

County of Venango, Pennsylvania

Financial Statements and Required Supplementary and Supplementary Information

**Year Ended December 31, 2015
with Independent Auditor's Report**

MaherDuessel
Certified Public Accountants

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COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2015

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Independent Auditor's Report

Board of County Commissioners
County of Venango, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Venango, Pennsylvania (County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which requires the County to record its net pension asset and related items on the government-wide financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The statement of expenditures by program identifier – budget to actual, and combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of expenditures by program identifier – budget to actual and combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of expenditures by program identifier – budget to actual and combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mahe Duessel

Pittsburgh, Pennsylvania
August 31, 2016

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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements (pages 1 - 8) and the notes to financial statements (pages 9 - 37).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$37.4 million at December 31, 2015.
- As of December 31, 2015, unrestricted net position was approximately \$14.4 million or 33% of total expenses.
- The total fund balance of the General Fund at December 31, 2015 was \$8.6 million or 64% of the total fund balance.
- The County's real property tax rate was 6.000 mills for 2015.
- During 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*." These statements establish new financial reporting requirements for most governments that provide their employees with pension benefits (see Note 8 to the financial statements for further discussion). As a result of this implementation, the government-wide net position as of January 1, 2015 was restated with an increase of \$5,566,544 to record the County's net pension asset.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the County's financial statements. The County's financial statements consist of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to financial statements.

This report also contains other supplementary information in addition to the financial statements themselves.

A detailed explanation of all three components follows:

1. Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to the private sector. There are two government-wide financial statements. They are:

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 and development. Fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The government-wide financial statements can be found on pages 1 and 2 of the financial statements.

2. Fund Financial Statements – The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into two categories: (1) governmental funds and (2) fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports four major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues,

MANAGEMENT'S DISCUSSION AND ANALYSIS

expenditures, and changes in fund balance for these four *major* funds (General, Capital Projects, Human Services, and Workforce Development). Data from the other *non-major* governmental funds are combined into a single, aggregated presentation (other governmental funds). Individual fund data for the other governmental funds is provided as supplementary information in the form of combining statements elsewhere in this report.

The governmental funds financial statements can be found on pages 3 to 6 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 statements because the resources of those funds are not available to support the County's own programs.

The fiduciary funds financial statements can be found on pages 7 and 8 of this report. They include the Pension Trust Fund and the Agency Funds. The Agency Funds are the fees, fines, and costs, etc. collected by the County Row Officers, held in trust for disbursement to third parties.

3. Notes to Financial Statements – The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 9 to 37 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. The County also 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. Required supplementary information can be found on pages 38 to 42 of this report.

The Statement of Expenditures by Program Identifier – Budget to Actual, combining and individual fund statements, and combining agency fund statements are presented as supplementary information immediately following the required supplementary information on pages 43 to 53 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County presents its financial statements using the reporting model required by GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*"

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The County's net position at December 31, 2015 and 2014 is presented below:

Summary Statements of Net Position December 31, 2015 and 2014

	Governmental Activities	
	2015	2014
Assets		
Current and other assets	\$ 21,656,709	\$ 21,984,818
Net pension asset	1,045,973	5,601,865
Capital assets	20,703,871	21,142,497
Total Assets	43,406,553	48,729,180
Deferred Outflows of Resources		
Deferred outflows of resources for pension	4,375,597	-
Liabilities		
Current and other liabilities	7,230,459	8,549,936
Non-current liabilities	2,885,744	3,762,711
Total Liabilities	10,116,203	12,312,647
Deferred Inflows of Resources		
Unavailable revenue	262,616	262,616
Net Position		
Net investment in capital assets	17,472,795	16,701,832
Restricted	5,557,639	4,098,969
Unrestricted*	14,372,897	15,353,116
Total Net Position	\$ 37,403,331	\$ 36,153,917

*As noted in the Financial Highlights section, net position was restated for 2014 for the cumulative effect of implementation of GASB Statement No. 68. Please see Note 8 for more detailed information.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows of resources exceeded liabilities

MANAGEMENT'S DISCUSSION AND ANALYSIS

and deferred inflows of resources by \$37.4 million at December 31, 2015, an increase from December 31, 2014 of approximately \$1.2 million.

The following table presents the change in net position for the years ended December 31, 2015 and 2014:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Change in Net Position Years Ended December 31, 2015 and 2014

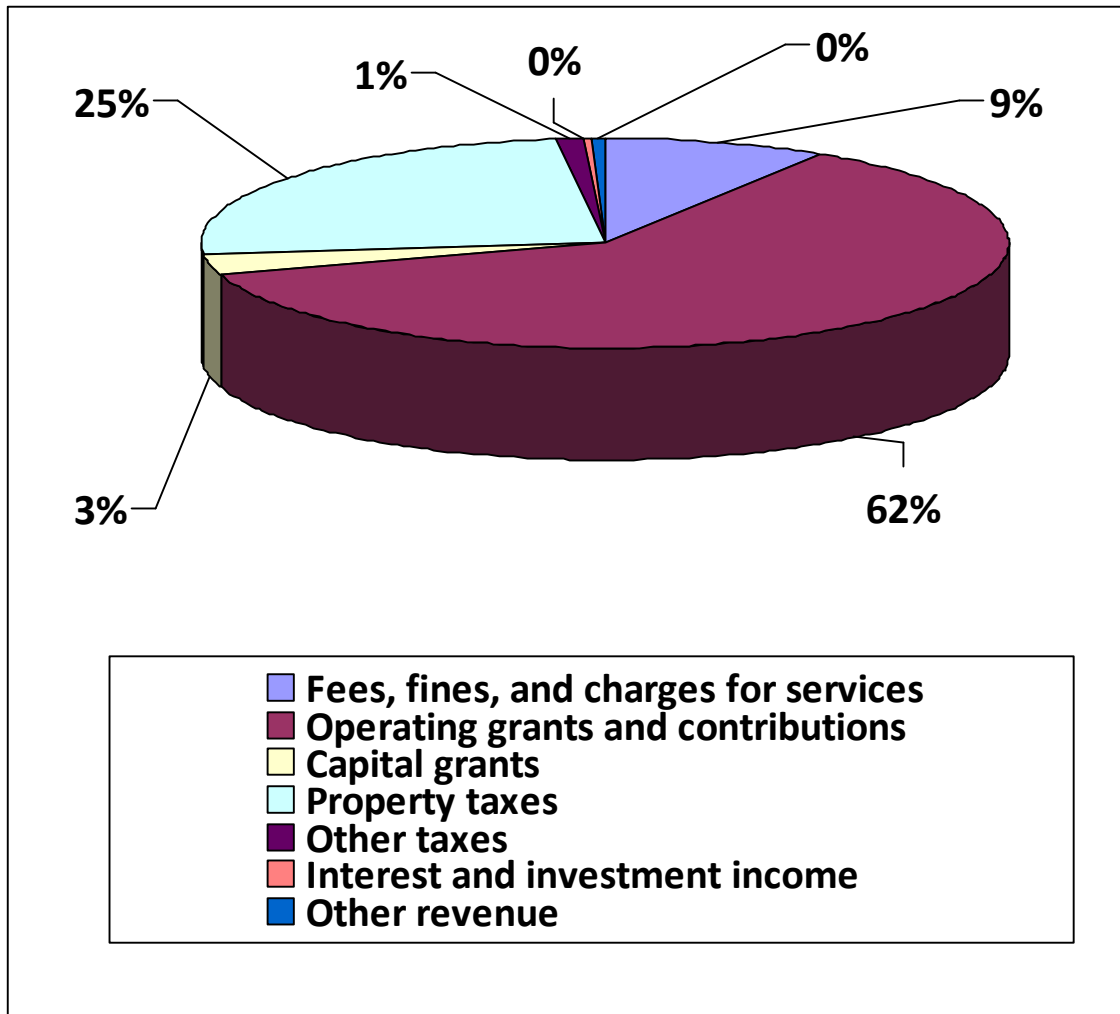
	Governmental Activities	
	2015	2014
Program revenues:		
Fees, fines, and charges for services	\$ 3,971,312	\$ 3,924,613
Operating grants and contributions	27,324,967	26,710,095
Capital grants	1,412,062	1,596,976
General revenues:		
Property taxes	11,092,801	11,083,079
Other taxes	524,656	528,434
Interest and investment income	147,766	130,440
Other	191,100	234,903
Gain (loss) on disposal of capital assets	(2,623)	(22,372)
 Total revenues	 44,662,041	 44,186,168
Program expenses:		
General government - administration	5,011,230	5,603,833
General government - judicial	3,799,836	3,826,998
Public safety	5,334,929	5,628,416
Public works	2,535,758	2,614,137
Human services	25,662,164	25,389,582
Conservation and development	759,888	500,850
Culture and recreation	246,352	291,958
Interest	62,470	285,446
 Total expenses	 43,412,627	 44,141,220
Change in Net Position	1,249,414	44,948
Net position, beginning	36,153,917	30,542,425
Cummulative effect of implementation of GASB Statement No. 68	-	5,566,544
Net position, ending	<u>\$ 37,403,331</u>	<u>\$ 36,153,917</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOURCES OF REVENUES

