

COUNTY OF
VENANGO,
PENNSYLVANIA

PRIMARY GOVERNMENT FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY
AND
ADDITIONAL INFORMATION

YEAR ENDED DECEMBER 31, 2003

WITH

INDEPENDENT AUDITOR'S REPORT

MAHER DUESSEL

CERTIFIED PUBLIC ACCOUNTANTS

COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2003

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COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2003

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Commissioners
Venango County, Pennsylvania

We have audited the accompanying primary government financial statements (financial statements) of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Venango, Pennsylvania, (County) as of and for the year ended December 31, 2003, which collectively comprise the financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The accompanying statement of net assets does not include capital assets and the related accumulated depreciation that, in our opinion, should be included to conform with accounting principles generally accepted in the United States of America that require capital assets be recorded at cost and depreciated over their estimated useful lives. The amounts that should be reported as capital assets and accumulated depreciation are not known.

The financial statements referred to above include only the primary government of the County, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the County, as of December 31, 2003, and the changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of excluding capital assets and the related accumulated depreciation as discussed in the third paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental

Board of County Commissioners
Independent Auditor's Report
Page Two

activities, each major fund, and the aggregate remaining fund information for the primary government of the County as of December 31, 2003, and the respective changes in financial position, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,*" for the year ended December 31, 2003. In connection with the adoption of GASB Statement No. 34, the County has also changed their method of accounting for the governmental funds from the cash basis to the modified accrual basis.

The Management's Discussion and Analysis on pages i through xv, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The pension information and the note to supplementary schedule on pages 32 and 33 are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the primary government of the County. 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 have been subjected to the auditing procedures applied in the audit of the primary government's financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 2, 2005

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, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the primary government financial statements (pages 1 - 9) and the notes to the financial statements (pages 10 - 31).

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities by \$1.4 million at December 31, 2003. The County has not implemented a capital asset system for financial reporting purposes; therefore, capital assets and the related accumulated depreciation are not included as an asset on the statement of net assets. This also creates a deficit of capital assets, net of related debt, within net assets.
- At the close of December 31, 2003, unrestricted net assets were \$14.5 million or 45% of total expenditures.
- The County's real property tax rate remained at 5.12 mills.
- Moody's Rating Committee assigned an Aaa rating to the County's 2003 debt issue dated April 15, 2003.
- The County experienced a \$1.5 million fraud loss during the year ended December 31, 2003; \$1.0 million was recorded in the Capital Projects Fund and \$.5 million was recorded in the General Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's primary government financial statements. The County's primary government financial statements consist of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the 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 Venango County's assets (except for capital assets and the related accumulated depreciation) 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).

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. 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 this report.

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 government's near-term financing decisions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 *non-major* governmental funds are combined into a single, aggregated presentation (other governmental funds). Individual fund data for the non-major governmental funds is provided as additional information in the form of combining statements elsewhere in this report.

Venango County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

3. Notes to the Financial Statements – The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 to 31 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Venango County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 32 and 33 of this report.

The combining and individual fund statements and schedules are presented as additional information immediately following the required pension supplementary information on pages 34 to 41 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

This is the first year the County is presenting its financial statements using the new reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB Statement No. 34), "Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments." This reporting model significantly changes both the recording and presentation of the financial data. The County is not required to restate prior fiscal years for the purpose of providing comparative information for MD&A. In future years, when prior year information is available, a comparative analysis of financial data will be included in this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The County's net assets at December 31, 2003, are presented below:

COUNTY OF VENANGO	
Summary of Statement of Net Assets	
December 31, 2003	
	Governmental Activities
Current and other assets	\$ 14,978,391
Lease Receivable	5,984,706
Total assets	20,963,097
Current and other liabilities	6,456,441
Non-current liabilities	13,074,526
Total liabilities	19,530,967
Net assets:	
Investment in capital assets, net of related debt	(13,037,885)
Restricted	53,500
Unrestricted	14,470,015
Total net assets	\$ 1,432,130

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 \$1.4 million at December 31, 2003.

It should be noted that the County's statement of net assets has excluded capital assets and the related accumulated depreciation. The County anticipates the completion of the valuation of assets by December 31, 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the change in net assets for the year ended December 31, 2003:

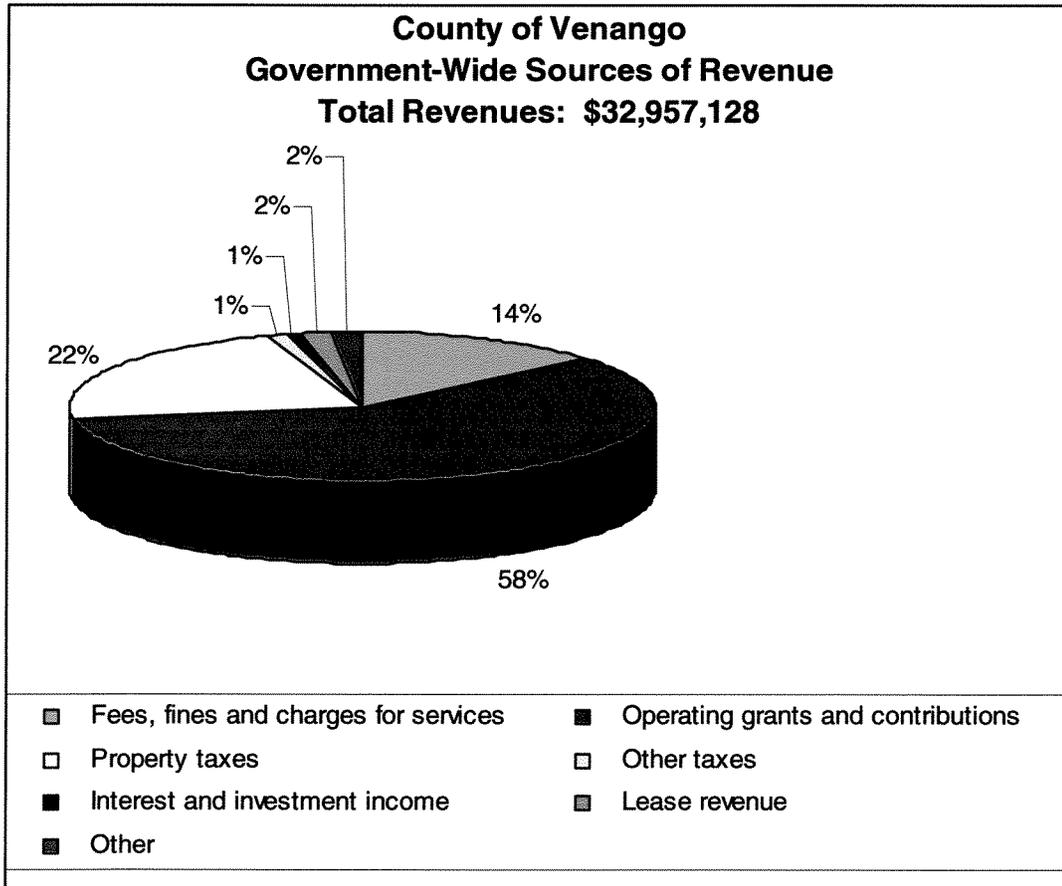
COUNTY OF VENANGO	
Change in Net Assets	
Year Ended December 31, 2003	
	Governmental Activities
Revenues:	
Program Revenues:	
Fees, fines and charges for services	\$ 4,467,319
Operating grants and contributions	19,346,335
General revenues:	
Property taxes	7,380,007
Other taxes	419,615
Interest and investment income	262,945
Lease revenue	540,000
Other	540,907
Total revenues	32,957,128
Program Expenses:	
General government - administration	3,243,494
General government - judicial	2,861,684
Public safety	3,172,026
Public works and enterprises	1,713,834
Human services	19,008,029
Culture and recreation	778,747
Conservation and development	1,060,927
Interest	529,789
Total expenses	32,368,530
Special Item:	
Fraud loss	(1,500,000)
Change in net assets	(911,402)
Net assets - beginning	2,343,532
Net assets - ending	\$ 1,432,130

The primary factor in the decrease in net assets was the recorded fraud loss of \$1.5 million for the year ended December 31, 2003.

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, 2003:

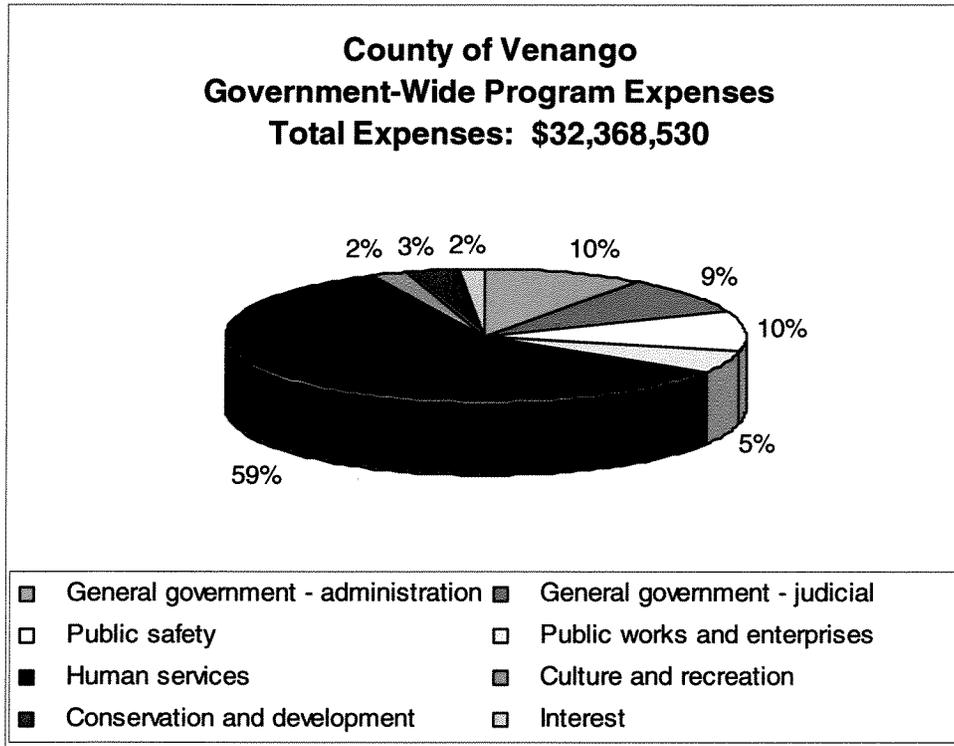


The government-wide revenues of \$33.0 million were derived primarily from program-based operating grants and contributions, representing 58% of the total revenues. The second largest source of revenue for the County was property taxes, which made up 22% of the total revenues. The third largest source of revenue was program fees, fines and charges for services, which is 14% 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, 2003:

