

# County of Venango, Pennsylvania

Financial Statements  
and Required Supplementary  
and Supplementary Information

Year Ended December 31, 2011  
with Independent Auditor's Report

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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# COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2011

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# COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2011

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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, 2011, 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, 2011, and the respective changes in financial position, and the budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2012, 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 internal control over financial reporting or on compliance. That 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 34 through 36 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 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 combining and individual nonmajor fund financial statements 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.

*Maher Duessel*

Pittsburgh, Pennsylvania  
September 27, 2012

## **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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements (pages 1 - 9) and the notes to financial statements (pages 10 - 33).

## *FINANCIAL HIGHLIGHTS*

- The assets of the County exceeded its liabilities by \$30.5 million at December 31, 2011.
- As of December 31, 2011, unrestricted net assets were \$11.4 million or 31% of total expenses.
- The total fund balance of the General Fund at December 31, 2011 was \$7.6 million or 72% of the total fund balance.
- The County's real property tax rate was 5.565 mills for 2011 and 2010.

## *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 33 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 34 to 36 of this report.

The combining and individual fund statements and schedules are presented as additional information immediately following the required pension supplementary information on pages 37 to 46 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, 2011 and 2010 are presented below:

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## County of Venango Summary Statements of Net Assets December 31, 2011 and 2010

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current and other assets	\$ 42,011,186	\$ 42,613,012
Lease receivable	3,600,317	3,952,928
<b>Total Assets</b>	<u>45,611,503</u>	<u>46,565,940</u>
<u>Liabilities</u>		
Current and other liabilities	8,022,087	7,521,105
Non-current liabilities	7,119,164	8,711,736
<b>Total Liabilities</b>	<u>15,141,251</u>	<u>16,232,841</u>
<u>Net Assets</u>		
Investment in capital assets, net of related debt	15,197,110	14,021,630
Restricted	3,857,267	758,099
Unrestricted	11,415,875	15,553,370
<b>Total Net Assets</b>	<u>\$ 30,470,252</u>	<u>\$ 30,333,099</u>

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 \$30.5 million at December 31, 2011, an increase from December 31, 2010 of approximately \$137,000. The increase is namely attributable to decreased general government administration spending.

The following table presents the change in net assets for the years ended December 31, 2011 and 2010:

# MANAGEMENT'S DISCUSSION AND ANALYSIS

County of Venango  
Change in Net Assets  
Years Ended December 31, 2011 and 2010

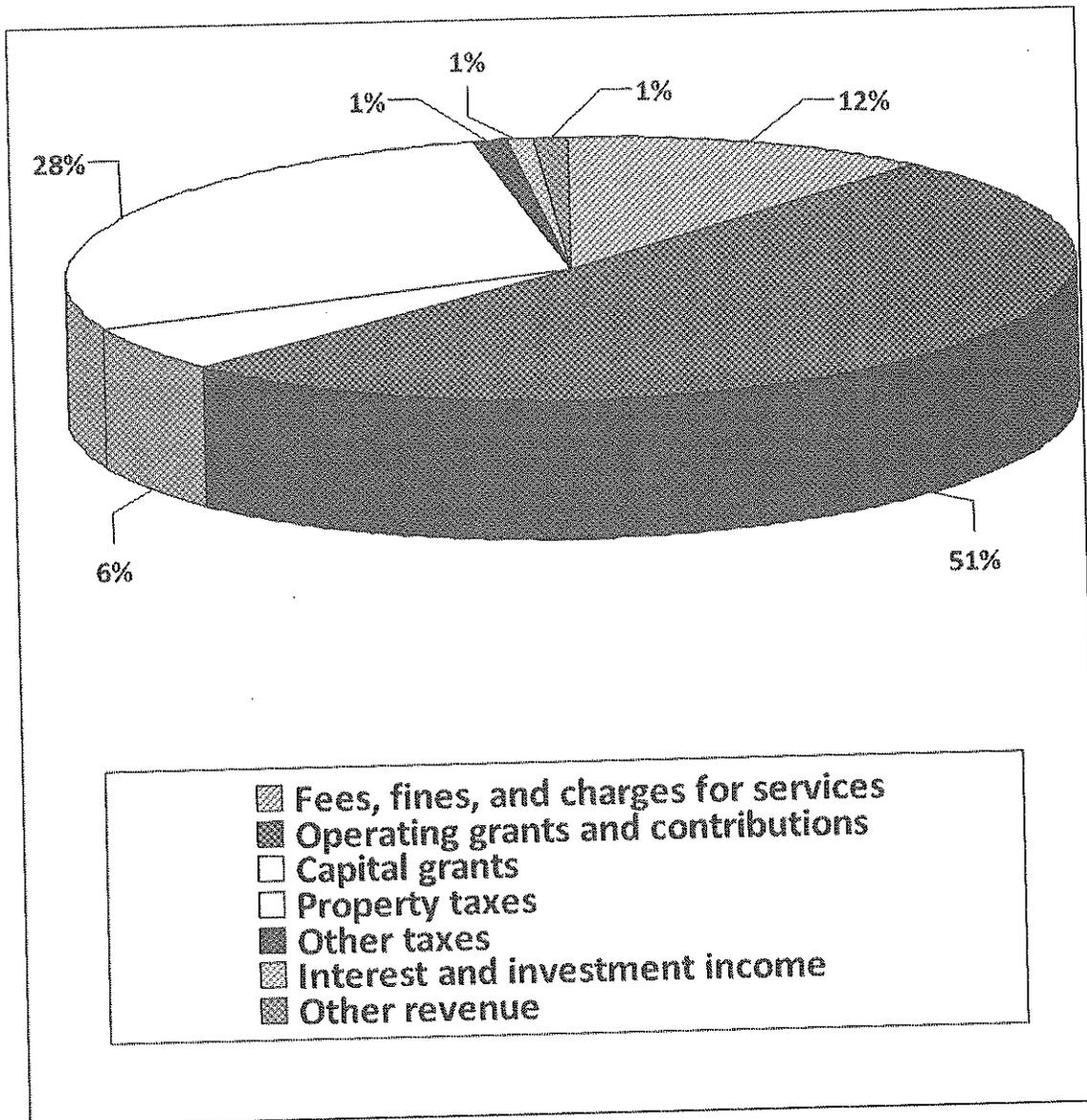
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Program revenues:		
Fees, fines, and charges for services	\$ 4,443,484	\$ 4,514,494
Operating grants and contributions	18,652,783	18,877,483
Capital grants	2,069,417	1,076,734
General revenues:		
Property taxes	10,132,421	10,001,620
Other taxes	551,464	517,011
Interest and investment income	221,121	379,479
Other	221,175	115,753
Gain on disposal of capital assets	10,283	28,288
 Total revenues	 <u>36,302,148</u>	 <u>35,510,862</u>
 Program expenses:		
General government - administration	5,135,043	5,301,966
General government - judicial	3,761,636	3,736,525
Public safety	4,828,036	4,958,365
Public works	3,034,219	2,210,464
Human services	18,243,593	18,704,450
Conservation and development	647,816	525,286
Culture and recreation	294,094	300,940
Interest	220,558	240,758
 Total expenses	 <u>36,164,995</u>	 <u>35,978,754</u>
 <b>Change in Net Assets</b>	 <b>137,153</b>	 <b>(467,892)</b>
 Net assets, beginning	 <u>30,333,099</u>	 <u>30,800,991</u>
 Net assets, ending	 <u><u>\$ 30,470,252</u></u>	 <u><u>\$ 30,333,099</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, 2011:

**County of Venango  
Government-Wide Sources of Revenues  
Total Revenue \$36,302,148**



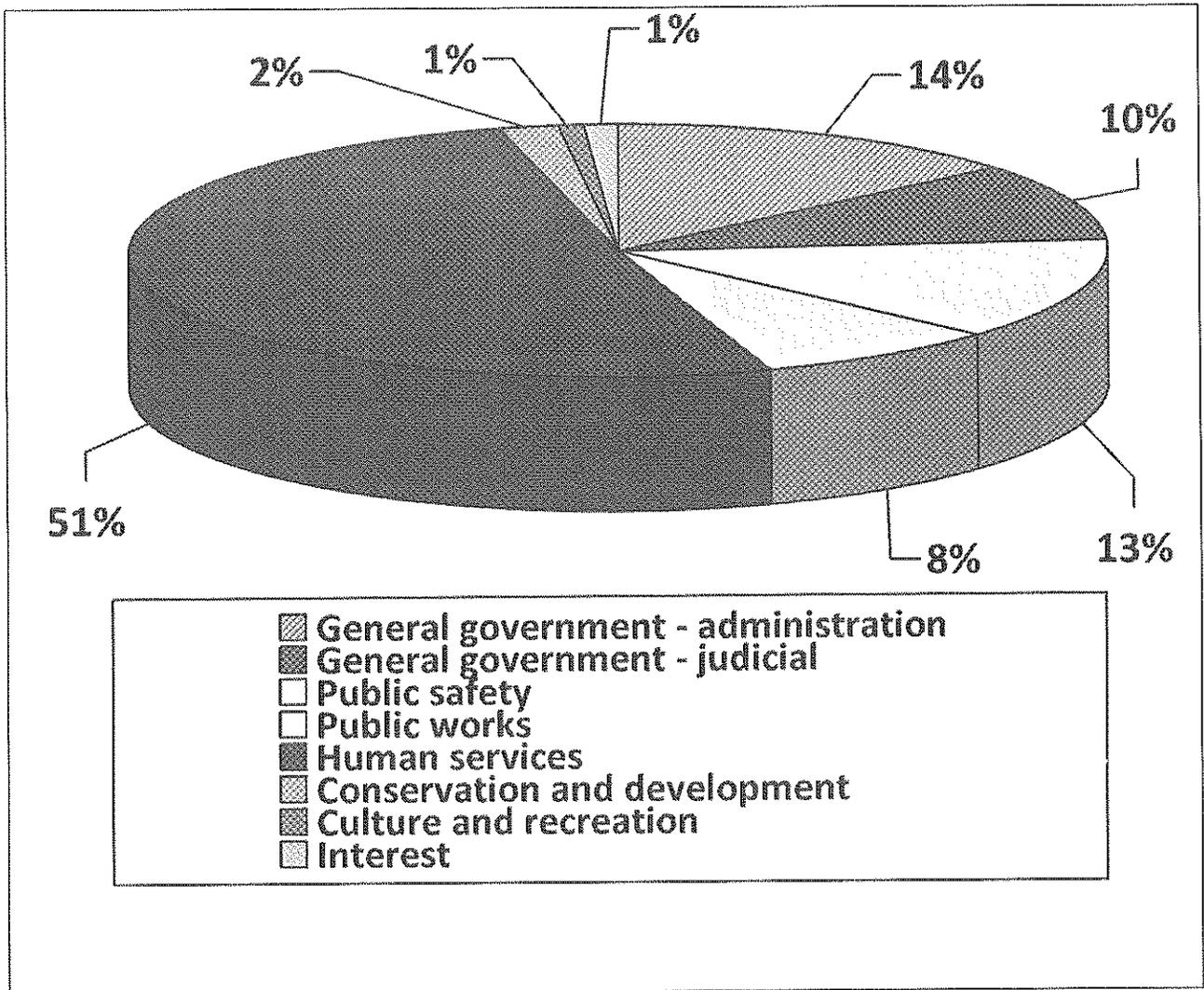
The government-wide revenues of \$36.3 million were derived primarily from program-based operating grants and contributions, representing 51% of the total revenues. The second largest source of revenue for the County was property taxes, which made up 28% of the total revenues. The third largest source of revenue was fees, fines, and charges for services, which is 12% of the total revenues.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## *PROGRAM EXPENSES*