The following chart graphically depicts the government-wide sources of revenues for the fiscal year ended December 31, 2015:

Government-Wide Sources of Revenues
Total Revenue \$44,662,041



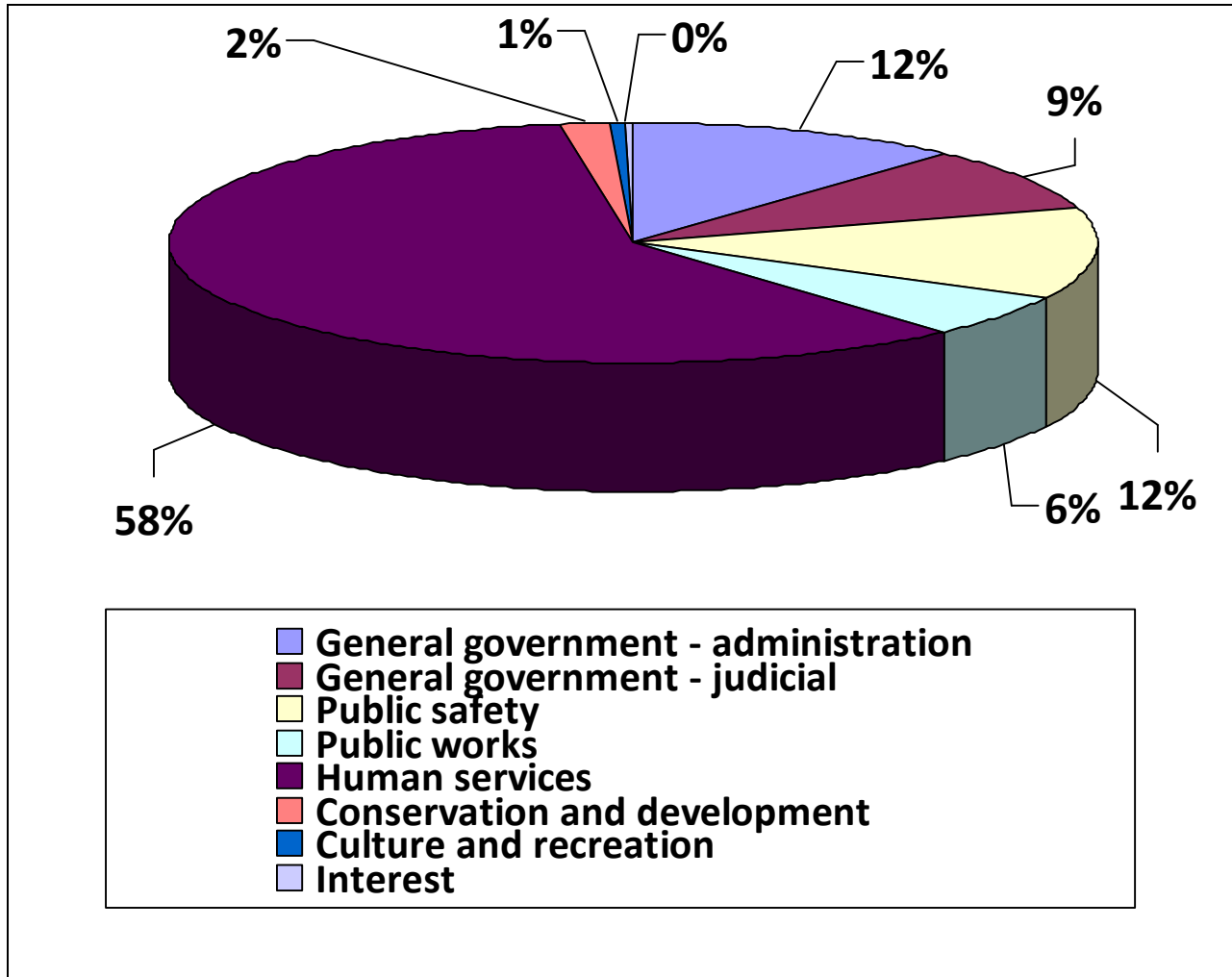
Total government-wide revenues for 2015 were \$45 million, which was approximately \$476,000 higher than the 2014 year. Operating grants and contributions account for 62% of the total revenues, amounting to \$27.3 million, compared to \$26.7 million in 2014. The increase of approximately \$615,000 is mainly attributable to additional grant streams obtained by the Northwest Workforce Development Board and accounted for by the County. The second largest source of revenue for the County was property taxes, which made up 25% of the total revenues, amounting to \$11.1 million, compared to \$11.1 million in 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROGRAM EXPENSES

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2015:

Government-Wide Program Expenses
Total Expenses: \$43,412,627



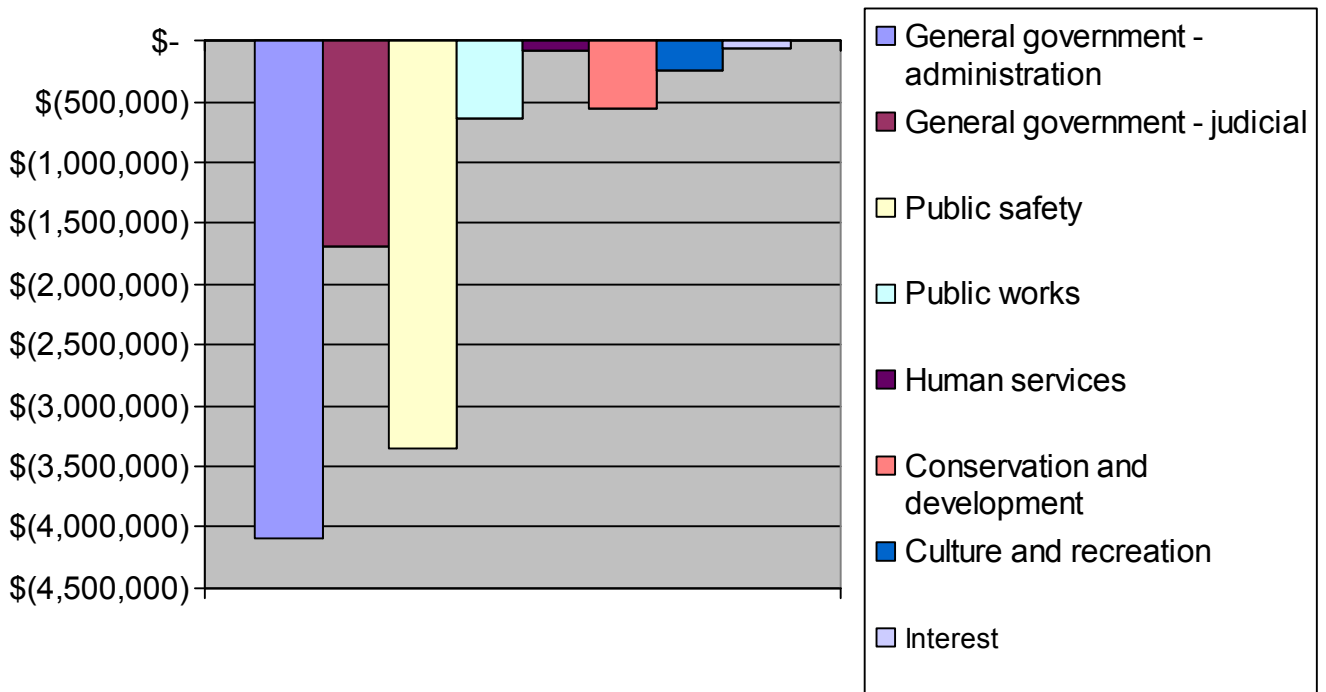
Total government-wide program expenses for 2015 were \$43.4 million, which was approximately \$729,000 lower than the 2014 year. The largest area of expenses was Human Services, which accounts for 58% of total expenses, amounting to \$25.7 million, compared to \$25.4 million in 2014. The increase of approximately \$273,000 is mainly attributable to increased expenses by the Northwest Workforce Development Board. Following Human Services expenses, totaling \$5.3 million, Public Safety represented 12% of all expenses, followed by General Government - Administration with \$5 million in expenses representing 12% of expenses.

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, 2015.

Government-Wide Net Program Revenues/Expenses



General government - administration required the most general revenue for support, needing \$4.1 million during 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reports four major governmental funds (General, Capital Projects, Human Services, and Workforce Development). The Human Services Fund consists of six programs: Older Adult Services; Retired Senior Volunteer Program; Children and Youth Services; Substance Abuse; Mental Health; and Developmental Services. Combining statements are found on pages 44 and 45.

The County also reports other governmental funds. The largest of these include: Liquid Fuels, Domestic Relations, 911, and Transportation. The combining statements of the other governmental funds can be found on pages 46 through 51.