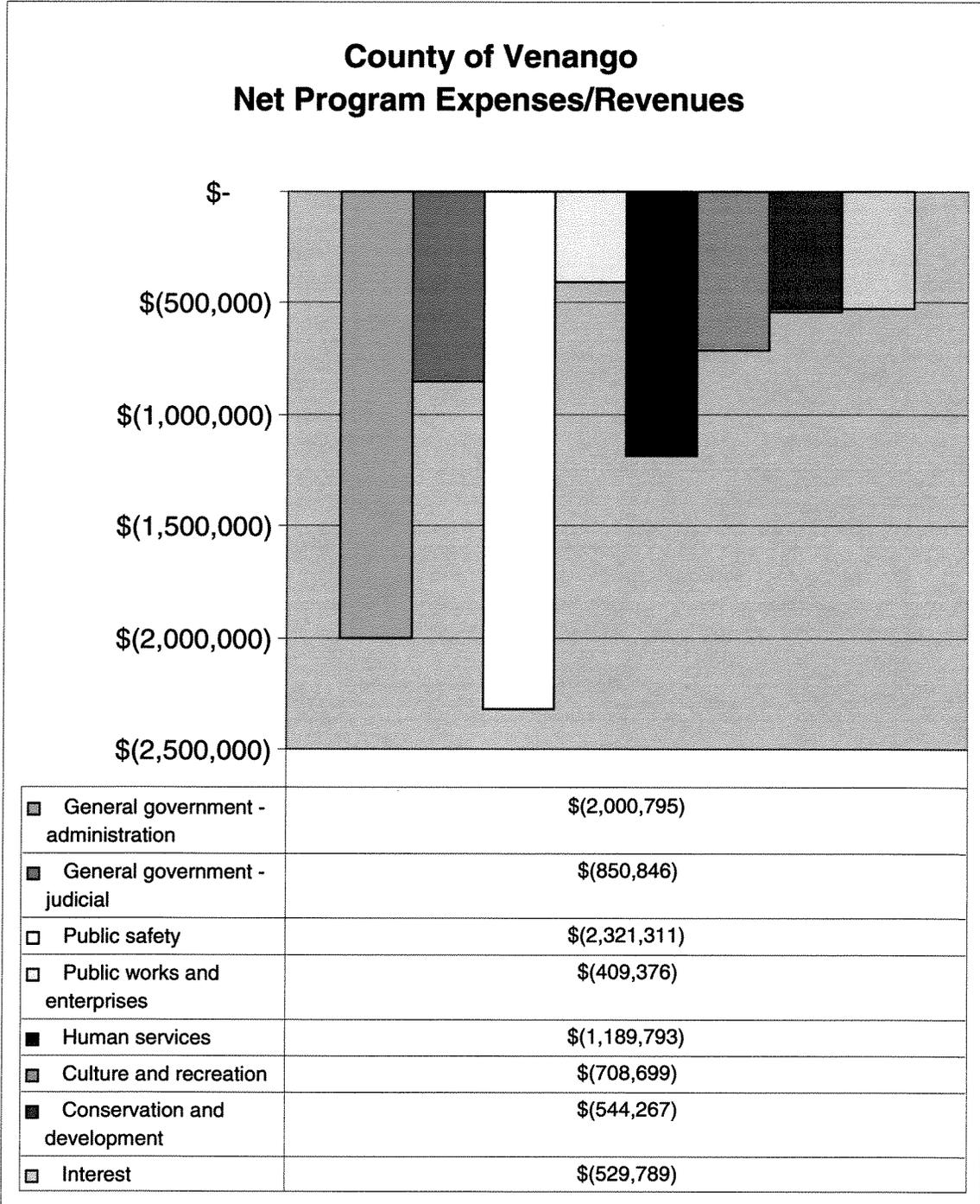


The largest area of expenses was Human Services which totaled \$19.0 million or 59% of all expenses. Human Services provides a vast array of social services programs, including Mental Health/Mental Retardation (MH/MR), Children & Youth Services (CYS), Area Agency on Aging (AAA), Retired Senior Volunteer Program Fund (RSVP), Substance Abuse Program (SAP), Transportation, Weatherization and Office of Economic Opportunity (OEO). Following Human Services, both totaling \$3.2 million, Public Safety and General Government – Administration each representing 10% of all expenses. The next largest area of expense was General Government – Judicial, with \$2.9 million in expenses, or 9% of the total followed by Public Works and Enterprises at \$1.7 million or 5%, Conservation and Development at \$1.1 million or 3%, Culture and Recreation at \$.8 million or 2% and Interest payments on long term debt at \$.5 million or 2%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NET PROGRAM EXPENSES/REVENUES

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. The following chart graphically depicts the net program expenses/revenues by function/program for the year ended December 31, 2003.



Public Safety services required the most general revenue for support needing \$2.3 million in 2003.

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 6 programs: Area Agency on Aging (AAA); Retired Senior Volunteer Program (RSVP); Children & Youth Services (CYS); Substance Abuse (SAP); Mental Health (MH) and Mental Retardation (MR). Combining statements are found on pages 34 and 35.

The County also reports other governmental funds which includes 20 non-major funds. The largest of these include: Liquid Fuels, Airport Management, 911, Park Management, and Transportation. The combining statements of the non-major governmental funds can be found on pages 36 through 39.

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

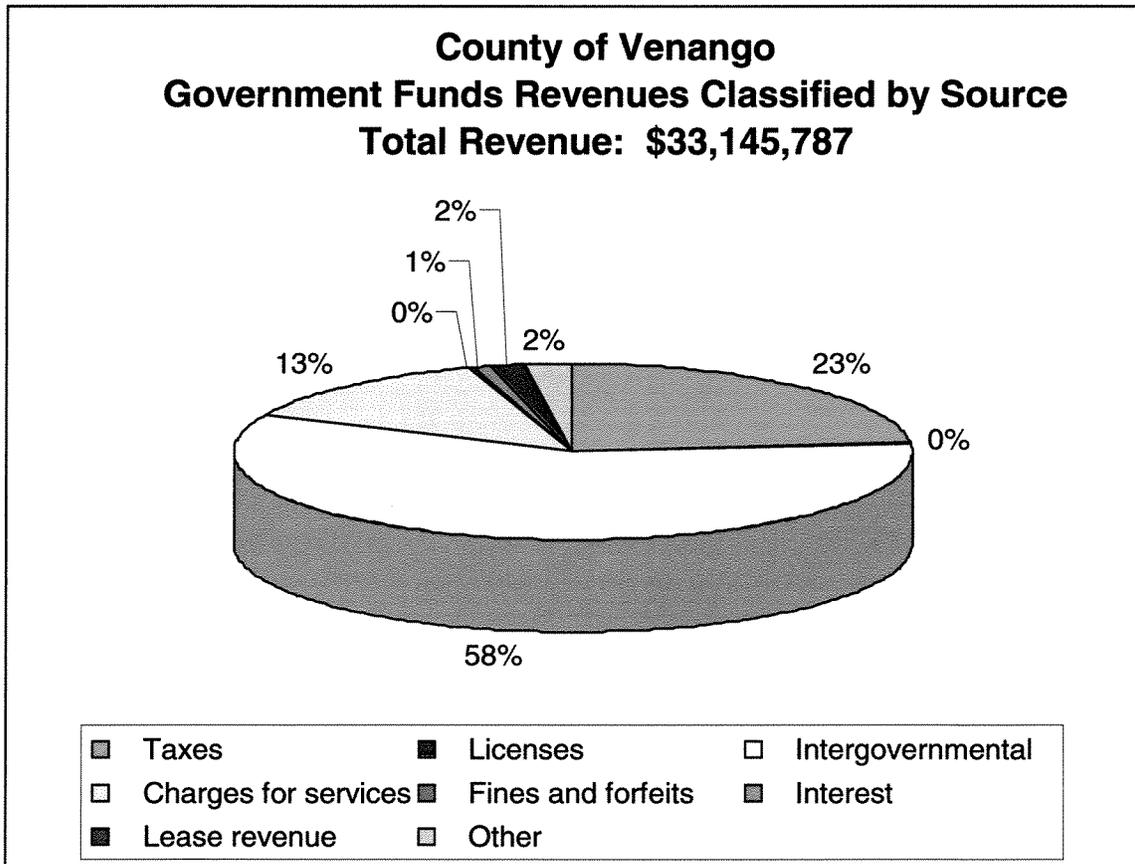
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the statement of revenues, expenditures, and changes in fund balance for the year ended December 31, 2003:

COUNTY OF VENANGO	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
Year Ended December 31, 2003	
	Governmental Funds
Revenues:	
Taxes	\$ 7,771,881
Licenses	36,136
Intergovernmental	19,346,335
Charges for services	4,301,290
Fines and forfeits	129,893
Interest	254,794
Lease revenue	540,000
Other	765,458
Total revenues	33,145,787
Expenditures:	
General government - administration	3,045,382
General government - judicial	2,859,860
Public safety	3,169,094
Public works and enterprises	1,713,444
Human services	19,003,880
Conservation and development	1,060,775
Culture and recreation	778,747
Other	196,552
Debt services	763,804
Total expenses	32,591,538
Excess(Deficiency) of Revenue Over Expenses	554,249
Other Financing Sources (Uses):	
Sale of fixed assets	17,598
Debt proceeds	5,095,000
Retirement of long-term debt	(4,860,000)
Operating transfers in	2,655,553
Operating transfers out	(2,655,553)
Total Other Financing Sources (Uses)	252,598
Net Change In Fund Balance Before Special Item	806,847
Special Item:	
Fraud loss	(1,500,000)
Net Change in Fund Balance	(693,153)
Fund balance - beginning	8,230,441
Fund balance - ending	\$ 7,537,288

MANAGEMENT'S DISCUSSION AND ANALYSIS

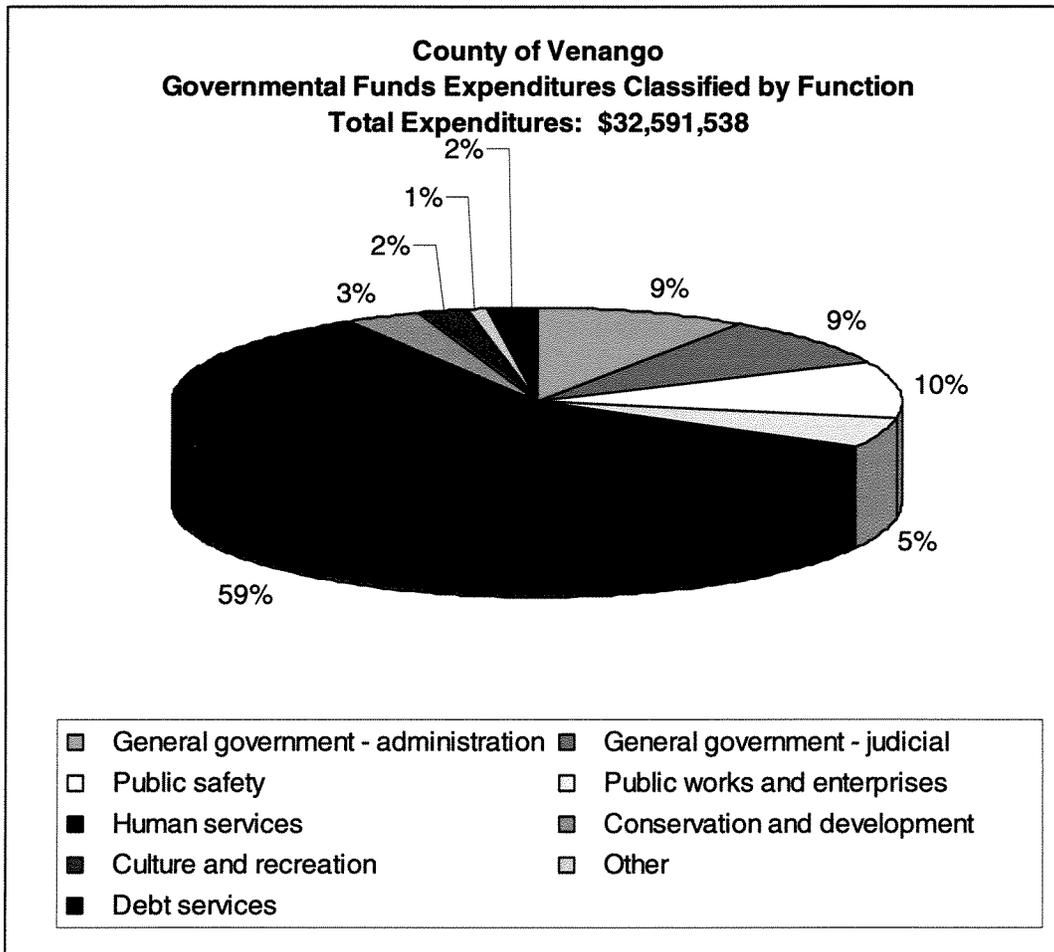
Governmental funds revenues, by source, for the year ended December 31, 2003 were:



Governmental funds revenue totaled \$33.1 million for the year ending December 31, 2003, of which \$19.4 million (58%) came from Intergovernmental (Federal and State) Revenue. Taxes accounted for \$7.8 million (23%) in revenue. Charges for services reached \$4.3 million (13%) in revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

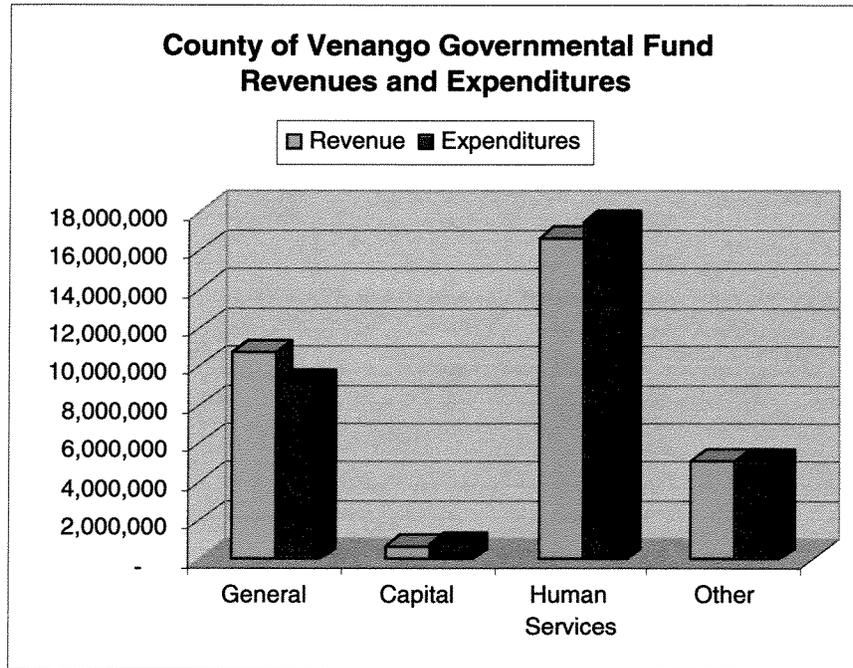
Governmental funds expenditures, by function, for the year ended December 31, 2003 were:



Governmental funds expenditures totaled \$32.6 million for the year ending December 31, 2003, of which \$19.0 million (59%) were Human Services expenditures. Public Safety, General Government - Administration and General Government - Judicial make up the next largest pieces; each with expenditures ranging from \$2.9 to \$3.2 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, 2003:



MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – General Fund for the year ended December 31, 2003 is found on page 7.

Overall the County had a favorable variance between the final budget and the net change in fund balance of \$1.4 million.

The County had a favorable variance between the final budget and actual revenue of \$342,000. In 2003, the County's budget did not include either the gross hotel tax revenue or the corresponding expense portion of this tax. However, as this revenue was included in the actual tax collected, it resulted in a favorable variance of \$141,000. Other primary favorable variances include: tax revenue of approximately \$60,000; tax claim fees for services of \$54,000; and house arrest fees of \$27,000.

The County had a favorable variance between the final budget and actual expenditures of \$953,000. The majority of this variance occurred in the function grouped as General Government – Administration which shows a \$608,861 favorable variance. The variance is primarily due to favorable variances of:

- \$293,000 in capital purchases due to building projects that were budgeted but not implemented;
- \$162,000 in professional fees due to favorable variances in: fiscal, tax claim, assessment; GIS; and human resources.
- \$92,000 in other expenses due to favorable variances in the general fund contingency budget;
- \$84,000 in building occupancy and communication due to favorable variances in: utilities, repairs, telephone, and advertising costs.

Another significant cause was a favorable variance in the function group, Other, of \$188,928 which resulted from positive variances in insurance costs for the fiscal year.

LONG-TERM DEBT

On April 15, 2003, the County refinanced the outstanding General Obligation Bonds, Series A of 1993. No additional debt was incurred. The proceeds of the bonds refunded the Series A, 1993 issues and paid the bond issuance and insurance costs. This refinancing resulted in approximately \$500,000 of savings in 2003 and 2004 debt service payments.