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2011:

County of Venango  
Government-Wide Program Expenses  
Total Expenses: \$36,164,995



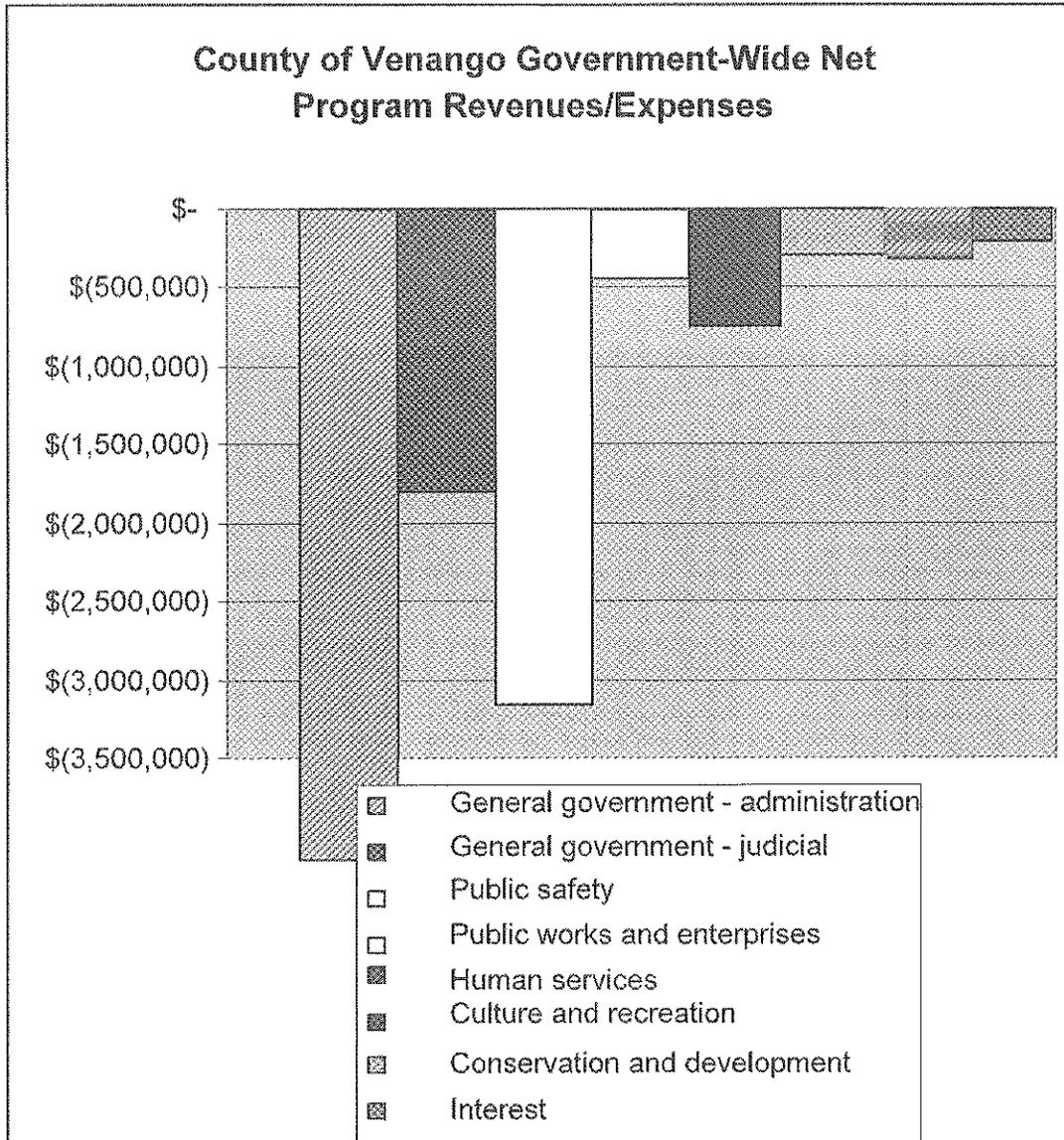
The largest area of expenses was Human Services which totaled \$18.2 million or 51% of all expenses. Human Services provides a vast array of social services programs, including Area Agency on Aging, Retired Senior Volunteer Program, Children and Youth Services, Substance Abuse, Mental Health/Developmental Services, Transportation, Weatherization, and Office of Economic Opportunity. Following Human Services totaling \$5.1 million, General Government – Administration represented 14% of all expenses, followed by Public Safety with \$4.8 million in expenses representing 13% of expenses. The next largest area of expense was General Government - Judicial at \$3.8 million or 10% of the total followed by Public Works, with \$3

# MANAGEMENT'S DISCUSSION AND ANALYSIS

million in expenses or 8%, Conservation and Development at \$.6 million or 2%, Culture and Recreation at \$.3 million or 1%, and interest payments on long-term debt at \$.2 million or 1%.

## *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, 2011.



General government - administration required the most general revenue for support needing \$4.2 million during 2011.

# **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 Developmental Services. Combining statements are found on pages 37 and 38.

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

As mentioned earlier, the focus of the governmental funds is to provide information on the near-term inflows, outflows, and the balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned 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, 2011 and 2010:

# MANAGEMENT'S DISCUSSION AND ANALYSIS

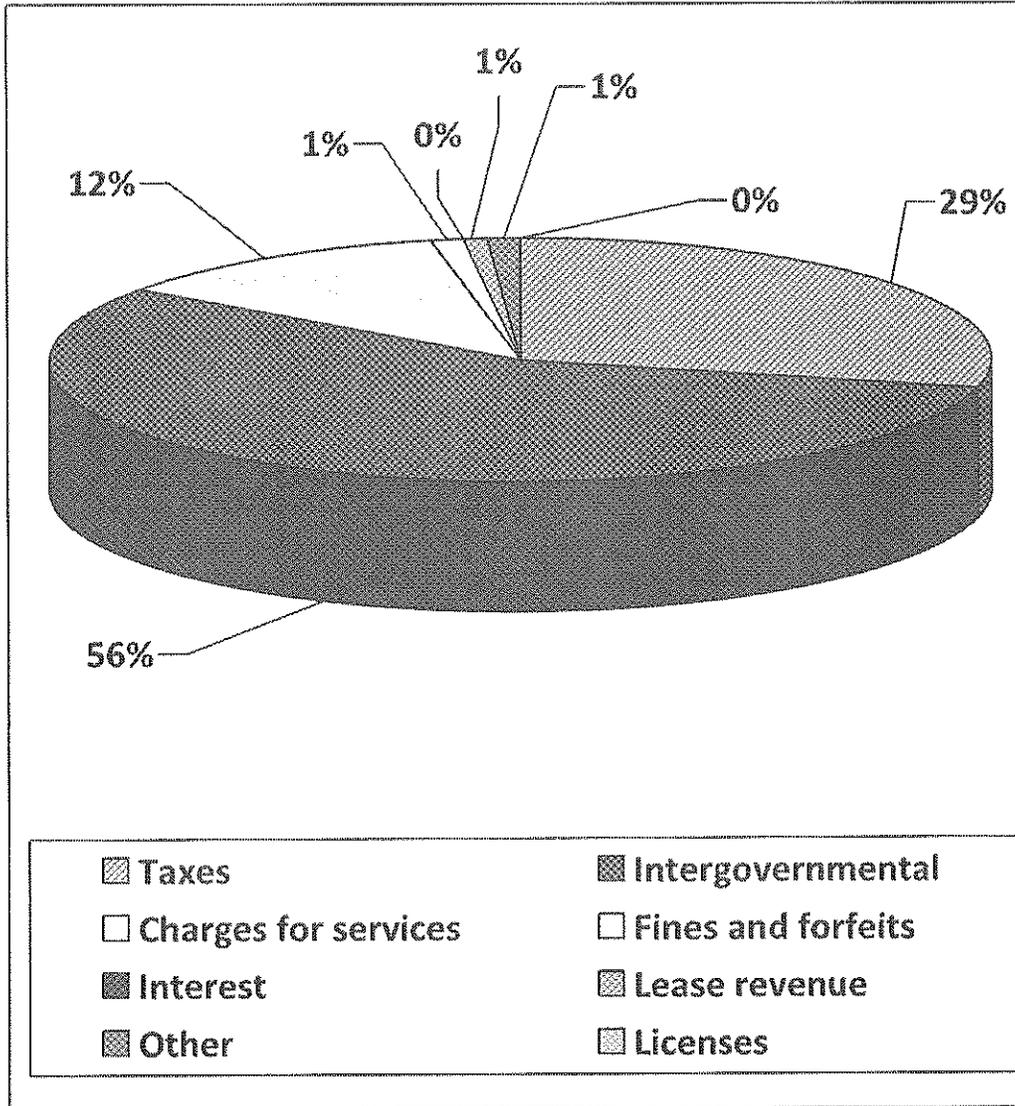
## County of Venango Statements of Revenues, Expenditures, and Changes in Fund Balance Years Ended December 31, 2011 and 2010