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

The following table presents the statements of revenues, expenditures, and changes in fund balance for the years ended December 31, 2015 and 2014:

MANAGEMENT'S DISCUSSION AND ANALYSIS

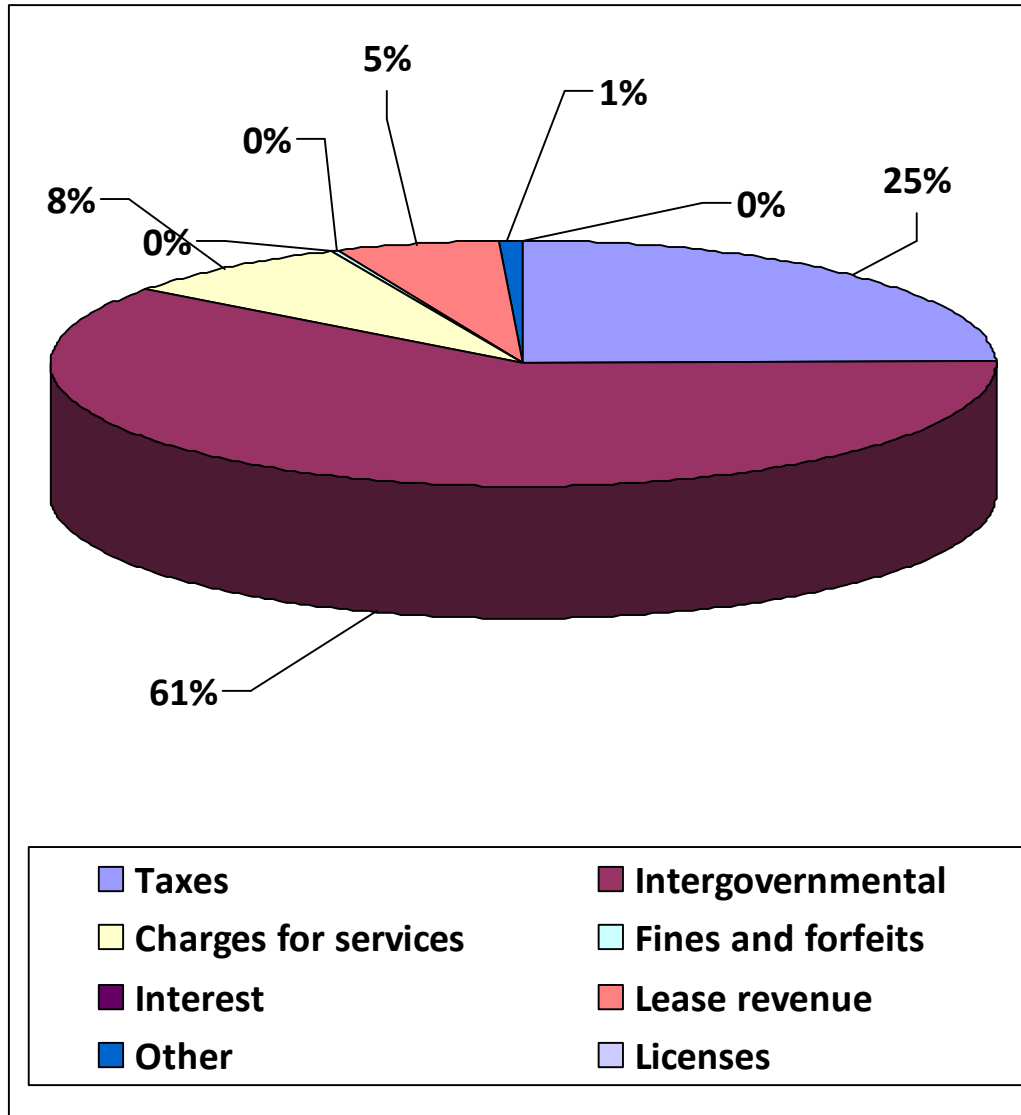
Statements of Revenues, Expenditures, and Changes in Fund Balance Years Ended December 31, 2015 and 2014

	Governmental Funds	
	2015	2014
Revenues:		
Taxes	\$ 11,618,676	\$ 11,579,122
Licenses	36,812	39,675
Intergovernmental	28,523,207	28,085,803
Charges for services	3,844,429	3,832,093
Fines and forfeits	134,400	112,553
Interest	38,268	44,988
Lease revenue	2,540,000	540,000
Other	368,110	416,496
Total revenues	<u>47,103,902</u>	<u>44,650,730</u>
Expenditures:		
General government - administration	5,026,134	5,577,101
General government - judicial	3,766,584	3,854,078
Public safety	5,144,982	5,396,756
Public works	2,069,822	1,923,921
Human services	25,746,728	25,418,460
Conservation and development	759,362	500,850
Culture and recreation	248,219	280,316
Capital outlay	500	-
Debt service	1,395,794	1,880,440
Total expenditures	<u>44,158,125</u>	<u>44,831,922</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,945,777</u>	<u>(181,192)</u>
Other Financing Sources (Uses):		
Sale of capital assets	5,205	27,812
Proceeds from capital leases	123,735	-
Refunding bonds issued	-	4,410,000
Premium on refunding bonds	-	198,798
Payment to refunded bond escrow agent	-	(4,520,185)
Total other financing sources and uses	<u>128,940</u>	<u>116,425</u>
Net Change in Fund Balance	<u>3,074,717</u>	<u>(64,767)</u>
Fund balance, beginning	<u>10,403,501</u>	<u>10,468,268</u>
Fund balance, ending	<u>\$ 13,478,218</u>	<u>\$ 10,403,501</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds revenues, by source, for the year ended December 31, 2015 were:

**Governmental Funds
Revenues Classified by Source
Total Revenues: \$47,103,902**

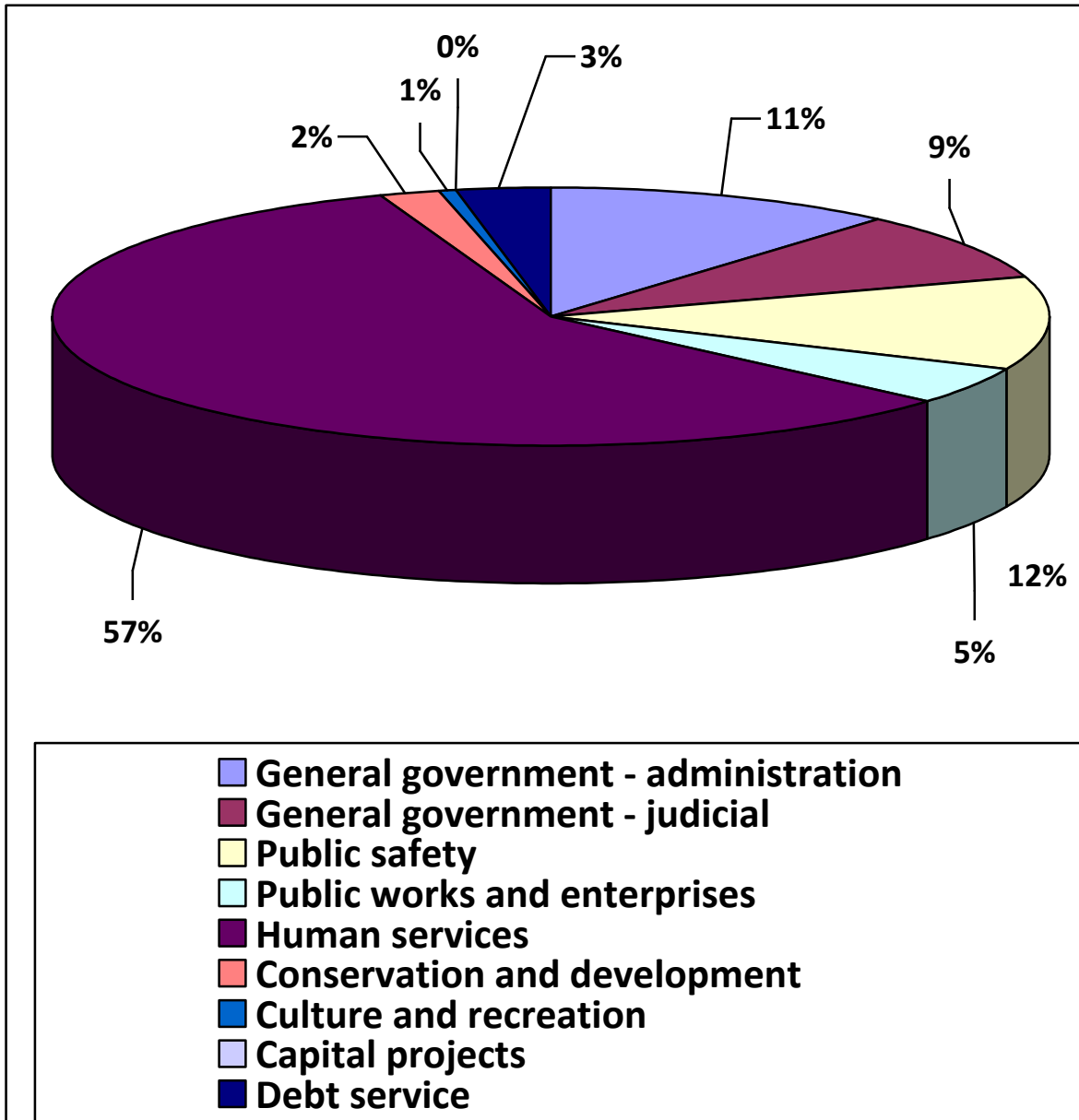


Governmental fund revenues totaled \$47.1 million for the year ended December 31, 2015, of which \$28.5 million (61%) came from Intergovernmental (Federal and State) Revenue. Taxes accounted for \$11.6 million (25%) in revenue. Charges for services reached \$3.8 million (8%) in revenue. Lease revenue accounted for \$2.5 million (5%). Other revenue was approximately 1% of total revenues. Licenses, fines and forfeits, and interest were less than 1% of total revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds expenditures, by function, for the year ended December 31, 2015 were:

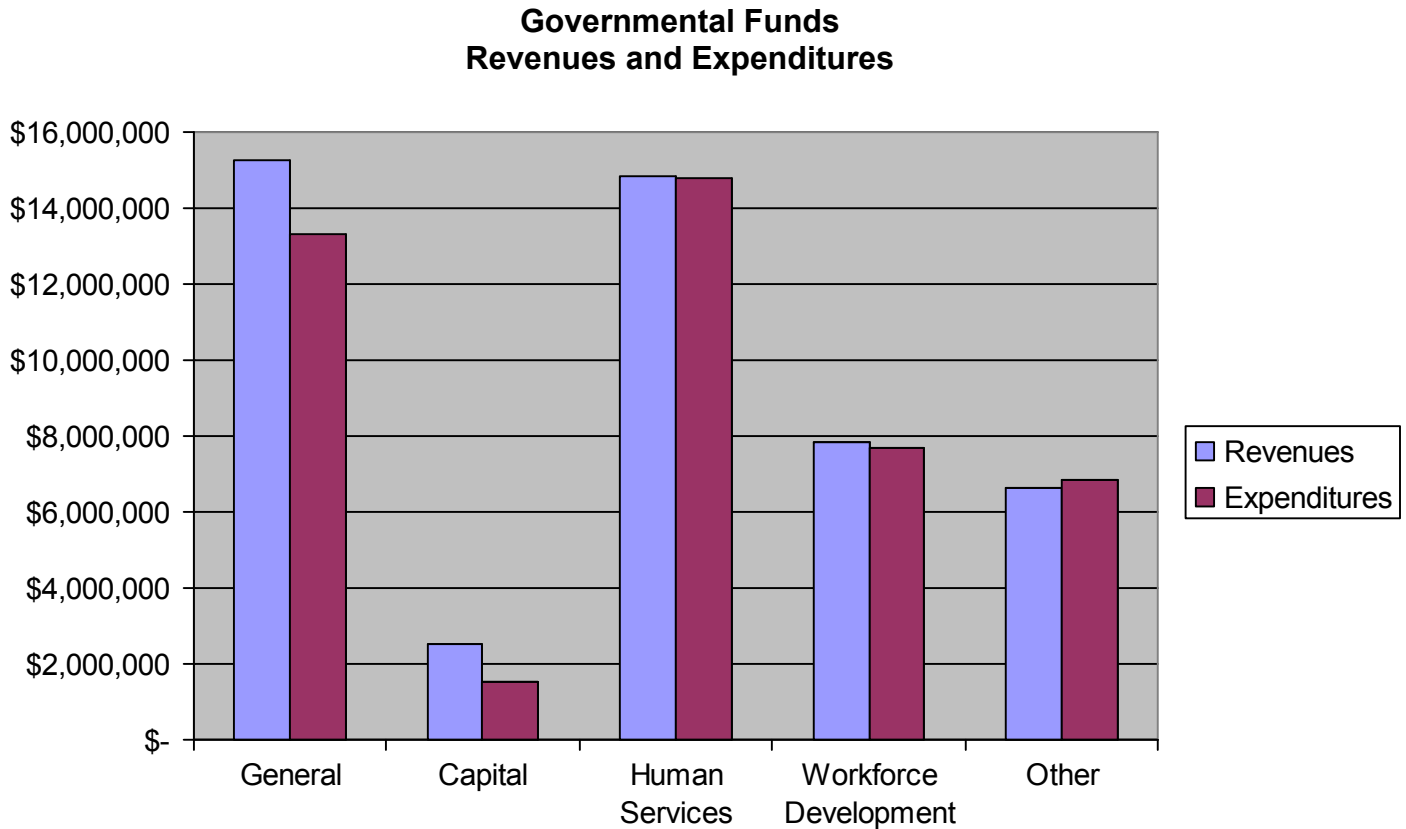
**Governmental Funds
Expenditures Classified by Function
Total Expenditures: \$44,158,125**



Governmental funds expenditures totaled \$44.2 million for the year ended December 31, 2015, of which \$25.7 million (57%) were Human Services expenditures. General Government – Administration, Public Safety, and General Government – Judicial, make up the next largest pieces, each with expenditures ranging from \$3.8 to \$5.1 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, 2015:



GENERAL FUND BUDGETARY HIGHLIGHTS

The statement of revenues, expenditures, and changes in fund balance – budget to actual – General Fund for the year ended December 31, 2015 is found on page 42 of the financial statements.

Overall, the County had a favorable variance between the final budget and the actual net change in fund balance of \$2.6 million.

The County had a variance between the final budget and actual revenue of approximately \$596,000. The largest contributors to the variance were intergovernmental and charges for services amounts not meeting budget offset by an increase in taxes and other revenue over budget.

The County had a favorable variance between the final budget and actual expenditures of approximately \$1,369,000. The majority of this variance occurred in the General Government – Administration, General Government – Judicial, and Public Safety functions, which show approximately \$569,000, \$334,000, and \$329,000, respectively, in favorable variances. The variances are primarily due to less healthcare costs than planned, the pension contribution which

MANAGEMENT'S DISCUSSION AND ANALYSIS

was budgeted was not required, and budgeted expenses for the Northwest Task Force were not fully achieved.

CAPITAL ASSETS

The County's investment in capital assets including infrastructure as of December 31, 2015 amounts to \$20,703,871, net of accumulated depreciation. This investment includes land and land improvements, buildings and building improvements, roads and bridges, machinery, vehicles, and equipment.

LONG-TERM DEBT

As of December 31, 2015, the County has a total of \$2,980,000 outstanding on the bonds payable, of which \$915,000 is payable in 2016.

BOND RATING

The County was given an AA- bond rating from Standard & Poor's Rating Services in March 2014. In the opinion of the rating service, the County currently maintains a low debt burden with manageable near-term capital needs.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

Financial Statements

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2015

	Governmental Activities
Assets	
Cash and cash equivalents - pooled	\$ 6,179,622
Advances receivable	25,069
Taxes receivable, net	1,485,583
Accounts and loans receivable, at estimated realizable value	4,020,679
Accounts receivable - fiduciary funds	519,577
Due from other governments	7,361,056
Lease receivable	2,000,000
Other assets	65,123
Net pension asset	1,045,973
Capital assets, not being depreciated	1,739,668
Capital assets, net of accumulated depreciation	18,964,203
Total Assets	43,406,553
Deferred Outflows of Resources	
Deferred outflows of resources for pension	4,375,597
Liabilities	
Accounts payable	2,091,733
Accrued payroll	384,980
Due to other governments	343,615
Unearned revenue	3,471,020
Compensated absences, non-current	593,779
Capital lease payable:	
Current	24,111
Non-current	94,433
Bonds payable:	
Current	915,000
Non-current	2,197,532
Total Liabilities	10,116,203
Deferred Inflows of Resources	
Unavailable revenue - note	262,616
Net Position	
Net investment in capital assets	17,472,795
Restricted for:	
Operating reserve	2,226,054
Human services	88,723
Roads and bridges	616,322
Affordable housing	97,917
Act 13	217,954
Constable server fees	207,719
Offender identification	343,525
Records improvement/automation	35,853
Sugar Valley Lodge	97,590
Domestic relations	541,392
Pension	1,045,973
Other purposes	38,617
Unrestricted:	
Lease receivable	2,000,000
Other unrestricted net position	12,372,897
Total Net Position	\$ 37,403,331

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
			Operating Grants and Contributions	Capital Grants	
Governmental activities:					
General government - administration	\$ 5,011,230	\$ 826,869	\$ 96,290	\$ -	\$ (4,088,071)
General government - judicial	3,799,836	1,316,787	784,487	-	(1,698,562)
Public safety	5,334,929	652,297	1,338,430	-	(3,344,202)
Public works	2,535,758	693,036	-	1,200,142	(642,580)
Human services	25,662,164	482,323	25,105,760	-	(74,081)
Conservation and development	759,888	-	-	211,920	(547,968)
Culture and recreation	246,352	-	-	-	(246,352)
Interest	62,470	-	-	-	(62,470)
Total governmental activities	<u>\$ 43,412,627</u>	<u>\$ 3,971,312</u>	<u>\$ 27,324,967</u>	<u>\$ 1,412,062</u>	<u>(10,704,286)</u>
General revenues:					
Property taxes					11,092,801
Other taxes					524,656
Interest and investment income					147,766
Other					191,100
Loss on disposal of capital asset					(2,623)
Total general revenues					<u>11,953,700</u>
Change in Net Position					1,249,414
Net Position:					
Beginning of year, as restated					<u>36,153,917</u>
End of year					<u>\$ 37,403,331</u>