BOND RATING

The County was given an Aaa bond rating from Moody's Rating Committee which was based upon an insurance policy provided by Financial Guaranty Insurance Company. More detailed information about the County's debt can be found in Note 8 of the notes to the financial statements found on pages 27-28.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2003

	<u>Primary Government Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 10,483,614
Advances receivable	345,329
Taxes receivable, net	1,210,500
Accounts and loans receivable, at estimated realizable value	506,056
Accounts receivable - fiduciary fund	485,631
Due from other governments	1,772,277
Prepays	82,869
Deferred bond costs	92,115
Lease receivables:	
Current	45,000
Non-current	5,939,706
Total Assets	\$ 20,963,097
Liabilities	
Accounts payable	\$ 1,964,537
Accrued payroll	267,130
Accrued interest payable	34,052
Due to other governments	1,129,515
Unearned revenue	2,668,781
Compensated absences:	
Current	27,426
Non-current	309,526
Bonds payable:	
Current	365,000
Non-current	12,765,000
Total Liabilities	19,530,967
Net Assets	
Invested in capital assets, net of related debt	(13,037,885)
Unrestricted:	
Lease receivable	5,984,706
Other unrestricted net assets	8,485,309
Total Net Assets	\$ 1,432,130

See accompanying notes to the primary government financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2003

<u>Functions/Programs:</u>	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Governmental Activities
		Operating Grants and Contributions	
Governmental activities:			
General government - administration	\$ 3,243,494	\$ 1,219,658	\$ (2,000,795)
General government - judicial	2,861,684	1,400,994	(850,846)
Public safety	3,172,026	758,676	(2,321,311)
Public works and enterprises	1,713,834	699,189	(409,376)
Human services	19,008,029	349,182	(1,189,793)
Culture and recreation	778,747	39,620	(708,699)
Conservation and development	1,060,927	-	(544,267)
Interest	529,789	-	(529,789)
Total primary government	\$ 32,368,530	\$ 4,467,319	\$ 19,346,335
General revenues:			
Property taxes			7,380,007
Other taxes			419,615
Interest and investment income			262,945
Lease revenue			540,000
Other			540,907
Special item:			
Fraud loss			(1,500,000)
Total general revenues and special item			7,643,474
Change in net assets			(911,402)
Net Assets:			
Beginning of year			2,343,532
End of year			\$ 1,432,130

See accompanying notes to the primary government financial statements

COUNTY OF VENANGO, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2003

	General Fund	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,554,924	\$ 2,839,612	\$ 2,425,388	\$ 3,663,690	\$ 10,483,614
Advances receivable	-	-	345,329	-	345,329
Taxes receivable, net	1,210,500	-	-	-	1,210,500
Accounts receivable, net of allowance for uncollectibles	129,878	-	124,130	252,048	506,056
Due from other funds	600,975	93,561	180,813	-	875,349
Due from other governments	88,463	-	1,394,635	289,179	1,772,277
Prepays	5,892	-	59,228	17,749	82,869
Lease receivable:					
Current	-	45,000	-	-	45,000
Non-current	-	5,939,706	-	-	5,939,706
Total Assets	\$ 3,590,632	\$ 8,917,879	\$ 4,529,523	\$ 4,222,666	\$ 21,260,700
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 410,722	\$ -	\$ 1,465,232	\$ 88,583	\$ 1,964,537
Accrued payroll	153,893	-	91,780	21,457	267,130
Due to other funds	20,087	-	276,070	93,561	389,718
Due to other governments	-	-	868,087	261,428	1,129,515
Deferred revenue	1,325,104	5,984,706	1,679,424	983,278	9,972,512
Total Liabilities	1,909,806	5,984,706	4,380,593	1,448,307	13,723,412
Fund Balance:					
Reserved:					
Program	-	-	153,134	56,143	209,277
Prepays	5,892	-	59,228	17,749	82,869
Unreserved, designated for capital projects	-	2,933,173	-	-	2,933,173
Unreserved, undesignated reported in:					
General Fund	1,674,934	-	-	-	1,674,934
Special Revenue Funds	-	-	(63,432)	2,700,467	2,637,035
Total Fund Balance	1,680,826	2,933,173	148,930	2,774,359	7,537,288
Total Liabilities and Fund Balance	\$ 3,590,632	\$ 8,917,879	\$ 4,529,523	\$ 4,222,666	\$ 21,260,700

See accompanying notes to the primary government financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2003

Total Fund Balance - Governmental Funds \$ 7,537,288

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

Long-term lease receivable is not due and receivable in the current period and therefore is not available to pay for the current period's expenditures, and therefore is reported as deferred in the fund statements until received. 5,979,116

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 funds. 1,324,615

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 92,115

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

Accrued compensated absences	(336,952)	
Bonds payable	(13,130,000)	
Accrued interest on debt	(34,052)	
		(13,501,004)

Total Net Assets - Governmental Activities \$ 1,432,130

See accompanying notes to the primary government financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2003

	General	Capital Projects Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 7,771,881	\$ -	\$ -	\$ -	\$ 7,771,881
Licenses	36,136	-	-	-	36,136
Intergovernmental	669,595	54,946	16,118,075	2,503,719	19,346,335
Charges for services	2,106,756	-	231,817	1,962,717	4,301,290
Fines and forfeits	113,473	-	-	16,420	129,893
Interest	46,549	78,425	21,312	108,508	254,794
Lease revenue	-	540,000	-	-	540,000
Other	22,291	-	266,626	476,541	765,458
Total revenues	10,766,681	673,371	16,637,830	5,067,905	33,145,787
Expenditures:					
General government - administration	3,043,647	-	-	1,735	3,045,382
General government - judicial	2,369,224	-	-	490,636	2,859,860
Public safety	2,598,569	-	-	570,525	3,169,094
Public works and enterprises	362,791	-	-	1,350,653	1,713,444
Human services	71,463	-	17,429,759	1,502,658	19,003,880
Conservation and development	500,740	-	-	560,035	1,060,775
Culture and recreation	145,414	-	-	633,333	778,747
Other	174,581	21,971	-	-	196,552
Debt service	-	763,804	-	-	763,804
Total expenditures	9,266,429	785,775	17,429,759	5,109,575	32,591,538
Excess (Deficiency) of Revenues Over Expenditures	1,500,252	(112,404)	(791,929)	(41,670)	554,249
Other Financing Sources (Uses):					
Sale of fixed assets	17,398	-	200	-	17,598
Debt proceeds	-	5,095,000	-	-	5,095,000
Retirement of long-term debt	-	(4,860,000)	-	-	(4,860,000)
Operating transfers in	418,131	505,182	1,286,337	507,194	2,716,844
Operating transfers out	(1,230,570)	(467,813)	(468,368)	(550,093)	(2,716,844)
Total other financing sources (uses)	(795,041)	272,369	818,169	(42,899)	252,598
Net Changes in Fund Balance Before Special Item	705,211	159,965	26,240	(84,569)	806,847
Special Item:					
Fraud loss	(500,000)	(1,000,000)	-	-	(1,500,000)
Net Changes in Fund Balance	205,211	(840,035)	26,240	(84,569)	(693,153)
Fund Balance:					
Beginning of year	1,475,615	3,773,208	122,690	2,858,928	8,230,441
End of year	\$ 1,680,826	\$ 2,933,173	\$ 148,930	\$ 2,774,359	\$ 7,537,288

See accompanying notes to the primary government financial statements.

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

YEAR ENDED DECEMBER 31, 2003

Net Change in Fund Balance - Governmental Funds \$ (693,153)

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

Some taxes and other revenues will not be collected for several months after the County's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues increased by this amount during the year. 27,741

The issuance of long-term obligations (e.g. notes and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items. (132,778)

Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest accrued in the statement of activities over the amount due is shown here. 139,944

The lease receivable is scheduled to be collected in monthly installments over the life of the lease, and therefore these revenues are not considered "available" revenues in the governmental funds. The change in value of the lease receivable is shown here. (242,149)

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. (11,007)

Change in Net Assets of Governmental Activities \$ (911,402)

See accompanying notes to the primary government financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 7,480,113	\$ 7,611,305	\$ 7,812,034	\$ 200,729
Licenses	29,085	31,585	36,136	4,551
Intergovernmental	689,662	723,948	722,228	(1,720)
Charges for services	1,973,590	1,964,653	2,076,317	111,664
Fines and forfeits	175,750	98,750	118,657	19,907
Interest	45,930	45,930	46,538	608
Other	31,400	30,700	36,626	5,926
Total revenues	<u>10,425,530</u>	<u>10,506,871</u>	<u>10,848,536</u>	<u>341,665</u>
Expenditures:				
Current:				
General government - administration	3,936,178	4,042,566	3,433,705	608,861
General government - judicial	2,854,914	2,907,324	2,866,574	40,750
Public safety	2,648,179	2,756,385	2,656,300	100,085
Public works and enterprises	381,325	374,141	369,464	4,677
Human services	74,754	79,053	71,464	7,589
Culture and recreation	130,077	145,943	145,414	529
Conservation and development	362,778	501,596	500,428	1,168
Other	214,884	363,509	174,581	188,928
Total expenditures	<u>10,603,089</u>	<u>11,170,517</u>	<u>10,217,930</u>	<u>952,587</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(177,559)</u>	<u>(663,646)</u>	<u>630,606</u>	<u>1,294,252</u>
Other Financing Sources (Uses):				
Sale of fixed assets	-	-	17,398	17,398
Operating transfers in	1,355,367	1,368,085	808,569	(559,516)
Operating transfers out	(1,329,036)	(1,548,716)	(883,570)	665,146
Total other financing sources (uses)	<u>26,331</u>	<u>(180,631)</u>	<u>(57,603)</u>	<u>123,028</u>
Special Item:				
Fraud loss	-	(500,000)	(500,000)	-
Net Changes in Fund Balance	<u>\$ (151,228)</u>	<u>\$ (1,344,277)</u>	<u>\$ 73,003</u>	<u>\$ 1,417,280</u>

See accompanying notes to the primary government financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2003

	Pension Trust Fund	Agency Funds	Total
<hr/> Assets <hr/>			
Cash and cash equivalents	\$ 1,736,425	\$ 563,490	\$ 2,299,915
Investments:			
Registered investment companies	12,130,183	-	12,130,183
Common stock	22,122,982	-	22,122,982
Accounts receivable for fines, at estimated realizable value	-	330,600	330,600
Total Assets	<u>35,989,590</u>	<u>894,090</u>	<u>36,883,680</u>
 <hr/> Liabilities <hr/>			
Due to other funds	-	485,631	485,631
Due to other governments	-	72,591	72,591
Escrow liability and interest	-	335,868	335,868
Total Liabilities	<u>-</u>	<u>894,090</u>	<u>894,090</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 35,989,590</u>	<u>\$ -</u>	<u>\$ 35,989,590</u>

See accompanying notes to the primary government financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2003

	<u>Trust Funds</u>
Additions:	
<hr/>	
Contributions:	
Employee	\$ 623,948
	<hr/>
Total contributions	623,948
	<hr/>
Investment income:	
Net appreciation in fair value of investments	4,576,776
Interest and dividends	1,038,228
	<hr/>
Total investment income	5,615,004
	<hr/>
Investment expense	80,817
	<hr/>
Net investment income	5,534,187
	<hr/>
Total additions	6,158,135
	<hr/>
Deductions:	
<hr/>	
Benefits and refunds paid to plan members and beneficiaries	1,338,842
Administrative expense	34,812
	<hr/>
Total deductions	1,373,654
	<hr/>
Increase in Net Assets	4,784,481
	<hr/>
Net Assets:	
<hr/>	
Beginning of year	31,205,109
	<hr/>
End of year	\$ 35,989,590
	<hr/> <hr/>

See accompanying notes to the primary government financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

A. VENANGO COUNTY – PRIMARY GOVERNMENT

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 (Board). The County provides services in many areas to its residents, including various general government services, public safety, human services, and health and welfare. These programs are financed mainly through the assessment of taxes, charges for services, and federal and state grants.