	Governmental Funds	
	2011	2010
<b>Revenues:</b>		
Taxes	\$ 10,642,501	\$ 10,522,463
Licenses	35,657	34,812
Intergovernmental	20,476,893	19,690,704
Charges for services	4,332,955	4,359,260
Fines and forfeits	144,373	142,174
Interest	33,732	129,929
Lease revenue	540,000	540,000
Other	430,825	329,154
Total revenues	36,636,936	35,748,496
<b>Expenditures:</b>		
General government - administration	4,937,650	4,752,639
General government - judicial	3,751,515	3,723,892
Public safety	4,568,577	4,715,369
Public works	3,366,399	2,124,698
Human services	18,316,934	19,027,768
Conservation and development	647,816	525,033
Culture and recreation	282,719	273,740
Capital projects	84,355	2,876,786
Debt service	1,331,889	1,313,422
Total expenditures	37,287,854	39,333,347
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(650,918)	(3,584,851)
<b>Other Financing Sources (Uses):</b>		
Sale of capital assets	10,656	46,918
Proceeds from general obligation note	-	1,609,000
Total other financing sources and uses	10,656	1,655,918
<b>Net Change in Fund Balance</b>	(640,262)	(1,928,933)
Fund balance, beginning	11,187,172	13,116,105
Fund balance, ending	\$ 10,546,910	\$ 11,187,172

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds revenues, by source, for the year ended December 31, 2011 were:

**County of Venango, Governmental Fund  
Revenues Classified by Source  
Total Revenues: \$36,636,936**

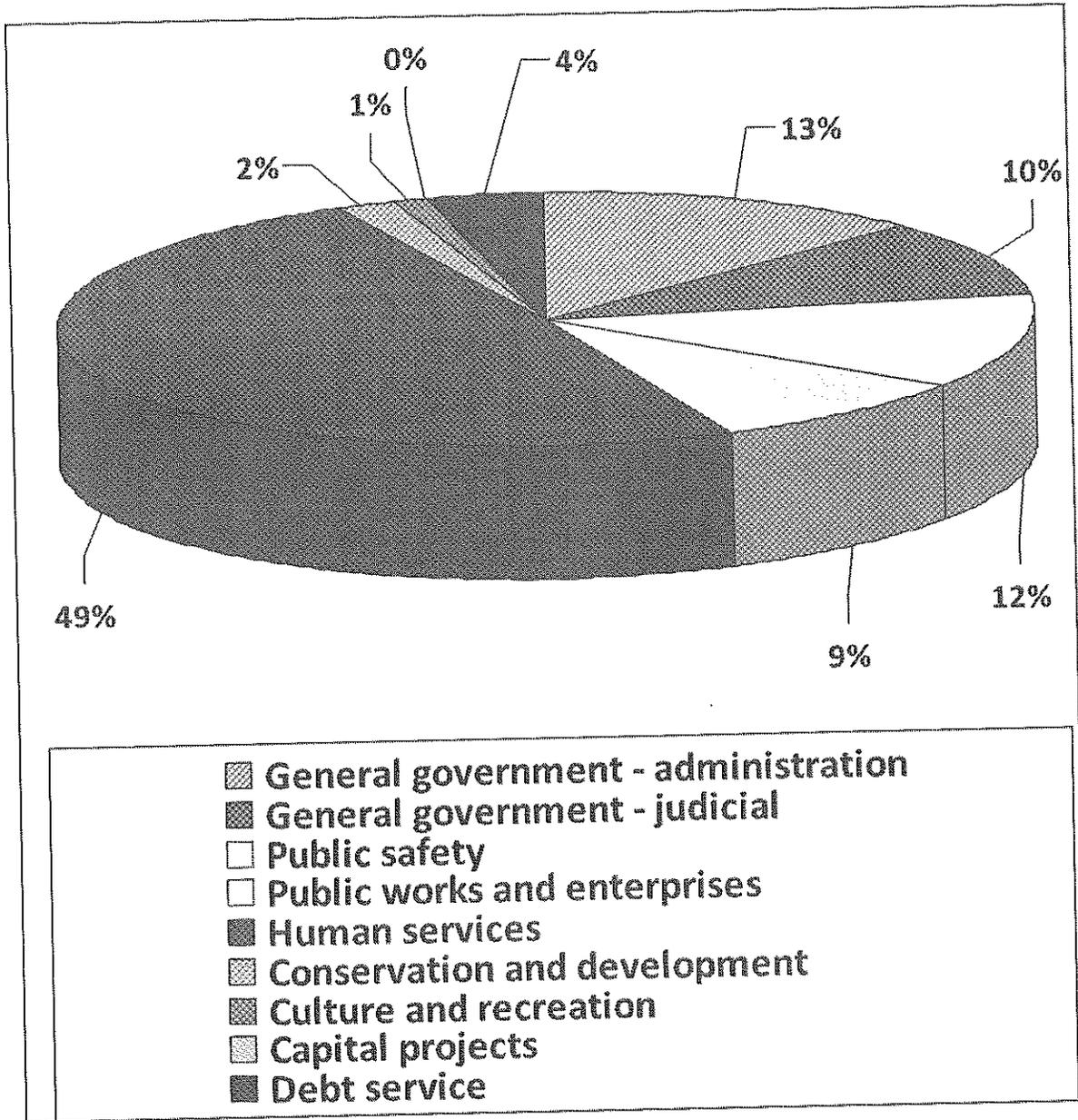


Governmental funds revenue totaled \$36.6 million for the year ending December 31, 2011, of which \$20.5 million (56%) came from Intergovernmental (Federal and State) Revenue. Taxes accounted for \$10.6 million (29%) in revenue. Charges for services reached \$4.3 million (12%) in revenue. Fines and forfeits, lease revenue, and other revenue were each approximately 1% of total revenues. Licenses 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, 2011 were:

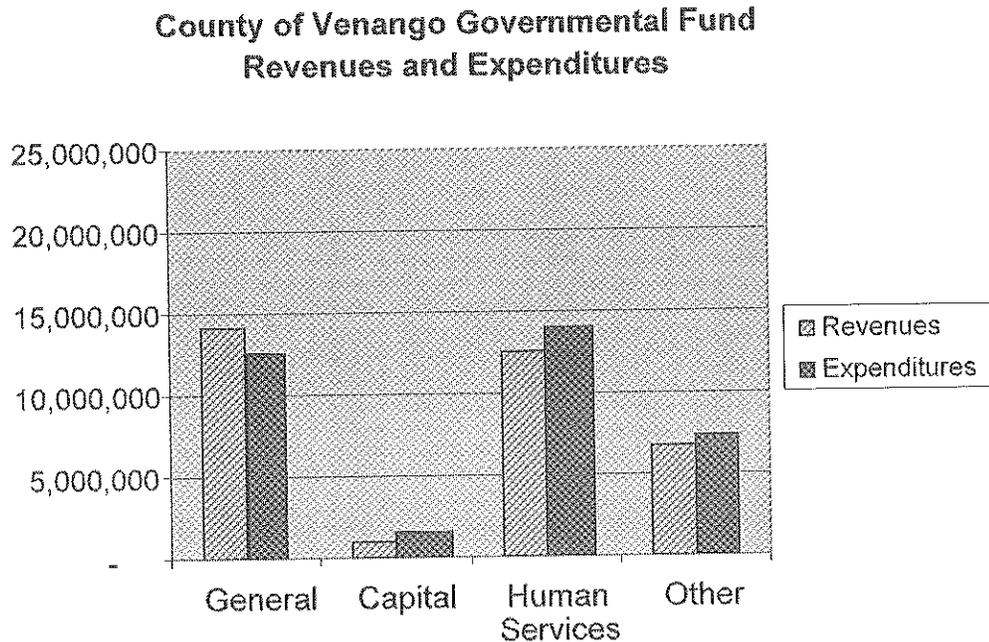
**County of Venango, Governmental Fund  
Expenditures Classified by Function  
Total Expenditures: \$ 37,287,854**



Governmental funds expenditures totaled \$37.3 million for the year ending December 31, 2011, of which \$18.3 million (49%) were Human Services expenditures. General Government – Administration, Public Safety, General Government – Judicial, and Public Works, make up the next largest pieces; each with expenditures ranging from \$3.4 to \$4.9 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, 2011:



## ***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, 2011 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 \$1.8 million.

The County had a variance between the final budget and actual revenue of approximately \$705,000. The largest contributors to the variance were the excess of tax revenue over budget. This includes all types of taxes collected by the County.