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General Fund	Capital Projects Fund	Human Services Fund	Workforce Development Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents - pooled	\$ 8,736,782	\$ (165,558)	\$ (4,216,033)	\$ (1,092,862)	\$ 2,917,293	\$ 6,179,622
Advances receivable	-	-	25,069	-	-	25,069
Taxes receivable, net	1,485,583	-	-	-	-	1,485,583
Accounts receivable, net of allowance for uncollectibles	181,729	-	2,473,479	488,553	876,918	4,020,679
Due from other funds	670,492	255,783	76,460	-	42,374	1,045,109
Due from other governments	163,735	-	4,925,028	1,791,301	480,992	7,361,056
Lease receivable	-	2,000,000	-	-	-	2,000,000
Other assets	-	-	9,304	5,275	50,544	65,123
Total Assets	\$ 11,238,321	\$ 2,090,225	\$ 3,293,307	\$ 1,192,267	\$ 4,368,121	\$ 22,182,241
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ 499,831	\$ -	\$ 781,272	\$ 619,356	\$ 191,274	\$ 2,091,733
Accrued payroll	116,660	-	209,388	(23,948)	82,880	384,980
Due to other funds	109,394	-	386,348	-	29,790	525,532
Due to other governments	333,495	-	-	-	10,120	343,615
Unearned revenue	30,150	-	1,572,111	334,243	1,596,199	3,532,703
Total Liabilities	1,089,530	-	2,949,119	929,651	1,910,263	6,878,563
Deferred Inflows of Resources:						
Unavailable revenue - taxes/fees	1,562,844	-	-	-	-	1,562,844
Unavailable revenue - note	-	-	-	262,616	-	262,616
Total Deferred Inflows of Resources	1,562,844	-	-	262,616	-	1,825,460
Fund Balance:						
Restricted:						
Operating reserve	2,226,054	-	-	-	-	2,226,054
Human services	-	-	48,795	-	39,928	88,723
Roads and bridges	-	-	-	-	616,322	616,322
Affordable housing	-	-	-	-	97,917	97,917
Act 13	-	-	-	-	217,954	217,954
Constable server fees	-	-	-	-	207,719	207,719
Offender identification	-	-	-	-	343,525	343,525
Records improvement/automation	-	-	-	-	35,853	35,853
Sugar Valley Lodge	-	-	-	-	97,590	97,590
Domestic relations	-	-	-	-	541,392	541,392
Other purposes	-	-	-	-	38,617	38,617
Assigned:						
Capital projects	-	2,090,225	-	-	-	2,090,225
Substance abuse	-	-	295,393	-	-	295,393
Airport operations	-	-	-	-	190,417	190,417
Community action	-	-	-	-	44,012	44,012
Unassigned	6,359,893	-	-	-	(13,388)	6,346,505
Total Fund Balance	8,585,947	2,090,225	344,188	-	2,457,858	13,478,218
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 11,238,321	\$ 2,090,225	\$ 3,293,307	\$ 1,192,267	\$ 4,368,121	\$ 22,182,241

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

Total Fund Balance - Governmental Funds \$ 13,478,218

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. 20,703,871

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 treated as either deferred inflows or unearned revenue in the fund statements. 1,624,527

The net pension asset is reflected on the statement of net position, but is not considered an available resource and, therefore, is not reported in the fund statements. 1,045,973

Deferred outflows of resources for pension are recorded and amortized in the statement of net position. However, this item is not recorded on the fund financial statements. 4,375,597

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	\$ (593,779)	
Capital lease	(118,544)	
Bonds payable	<u>(3,112,532)</u>	
		<u>(3,824,855)</u>

Total Net Position - Governmental Activities \$ 37,403,331

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	General Fund	Capital Projects Fund	Human Services Fund	Workforce Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 11,618,676	\$ -	\$ -	\$ -	\$ -	\$ 11,618,676
Licenses	36,812	-	-	-	-	36,812
Intergovernmental	941,761	-	14,433,569	7,629,016	5,518,861	28,523,207
Charges for services	2,377,946	-	195,702	209,737	1,061,044	3,844,429
Fines and forfeits	134,400	-	-	-	-	134,400
Interest	13,815	1,053	2,610	37	20,753	38,268
Lease revenue	-	2,540,000	-	-	-	2,540,000
Other	144,134	-	214,127	-	9,849	368,110
Total revenues	15,267,544	2,541,053	14,846,008	7,838,790	6,610,507	47,103,902
Expenditures:						
General government - administration	4,952,593	57,320	-	-	16,221	5,026,134
General government - judicial	3,196,416	-	-	-	570,168	3,766,584
Public safety	4,071,409	39,515	-	-	1,034,058	5,144,982
Public works	520,525	21,709	-	-	1,527,588	2,069,822
Human services	88,310	-	14,792,700	7,688,790	3,176,928	25,746,728
Conservation and development	263,582	-	-	-	495,780	759,362
Culture and recreation	248,219	-	-	-	-	248,219
Capital outlay	-	500	-	-	-	500
Debt service	-	1,395,794	-	-	-	1,395,794
Total expenditures	13,341,054	1,514,838	14,792,700	7,688,790	6,820,743	44,158,125
Excess (Deficiency) of Revenues Over Expenditures	1,926,490	1,026,215	53,308	150,000	(210,236)	2,945,777
Other Financing Sources (Uses):						
Sale of capital assets	3,585	-	630	-	990	5,205
Proceeds from capital leases	-	123,735	-	-	-	123,735
Transfers in	1,710,015	1,004,337	1,421,296	-	909,962	5,045,610
Transfers out	(2,514,181)	(157,205)	(1,445,621)	(150,000)	(778,603)	(5,045,610)
Total other financing sources (uses)	(800,581)	970,867	(23,695)	(150,000)	132,349	128,940
Net Change in Fund Balance	1,125,909	1,997,082	29,613	-	(77,887)	3,074,717
Fund Balance:						
Beginning of year	7,460,038	93,143	314,575	-	2,535,745	10,403,501
End of year	\$ 8,585,947	\$ 2,090,225	\$ 344,188	\$ -	\$ 2,457,858	\$ 13,478,218

See accompanying notes to financial statements.

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

YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balance - Governmental Funds

\$ 3,074,717

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

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

	Capital outlays	\$ 1,210,973	
	Less: depreciation expense	<u>(1,765,506)</u>	(554,533)

Losses on disposal of capital assets occur only on the statement of activities, as capital assets are expensed when purchased in governmental funds.	(7,828)
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Changes in the net pension asset and related deferred outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund financial statements.	(180,295)
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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 inflows changed by this amount during the year.	(8,736)
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The issuance of long-term obligations (e.g., bonds or capital lease financing) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.	1,333,324
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The lease receivable is scheduled to be collected in monthly installments over the life of the lease and, therefore, these revenues are not considered "available" revenues until collected in the governmental funds. The change in the value of the lease receivable is shown here.	(2,430,502)
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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.	<u>23,267</u>
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Change in Net Position of Governmental Activities

\$ 1,249,414

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS - TRUST AND AGENCY FUNDS

DECEMBER 31, 2015

	Pension Trust Fund	Agency Funds	Total
Assets			
Cash and cash equivalents	\$ 455,772	\$ 925,959	\$ 1,381,731
Investments:			
Bond mutual funds	4,553,383	-	4,553,383
U.S. government and agency securities	4,591,411	-	4,591,411
Corporate bonds	6,632,117	-	6,632,117
Municipal bonds	4,988	-	4,988
Equity mutual funds	27,182,614	-	27,182,614
Common stock	3,428,225	-	3,428,225
Accounts receivable and fines, at estimated realizable value	-	302,972	302,972
Total Assets	<u>46,848,510</u>	<u>1,228,931</u>	<u>48,077,441</u>
Liabilities			
Due to other funds	-	519,577	519,577
Due to other governments	-	131,460	131,460
Escrow liability and interest	-	577,894	577,894
Total Liabilities	<u>-</u>	<u>1,228,931</u>	<u>1,228,931</u>
Net Position Restricted For			
Held in trust for pension benefits	<u>\$ 46,848,510</u>	<u>\$ -</u>	<u>\$ 46,848,510</u>

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

YEAR ENDED DECEMBER 31, 2015

	Pension Trust Fund
Additions:	
Contributions:	
Employee	\$ 1,251,944
Investment income (loss):	
Net increase (decrease) in fair value of investments	(2,524,294)
Interest and dividends	2,086,264
Total investment income (loss)	(438,030)
Less investment expense	138,199
Net investment income (loss)	(576,229)
Total additions	675,715
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	3,134,419
Administrative expense	37,408
Total deductions	3,171,827
Net Increase (Decrease) in Net Position	(2,496,112)
Net Position:	
Beginning of year	49,344,622
End of year	\$ 46,848,510

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. REPORTING ENTITY

The County of Venango (County), located in western Pennsylvania, is a sixth class County, originally chartered in 1800 by an act of the Legislature. The County operates under an elected three-member Board of Commissioners (Commissioners). The County provides services in many areas to its residents, including various general government services, public safety, human services, and culture and recreation. These programs are financed mainly through the assessment of taxes, charges for services, and federal and state grants.