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

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

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

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or have the ability otherwise access, are significant to that primary government.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

The County has not completed an analysis of component units and is presenting primary government financial statements. Listed are the following related entities and a brief description of the relationship with the County.

Venango Park and Natural Resources Authority

The Venango Park and Natural Resources Authority (Authority) was organized to operate Two-Mile Run County Park and coordinate County-wide recycling efforts and natural resource issues. During 2003, a significant portion of the Authority's revenues were contributed by the County. All Board members are appointed by the County, and debt cannot be issued without prior approval of the Board.

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 Board. The County is not financially accountable for the Authority.

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 Board 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 County has no legal responsibility for the Development Authority debt.

The Venango Economic Development Corporation

The Venango Economic Development Corporation (VEDC) is a private non-profit incorporated for the purpose of assisting existing businesses and attracting new businesses in order to preserve and to create jobs for the residents of the County. The VEDC has been designated by the Board as the lead economic development agency in the County.

Venango County Tourism and Convention Bureau

The Venango County Tourism and Convention Bureau is responsible for planning and promoting programs designed to stimulate and increase the volume of tourist, visitor,

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

vacation-convention business within the County and to exercise all powers incident to and necessary thereto.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

they are collected within 30 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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 special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

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

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

Additionally, the government reports the following fiduciary funds:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

Interfund Activity in the Government-Wide Statements

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

Cash and Cash Equivalents

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

Investments

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

Interfund Receivables and Payables

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

Inventories and Prepaid Items

Inventories used in governmental funds, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2003 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

Fund Equity

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

Reserved

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

Reserve for prepaid expenditures: This reserve accounts for prepaid expenditures. Funds are required to be segregated from other County resources and are limited to the amortization of the prepaid expenditure.

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

Unreserved

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

Designated

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

Budgets and Budgetary Accounting

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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

1. Starting in August, a budget package is prepared and sent to each department and row officer. The department or agency heads use this budget package to develop financial projections for their programs for the ensuing year.
2. The budget is presented in preliminary form to the Commissioners in September. The Commissioners can interview department or agency heads to discuss their budgets if deemed necessary.
3. Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable method of financing them.
4. Subsequently, the preliminary projections of revenues and expenditures is incorporated into a final budget including any revisions or adjustments resulting from the aforementioned Commissioners' review.
6. 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.
7. 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 Board. The Board 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 Board may authorize the transfer of any unencumbered balance of any appropriation item or any portion thereof. The Board 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, 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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.

	<u>General Fund</u>
Net change in fund balance - General Fund as presented (modified accrual)	\$ 205,211
Adjustment to reconcile accounts and real estate taxes receivable to budgetary basis	81,855
Adjustment to reconcile accounts and wages payable to budgetary basis	(161,495)
Domestic Relations Fund is budgeted in the General Fund but is presented separately as a non-major governmental fund	<u>(52,568)</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u>\$ 73,003</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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

Accounting Changes

During fiscal year 2003, the County adopted the provisions of GASB Statement No. 34, "*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*," GASB Statement No. 37, "*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*," and GASB Statement No. 38, "*Certain Financial Statement Note Disclosures*." These Statements establish accounting and financial reporting standards for general purpose external financial reporting by state and local governments as well as specific standards for the basic financial statements, Management’s Discussion and Analysis (MD&A), and certain required supplementary information (RSI) other than MD&A. The adoption of these standards resulted in a change in the format and content of the financial statements.

The most significant changes involve presenting government-wide financial statements on the full accrual basis of accounting, presenting an MD&A section, and changes in balance sheet presentation.

Changes in balance sheet presentation required by GASB Statement No. 34 include 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.
- 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.”

In connection with the adoption of GASB Statement No. 34, the County adopted the modified accrual basis of accounting for its governmental funds. In previous years, the financial statements were prepared on the cash basis of accounting. In addition, cash held by the County related to the operation of certain human service programs was recorded in fiduciary funds. Program operations for these human service programs were accounted for in the General Fund. In 2004, human service operations and the related assets and liabilities are accounted for in the Human Services Fund.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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 deposit and investment policy of the County adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, and certificates of deposit. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the County.

The following is a summary of the County's cash deposits which were insured by the Federal Depository Insurance Company (Category 1), and the balance which was not insured or collateralized in the County's name, but was collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name (Category 3).

	<u>Total Category 1</u>	<u>Total Category 3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and deposits	<u>\$ 331,280</u>	<u>\$ 11,656,195</u>	<u>\$ 11,987,475</u>	<u>\$ 11,248,367</u>

Cash equivalents are held in a variety of short-term pooled investment funds. These cash equivalents cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the County's position in the external investment pools is the same as the value of the pool shares. All cash equivalents are in an external investment pool that is not SEC-registered which is subject to oversight by the Commonwealth of Pennsylvania.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

The investments of the County at December 31, 2003 have been categorized to indicate the level of risk assumed by the County. The following is a summary of the County's investments that are insured or registered or for which the securities are held by the County or its agent in the County's name (Category 1), and the balance which was uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the County's name (Category 3). Investments in local government investment pools or mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

	<u>Total Category 3</u>	<u>Carrying Amount</u>
U.S. government obligations	\$ 7,505,683	\$ 7,505,683
Fixed income	4,624,500	4,624,500
Common stock	22,122,982	22,122,982
	<u>\$ 34,253,165</u>	34,253,165
Not subject to categorization:		
Mutual Funds		<u>1,535,162</u>
Total investments		<u>\$ 35,788,327</u>

Cash equivalents are held in a variety of short-term pooled investment funds. These cash equivalents cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the County's position in the external investment pools is the same as the value of the pool shares. All cash equivalents are in an external investment pool that is not SEC-registered which is subject to oversight by the Commonwealth of Pennsylvania.

4. 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. During

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

2000, the County performed a reassessment and will complete a reassessment every five years thereafter. For 2003, County real estate taxes were levied at the rate of 5.112 mills on assessed valuation. Total assessed valuation for non-exempt properties in 2003 was approximately \$1,598,730,000.

All taxes receivables are shown net of an allowance for uncollectibles. Uncollected real estate taxes at December 31, 2003, including delinquent amounts, interest, and penalties, were approximately \$1.4 million. Of this amount, approximately \$179,000 was considered uncollectible at December 31, 2003 and is netted against the corresponding taxes receivable balance on the statement of net assets.

5. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

All trade and taxes receivables, including those for the component units, 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, 2003 is as follows:

Governmental activities:	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Property taxes receivable	<u>\$ 1,389,747</u>	<u>\$ 179,247</u>	<u>\$ 1,210,500</u>
Court related receivables (portion of internal balances)	<u>\$ 2,553,016</u>	<u>\$ 2,222,416</u>	<u>\$ 330,600</u>

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2003, as well as interfund transfers for the year ended December 31, 2003 were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental Activities:				
General	\$ 600,975	\$ 20,087	\$ 418,131	\$ 1,230,570
Capital Projects	93,561	-	505,182	467,813
Human Services	180,813	276,070	1,286,337	468,368
Other governmental funds	-	93,561	445,903	488,802
Fiduciary Funds:				
Agency Funds	-	485,631	-	-
	<u>\$ 875,349</u>	<u>\$ 875,349</u>	<u>\$ 2,655,553</u>	<u>\$ 2,655,553</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 back from various funds based upon the reconciliation of required payments made from the General Fund during the year to the actual payments made, and represent amounts due from the Clerk of Courts (an Agency Fund).

7. 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

At January 1, 2003, the date of the most recent valuation, participants in the plan were as follows:

Participants:	
Retirees and beneficiaries	207
Deferred vested	25
Active employees:	
Vested	112
Nonvested	186

Summary of Significant Accounting Policies

Financial information of the County Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due as required by the Act and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

At December 31, 2003, 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

As a condition of participation, employees are to contribute 8% of their salary 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 2003, the annual required contribution to the plan was \$0 as determined by the January 1, 2003 actuarial valuation. The 2003 employee contributions were \$623,948.

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

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

Annual pension cost	\$	-
Contributions made	\$	-
Actuarial valuation date		1/1/2003
Actuarial cost method		Aggregate**
Asset valuation method		5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return*		7.50%
Projected salary increases*		3.0% - 4.5%; graduated .25% increments over 6 years
Cost of living adjustments		100% change in C.P.I.

* Includes inflation at 3%.