The County had a favorable variance between the final budget and actual expenditures of approximately \$1,006,000. The majority of this variance occurred in the General Government – Administration function, which shows approximately \$618,000 in favorable variance. The variance is primarily due to favorable variances in the salary and benefit lines as well as the contingent expenses.

## ***CAPITAL ASSETS***

The County's investment in capital assets including infrastructure as of December 31, 2011 amounts to \$23,442,115, net of accumulated depreciation. This investment includes land and land improvements, buildings and building improvements, roads and bridges, machinery, vehicles, and equipment.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ***CAPITAL LEASE***

In late 2007, the County entered into a capital lease for office space for the Human Services Division. In late 2009, the County entered into agreement to purchase the office space subject to lease. In accordance with the agreement the County assumed the mortgage on the building and made payment to buy out the remainder of the lease in late February 2010. As of December 31, 2011, the County has a total of \$1,445,005 outstanding on the note. Of that amount, \$95,841 is payable in 2012.

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

As of December 31, 2011, the County has \$6,800,000 of long-term debt, of which \$1,030,000 is payable in 2012.

## ***BOND RATING***

The County was given an A+ bond rating from Standard & 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, 2011

Assets	Governmental Activities
Cash and cash equivalents	\$ 13,161,466
Taxes receivable, net	1,579,608
Accounts and loans receivable, at estimated realizable value	1,012,564
Accounts receivable - fiduciary funds	644,141
Due from other governments	2,109,381
Other assets	61,911
Capital assets, not being depreciated	1,732,152
Capital assets, net of accumulated depreciation	21,709,963
Lease receivable:	540,000
Current	3,060,317
Non-current	45,611,503
<b>Total Assets</b>	<b>45,611,503</b>
Liabilities	
Accounts payable	2,043,013
Accrued payroll	274,464
Due to other governments	336,781
Unearned revenue	3,722,263
Compensated absences, non-current	519,725
Notes payable:	95,841
Current	1,349,164
Non-current	1,030,000
Bonds payable:	5,770,000
Current	15,141,251
Non-current	15,141,251
<b>Total Liabilities</b>	<b>15,141,251</b>
Net Assets	
Invested in capital assets, net of related debt	15,197,110
Restricted for:	2,053,143
Operating reserve	81,547
Human services	756,216
Roads and bridges	179,100
Affordable housing	148,525
Constable server fees	173,636
Offender identification	84,878
Records improvement/automation	61,279
Sugar Valley Lodge	227,641
Domestic relations	91,302
Other purposes	3,600,317
Unrestricted:	7,815,558
Lease receivable	7,815,558
Other unrestricted net assets	\$ 30,470,252
<b>Total Net Assets</b>	<b>\$ 30,470,252</b>

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
General government - administration	\$ 5,135,043	\$ 763,761	\$ 216,491	\$ (4,154,791)
General government - judicial	3,761,636	1,673,374	316,749	(1,771,513)
Public safety	4,828,036	750,951	988,974	(3,088,111)
Public works	3,034,219	848,393	-	(462,564)
Human services	18,243,593	407,005	17,130,569	(706,019)
Conservation and development	647,816	-	-	(301,661)
Culture and recreation	294,094	-	-	(294,094)
Interest	220,558	-	-	(220,558)
<b>Total governmental activities</b>	<b>\$ 36,164,995</b>	<b>\$ 4,443,484</b>	<b>\$ 18,652,783</b>	<b>\$ (10,999,311)</b>
<b>General revenues:</b>				
Property taxes				10,132,421
Other taxes				551,464
Interest and investment income				221,121
Other				221,175
Gain on disposal of capital asset				10,283
<b>Total general revenues</b>				<b>11,136,464</b>
<b>Change in Net Assets</b>				<b>137,153</b>
<b>Net Assets:</b>				
Beginning of year				30,333,099
End of year				<u>\$ 30,470,252</u>

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	General Fund	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 8,288,847	\$ (214,853)	\$ 2,389,699	\$ 2,697,773	\$ 13,161,466
Taxes receivable, net	1,579,608	-	-	-	1,579,608
Accounts receivable, net of allowance for uncollectibles	195,297	-	313,143	504,124	1,012,564
Due from other funds	789,710	727,996	59,579	249,815	1,827,100
Due from other governments	-	-	1,818,504	290,877	2,109,381
Other assets	-	-	9,506	52,405	61,911
Lease receivable:					
Current	-	540,000	-	-	540,000
Non-current	-	3,060,317	-	-	3,060,317
<b>Total Assets</b>	<b>\$ 10,853,462</b>	<b>\$ 4,113,460</b>	<b>\$ 4,590,431</b>	<b>\$ 3,794,994</b>	<b>\$ 23,352,347</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 516,177	\$ -	\$ 782,518	\$ 744,318	\$ 2,043,013
Accrued payroll	134,953	-	98,243	41,268	274,464
Due to other funds	277,487	-	803,562	101,910	1,182,959
Due to other governments	300,258	-	-	36,523	336,781
Deferred revenue	2,003,612	3,645,317	2,670,192	649,099	8,968,220
<b>Total Liabilities</b>	<b>3,232,487</b>	<b>3,645,317</b>	<b>4,354,515</b>	<b>1,573,118</b>	<b>12,805,437</b>
<b>Fund Balance:</b>					
<b>Restricted:</b>					
Operating reserve	2,053,143	-	-	-	2,053,143
Human services	-	-	41,401	40,146	81,547
Roads and bridges	-	-	-	756,216	756,216
Affordable housing	-	-	-	179,100	179,100
Constable server fees	-	-	-	148,525	148,525
Offender identification	-	-	-	173,636	173,636
Records improvement/automation	-	-	-	84,878	84,878
Sugar Valley Lodge	-	-	-	61,279	61,279
Domestic relations	-	-	-	227,641	227,641
Other purposes	-	-	-	91,302	91,302
<b>Assigned:</b>					
Capital projects	-	283,138	-	-	283,138
Debt service	-	185,005	-	-	185,005
Substance abuse	-	-	194,515	-	194,515
Airport operations	-	-	-	459,153	459,153
Unassigned	5,567,832	-	-	-	5,567,832
<b>Total Fund Balance</b>	<b>7,626,975</b>	<b>468,143</b>	<b>235,916</b>	<b>2,221,876</b>	<b>10,546,910</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,853,462</b>	<b>\$ 4,113,460</b>	<b>\$ 4,590,431</b>	<b>\$ 3,794,994</b>	<b>\$ 23,352,347</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, 2011

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 10,546,910</b>
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.</p>	23,442,115
<p>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.</p>	3,645,317
<p>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.</p>	1,600,640
<p>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:</p>	
<p>Accrued compensated absences</p>	\$ (519,725)
<p>Notes payable</p>	(1,445,005)
<p>Bonds payable</p>	<u>(6,800,000)</u>
	<u>(8,764,730)</u>
<b>Total Net Assets - Governmental Activities</b>	<b><u><u>\$ 30,470,252</u></u></b>

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, 2011

	General Fund	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 10,642,501	-	-	-	\$ 10,642,501
Licenses	35,657	-	-	-	35,657
Intergovernmental	838,140	-	14,012,960	5,625,793	20,476,893
Charges for services	2,290,118	-	276,484	1,766,353	4,332,955
Fines and forfeits	144,373	-	-	-	144,373
Interest	-	4,081	6,060	23,591	33,732
Lease revenue	-	540,000	-	-	540,000
Other	178,828	-	224,184	27,813	430,825
<b>Total revenues</b>	<b>14,129,617</b>	<b>544,081</b>	<b>14,519,688</b>	<b>7,443,550</b>	<b>36,636,936</b>
<b>Expenditures:</b>					
General government - administration	4,870,607	-	-	67,043	4,937,650
General government - judicial	3,231,332	-	-	520,183	3,751,515
Public safety	3,641,731	-	-	926,846	4,568,577
Public works	553,399	-	-	2,813,090	3,366,399
Human services	90,986	-	14,939,162	3,286,786	18,316,934
Conservation and development	285,114	-	-	362,792	647,816
Culture and recreation	282,719	-	-	-	282,719
Capital outlay	-	82,654	-	1,701	84,355
Debt service	-	1,331,889	-	-	1,331,889
<b>Total expenditures</b>	<b>12,955,888</b>	<b>1,414,543</b>	<b>14,939,162</b>	<b>7,978,261</b>	<b>37,287,854</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,173,729</b>	<b>(870,462)</b>	<b>(419,474)</b>	<b>(534,711)</b>	<b>(650,918)</b>
<b>Other Financing Sources (Uses):</b>					
Sale of fixed assets	2,646	-	6,165	1,845	10,656
Transfers in	1,559,450	1,099,184	1,502,953	1,021,427	5,183,014
Transfers out	(2,874,957)	(173,552)	(1,105,057)	(1,029,448)	(5,183,014)
<b>Total other financing sources (uses)</b>	<b>(1,312,861)</b>	<b>925,632</b>	<b>404,061</b>	<b>(6,176)</b>	<b>10,656</b>
<b>Net Change in Fund Balance</b>	<b>(139,132)</b>	<b>55,170</b>	<b>(15,413)</b>	<b>(540,887)</b>	<b>(640,262)</b>
<b>Fund Balance:</b>					
Beginning of year	7,760,107	412,973	251,329	2,762,763	11,187,172
End of year	\$ 7,620,975	\$ 468,143	\$ 235,916	\$ 2,221,876	\$ 10,546,910

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, 2011

**Net Change in Fund Balance - Governmental Funds** \$ (640,262)

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	\$ 2,354,140	
	Less: depreciation expense	<u>(2,289,618)</u>	64,522

Losses on disposal of capital assets occur only the statement of activities, as capital assets are expensed when purchased in governmental funds. (373)

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. 7,540

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. 1,111,331

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 until collected in the governmental funds. The change in the value of the lease receivable is shown here. (352,611)