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

Northwest Workforce Development Area

In January 2014, the County became the fiscal agent for the Northwest Workforce Development Area. The Northwest Workforce Development Area administers and provides job training and workforce development activities to residents of the Counties of Clarion, Crawford, Erie, Forest, Venango, and Warren. In addition, CareerLink® sites in each County are designed to create one-stop shopping for job seekers by locating multiple agencies under one roof. As fiscal agent, the County pays for shared expenses and then bills each of the participating CareerLink® members for reimbursement, as well as accounting for all Workforce Development Area (WDA) dollars and any other funding assigned to the area for job development and retention.

Component Units

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:

The County is financially accountable for:

1. Organizations that make up the legal County entity.
2. Legally separate organizations if the Commissioners appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County as defined below:
 - a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

- b. Financial Benefit or Burden - Exists if the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.

The following organization meets the criteria for inclusion in the County's reporting entity:

Venango County Land Bank

Venango County Land Bank (Land Bank) was established on August 12, 2014. The purpose of the Land Bank is to use available resources to facilitate the return of vacant, blighted, abandoned, and tax-delinquent properties to productive use, thereby combating community deterioration, creating economic growth, and stabilizing the housing and job market. As the County is only reporting on the primary government, and activity for the Land Bank during 2015 was immaterial, no amounts have been reported in the financial statements.

Following are related organizations, which, with the exception of the Oil Region Alliance, have the majority of their governing Board appointed by the Commissioners, without the County being financially accountable for the organization:

Oil Region Alliance (ORA)

The ORA is a private non-profit incorporated for the purpose of increasing the prosperity and population of the Oil Region through the preservation, promotion, development, and support of historical, educational, natural, recreational, residential, commercial, and industrial destinations. The County appoints one of twenty-five Board members, and the ORA has been designated by the Commissioners as the lead economic development agency in the County. The ORA does not meet the criteria for inclusion in the County's financial reporting entity. Although a financial relationship exists, the County does not appoint a majority of the board, and no control is exercised over the ORA.

Venango County Housing Authority

The Venango County Housing Authority (Housing Authority) administers HUD's Section 8 housing program for the County and is funded through federal grants and other revenues. The Housing Authority entered into an Interagency Agreement as approved by HUD with the County in December 2013, whereby the County will carry out the operation of the Authority, manage Authority funds, and perform other administrative services. The

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Housing Authority's Board is appointed by the County and operates independently of any ongoing involvement of the Commissioners. The Housing Authority is not financially accountable to the County and no financial benefit or burden exists between the two entities.

Venango County Industrial Development Authority

The Venango County Industrial Development Authority (Development Authority) issues low interest, tax-exempt bonds, and uses the proceeds to finance projects intended to stimulate economic growth in the County. The Development Authority's Board is appointed by the County. The County must approve the concept of any major bond issue of the Development Authority but only in relation to the benefit to the County of the projects that will be funded through the debt proceeds. The approval is considered to be ministerial and the County can not exercise its will over the Development Authority. The County has no responsibility for the Development Authority debt payments.

Venango County Conservation District

The Venango County Conservation District (Conservation District), whose Board is appointed by the County, provides services and programs intended to address the conservation of the County's natural resources. The Conservation District operates independently of any ongoing involvement of the County and no financial benefit or burden exists between the two entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the principal operating fund of the County, which is used to account for all financial resources not accounted for in other funds.

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

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

The *Workforce Development Fund* is used to account for financial resources the County receives as the fiscal agent for the Northwest Workforce Development Area. The Northwest Workforce Development Area administers and provides job training and workforce development activities.

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.

Interfund Activity in the Government-Wide Financial Statements

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

Cash and Cash Equivalents

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

Investments

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

Interfund Receivables and Payables

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, 2015 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. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

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

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

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

Land improvements	20 years
Buildings and improvements	5 - 40 years
Machinery and equipment	5 - 20 years
Infrastructure	10 - 40 years

Compensated Absences

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 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which materially approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet and the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the balance sheet and the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows/Inflows of Resources Related to Pensions

In conjunction with the adoption of Governmental Accounting Standards Board (GASB) Statement Nos. 68 & 71, the difference between expected and actual experience, and the difference between projected and actual investment earnings, are recorded as a deferred outflow or inflow of resources related to pensions on the financial statements. These amounts are determined based on the actuarial valuation performed for the pension plan. The difference between expected and actual experience is recognized over the average expected remaining service period of active and inactive members, which was 4.5 years as of December 31, 2015. The difference between projected and actual investment earnings is recognized over five years. Note 8 presents additional information about the pension plan.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Fund Balance

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

- Nonspendable – This category represents funds that are not in spendable form and includes prepaid expenditures. There was no nonspendable fund balance at December 31, 2015.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are legally restricted for operating reserve, human services, roads and bridges, affordable housing, hazardous materials, Act 13, constable server fees, offender identification, juvenile court restitution, records improvement and automation, Sugar Valley Lodge, adoption counseling, transportation, pension and domestic relations.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the County's highest level of decision-making authority. The County Commissioners are the highest level of decision-making authority for the County and can make such commitment via a resolution prior to the end of the fiscal year. A commitment can only be modified or removed by an equal action of the County Commissioners. There was no committed fund balance at December 31, 2015.
- Assigned – This category represents intentions of the County to use the funds for specific purposes but do not meet the criteria to be classified as committed. The County Commissioners have the authority to assign amounts to be used for specific purposes. This category includes amounts set aside for capital projects, substance abuse, airport operations, and community action.
- Unassigned – This category includes the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications. The 911 Fund, which is a non-major other governmental fund, had a deficit in its unassigned fund balance of \$13,388 at December 31, 2015.

The County's policy is to use funds in the order of the most restrictive to the least restrictive. When the components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance. Unassigned fund balance is applied last.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Net Position

Accounting standards requires the classification of net position into these components – net investment in capital assets; restricted; and unrestricted. These classifications are defined below:

- Net investment in capital assets – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Two categories are used to further describe restricted net position:
 - Expendable – can be expended in compliance with the external restriction
 - Nonexpendable – net position that is required to be retained in perpetuity

Expendable restricted net position of the County at December 31, 2015 consists of: \$2,226,054 for operating reserve, \$88,723 for human services, \$616,322 for roads and bridges, \$97,917 for affordable housing, \$217,954 for Act 13, \$207,719 for constable server fees, \$343,525 for offender identification, \$35,853 for records improvement/automation, \$97,590 for Sugar Valley Lodge, \$541,392 for domestic relations, \$1,045,973 for pension and \$38,617 for other purposes.

- Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

COUNTY OF VENANGO, PENNSYLVANIA

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

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, Workforce Development Fund, and other funds are maintained through enforcement of related grant provisions or debt indentures.

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

1. Starting in August, a budget package is prepared and sent to each department and row officer. The department or agency heads use this budget package to develop financial projections for their programs for the ensuing year.
2. The budget is presented in preliminary form to the Commissioners in September. The Commissioners can interview department or agency heads to discuss their budgets if deemed necessary.
3. Upon consolidation of the department and agency expenditure projections, the Commissioners ascertain the most viable method of financing them.
4. Subsequently, the preliminary projections of revenues and expenditures are incorporated into a final budget including any revisions or adjustments resulting from the aforementioned Commissioners' review.
5. By December, the final budget is presented to the Commissioners. Pursuant to budgetary requirements as set forth in the County Code, public notice is given that the final budget is available for inspection for a period of 20 days.
6. After the 20-day inspection period, but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate resolution.

Legally, management of the County including department heads may make budgetary transfers between departments as long as overall fund expenditures are not affected. However, as a matter of control all transfers between departmental budgets are ratified by the Commissioners. The Commissioners may at any time, by resolution, make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing now or hereafter authorized by law. The Commissioners may authorize the transfer of any unencumbered balance of any

COUNTY OF VENANGO, PENNSYLVANIA

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appropriation item or any portion thereof. The Commissioners must approve changes to overall appropriations at the fund level. Therefore, the legal level of budgetary responsibility is by fund.

During the year, there were supplemental appropriations enacted. Budget transfers did occur between accounts. The statement of revenues, expenditures, and changes in fund balance - budget and actual – General Fund, reflects the originally adopted budget and the originally adopted budget adjusted for supplemental appropriations. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

For the year ended December 31, 2015, expenditures in the General Fund exceeded appropriations in public works. This overage was funded by excess revenues, transfers in from other funds, and, to the extent available, fund balance.

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)	\$ 1,125,909
Adjustment to reconcile accounts and real estate taxes receivable to budgetary basis	338,239
Adjustment to reconcile prepaids and accounts and wages payable to budgetary basis	(324,677)
The Operating Reserve Fund is reported within the General Fund but is budgeted as a separate fund	1,625,607
Domestic Relations Fund is budgeted in the General Fund but is presented separately as an other governmental fund	<u>(167,866)</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u>\$ 2,597,212</u>

COUNTY OF VENANGO, PENNSYLVANIA

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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.

Adopted Pronouncements

The requirements of the following GASB Statements were adopted for the County's 2015 financial statements:

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*." These statements establish new financial reporting requirements for most governments that provide their employees with pension benefits (see Note 8). As a result of this implementation, the government-wide net position as of January 1, 2015 was restated with an increase of \$5,566,544 to record the County's net pension asset.