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

The assumptions used for computing the actuarial valuation of assets for the January 1, 2003 actuarial report differed from the January 1, 2002 assumptions, in that the projected salary increase changed from 4.5% per annum to 3.0% through 4.5% graduated with incremental increases of .25% over the next six years. This change resulted in a reduction of \$391,007 in the present value of future benefits for the active population.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

The County does not have a net pension obligation (NPO) as of December 31, 2003.

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2001	\$ -	100.0%	\$ -
12/31/2002	-	100.0%	-
12/31/2003	-	100.0%	-

8. LONG - TERM LIABILITIES

General Obligation Bonds, Series of 2002

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

General Obligation Bonds, Series of 2003

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 365,000	\$ 413,228	\$ 778,228
2005	735,000	405,513	1,140,513
2006	845,000	391,972	1,236,972
2007	865,000	373,020	1,238,020
2008	885,000	350,625	1,235,625
2009-2013	4,845,000	1,327,280	6,172,280
2014-2018	4,180,000	464,823	4,644,823
2019-2023	410,000	8,918	418,918
	<u>\$ 13,130,000</u>	<u>\$ 3,735,379</u>	<u>\$ 16,865,379</u>

General Obligation Loan

The County entered into an agreement with a local bank for a General Obligation Loan in the amount of \$61,501. This loan refinanced the General Obligation Loan that was used to purchase an office building to be used by the Mental Health/Mental Retardation administration.

The loan was paid in monthly installments of approximately \$1,159, including interest. The payments began October 15, 1998 and continued until September 15, 2003. The rate of interest was 4.86%. This note was paid in full during the year.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2003 was as follows:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

	Balance at December 31, 2002	Issuances/ Additions	Refundings/ Payments	Balance at December 31, 2003	Due Within One Year
Compensated absences	\$ 325,945	\$ 11,007	\$ -	\$ 336,952	\$ 27,426
Bond Series:					
1993A	4,860,000	-	(4,860,000)	-	-
2002	8,035,000	-	-	8,035,000	150,000
2003	-	5,095,000	-	5,095,000	215,000
Note Payable:	10,107	-	(10,107)	-	-
Long-term liabilities	<u>\$ 13,231,052</u>	<u>\$ 5,106,007</u>	<u>\$ (4,870,107)</u>	<u>\$ 13,466,952</u>	<u>\$ 392,426</u>

9. 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, 2003:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

2004	\$ 540,000
2005	540,000
2006	540,000
2007	540,000
2008	540,000
Subsequent	<u>5,780,000</u>
Future minimum lease payments for sale-leaseback agreement	8,480,000
Discounted to present value	<u>(2,495,294)</u>
Present value of minimum lease payments	<u>\$ 5,984,706</u>

10. FRAUD LOSS

During 2003, the County identified a \$1.5 million loss resulting from a misappropriation by an outside investment advisor. The investment advisor has pleaded guilty to criminal charges in connection with the misappropriation. The County is pursuing recovery of the misappropriated funds through civil action against the investment advisor and others. The ultimate outcome of these efforts is subject to uncertainty. Accordingly a "Fraud Loss" of \$1.5 million has been recognized in the General Fund and Capital Projects Fund during 2003.

11. COMMITMENTS AND CONTINGENCIES

Grant Programs – 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.

Reassessment Litigation – As a result of the 2000 County-wide reassessment, litigation has been filed against the County seeking to have the reassessment voided. The court has refused the plaintiffs' attempt to have preliminary injunction granted which would have forbade the County's use of the reassessment. Because the entire County-wide reassessment is at issue in this case, the range of potential loss could well be in excess of \$1,700,000. The likelihood of an unfavorable outcome in this matter is estimated to be extremely low given the fact that all of the preliminary objections to date have been granted, many of which request the dismissal

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

of the matter. No loss provisions have been included in the accompanying financial statements.

There is a related case in which the plaintiffs have filed appeals on the parcels of land which they own in the County, seeking to have a class certification and to have this action presented as a class action. The plaintiffs have again sought to have the entire county-wide reassessment overturned; however, they have coupled it with an appeal of the value of their individual parcels. It appears unlikely that a class will be certified; however, that is slightly more likely than the overturning of the entire reassessment. It cannot be determined if the court will give the plaintiffs any relief in terms of the assessed value of their properties and the range of loss cannot be readily determined; therefore, no loss provisions have been included in the accompanying financial statements.

Other Litigation – The American Civil Liberties Union (ACLU) has threatened litigation against the County in connection with the staffing levels in the Public Defender’s Office. To date, the ACLU has not filed pleadings or commenced litigation, and in late 2003 the County met with ACLU and is close to finalizing an out of court settlement. The likelihood of a favorable outcome is estimated at 95%. As such, no loss provisions have been included in the accompanying financial statements.

A local medical center has made a claim for unpaid medical bills resulting from services provided to prisoners. The County is currently in the process of reviewing the status the prisoners when the unpaid medical bills were generated by the prisoners. Initial investigations indicate the County could be responsible for approximately \$60,000, which relates predominantly to bills from 2004. The County is in the process of reviewing each file relating to these charges and verifying whether or not the charges are proper. As such, no contingency for the potential payment has been recognized in the accompanying financial statements as of December 31, 2003.

The County has been named in other cases and complaints. There are numerous matters involving prisoners at the Venango County Jail. There are also matters involving a former employee of the County, one injury claim, and a claim from the estate of a juvenile who died while in protective custody. These matters are currently being reviewed by the County, as well as the County’s insurance carrier and legal counsel. No determination as to the likelihood of loss or the range of loss can be determined at this time; therefore, no loss provisions have been included in the accompanying financial statements.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. There have been no significant changes in insurance coverage since the prior year.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

12. PARK TRANSFER

Due to a severe storm in 2003, trees within the County owned Two-Mile Run Park were damaged and had to be timbered. The proceeds from this sale of timber were approximately \$281,000, and are recorded within the Park Management special revenue fund. As of December 31, 2003, the County transferred all of its interests and obligations of Two-Mile Run Park to the newly formed Venango County Park and Recreation Authority. This contribution is included within the Park Management special revenue fund.

REQUIRED SUPPLEMENTARY INFORMATION

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>
1998	\$ -	N/A
1999	-	N/A
2000	-	N/A
2001	-	N/A
2002	-	N/A
2003	-	N/A

N/A = Not Applicable

See accompanying note to supplementary schedule.

COUNTY OF VENANGO, PENNSYLVANIA

NOTE TO SUPPLEMENTARY SCHEDULE

DECEMBER 31, 2003

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	1/1/2003
Actuarial cost method	Aggregate**
Asset valuation method	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return *	7.50%
Projected salary increases *	3.0% - 4.5%; graduated .25% increments over 6 years
Cost of living adjustments	100% change in C.P.I.

* Includes inflation at 3%.

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

The assumptions used for computing the actuarial valuation of assets for the January 1, 2003 actuarial report differed from the January 1, 2002 assumptions, in that the projected salary increase changed from 4.5% per annum to 3.0% through 4.5% graduated with incremental increases of .25% over the next six years. This change resulted in a reduction of \$391,007 in the present value of future benefits for the active population.

ADDITIONAL INFORMATION

HUMAN SERVICES FUND

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

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

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

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

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

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

COUNTY OF VENANGO, PENNSYLVANIA

COMBINING BALANCE SHEET HUMAN SERVICES FUND

DECEMBER 31, 2003

	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Mental Retardation	Total Human Services Funds
Assets							
Cash and cash equivalents	\$ 887,594	\$ 15,739	\$ (125,362)	\$ 229,622	\$ 95,092	\$ 1,322,703	\$ 2,425,388
Advances receivable	-	-	-	31,945	32,127	281,257	345,329
Accounts receivable, net of allowance for uncollectibles	14,192	-	84,064	20,780	3,332	1,762	124,130
Due from other funds	-	-	166,907	-	-	13,906	180,813
Due from other governments	39,000	1,670	1,221,403	350	21,665	110,547	1,394,635
Prepays	-	-	59,228	-	-	-	59,228
Total Assets	\$ 940,786	\$ 17,409	\$ 1,406,240	\$ 282,697	\$ 152,216	\$ 1,730,175	\$ 4,529,523
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	\$ 69,939	\$ 201	\$ 376,246	\$ 85,134	\$ 119,348	\$ 814,364	\$ 1,465,232
Accrued payroll	21,341	1,469	28,002	4,874	17,505	18,589	91,780
Due to other funds	-	-	112,590	2,651	103	160,726	276,070
Due to other governments	-	-	867,453	634	-	-	868,087
Deferred revenue	844,017	-	4,493	79,158	15,260	736,496	1,679,424
Total Liabilities	935,297	1,670	1,388,784	172,451	152,216	1,730,175	4,380,593
Fund Balance:							
Reserved:							
Program	5,489	15,739	21,660	110,246	-	-	153,134
Prepays	-	-	59,228	-	-	-	59,228
Unreserved, undesignated	-	-	(63,432)	-	-	-	(63,432)
Total Fund Balance	5,489	15,739	17,456	110,246	-	-	148,930
Total Liabilities and Fund Balance	\$ 940,786	\$ 17,409	\$ 1,406,240	\$ 282,697	\$ 152,216	\$ 1,730,175	\$ 4,529,523