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. (52,994)

**Change in Net Assets of Governmental Activities** \$ 137,153

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, 2011

	Budgeted Amounts		Actual amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 10,001,000	\$ 10,001,000	\$ 10,683,885	\$ 682,885
Licenses	31,450	31,450	35,351	3,901
Intergovernmental	850,199	844,126	831,150	(12,976)
Charges for services	2,548,377	2,558,364	2,252,954	(305,410)
Fines and forfeits	127,150	127,150	143,122	15,972
Interest	34,300	34,300	(10,634)	(44,934)
Other	33,737	6,645	420,128	413,483
<b>Total revenues</b>	<b>13,626,213</b>	<b>13,603,035</b>	<b>14,355,956</b>	<b>752,921</b>
<b>Expenditures:</b>				
General government - administration	5,375,722	5,501,189	4,882,698	618,491
General government - judicial	3,910,372	3,943,265	3,698,270	244,995
Public safety	3,777,177	3,778,477	3,651,514	126,963
Public works	546,253	546,253	554,736	(8,483)
Human services	90,859	90,859	91,200	(341)
Conservation and development	237,248	282,248	283,416	(1,168)
Culture and recreation	327,956	310,956	285,911	25,045
<b>Total expenditures</b>	<b>14,265,587</b>	<b>14,453,247</b>	<b>13,447,745</b>	<b>1,005,502</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(639,374)</b>	<b>(850,212)</b>	<b>908,211</b>	<b>1,758,423</b>
<b>Other Financing Sources (Uses):</b>				
Sale of fixed assets	-	-	2,646	2,646
Transfers in	3,227,513	3,438,351	3,835,675	397,324
Transfers out	(2,588,139)	(2,588,139)	(2,874,957)	(286,818)
<b>Total other financing sources (uses)</b>	<b>639,374</b>	<b>850,212</b>	<b>963,364</b>	<b>115,152</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,871,575</b>	<b>\$ 1,871,575</b>

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2011

	Pension Trust Fund	Agency Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,473,477	\$ 593,330	\$ 2,066,807
Investments:			
Bond mutual funds	4,424,138	-	4,424,138
U.S. government and agency securities	4,756,657	-	4,756,657
Corporate bonds	4,723,772	-	4,723,772
Municipal bonds	39,858	-	39,858
Equity mutual funds	2,226,099	-	2,226,099
Common stock	21,553,334	-	21,553,334
Accounts receivable and fines, at estimated realizable value	-	353,110	353,110
<b>Total Assets</b>	<b>39,197,335</b>	<b>946,440</b>	<b>40,143,775</b>
<b>Liabilities</b>			
Due to other funds	-	644,141	644,141
Due to other governments	-	145,785	145,785
Escrow liability and interest	-	156,514	156,514
<b>Total Liabilities</b>	<b>-</b>	<b>946,440</b>	<b>946,440</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 39,197,335</b>	<b>\$ -</b>	<b>\$ 39,197,335</b>

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	<u>Pension Trust Fund</u>
<b>Additions:</b>	
<hr/>	
Contributions:	
Employee	\$ 1,139,104
Employer	484,077
	<hr/>
Total contributions	1,623,181
	<hr/>
Investment income/loss:	
Net depreciation in fair value of investments	(1,552,287)
Interest and dividends	1,019,765
	<hr/>
Total investment loss	(532,522)
	<hr/>
Investment expense	170,054
	<hr/>
Net investment loss	(702,576)
	<hr/>
Total additions	920,605
	<hr/>
<b>Deductions:</b>	
<hr/>	
Benefits and refunds paid to plan members and beneficiaries	2,198,436
Administrative expense	35,687
	<hr/>
Total deductions	2,234,123
	<hr/>
<b>Decrease in Net Assets</b>	(1,313,518)
	<hr/>
<b>Net Assets:</b>	
<hr/>	
Beginning of year	40,510,853
	<hr/>
End of year	\$ 39,197,335
	<hr/> <hr/>

See accompanying notes to financial statements.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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.
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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 increasing the prosperity and population of the Oil Region through the preservation, promotion, development, and support of historical, educational, natural, recreational, residential, commercial, and industrial destinations. 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 conservation of the County's natural resources. The Conservation District operates

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 recorded when a liability is incurred, as under accrual accounting. However, debt service

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 resources not 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 provides 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 County has elected not to follow subsequent private-sector guidance.

### Interfund Activity in the Government-Wide Financial Statements

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

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### 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, 2011 is not significant.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### Capital Assets

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

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

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

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form. There was no nonspendable fund balance at December 31, 2011.
  - Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside
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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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parties. This category includes funds that are legally restricted for operating reserve, human services, roads and bridges, affordable housing, airport operations, hazardous materials, 911, constable server fees, offender identification, juvenile court restitution, records improvement and automation, Sugar Valley Lodge, adoption counseling, and domestic relations.

- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the County Commissioners. Such commitment is made via a resolution of the County Commissioners and must be made prior to the end of the fiscal year. A commitment can only be modified or removed by an equal action of the County Commissioners. There was no committed fund balance at December 31, 2011.
- Assigned – This category represents intentions of the County to use the funds for specific purposes. The County Commissioners have the authority to assign amounts to be used for specific purposes. This category includes amounts set aside for capital projects, debt service, substance abuse, and airport operations.
- Unassigned – This category includes the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications.

The County's policy is to use funds in the order of the most restrictive to the least restrictive.

### 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.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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3. Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable method of financing them.
4. Subsequently, the preliminary projections of revenues and expenditures are incorporated into a final budget including any revisions or adjustments resulting from the aforementioned Commissioners' review.
5. By December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
6. After the 20-day inspection period, but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

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, 2011

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	<u>General Fund</u>
Net change in fund balance - General Fund as presented (modified accrual)	\$ (139,132)
Adjustment to reconcile accounts and real estate taxes receivable to budgetary basis	239,099
Adjustment to reconcile prepaids and accounts and wages payable to budgetary basis	(33,037)
The Operating Reserve Fund is reported within the General Fund but is budgeted as a separate fund	1,964,832
Domestic Relations Fund is budgeted in the General Fund but is presented separately as an other governmental fund	<u>(160,187)</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u>\$ 1,871,575</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, "*Basic 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, 2011

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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.”

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

### Adopted Pronouncement

The County has adopted GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions.*” This statement’s objective is to enhance the usefulness of fund balance information. As a result of this statement, the titles and definitions of governmental fund balances have changed. This statement has affected the number of Special Revenue Funds recognized by the County, resulting in activity previously reported in the Tax Claim Delinquent Fund to now be reported as part of the General Fund.

### Pending Pronouncements

GASB has issued Statement No. 61, “*The Financial Reporting Entity: Omnibus,*” effective for periods beginning after June 15, 2012. The objective of this statement is to improve financial reporting for a governmental financial reporting entity by modifying existing requirements for the assessment of potential component units. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,*” effective for periods beginning after December 15, 2011. This statement establishes accounting and financial reporting standards for the financial reporting statements of state and local governments by bringing together reporting literature in one place with the guidance modified as necessary. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,*” effective for the year ending December 31, 2012. This statement establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 67, “*Financial Reporting for Pension Plans,*” effective for periods beginning after June 15, 2013, and has also issued GASB Statement No. 68,

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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*“Accounting and Financial Reporting for Pensions,”* effective for fiscal years beginning after June 15, 2014. These statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The effect of implementation of this statement has not yet been determined.

### 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.
- Certificates of deposit purchased from 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 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.

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### 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 \$13,928,054 at December 31, 2011, \$1,506,061 was covered by federal depository insurance. The remaining balance of \$12,421,993 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, 2011, of \$13,161,466, 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 \$593,330 and the bank balance was \$603,567. Of the bank balance, \$197,826 was covered by federal depository insurance. The remaining balance of \$405,741 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 at current exchange rates. The County's Pension Trust Fund maintains investment policies that summarize the investment philosophy of the County's Pension Trust Fund and establishes investment guidelines and performance objectives for the Pension Trust Fund.

As of December 31, 2011, the County Pension Trust Fund held the following investments:

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Cash or Investment Type	Fair Market Value	Investment Maturities (In Years) from December 31, 2011			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Bond Mutual Funds	\$ 4,424,138	\$ 4,424,138	\$ -	\$ -	\$ -
U.S. Government and Agency Securities	4,756,657	748,562	1,398,603	521,207	2,088,285
Corporate Bonds	4,723,772	212,822	1,657,542	1,863,344	990,064
Municipal Bonds	39,858	-	-	39,858	-
Total debt securities	13,944,425	5,385,522	3,056,145	2,424,409	3,078,349
Cash and Cash Equivalents	1,473,477				
Equity Mutual Funds	2,226,099				
Common Stock	21,553,334				
<b>Total Pension Trust Fund cash, cash equivalents, and investments reported on statement of fiduciary net assets</b>	<b>\$ 39,197,335</b>				

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, must be marketable, and bonds must be investment grade. The pension investment policy limits its deposit and investment choices to the following:

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

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

*Short Term Cash*: Funds must be deposited in a money market fund, an interest bearing account, or in 30-day treasuries. No more than \$100,000 is to be on deposit with any single institution, and no instrument of deposit will carry a maturity greater than 180 days, and the institution must be FDIC insured. Rarely, based on the timing of receipts and disbursements, does the County maintain greater than \$100,000 in their Pension Trust Fund checking account. The Pension Trust Fund Board does not have concerns at this time.