Pending Pronouncements

GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on the County's financial statements:

GASB Statement No. 72, "*Fair Value Measurement and Application*," effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, "*Accounting for Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*," effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016), except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). This statement establishes requirements for pensions and pension plans that are not administered through a trust meeting specified criteria.

GASB Statement No. 76, "*Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," effective for fiscal years beginning after June 15, 2015 (the County's

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financial statements for the year ending December 31, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

GASB Statement No. 77, *"Tax Abatement Disclosures,"* effective for fiscal years beginning after December 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government's finances.

GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants,"* is effective for fiscal years beginning after June 15, 2015 (the County's financial statements for the year ending December 31, 2016). This statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB Statement No. 80, *"Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,"* is effective for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, *"Irrevocable Split-Interest Agreement,"* is effective for fiscal years beginning after December 15, 2016 (the County's financial statements for the year ending December 31, 2017). The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *"Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73,"* is effective for fiscal years beginning after June 15, 2016 (the County's financial statements for the year ending December 31, 2017). The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *"Financial Reporting for Pension Plans,"* No. 68, *"Accounting and Financial Reporting for Pensions,"* and No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68."*

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3. DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds and other investments consistent with sound business practice.

The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County's current deposit and investment policy limits its investment choices based on credit ratings by nationally recognized statistical rating organizations to the following:

- United States Treasury bills.
- Obligations of the United States government or its agents or instrumentalities.
- Deposits in savings or time accounts or share accounts of financial institutions having their principal place of business in the Commonwealth of Pennsylvania and are insured by the FDIC, FSLIC, NCUSIF, PDIC, or PSAIC and, for any amounts above the insured maximum, are collateralized as provided by law.
- Obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision, or any of its respective agencies or instrumentalities, which are backed by the full faith and credit of the respective government unit.
- Certificates of deposit purchased from institutions having their principal place of business in the Commonwealth of Pennsylvania and are insured by the FDIC, FSLIC, NCUSIF, PDIC, or PSAIC and, for any amounts above the insured maximum, are collateralized by a pledge or assignment of assets of the institution.

The deposit and investment policy of the County adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits, savings accounts, or certificates of deposit.

Deposits

The following is a description of the County's deposit risks:

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's formal policy for custodial credit risk is described above. Of the bank balance of \$6,560,028 at December 31, 2015, \$750,000

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was covered by federal depository insurance. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name. These deposits, with carrying amounts of \$6,179,622 as of December 31, 2015, are reported as cash and cash equivalents in the statement of net position.

Agency Fund

The County maintains bank accounts for the elected row officers and other County offices. The balance of these accounts is reflected in the statement of fiduciary net position. The carrying amount of deposits for the row offices and other County offices was \$925,959 and the bank balance was \$974,203. None of the bank balance was covered by federal depository insurance. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and has the collateral held by an approved custodian in the institution's name.

Pension Trust Fund

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

As of December 31, 2015, the County Pension Trust Fund held the following investments:

Cash or Investment Type	Fair Market Value	Investment Maturities (In Years) from December 31, 2015			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Bond Mutual Funds	\$ 4,553,383	\$ 4,553,383	\$ -	\$ -	\$ -
U.S. Government and Agency Securities	4,591,411	1,447,279	2,573,002	571,130	-
Corporate Bonds	6,632,117	241,589	4,618,488	1,147,449	624,591
Municipal Bonds	4,988	-	4,988	-	-
Total debt securities	15,781,899	6,242,251	7,196,478	1,718,579	624,591
Cash and Cash Equivalents	455,772				
Equity Mutual Funds	27,182,614				
Common Stock	3,428,225				
Total Pension Trust Fund cash, cash equivalents, and investments reported on statement of fiduciary net position	\$ 46,848,510				

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

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

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

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

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

As of December 31, 2015, the County's Pension Trust Fund investments in corporate bonds and U.S. Government and Agency securities have received the following ratings from Moody's:

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>Percentage of Total Corporate Bonds</u>
Corporate Bonds	Aaa	1%
Corporate Bonds	Aa1	1%
Corporate Bonds	Aa2	2%
Corporate Bonds	Aa3	5%
Corporate Bonds	A1	4%
Corporate Bonds	A2	12%
Corporate Bonds	A3	9%
Corporate Bonds	Baa1	9%
Corporate Bonds	Baa2	13%
Corporate Bonds	Baa3	4%
Corporate Bonds	Unrated	40%
		<u>100%</u>

COUNTY OF VENANGO, PENNSYLVANIA

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<u>Investment Type</u>	<u>Moody's Rating</u>	<u>Percentage of Total U.S. Government and Agency Securities</u>
U.S. Government and Agency Securities	Aaa	100%
		<u>100%</u>

Custodial Credit Risk - For deposits and investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust Funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The County's Pension Trust Fund does not have a formal investment policy for custodial credit risk. The County's Pension Trust Fund investments in mutual funds cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. As of December 31, 2015, the County's Pension Trust Fund cash and cash equivalents bank and investment balance was \$535,103 and the carrying amount was \$455,772. Of the bank and investment balance, \$535,103 was exposed to custodial credit risk. All of the County's Pension Trust Fund investments were uninsured and held by the counterparty, or by the counterparty's trust department or agent but not in the County's name. The counterparties are members of the Securities Investor Protection Corporation (SIPC), which provides insurance coverage up to \$500,000 of the net equity balance, including up to \$250,000 in cash, in the event the counterparty fails, owing the County cash and securities that are missing from their accounts. This coverage does not extend to losses incurred due to fraud, misrepresentation, or investment decisions.

Interest Rate Risk – The Pension Trust Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Risks and Uncertainties

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance at January 1, 2015	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,739,668	\$ -	\$ -	\$ 1,739,668
Capital assets, being depreciated:				
Land improvements	489,501	456,888	-	946,389
Buildings and improvements	16,770,764	212,860	-	16,983,624
Machinery and equipment	14,062,838	655,185	(128,683)	14,589,340
Infrastructure	22,882,778	9,775	-	22,892,553
Total capital assets, being depreciated	54,205,881	1,334,708	(128,683)	55,411,906
Less: accumulated depreciation for:				
Land improvements	(360,136)	(19,862)	-	(379,998)
Buildings and improvements	(7,672,631)	(468,175)	-	(8,140,806)
Machinery and equipment	(10,720,519)	(648,501)	120,855	(11,248,165)
Infrastructure	(16,049,766)	(628,968)	-	(16,678,734)
Total accumulated depreciation	(34,803,052)	(1,765,506)	120,855	(36,447,703)
Total capital assets, being depreciated net	19,402,829	(430,798)	(7,828)	18,964,203
Governmental activities, capital assets, net	\$ 21,142,497			\$ 20,703,871

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 177,790
Judicial	53,355
Public safety	397,980
Public works	799,820
Human services	305,274
Culture and recreation	<u>31,287</u>
Total depreciation expense - governmental activities	<u>\$ 1,765,506</u>

5. REAL ESTATE TAXES

Real estate taxes attach as an enforceable lien on property as of January 1 and are levied on March 1. These taxes are billed by the County and collected by elected tax collectors. Taxes paid through April 30 are reduced by a 2% discount. Amounts paid after June 30 are assessed a 10% penalty. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

The County is permitted by the County Code of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of assessed valuation for general County purposes and the rate of taxation for payment of interest and principal on any indebtedness shall be unlimited. For 2015, County real estate taxes were levied at the rate of 6.000 mills on assessed valuation. Total assessed valuation for non-exempt properties in 2015 was approximately \$2,001,390,900.

All taxes receivables are shown net of an allowance for uncollectibles. Uncollected real estate taxes at December 31, 2015, including delinquent amounts, interest, and penalties, were \$1,815,427. Of this amount, approximately \$329,844 was considered uncollectible at December 31, 2015 and is netted against the corresponding taxes receivable balance on the statement of net position.

6. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

All trade and taxes receivables are shown net of an allowance for uncollectibles. The County estimates the allowance for uncollectibles using historical collection data and in certain cases, specific account analysis. The allowance for uncollectible accounts at December 31, 2015 is as follows:

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	Gross Receivable	Allowance for Uncollectibles	Net Receivable
Governmental activities:			
Property taxes receivable	<u>\$ 1,815,427</u>	<u>\$ 329,844</u>	<u>\$ 1,485,583</u>
Court-related receivables (portion of accounts receivable - fiduciary funds)	<u>\$ 4,052,928</u>	<u>\$ 3,749,956</u>	<u>\$ 302,972</u>

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund receivable and payable balances at December 31, 2015, as well as interfund transfers for the year ended December 31, 2015, were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental activities:				
General	\$ 670,492	\$ 109,394	\$ 1,710,015	\$ 2,514,181
Capital Projects	255,783	-	1,004,337	157,205
Human Services	76,460	386,348	1,421,296	1,445,621
Workforce Development	-	-	-	150,000
Other governmental funds	42,374	29,790	909,962	778,603
Fiduciary Fund:				
Agency Funds	-	519,577	-	-
	<u>\$ 1,045,109</u>	<u>\$ 1,045,109</u>	<u>\$ 5,045,610</u>	<u>\$ 5,045,610</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 Pennsylvania Department of Human Services requirements. The majority of the interfund receivable balance in the General Fund represents amounts due from various Agency Funds, and overpayments due back from the Human Services Fund.

