>Total Liabilities and Fund Balance</b>	<b>\$ 33,792</b>	<b>\$ 227,118</b>	<b>\$ 18,423</b>	<b>\$ 87,109</b>	<b>\$ 41,107</b>	<b>\$ 5,581</b>	<b>\$ 413,130</b>

# COUNTY OF VENANGO, PENNSYLVANIA

## TRANSPORTATION FUND

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

YEAR ENDED DECEMBER 31, 2010

	Shared Ride	MATP	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital	Eliminations	Total Transportation Fund
<b>Revenues:</b>								
Intergovernmental	\$ 222,325	\$ 1,194,209	\$ 184,419	\$ -	\$ 285,080	\$ -	\$ -	\$ 1,886,033
Charges for services	9,576	-	42,715	-	-	-	-	52,291
Interest	-	541	-	761	1,597	-	-	2,899
<b>Total revenues</b>	<b>231,901</b>	<b>1,194,750</b>	<b>227,134</b>	<b>761</b>	<b>286,677</b>	<b>-</b>	<b>-</b>	<b>1,941,223</b>
<b>Expenditures:</b>								
Human services	904,186	1,013,232	344,675	-	-	-	-	2,262,093
Capital outlay	-	-	184,401	-	-	-	-	184,401
<b>Total expenditures</b>	<b>904,186</b>	<b>1,013,232</b>	<b>529,076</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,446,494</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(672,285)</b>	<b>181,518</b>	<b>(301,942)</b>	<b>761</b>	<b>286,677</b>	<b>-</b>	<b>-</b>	<b>(505,271)</b>
<b>Other Financing Sources (Uses):</b>								
Sale of fixed assets	1,260	-	630	-	-	-	-	1,890
Transfers in	707,663	-	325,890	-	19,387	-	(467,026)	585,914
Transfers out	(36,638)	(181,518)	(24,578)	(761)	(306,064)	-	467,026	(82,533)
<b>Total other financing sources (uses)</b>	<b>672,285</b>	<b>(181,518)</b>	<b>301,942</b>	<b>(761)</b>	<b>(286,677)</b>	<b>-</b>	<b>-</b>	<b>505,271</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>								
Beginning of year	-	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## **AGENCY FUNDS**

Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds are used to account for cash collected by elected row officers (Treasurer, 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, 2010

	Treasurer	Register of Wills and Recorder of Deeds	Prothonotary and Clerk of Courts	Sheriff	Prison	Domestic Relations	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 8,339	\$ 268,270	\$ 216,222	\$ 97,981	\$ 48,509	\$ 7,161	\$ 646,482
Accounts receivable and fines, at estimated realizable value	-	-	386,954	-	-	-	386,954
<b>Total Assets</b>	<b>\$ 8,339</b>	<b>\$ 268,270</b>	<b>\$ 603,176</b>	<b>\$ 97,981</b>	<b>\$ 48,509</b>	<b>\$ 7,161</b>	<b>\$ 1,033,436</b>
<b>Liabilities</b>							
Due to other funds	\$ 1,874	\$ 147,183	\$ 468,130	\$ 7,393	\$ -	\$ -	\$ 624,580
Due to other governments	6,465	120,309	15,052	3,530	-	-	145,356
Escrow liability and interest	-	778	119,994	87,058	48,509	7,161	263,500
<b>Total Liabilities</b>	<b>\$ 8,339</b>	<b>\$ 268,270</b>	<b>\$ 603,176</b>	<b>\$ 97,981</b>	<b>\$ 48,509</b>	<b>\$ 7,161</b>	<b>\$ 1,033,436</b>