COUNTY OF VENANGO, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2003

	Area Agency on Aging	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Mental Retardation	Total Human Services Funds
Revenues:							
Intergovernmental	\$ 1,574,925	\$ 57,861	\$ 5,048,913	\$ 864,732	\$ 2,050,931	\$ 6,520,713	\$ 16,118,075
Charges for services	46,657	-	158,125	27,035	-	-	231,817
Interest	80	-	5,648	1,994	6,541	7,049	21,312
Other	47,761	-	204,942	-	13,840	83	266,626
Total revenues	<u>1,669,423</u>	<u>57,861</u>	<u>5,417,628</u>	<u>893,761</u>	<u>2,071,312</u>	<u>6,527,845</u>	<u>16,637,830</u>
Expenditures:							
Human services	1,624,211	59,245	6,060,645	937,296	2,127,809	6,620,553	17,429,759
Total expenditures	<u>1,624,211</u>	<u>59,245</u>	<u>6,060,645</u>	<u>937,296</u>	<u>2,127,809</u>	<u>6,620,553</u>	<u>17,429,759</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,212</u>	<u>(1,384)</u>	<u>(643,017)</u>	<u>(43,535)</u>	<u>(56,497)</u>	<u>(92,708)</u>	<u>(791,929)</u>
Other Financing Sources (Uses):							
Sale of fixed assets	-	-	-	-	-	200	200
Operating transfers in	14,854	-	753,422	73,049	142,584	302,428	1,286,337
Operating transfers out	(59,986)	-	(112,375)	-	(86,087)	(209,920)	(468,368)
Total other financing sources (uses)	<u>(45,132)</u>	<u>-</u>	<u>641,047</u>	<u>73,049</u>	<u>56,497</u>	<u>92,708</u>	<u>818,169</u>
Net Changes in Fund Balance	<u>80</u>	<u>(1,384)</u>	<u>(1,970)</u>	<u>29,514</u>	<u>-</u>	<u>-</u>	<u>26,240</u>
Fund Balance:							
Beginning of year	5,409	17,123	19,426	80,732	-	-	122,690
End of year	<u>\$ 5,489</u>	<u>\$ 15,739</u>	<u>\$ 17,456</u>	<u>\$ 110,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,930</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

The **Affordable Housing Program Fund** accounts for the revenue and expenditures authorized by Act 137 of 1992 by the General Assembly of the Commonwealth of PA 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 moneys 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.

The **Park Management Fund** accounts for money received from timber and gas royalties at Two Mile Run County Park which is used to assist in the operations of the Park.

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 **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 & Venango County residents.

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

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

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

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

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

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

The **Domestic Relations Operating 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

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2003

	Special Revenue Funds									
	Liquid Fuels	Affordable Housing	Airport	Hazardous Materials	911	Park Management	Court Constable	Offender ID	County Records Improvement	Prothonotary Automation
Cash and cash equivalents	\$ 1,052,187	\$ 349,965	\$ 913,441	\$ 17,075	\$ 115,745	\$ -	\$ 104,412	\$ 13,232	\$ 51,791	\$ 34,642
Accounts receivable, net of allowance for uncollectibles	-	4,516	-	-	40,714	-	252	-	-	-
Due from other governments	-	-	6,362	-	-	-	-	-	-	-
Prepays	-	-	17,749	-	-	-	-	-	-	-
Total Assets	\$ 1,052,187	\$ 354,481	\$ 937,552	\$ 17,075	\$ 156,459	\$ -	\$ 104,664	\$ 13,232	\$ 51,791	\$ 34,642
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 3,848	\$ -	\$ 15,941	\$ -	\$ 261	\$ 36	\$ -	\$ -
Accrued payroll	-	-	-	-	10,724	-	-	-	-	-
Due to other funds	-	-	-	-	93,561	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	17,075	-	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ 3,848	\$ 17,075	\$ 120,226	\$ -	\$ 261	\$ 36	\$ -	\$ -
Fund Balance:										
Reserved:										
Program	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	17,749	-	-	-	-	-	-	-
Unreserved, undesignated	1,052,187	354,481	915,955	-	36,233	-	104,403	13,196	51,791	34,642
Total Fund Balance	1,052,187	354,481	933,704	-	36,233	-	104,403	13,196	51,791	34,642
Total Liabilities and Fund Balance	\$ 1,052,187	\$ 354,481	\$ 937,552	\$ 17,075	\$ 156,459	\$ -	\$ 104,664	\$ 13,232	\$ 51,791	\$ 34,642

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS (Continued)

DECEMBER 31, 2003

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	Transportation	Special Purpose Gifts	Tax Claim Delinquent	Adoption Counseling	Domestic Relations	
\$ (65,611)	\$ (17,946)	\$ 106,759	\$ (2,483)	\$ 128,192	\$ 543,297	\$ 53,500	\$ 261,428	\$ 2,643	\$ 1,421	\$ 3,663,690	
9,653	-	-	2,515	-	1,895	-	-	-	192,503	252,048	
70,275	90,217	-	745	30,142	91,438	-	-	-	-	289,179	
-	-	-	-	-	-	-	-	-	-	17,749	
\$ 14,317	\$ 72,271	\$ 106,759	\$ 777	\$ 158,334	\$ 636,630	\$ 53,500	\$ 261,428	\$ 2,643	\$ 193,924	\$ 4,222,666	
Liabilities and Fund Balance											
Liabilities:											
\$ 39	\$ 18,284	\$ 200	\$ 41	\$ 1,762	\$ 48,171	\$ -	\$ -	\$ -	\$ -	\$ 88,583	
2,040	3,905	1,213	711	460	2,404	-	-	-	-	21,457	
-	-	-	-	-	-	-	261,428	-	-	93,561	
-	-	-	-	-	-	-	-	-	-	261,428	
12,238	50,082	105,346	25	18,533	586,055	-	-	-	193,924	983,278	
\$ 14,317	\$ 72,271	\$ 106,759	\$ 777	\$ 20,755	\$ 636,630	\$ -	\$ 261,428	\$ -	\$ 193,924	\$ 1,448,307	
Fund Balance:											
Reserved:											
-	-	-	-	-	-	53,500	-	2,643	-	56,143	
-	-	-	-	-	-	-	-	-	-	17,749	
-	-	-	-	137,579	-	-	-	-	-	2,700,467	
-	-	-	-	137,579	-	53,500	-	2,643	-	2,774,359	
\$ 14,317	\$ 72,271	\$ 106,759	\$ 777	\$ 158,334	\$ 636,630	\$ 53,500	\$ 261,428	\$ 2,643	\$ 193,924	\$ 4,222,666	

(Concluded)

COUNTY OF VENANGO, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2003

Special Revenue Funds

	Liquid Fuels	Affordable Housing	Airport	Hazardous Materials	911	Park Management	Court Constable	Offender ID	County Records Improvement	Prothonotary Automation
Revenues:										
Intergovernmental	\$ 293,374	-	\$ 311,895	\$ -	\$ 16,000	\$ 14,811	\$ -	\$ -	\$ -	\$ -
Charges for services	-	63,294	699,189	16,446	575,161	-	57,151	27,676	23,480	9,141
Fines and forfeits	-	-	-	-	-	-	16,420	-	-	-
Interest	9,891	4,644	58,091	233	1,949	1,955	1,512	154	646	448
Other	-	-	11,563	-	10,000	453,686	-	-	-	-
Total revenues	303,265	67,938	1,080,738	16,679	603,110	470,452	75,083	27,830	24,126	9,589
Expenditures:										
General government - administration	-	-	-	-	-	-	-	-	-	1,735
General government - judicial	-	-	-	-	-	-	25,297	20,506	-	-
Public safety	-	-	-	16,679	553,846	-	-	-	-	-
Public works and enterprises	370,922	-	979,731	-	-	-	-	-	-	-
Human services	-	24,790	-	-	-	-	-	-	-	-
Conservation and development	-	-	2,500	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	633,333	-	-	-	-
Total expenditures	370,922	24,790	982,231	16,679	553,846	633,333	25,297	20,506	-	1,735
Excess (Deficiency) of Revenues Over Expenditures	(67,657)	43,148	98,507	-	49,264	(162,881)	49,786	7,324	24,126	7,854
Other Financing Sources (Uses):										
Operating transfers in	-	-	-	-	-	-	-	-	-	-
Operating transfers out	(15,410)	(39,596)	-	-	-	(25,000)	(29,008)	-	(11,570)	-
Total other financing sources (uses)	(15,410)	(39,596)	-	-	-	(25,000)	(29,008)	-	(11,570)	-
Net Changes in Fund Balance	(83,067)	3,552	98,507	-	49,264	(187,881)	20,778	7,324	12,556	7,854
Fund Balance:										
Beginning of year	1,135,254	350,929	835,197	-	(13,031)	187,881	83,625	5,872	39,235	26,788
End of year	\$ 1,052,187	\$ 354,481	\$ 933,704	\$ -	\$ 36,233	\$ -	\$ 104,403	\$ 13,196	\$ 51,791	\$ 34,642

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

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

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2003

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	Transportation	Special Purpose Gifts	Tax Claim Delinquent	Adoption Counseling	Domestic Relations	
Revenues:											
Intergovernmental	\$ 516,660	\$ 417,923	\$ 99,185	\$ 38,379	\$ 240,786	\$ 554,706	\$ -	\$ -	\$ -	\$ -	\$ 2,503,719
Charges for services	-	-	-	-	36,316	47,788	-	-	375	406,700	1,962,717
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	16,420
Interest	127	1,751	214	340	950	22,272	-	-	34	-	108,508
Other	-	500	-	-	270	-	-	-	-	522	476,541
Total revenues	516,787	420,174	99,399	38,719	278,322	624,766	3,297	-	409	407,222	5,067,905
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	-	1,735
General government - judicial	-	-	-	-	-	-	-	-	-	444,833	490,636
Public safety	-	-	-	-	-	-	-	-	-	-	570,525
Public works and enterprises	-	-	-	-	-	-	-	-	-	-	1,350,653
Human services	-	402,867	99,399	38,844	199,184	726,762	10,812	-	-	-	1,502,658
Conservation and development	557,535	-	-	-	-	-	-	-	-	-	560,035
Culture and recreation	-	-	-	-	-	-	-	-	-	-	633,333
Total expenditures	557,535	402,867	99,399	38,844	199,184	726,762	10,812	-	444,833	444,833	5,109,575
Excess (Deficiency) of Revenues Over Expenditures	(40,748)	17,307	-	(125)	79,138	(101,996)	(7,515)	-	409	(37,611)	(41,670)
Other Financing Sources (Uses):											
Operating transfers in	71,250	-	-	125	42	398,166	-	-	-	37,611	507,194
Operating transfers out	(30,502)	(17,307)	-	-	(85,530)	(296,170)	-	-	-	-	(550,093)
Total other financing sources (uses)	40,748	(17,307)	-	125	(85,488)	101,996	-	-	-	37,611	(42,899)
Net Changes in Fund Balance	-	-	-	-	(6,350)	-	(7,515)	-	409	-	(84,569)
Fund Balance:											
Beginning of year	-	-	-	-	143,929	-	61,015	-	2,234	-	2,858,928
End of year	\$ -	\$ -	\$ -	\$ -	\$ 137,579	\$ -	\$ 53,500	\$ -	\$ 2,643	\$ -	\$ 2,774,359