As of December 31, 2011, the County's Pension Trust Fund investments in corporate bonds and U.S. Government and Agency securities have received the following ratings from Moody's:

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Investment Type	Moody's Rating	Percentage of Total Pension Trust Fund Corporate Bonds
Corporate Bonds	Aaa	15%
Corporate Bonds	Aa2	8%
Corporate Bonds	Aa3	6%
Corporate Bonds	A1	11%
Corporate Bonds	A2	18%
Corporate Bonds	A3	11%
Corporate Bonds	Baa1	10%
Corporate Bonds	Baa2	16%
Corporate Bonds	Baa3	3%
Corporate Bonds	Unrated	2%
		100%

Investment Type	Moody's Rating	Percentage of Total U.S. Government and Agency Securities
U.S. Government Agency	Aaa	71%
U.S. Government Agency	A2	27%
U.S. Government Agency	A3	2%
		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, 2011, the County's Pension Trust Fund cash and cash equivalents bank and investment balance was \$1,486,093 and the carrying amount was \$1,473,477. Of the bank and investment balance, \$1,463,995 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.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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*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, 2011 was as follows:

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

	Balance at January 1, 2011	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2011
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,732,152	\$ -	\$ -	\$ 1,732,152
Capital assets, being depreciated:				
Land improvements	478,985	18,032	-	497,017
Buildings and improvements	15,156,513	290,155	-	15,446,668
Machinery and equipment	12,333,958	1,080,813	(474,564)	12,940,207
Infrastructure	21,917,638	965,140	-	22,882,778
Total capital assets, being depreciated	49,887,094	2,354,140	(474,564)	51,766,670
Less: accumulated depreciation for:				
Land improvements	(273,347)	(20,073)	-	(293,420)
Buildings and improvements	(6,052,915)	(333,487)	-	(6,386,402)
Machinery and equipment	(8,924,373)	(861,354)	474,191	(9,311,536)
Infrastructure	(12,990,645)	(1,074,704)	-	(14,065,349)
Total accumulated depreciation	(28,241,280)	(2,289,618)	474,191	(30,056,707)
Total capital assets, being depreciated net	21,645,814	64,522	(373)	21,709,963
Governmental activities, capital assets, net	\$ 23,377,966			\$ 23,442,115

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 145,632
Judicial	46,105
Public safety	366,667
Public works	1,404,085
Human services	297,616
Culture and recreation	29,513
Total depreciation expense - governmental activities	\$ 2,289,618

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

### 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 2011, County real estate taxes were levied at the rate of 5.565 mills on assessed valuation. Total assessed valuation for non-exempt properties in 2011 was approximately \$1,971,000,000.

All taxes receivables are shown net of an allowance for uncollectibles. Uncollected real estate taxes at December 31, 2011, including delinquent amounts, interest, and penalties, were \$1,857,086. Of this amount, approximately \$277,478 was considered uncollectible at December 31, 2011 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, 2011 is as follows:

	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Governmental activities:			
Property taxes receivable	<u>\$ 1,857,086</u>	<u>\$ 277,478</u>	<u>\$ 1,579,608</u>
Court-related receivables (portion of accounts receivable - fiduciary funds)	<u>\$ 4,052,928</u>	<u>\$ 3,699,818</u>	<u>\$ 353,110</u>

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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

Individual fund receivable and payable balances at December 31, 2011, as well as interfund transfers for the year ended December 31, 2011, 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	\$ 789,710	\$ 277,487	\$ 1,559,450	\$ 2,874,957
Capital Projects	727,996	-	1,099,184	173,552
Human Services	59,579	803,562	1,502,953	1,105,057
Other governmental funds	249,815	101,910	1,021,427	1,029,448
Fiduciary Fund:				
Agency Funds	-	644,141	-	-
	<u>\$ 1,827,100</u>	<u>\$ 1,827,100</u>	<u>\$ 5,183,014</u>	<u>\$ 5,183,014</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, 2011, 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, 2011

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Participants:	
Retirees and beneficiaries	254
Deferred vested	33
Active employees:	
Vested	115
Nonvested	252

### 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 at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

At December 31, 2011, 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 2011, the County's annual required contribution to the Plan as determined by the January 1, 2011 actuarial valuation was \$484,077. The 2011 employee contributions were \$1,139,104.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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	\$ 484,077
Contributions made	\$ 484,077
Actuarial valuation date	1/1/2011
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, 2011.

### Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2009	\$ -	N/A	\$ -
12/31/2010	480,564	100.0%	-
12/31/2011	484,077	100.0%	-

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

### Funded Status

The County's funded status and related information for the Plan as of the latest actuarial valuation date, January 1, 2011, 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
\$ 38,000,445	\$ 37,380,830	\$ 619,615	101.7%	\$ 11,580,781	5.4%

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, 2011. The next actuarial valuation will be performed as of January 1, 2012.

### **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 refund the County's 2002 and 2003 Bonds, and 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
2012	\$ 1,030,000	\$ 199,414	\$ 1,229,414
2013	1,070,000	161,720	1,231,720
2014	1,115,000	120,754	1,235,754
2015	1,140,000	91,575	1,231,575
2016	655,000	66,788	721,788
2017-2019	1,790,000	78,581	1,868,581
	<u>\$ 6,800,000</u>	<u>\$ 718,832</u>	<u>\$ 7,518,832</u>

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

### General Obligation Note

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, and payments escalated from approximately \$35,000 per month to approximately \$48,000 over the term of the lease.

In 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:

Years	Principal	Interest	Total
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	119,960	53,524	173,484
2017-2018	905,554	53,828	959,382
Total	<u>\$ 1,445,005</u>	<u>\$ 381,797</u>	<u>\$ 1,826,802</u>

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Balance at December 31, 2010	Additions	Reductions	Balance at December 31, 2011	Due Within One Year
Compensated absences	\$ 466,731	\$ 52,994	\$ -	\$ 519,725	\$ -
General obligation note	1,536,336	-	(91,331)	1,445,005	95,841
Bond series - 2009	7,820,000	-	(1,020,000)	6,800,000	1,030,000
Long-term liabilities	<u>\$ 9,823,067</u>	<u>\$ 52,994</u>	<u>\$ (1,111,331)</u>	<u>\$ 8,764,730</u>	<u>\$ 1,125,841</u>

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### 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, 2011:

2012	\$	540,000
2013		540,000
2014		540,000
2015		540,000
2016		<u>2,000,000</u>
Future minimum lease payment for lease purchase agreement		4,160,000
Discounted to present value		<u>(559,683)</u>
Present value of minimum lease payments	\$	<u><u>3,600,317</u></u>

### 11. COMMITMENTS AND CONTINGENCIES

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

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

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# COUNTY OF VENANGO, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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%
1/1/2011	38,000,445	37,380,830	619,615	101.7%	11,580,781	5.4%

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>
2006	\$ -	N/A
2007	-	N/A
2008	-	N/A
2009	-	N/A
2010	480,564	100%
2011	484,077	100%

N/A = Not Applicable

See accompanying note to supplementary schedules.

# COUNTY OF VENANGO, PENNSYLVANIA

## NOTE TO SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

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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	1/1/2011
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 Developmental Services** 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 diagnosis or developmental services.

# COUNTY OF VENANGO, PENNSYLVANIA

## HUMAN SERVICES FUND COMBINING BALANCE SHEET

DECEMBER 31, 2011

Assets	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Developmental Services	Total Human Services Fund
Cash and cash equivalents	\$ 347,678	\$ 6,962	\$ (632,092)	\$ 255,763	\$ 521,458	\$ 1,889,930	\$ 2,389,699
Accounts receivable, net of allowance for uncollectibles	1,856	-	153,337	128,185	29,232	533	313,143
Due from other funds	14,089	-	18,361	7,520	9,357	10,252	59,579
Due from other governments	58,426	10,929	1,408,293	-	149,321	191,535	1,818,504
Other assets	-	-	9,366	-	24	116	9,506
<b>Total Assets</b>	<b>\$ 422,049</b>	<b>\$ 17,891</b>	<b>\$ 957,265</b>	<b>\$ 391,468</b>	<b>\$ 709,392</b>	<b>\$ 2,092,366</b>	<b>\$ 4,590,431</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 40,279	-	\$ 445,071	\$ 62,948	\$ 173,215	\$ 61,005	\$ 782,518
Accrued payroll	14,940	864	45,505	6,150	16,697	14,087	98,243
Due to other funds	92,500	-	376,188	47,599	107,016	189,259	803,562
Deferred revenue	274,350	479	65,648	80,256	412,464	1,837,015	2,670,192
<b>Total Liabilities</b>	<b>422,049</b>	<b>1,343</b>	<b>932,412</b>	<b>196,953</b>	<b>709,392</b>	<b>2,092,366</b>	<b>4,354,515</b>
<b>Fund Balance:</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted:							
Human services	-	16,548	24,853	-	-	-	41,401
Assigned:							
Substance abuse	-	-	-	194,515	-	-	194,515
Unassigned	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>16,548</b>	<b>24,853</b>	<b>194,515</b>	<b>-</b>	<b>-</b>	<b>235,916</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 422,049</b>	<b>\$ 17,891</b>	<b>\$ 957,265</b>	<b>\$ 391,468</b>	<b>\$ 709,392</b>	<b>\$ 2,092,366</b>	<b>\$ 4,590,431</b>

# COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2011

	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Developmental Services	Eliminations	Total Human Services Fund
<b>Revenues:</b>								
Intergovernmental	\$ 1,738,126	\$ 46,226	\$ 6,621,973	\$ 738,754	\$ 2,570,637	\$ 2,297,244	\$ -	\$ 14,012,960
Charges for services	-	-	161,790	114,694	-	-	-	276,484
Interest	-	45	161	1,213	1,021	3,620	-	6,060
Other	8,293	1,143	197,163	1,340	16,245	-	-	224,184
<b>Total revenues</b>	<b>1,746,419</b>	<b>47,414</b>	<b>6,981,087</b>	<b>856,001</b>	<b>2,587,903</b>	<b>2,300,864</b>	<b>-</b>	<b>14,519,688</b>
<b>Expenditures:</b>								
Human services	1,554,389	46,235	7,812,549	823,847	2,551,928	2,148,214	-	14,939,162
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>192,030</b>	<b>1,179</b>	<b>(831,462)</b>	<b>30,154</b>	<b>33,975</b>	<b>152,650</b>	<b>-</b>	<b>(419,474)</b>
<b>Other Financing Sources (Uses):</b>								
Sale of fixed assets	-	-	-	3,600	2,565	-	-	6,165
Transfers in	18,649	-	1,153,776	30,047	120,187	180,294	-	1,502,953
Transfers out	(226,775)	-	(334,972)	(51,639)	(158,727)	(332,944)	-	(1,105,057)
<b>Total other financing sources (uses)</b>	<b>(208,126)</b>	<b>-</b>	<b>818,804</b>	<b>(17,992)</b>	<b>(35,975)</b>	<b>(152,650)</b>	<b>-</b>	<b>404,061</b>
<b>Net Change in Fund Balance</b>	<b>(16,096)</b>	<b>1,179</b>	<b>(12,658)</b>	<b>12,162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,413)</b>
<b>Fund Balance:</b>								
Beginning of year	16,096	15,369	57,511	182,353	-	-	-	251,329
End of year	\$ -	\$ 16,548	\$ 24,853	\$ 194,515	\$ -	\$ -	\$ -	\$ 235,916

## OTHER GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned for specified purposes other than debt services or capital projects. 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 **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, 2011

	Special Revenue Funds									
	Liquid Fuels	Affordable Housing Program	Airport	Hazardous Materials	911	Court Constable	Offender ID	Juvenile Court Restitution	County Records Improvement	Prothonotary Automation
Cash and cash equivalents	\$ 779,145	\$ 165,530	\$ 446,347	\$ 33,210	\$ 497,899	\$ 151,105	\$ 168,301	\$ 5,291	\$ 53,686	\$ 44,513
Accounts receivable, net of allowance for uncollectibles	-	10,000	232,189	-	31,593	-	-	-	-	-
Due from other funds	-	3,570	-	-	-	622	5,335	282	1,308	560
Due from other governments	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	52,134	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 779,145</b>	<b>\$ 179,100</b>	<b>\$ 730,670</b>	<b>\$ 33,210</b>	<b>\$ 529,492</b>	<b>\$ 151,727</b>	<b>\$ 173,636</b>	<b>\$ 5,573</b>	<b>\$ 54,994</b>	<b>\$ 45,473</b>
<b>Liabilities and Fund Balance</b>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 244,313	\$ 2,331	\$ 133,811	\$ 3,202	\$ -	\$ -	\$ -	\$ 15,589
Accrued payroll	-	-	-	-	7,316	-	-	-	-	-
Due to other governments	22,929	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	368,932	-	-	-	-	-
<b>Total Liabilities</b>	<b>22,929</b>	<b>-</b>	<b>244,313</b>	<b>2,331</b>	<b>510,059</b>	<b>3,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,589</b>
Fund Balance:										
Restricted:										
Human services	-	-	-	-	-	-	-	-	-	-
Roads and bridges	756,216	-	-	-	-	-	-	-	-	-
Affordable housing	-	179,100	-	-	-	-	-	-	-	-
Airport operations	-	-	27,204	-	-	-	-	-	-	-
Hazardous materials	-	-	-	30,879	-	-	-	-	-	-
911	-	-	-	-	19,433	-	-	-	-	-
Constable server fees	-	-	-	-	-	148,525	-	-	-	-
Offender identification	-	-	-	-	-	-	173,636	-	-	-
Juvenile court restitution	-	-	-	-	-	-	-	5,573	-	-
Records improvement/automation	-	-	-	-	-	-	-	-	54,994	29,884
Sugar Valley Lodge	-	-	-	-	-	-	-	-	-	-
Adoption counseling	-	-	-	-	-	-	-	-	-	-
Domestic Relations	-	-	-	-	-	-	-	-	-	-
Assigned:										
Airport operations	-	-	459,153	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>756,216</b>	<b>179,100</b>	<b>486,357</b>	<b>30,879</b>	<b>19,433</b>	<b>148,525</b>	<b>173,636</b>	<b>5,573</b>	<b>54,994</b>	<b>29,884</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 779,145</b>	<b>\$ 179,100</b>	<b>\$ 730,670</b>	<b>\$ 33,210</b>	<b>\$ 529,492</b>	<b>\$ 151,727</b>	<b>\$ 173,636</b>	<b>\$ 5,573</b>	<b>\$ 54,994</b>	<b>\$ 45,473</b>

(Continued)



# COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds									
	Liquid Fuels	Affordable Housing Program	Airport	Hazardous Materials	911	Court Constable	Offender ID	Juvenile Court Restitution	County Records Improvement	Prothonotary Automation
<b>Revenues:</b>										
Intra-governmental	\$ 438,974	\$ -	\$ 1,287,288	\$ 8,316	\$ 640,101	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	35,286	576,592	22,617	456,022	59,839	77,267	2,577	13,834	7,256
Interest	2,787	616	2,785	183	3,010	530	304	19	237	172
Other	-	-	1,225	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>438,761</b>	<b>35,902</b>	<b>1,867,890</b>	<b>31,116</b>	<b>1,098,133</b>	<b>60,389</b>	<b>77,771</b>	<b>2,596</b>	<b>14,071</b>	<b>7,428</b>
<b>Expenditures:</b>										
General government - administration	-	-	-	-	-	-	-	-	8,562	58,481
General government - judicial	-	-	-	-	-	42,767	17,050	1,545	-	-
Public safety	-	-	-	39,667	887,179	-	-	-	-	-
Public works	428,997	-	2,384,003	-	-	-	-	-	-	-
Human services	-	38,021	-	-	-	-	-	-	-	-
Conservation and development	-	-	10,000	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>428,997</b>	<b>38,021</b>	<b>2,394,003</b>	<b>39,667</b>	<b>887,179</b>	<b>42,767</b>	<b>17,050</b>	<b>1,545</b>	<b>8,562</b>	<b>58,481</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>9,764</b>	<b>(2,119)</b>	<b>(526,113)</b>	<b>(8,551)</b>	<b>211,954</b>	<b>17,622</b>	<b>60,721</b>	<b>1,051</b>	<b>5,509</b>	<b>(51,053)</b>
<b>Other Financing Sources (Uses):</b>										
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	382,733	-	-	-	-	-
Transfers out	(8,481)	(8,764)	(31,057)	-	(941,561)	(14,560)	(6,038)	-	(15,144)	(2,000)
Total other financing sources (uses)	<b>(8,481)</b>	<b>(8,764)</b>	<b>(31,057)</b>	<b>-</b>	<b>(258,828)</b>	<b>(14,760)</b>	<b>(6,038)</b>	<b>-</b>	<b>(15,144)</b>	<b>(2,000)</b>
<b>Net Change in Fund Balance</b>	<b>1,116</b>	<b>(10,883)</b>	<b>(557,170)</b>	<b>(8,551)</b>	<b>(46,874)</b>	<b>3,562</b>	<b>54,683</b>	<b>1,051</b>	<b>(9,635)</b>	<b>(33,033)</b>
<b>Fund Balance:</b>										
Beginning of year	755,100	189,983	1,043,527	39,430	66,307	144,963	118,953	4,522	64,629	82,937
End of year	<b>756,216</b>	<b>179,100</b>	<b>486,357</b>	<b>30,879</b>	<b>19,433</b>	<b>148,525</b>	<b>173,636</b>	<b>5,573</b>	<b>54,994</b>	<b>29,884</b>

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2011

	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	Adoption Counseling	Domestic Relations Operation	Total	
<b>Revenues:</b>											
Intergovernmental	\$ 346,155	\$ 383,225	\$ 192,508	\$ 120,233	\$ 205,946	\$ 2,006,047	\$ -	\$ -	\$ -	\$ 5,625,793	\$ -
Charges for services	-	-	-	44,965	49,745	-	-	525	419,808	1,766,333	-
Interest	3	-	171	-	112	1,861	-	28	585	23,591	-
Other	-	-	-	-	24,796	-	-	-	1,792	27,813	-
<b>Total revenues</b>	<b>346,158</b>	<b>383,225</b>	<b>192,679</b>	<b>120,233</b>	<b>275,819</b>	<b>2,057,633</b>	<b>9,988</b>	<b>553</b>	<b>422,185</b>	<b>7,443,550</b>	<b>-</b>
<b>Expenditures:</b>											
General government - administration	-	-	-	-	-	-	-	-	-	67,043	-
General government - judicial	-	-	-	-	-	-	-	-	458,821	520,183	-
Public safety	-	-	-	-	-	-	-	-	-	926,846	-
Human services	-	315,843	133,428	168,848	222,772	2,467,874	-	-	-	3,286,786	-
Conservation and development	-	-	-	-	-	-	-	-	-	362,702	-
Capital outlay	-	-	-	-	-	1,701	-	-	-	1,701	-
<b>Total expenditures</b>	<b>352,702</b>	<b>315,843</b>	<b>133,428</b>	<b>168,848</b>	<b>222,772</b>	<b>2,469,575</b>	<b>-</b>	<b>-</b>	<b>458,821</b>	<b>7,978,261</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(6,544)</b>	<b>67,382</b>	<b>59,251</b>	<b>11,385</b>	<b>53,047</b>	<b>(411,922)</b>	<b>9,988</b>	<b>553</b>	<b>(36,636)</b>	<b>(534,711)</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>											
Sale of fixed assets	-	-	-	-	-	1,845	-	-	-	1,845	1,845
Transfers in	8,764	-	-	-	-	503,659	-	-	126,271	1,021,427	-
Transfers out	(2,358)	(67,628)	(59,251)	(11,385)	(67,972)	(95,582)	-	-	-	(1,029,448)	-
<b>Total other financing sources (uses)</b>	<b>6,406</b>	<b>(67,628)</b>	<b>(59,251)</b>	<b>(11,385)</b>	<b>(67,972)</b>	<b>411,922</b>	<b>-</b>	<b>-</b>	<b>126,271</b>	<b>(6,176)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(158)</b>	<b>(246)</b>	<b>-</b>	<b>(14,925)</b>	<b>-</b>	<b>9,988</b>	<b>553</b>	<b>89,635</b>	<b>138,606</b>	<b>2,762,263</b>	<b>-</b>
<b>Fund Balance:</b>											
Beginning of year	138	246	-	-	14,925	-	-	-	-	-	-
End of year	-	-	-	-	-	-	-	-	-	-	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,425	\$ 8,213	\$ 227,641	\$ 2,221,876	\$ -