# COUNTY OF VENANGO, PENNSYLVANIA

## ALL AGENCY FUNDS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2010

	<u>Balance at January 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2010</u>
<b>Treasurer</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 4,408	\$ 164,439	\$ 160,508	\$ 8,339
<u>Liabilities</u>				
Due to other funds	\$ 759	\$ 20,647	\$ 19,532	\$ 1,874
Due to other governments	3,649	142,963	140,147	6,465
Escrow liability and interest	-	829	829	-
<b>Total Liabilities</b>	<u>\$ 4,408</u>	<u>\$ 164,439</u>	<u>\$ 160,508</u>	<u>\$ 8,339</u>
<b>Register of Wills and Recorder of Deeds</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 231,790	\$ 1,171,280	\$ 1,134,800	\$ 268,270
<u>Liabilities</u>				
Due to other funds	\$ 124,565	\$ 368,666	\$ 346,048	\$ 147,183
Due to other governments	106,915	798,016	784,622	120,309
Escrow liability and interest	310	4,598	4,130	778
<b>Total Liabilities</b>	<u>\$ 231,790</u>	<u>\$ 1,171,280</u>	<u>\$ 1,134,800</u>	<u>\$ 268,270</u>
<b>Prothonotary and Clerk of Courts</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 166,744	\$ 1,504,521	\$ 1,455,043	\$ 216,222
Accounts receivable and fines, at estimated realizable value	373,894	533,729	520,669	386,954
<b>Total Assets</b>	<u>\$ 540,638</u>	<u>\$ 2,038,250</u>	<u>\$ 1,975,712</u>	<u>\$ 603,176</u>
<u>Liabilities</u>				
Due to other funds	\$ 452,652	\$ 533,729	\$ 518,251	\$ 468,130
Due to other governments	32,841	197,648	215,437	15,052
Escrow liability and interest	55,145	1,306,873	1,242,024	119,994
<b>Total Liabilities</b>	<u>\$ 540,638</u>	<u>\$ 2,038,250</u>	<u>\$ 1,975,712</u>	<u>\$ 603,176</u>

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

## ALL AGENCY FUNDS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2010

(Continued)

	Balance at January 1, 2010	Additions	Deletions	Balance at December 31, 2010
<b>Sheriff</b>				
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 189,608</u>	<u>\$ 555,642</u>	<u>\$ 647,269</u>	<u>\$ 97,981</u>
<b>Liabilities</b>				
Due to other funds	\$ 37,070	\$ 114,770	\$ 144,447	\$ 7,393
Due to other governments	5,220	14,490	16,180	3,530
Escrow liability and interest	<u>147,318</u>	<u>426,382</u>	<u>486,642</u>	<u>87,058</u>
<b>Total Liabilities</b>	<u>\$ 189,608</u>	<u>\$ 555,642</u>	<u>\$ 647,269</u>	<u>\$ 97,981</u>
<b>Prison</b>				
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 57,052</u>	<u>\$ 401,977</u>	<u>\$ 410,520</u>	<u>\$ 48,509</u>
<b>Liabilities</b>				
Escrow liability and interest	<u>\$ 57,052</u>	<u>\$ 401,977</u>	<u>\$ 410,520</u>	<u>\$ 48,509</u>
<b>Domestic Relations</b>				
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 3,538</u>	<u>\$ 415,042</u>	<u>\$ 411,419</u>	<u>\$ 7,161</u>
<b>Liabilities</b>				
Escrow liability and interest	<u>\$ 3,538</u>	<u>\$ 415,042</u>	<u>\$ 411,419</u>	<u>\$ 7,161</u>

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

## ALL AGENCY FUNDS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2010

(Continued)

	Balance at January 1, 2010	Additions	Deletions	Balance at December 31, 2010
<b>Total all Agency Funds</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 653,140	\$ 4,212,901	\$ 4,219,559	\$ 646,482
Accounts receivable and fines, at estimated realizable value	373,894	533,729	520,669	386,954
<b>Total Assets</b>	<b>\$ 1,027,034</b>	<b>\$ 4,746,630</b>	<b>\$ 4,740,228</b>	<b>\$ 1,033,436</b>
<u>Liabilities</u>				
Due to other funds	\$ 615,046	\$ 1,037,812	\$ 1,028,278	\$ 624,580
Due to other governments	148,625	1,153,117	1,156,386	145,356
Escrow liability and interest	263,363	2,555,701	2,555,564	263,500
<b>Total Liabilities</b>	<b>\$ 1,027,034</b>	<b>\$ 4,746,630</b>	<b>\$ 4,740,228</b>	<b>\$ 1,033,436</b>

(Concluded)