(Concluded)

TRANSPORTATION FUNDS

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

COUNTY OF VENANGO, PENNSYLVANIA

COMBINING BALANCE SHEET TRANSPORTATION FUND

DECEMBER 31, 2003

	Shared Ride	MATP	Fixed Route	Capital Transit Fund	Rural Operating Assistance	Act 26 Shared Ride Capital	Total Transportation Fund
Assets							
Cash and cash equivalents							
Accounts receivable, net of allowance for uncollectibles	\$ (70,954)	\$ 38,267	\$ (173,450)	\$ 644,182	\$ 105,252	\$ -	\$ 543,297
Due from other funds	1,735	-	160	-	-	-	1,895
Due from other governments	91,424	-	14	-	-	-	91,438
Total Assets	<u>\$ 22,205</u>	<u>\$ 38,267</u>	<u>\$ 20,913</u>	<u>\$ 644,182</u>	<u>\$ 105,252</u>	<u>\$ -</u>	<u>\$ 830,819</u>
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	\$ 21,198	\$ 6,241	\$ 20,732	\$ -	\$ -	\$ -	\$ 48,171
Accrued payroll	1,007	1,216	181	-	-	-	2,404
Due to other funds	-	-	-	121,567	72,622	-	194,189
Deferred revenue	-	30,810	-	522,615	32,630	-	586,055
Total Liabilities	<u>22,205</u>	<u>38,267</u>	<u>20,913</u>	<u>644,182</u>	<u>105,252</u>	<u>-</u>	<u>830,819</u>
Fund Balance:							
Unreserved, undesignated	-	-	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 22,205</u>	<u>\$ 38,267</u>	<u>\$ 20,913</u>	<u>\$ 644,182</u>	<u>\$ 105,252</u>	<u>\$ -</u>	<u>\$ 830,819</u>

COUNTY OF VENANGO, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2003

	Shared Ride	MATP	Fixed Route	Capital Transit Fund	Rural Operating Assistance	Act 26 Shared Ride Capital	Total Transportation Fund
Revenues:							
Intergovernmental	\$ 190,618	\$ 147,262	\$ 29,255	\$ 62,022	\$ 125,549	\$ -	\$ 554,706
Charges for services	11,498	-	36,290	-	-	-	47,788
Interest	4,840	730	-	11,191	5,511	-	22,272
Total revenues	206,956	147,992	65,545	73,213	131,060	-	624,766
Expenditures:							
Human services	314,492	78,995	286,170	12,283	-	34,822	726,762
Total expenditures	314,492	78,995	286,170	12,283	-	34,822	726,762
Excess (Deficiency) of Revenues Over Expenditures	(107,536)	68,997	(220,625)	60,930	131,060	(34,822)	(101,996)
Other Financing Sources (Uses):							
Sale of fixed assets	1,700	-	(1,700)	-	-	-	-
Operating transfers in	140,658	-	222,325	361	-	34,822	398,166
Operating transfers out	(34,822)	(68,997)	-	(61,291)	(131,060)	-	(296,170)
Total other financing sources (uses)	107,536	(68,997)	220,625	(60,930)	(131,060)	34,822	101,996
Net Changes in Fund Balance	-	-	-	-	-	-	-
Fund Balance:							
Beginning of year	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AGENCY FUNDS

Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for cash collected by elected row officers (Treasurer, 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, 2003

	Treasurer's Office	Register of Wills and Recorder of Deeds	Prothonotary and Clerk of Courts	Sheriff	Prison	Domestic Relations	Total
<hr/>							
Assets							
Cash and cash equivalents	\$ -	\$ 150,966	\$ 266,662	\$ 86,429	\$ 54,987	\$ 4,446	\$ 563,490
Accounts receivable for fines, at estimated realizable value	-	-	330,600	-	-	-	330,600
	<u>\$ -</u>	<u>\$ 150,966</u>	<u>\$ 597,262</u>	<u>\$ 86,429</u>	<u>\$ 54,987</u>	<u>\$ 4,446</u>	<u>\$ 894,090</u>
<hr/>							
Liabilities							
Due to other funds	\$ -	\$ 101,659	\$ 383,972	\$ -	\$ -	\$ -	\$ 485,631
Due to other governments	-	48,242	11,550	12,799	-	-	72,591
Escrow liability and interest	-	1,065	201,740	73,630	54,987	4,446	335,868
	<u>\$ -</u>	<u>\$ 150,966</u>	<u>\$ 597,262</u>	<u>\$ 86,429</u>	<u>\$ 54,987</u>	<u>\$ 4,446</u>	<u>\$ 894,090</u>

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED DECEMBER 31, 2003

	Balance at January 1, 2003	Additions	Deletions	Balance at December 31, 2003
Treasurer				
Assets				
Cash and cash equivalents	\$ -	\$ 178,892	\$ 178,892	\$ -
Liabilities				
Due to other funds	\$ -	\$ 25,330	\$ 25,330	\$ -
Due to other governments	-	153,042	153,042	-
Escrow liability	-	520	520	-
Total Liabilities	\$ -	\$ 178,892	\$ 178,892	\$ -
Register of Wills and Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 154,223	\$ 1,243,294	\$ 1,246,551	\$ 150,966
Liabilities				
Due to other funds	\$ 100,859	\$ 528,701	\$ 527,901	\$ 101,659
Due to other governments	52,669	710,453	714,880	48,242
Escrow liability and interest	695	4,140	3,770	1,065
Total Liabilities	\$ 154,223	\$ 1,243,294	\$ 1,246,551	\$ 150,966
Prothonotary and Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 330,387	\$ 1,054,449	\$ 1,118,174	\$ 266,662
Accounts receivable for fines, at estimated realizable value	330,600	252,165	252,165	330,600
Total Assets	\$ 660,987	\$ 1,306,614	\$ 1,370,339	\$ 597,262
Liabilities				
Due to other funds	\$ 373,353	\$ 831,455	\$ 820,836	\$ 383,972
Due to other governments	4,592	84,701	77,743	11,550
Escrow liability	283,042	390,458	471,760	201,740
Total Liabilities	\$ 660,987	\$ 1,306,614	\$ 1,370,339	\$ 597,262

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)

	Balance at January 1, 2003	Additions	Deletions	Balance at December 31, 2003
Sheriff				
<u>Assets</u>				
Cash and cash equivalents	\$ 179,105	\$ 529,580	\$ 622,256	\$ 86,429
Total Assets	<u>\$ 179,105</u>	<u>\$ 529,580</u>	<u>\$ 622,256</u>	<u>\$ 86,429</u>
<u>Liabilities</u>				
Due to other governments	\$ 3,955	\$ 108,086	\$ 99,242	\$ 12,799
Escrow liability	175,150	421,494	523,014	73,630
Total Liabilities	<u>\$ 179,105</u>	<u>\$ 529,580</u>	<u>\$ 622,256</u>	<u>\$ 86,429</u>
Prison				
<u>Assets</u>				
Cash and cash equivalents	\$ 37,394	\$ 366,930	\$ 349,337	\$ 54,987
Total Assets	<u>\$ 37,394</u>	<u>\$ 366,930</u>	<u>\$ 349,337</u>	<u>\$ 54,987</u>
<u>Liabilities</u>				
Escrow liability	\$ 37,394	\$ 366,930	\$ 349,337	\$ 54,987
Total Liabilities	<u>\$ 37,394</u>	<u>\$ 366,930</u>	<u>\$ 349,337</u>	<u>\$ 54,987</u>
Domestic Relations				
<u>Assets</u>				
Cash and cash equivalents	\$ 10,017	\$ 266,944	\$ 272,515	\$ 4,446
<u>Liabilities</u>				
Escrow liability	\$ 10,017	\$ 266,944	\$ 272,515	\$ 4,446

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)

	Balance at January 1, 2003	Additions	Deletions	Balance at December 31, 2003
Total all Agency Funds				
<u>Assets</u>				
Cash and cash equivalents	\$ 711,126	\$ 3,640,089	\$ 3,787,725	\$ 563,490
Accounts receivable for fines, at estimated realizable value	330,600	252,165	252,165	330,600
Total Assets	\$ 1,041,726	\$ 3,892,254	\$ 4,039,890	\$ 894,090
<u>Liabilities</u>				
Due to other funds	\$ 474,212	\$ 1,385,486	\$ 1,374,067	\$ 485,631
Due to other governments	61,216	1,056,282	1,044,907	72,591
Escrow liability and interest	506,298	1,450,486	1,620,916	335,868
Total Liabilities	\$ 1,041,726	\$ 3,892,254	\$ 4,039,890	\$ 894,090

(Concluded)