(Continued)

## **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, Medical Assistance Transportation Program, 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, 2011

		Shared Ride	Medical Assistance Transportation Program	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital	Total Transportation Fund
Assets								
Cash and cash equivalents	\$	(249,436)	57,545	11,864	83,936	185,990	5,601	95,500
Accounts receivable, net of allowance for uncollectibles		30,119	-	1,234	48,934	-	-	80,287
Due from other funds		217,390	2,794	6,413	-	-	-	226,597
Due from other governments		34,225	144,145	-	-	-	-	178,370
<b>Total Assets</b>	<b>\$</b>	<b>32,298</b>	<b>204,484</b>	<b>19,511</b>	<b>132,870</b>	<b>185,990</b>	<b>5,601</b>	<b>580,754</b>
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	\$	13,946	173,715	6,952	114,980	-	-	309,593
Accrued payroll		12,417	3,636	6,624	-	-	-	22,677
Due to other funds		5,935	27,133	5,935	-	-	-	39,003
Deferred revenue		-	-	-	17,890	185,990	5,601	209,481
<b>Total Liabilities</b>		<b>32,298</b>	<b>204,484</b>	<b>19,511</b>	<b>132,870</b>	<b>185,990</b>	<b>5,601</b>	<b>580,754</b>
Fund Balance:								
Unassigned		-	-	-	-	-	-	-
<b>Total Liabilities and Fund Balance</b>	<b>\$</b>	<b>32,298</b>	<b>204,484</b>	<b>19,511</b>	<b>132,870</b>	<b>185,990</b>	<b>5,601</b>	<b>580,754</b>

# COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2011

Revenues:	Shared Ride	Medical Assistance Transportation Program	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital	Eliminations	Total Transportation Fund	
Intergovernmental	\$ 264,212	\$ 1,144,042	\$ 32	\$ 301,548	\$ 296,233	\$ (20)	\$ -	\$ 2,006,047	
Charges for services	1,829	-	47,916	-	-	-	-	49,745	
Interest	-	-	-	312	1,529	20	-	1,861	
Total revenues	<u>266,041</u>	<u>1,144,042</u>	<u>47,948</u>	<u>301,860</u>	<u>297,762</u>	<u>-</u>	<u>-</u>	<u>2,057,653</u>	
<b>Expenditures:</b>									
Human services	829,797	967,184	369,033	301,860	-	-	-	2,467,874	
Capital outlay	-	-	1,701	-	-	-	-	1,701	
Total expenditures	<u>829,797</u>	<u>967,184</u>	<u>370,734</u>	<u>301,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,469,575</u>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(563,756)</u>	<u>(176,858)</u>	<u>(322,786)</u>	<u>-</u>	<u>297,762</u>	<u>-</u>	<u>-</u>	<u>(411,922)</u>	
<b>Other Financing Sources (Uses):</b>									
Sale of fixed assets	1,845	-	-	-	-	-	-	1,845	
Transfers in	610,394	-	344,290	-	20,500	-	(471,525)	503,659	
Transfers out	(48,483)	(176,858)	(21,504)	-	(318,262)	-	471,525	(93,582)	
Total other financing sources (uses)	<u>563,756</u>	<u>(176,858)</u>	<u>322,786</u>	<u>-</u>	<u>(297,762)</u>	<u>-</u>	<u>-</u>	<u>411,922</u>	
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Fund Balance:</b>									
Beginning of year	-	-	-	-	-	-	-	-	
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

## **AGENCY FUNDS**

Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds are used to account for cash collected by elected row officers (Treasurer, 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, 2011

	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	\$ 6,531	\$ 297,678	\$ 209,157	\$ 52,432	\$ 19,461	\$ 8,071	\$ 593,330
Accounts receivable and fines, at estimated realizable value	-	-	353,110	-	-	-	353,110
<b>Total Assets</b>	\$ 6,531	\$ 297,678	\$ 562,267	\$ 52,432	\$ 19,461	\$ 8,071	\$ 946,440
<b>Liabilities</b>							
Due to other funds	\$ 79	\$ 180,448	\$ 458,127	\$ 5,487	\$ -	\$ -	\$ 644,141
Due to other governments	6,452	117,057	18,166	4,110	-	-	145,785
Escrow liability and interest	-	173	85,974	42,835	19,461	8,071	156,514
<b>Total Liabilities</b>	\$ 6,531	\$ 297,678	\$ 562,267	\$ 52,432	\$ 19,461	\$ 8,071	\$ 946,440

# COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2011

	Balance at January 1, 2011	Additions	Deletions	Balance at December 31, 2011
<b>Treasurer</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 8,339	\$ 160,539	\$ 162,347	\$ 6,531
<u>Liabilities</u>				
Due to other funds	\$ 1,874	\$ 23,894	\$ 25,689	\$ 79
Due to other governments	6,465	135,908	135,921	6,452
Escrow liability and interest	-	737	737	-
<b>Total Liabilities</b>	<u>\$ 8,339</u>	<u>\$ 160,539</u>	<u>\$ 162,347</u>	<u>\$ 6,531</u>
<b>Register of Wills and Recorder of Deeds</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 268,270	\$ 1,133,381	\$ 1,103,973	\$ 297,678
<u>Liabilities</u>				
Due to other funds	\$ 147,183	\$ 397,946	\$ 364,681	\$ 180,448
Due to other governments	120,309	733,823	737,075	117,057
Escrow liability and interest	778	1,612	2,217	173
<b>Total Liabilities</b>	<u>\$ 268,270</u>	<u>\$ 1,133,381</u>	<u>\$ 1,103,973</u>	<u>\$ 297,678</u>
<b>Prothonotary and Clerk of Courts</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 216,222	\$ 1,570,500	\$ 1,577,565	\$ 209,157
Accounts receivable and fines, at estimated realizable value	386,954	487,048	520,892	353,110
<b>Total Assets</b>	<u>\$ 603,176</u>	<u>\$ 2,057,548</u>	<u>\$ 2,098,457</u>	<u>\$ 562,267</u>
<u>Liabilities</u>				
Due to other funds	\$ 468,130	\$ 487,048	\$ 497,051	\$ 458,127
Due to other governments	15,052	249,401	246,287	18,166
Escrow liability and interest	119,994	1,321,099	1,355,119	85,974
<b>Total Liabilities</b>	<u>\$ 603,176</u>	<u>\$ 2,057,548</u>	<u>\$ 2,098,457</u>	<u>\$ 562,267</u>

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2011

(Continued)

	<u>Balance at January 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2011</u>
<b>Sheriff</b>				
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 97,981</u>	<u>\$ 309,690</u>	<u>\$ 355,239</u>	<u>\$ 52,432</u>
<u>Liabilities</u>				
Due to other funds	\$ 7,393	\$ 85,308	\$ 87,214	\$ 5,487
Due to other governments	3,530	13,940	13,360	4,110
Escrow liability and interest	<u>87,058</u>	<u>210,442</u>	<u>254,665</u>	<u>42,835</u>
<b>Total Liabilities</b>	<u>\$ 97,981</u>	<u>\$ 309,690</u>	<u>\$ 355,239</u>	<u>\$ 52,432</u>
 <b>Prison</b>				
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 48,509</u>	<u>\$ 370,955</u>	<u>\$ 400,003</u>	<u>\$ 19,461</u>
<u>Liabilities</u>				
Escrow liability and interest	<u>\$ 48,509</u>	<u>\$ 370,955</u>	<u>\$ 400,003</u>	<u>\$ 19,461</u>
 <b>Domestic Relations</b>				
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 7,161</u>	<u>\$ 426,019</u>	<u>\$ 425,109</u>	<u>\$ 8,071</u>
<u>Liabilities</u>				
Escrow liability and interest	<u>\$ 7,161</u>	<u>\$ 426,019</u>	<u>\$ 425,109</u>	<u>\$ 8,071</u>

(Continued)

# COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2011  
(Continued)

	Balance at January 1, 2011	Additions	Deletions	Balance at December 31, 2011
<b>Total all Agency Funds</b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 646,482	\$ 3,971,084	\$ 4,024,236	\$ 593,330
Accounts receivable and fines, at estimated realizable value	386,954	487,048	520,892	353,110
<b>Total Assets</b>	<b>\$ 1,033,436</b>	<b>\$ 4,458,132</b>	<b>\$ 4,545,128</b>	<b>\$ 946,440</b>
<u>Liabilities</u>				
Due to other funds	\$ 624,580	\$ 994,196	\$ 974,635	\$ 644,141
Due to other governments	145,356	1,133,072	1,132,643	145,785
Escrow liability and interest	263,500	2,330,864	2,437,850	156,514
<b>Total Liabilities</b>	<b>\$ 1,033,436</b>	<b>\$ 4,458,132</b>	<b>\$ 4,545,128</b>	<b>\$ 946,440</b>

(Concluded)