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NOTES TO FINANCIAL STATEMENTS

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8. VENANGO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Venango County Employees' Retirement System (Plan), as administered by the County Retirement Board, 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. Management of the Plan is vested in the Retirement Board, which consists of five members – three elected County Commissioners, the Chief Clerk/County Administrator, and the County Treasurer. Plan provisions and contribution requirements are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. The activity of 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.

For the 2015 measurement period, Plan membership consisted of the following:

Inactive Plan members or beneficiaries currently receiving benefits	300
Inactive plan members entitled to but not yet receiving benefits	31
Active Plan members	<u>372</u>
Total Plan members	<u><u>703</u></u>

Summary of Significant Accounting Policies

Financial information of the Plan is presented on the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. 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 applicable law.

Investments of the Plan are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation.

Benefits Provided

Retirement Benefit - Retirement benefits for plan members are calculated as a percent of the member's final three-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan

COUNTY OF VENANGO, PENNSYLVANIA

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members that have attained age 60 are eligible to retire. A plan member who leaves County service with less than five years of service may withdraw his or her contributions, plus any accumulated interest.

Disability Benefit - All plan members are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. Disability benefits are equal to 25% of highest average salary at time of retirement.

Death Benefit - Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum.

Cost-of-Living Adjustments – On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

Contributions

The Plan provides for periodic employer contributions at actuarially determined rates. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For 2015, the active member contribution rate was 8% of annual pay and the County average contribution rate was 0% of annual payroll.

In 2015, the County's annual required contribution to the Plan was \$0 as determined by the January 1, 2015 actuarial valuation. The 2015 employee contributions were \$1,251,944.

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the Plan at December 31, 2015 were as follows:

Total pension liability	\$ 45,802,537
Plan fiduciary net position	<u>(46,848,510)</u>
Net pension liability (asset)	<u>\$ (1,045,973)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>102.28%</u>

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Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the County for the year ended December 31, 2015 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (asset)
Balances at December 31, 2014	\$ 43,742,757	\$ 49,344,622	\$ (5,601,865)
Changes for the year:			
Service cost	764,366	-	764,366
Interest	3,219,777	-	3,219,777
Differences between expected and actual experience	1,287,218	-	1,287,218
Contributions - employer	-	-	-
Contributions - employee	-	1,332,932	(1,332,932)
Net investment income	-	(587,761)	587,761
Benefit payments, including refunds	(3,211,581)	(3,211,581)	-
Administrative expense	-	(37,964)	37,964
Other changes	-	8,262	(8,262)
Net changes	2,059,780	(2,496,112)	4,555,892
Balances at December 31, 2015	<u>\$ 45,802,537</u>	<u>\$ 46,848,510</u>	<u>\$ (1,045,973)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>102.28%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2015 and rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods in the measurement:

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Actuarial Assumptions:

Underlying inflation rate	3.0%
Projected salary increases	4.5% average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Cost-of-living adjustments	N/A

Mortality rates were based on the 2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement.

Actuarial assumptions are based on past experience under the plan and reasonable future expectations which represent the actuary's best estimate of anticipated experience under the plan. An experience study has not been performed in the last five years.

N/A - not applicable

Investment Policy – The Plan's policies in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Long-Term Expected Rate of Return – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	50-65%	5.4-6.4%
International equity	0.0%	5.5-6.5%
Fixed income	24-45%	1.3-3.3%
Real estate/alternative	0.0%	4.5-5.5%
Cash	5-10%	0.0-1.0%

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of investment expense, was (1.15%).

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Concentrations – At December 31, 2015, there were no individual investments that are required to be disclosed that constituted more than 5% of any of the Plan net position available for benefits.

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Plan, calculated using the discount rate described above, as well as what the Plan's net pension liabilities (assets) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
<u>\$ 2,231,550</u>	<u>\$ (1,045,973)</u>	<u>\$ (5,291,292)</u>

Pension Expense and Deferred Outflow of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of approximately \$180,000. At December 31, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Outflow of Resources:</u>	
Differences between expected and actual experience	\$ 1,001,170
Changes in assumption	-
Net difference between projected and actual earnings on pension plan investments	<u>3,374,427</u>
Total deferred outflows of resources	<u>\$ 4,375,597</u>

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2016	\$ 1,129,655
2017	1,129,655
2018	1,129,655
2019	<u>986,632</u>
Total	<u>\$ 4,375,597</u>

Deferred Compensation Plan

Employees of the County may participate in a deferred compensation plan (plan) adopted under the provisions of the Internal Revenue Code Section 457 (Deferred compensation plans with respect to service for State and Local Governments).

The plan is available to all full-time employees of the County. As part of its fiduciary role, the County has an obligation of due care in selecting the third party administrator. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The County does not contribute to this plan.

9. LONG-TERM LIABILITIES

General Obligation Bonds

In March 2014, the County issued General Obligation Bonds, Series of 2014 (2014 Bonds) in the amount of \$4,410,000. The 2014 Bonds proceeds were used to current refund the 2009 Bonds, current refund the 2010 General Obligation Note, and pay the costs related to the issuance of the 2014 Bonds. The 2014 Bonds, whose last scheduled debt maturity is June 1, 2019, bear interest rates between .25% and 4.0%.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Annual debt service requirements to maturity related to the 2014 Bonds are as follows:

Years	Principal	Interest	Total
2016	\$ 915,000	\$ 79,550	\$ 994,550
2017	940,000	55,500	995,500
2018	710,000	22,000	732,000
2019	415,000	4,150	419,150
Total	<u>\$ 2,980,000</u>	<u>\$ 161,200</u>	<u>\$ 3,141,200</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Balance at December 31, 2014	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
Compensated absences	\$ 617,046	\$ -	\$ (23,267)	\$ 593,779	\$ -
Bond series - 2014	4,275,000	-	(1,295,000)	2,980,000	915,000
Long-term liabilities	<u>\$ 4,892,046</u>	<u>\$ -</u>	<u>\$ (1,318,267)</u>	<u>\$ 3,573,779</u>	<u>\$ 915,000</u>

The 2014 Bonds above do not reflect a bond premium in the amount of \$132,532. This amount is amortized over the life of the bond using the straight line method.

10. LEASE RECEIVABLE

On January 1, 1998, Venango Manor, a 214-bed nursing home, was sold to Sugarcreek Station, a new nonprofit subsidiary of a regional health system. The sale was in the form of a lease-purchase agreement that called for \$50,000 to be paid at closing and monthly installments of \$45,000 each to be paid over the ensuing 18 years. The agreement includes a \$2 million bargain purchase payment at the end of 18 years. The \$2 million bargain purchase payment was exercised in January 2016.

11. LEASES

Operating Leases

The County, acting as fiscal agent for the Northwest Workforce Development Area, is obligated to lease office space for the five CareerLink® locations. The County currently has five leases

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

for office space. Lease expenses for the CareerLink® centers were approximately \$393,000 during the year ended December 31, 2015. Future minimum lease payments are as follows:

For The Year Ending December 31,	Total
2016	\$ 369,276
2017	186,609
2018	31,650
	<u>\$ 587,535</u>

Capital Leases

During 2015, the County entered into a capital lease agreement for six vehicles. The lease qualifies as a capital lease and the agreement stipulates a total minimum lease payment of approximately \$24,111, including interest, for a term of six years. \$123,735 is included in capital assets – machinery and equipment as capital leases.

The future minimum lease obligations on capital leases are as follows as of December 31, 2015:

For The Year Ending December 31,	Total
2016	\$ 24,111
2017	24,111
2018	24,111
2019	24,111
2020	22,100
	<u>\$ 118,544</u>

12. COMMITMENTS AND CONTINGENCIES

The County participates in both state and federally assisted grant programs. These grant programs are subject to program compliance audits by the grantors or their representatives. The County is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures except for the following. During the 2014 and 2013 fiscal years, the Regional Center for Workforce Excellence (RCWE), the prior fiscal agent for the Northwest Workforce Development Area (NWDA) – underwent a

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

state performance audit, the findings of which indicate a payback of \$227,476 for unallowable expenses incurred between July 1, 2009 and July 30, 2013. Such payback is the responsibility of the NWDA, to which the County became fiscal agent in January 2014. The NWDA requested from the Commonwealth of Pennsylvania Department of Labor and Industry that the amount owed be deducted over the subsequent three years in equal amounts from the allocation of funds available for administrative costs. The offset was granted, so the amount will not have to be paid back in one lump sum. Allegation of litigation from the County Local Elected Officials (CLEO) has been made. Amount and nature of such allegation is currently unknown, but could be material.

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

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant changes in insurance coverage since the prior year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

13. SUBSEQUENT EVENTS

In 2014, the County entered into an agreement with UPMC, whereby UPMC agrees to construct three new buildings to replace the current Sugar Valley Lodge. Once the buildings are constructed, they will be donated to the County, and will be managed and operated ongoing by Sugar Valley Lodge, Inc. The County intends to maintain the current Sugar Valley Lodge for storage purposes to which UPMC has agreed to provide the County \$250,000. Construction was completed in May 2016, and management currently believes that the new facilities will be licensed, and ready for resident occupancy in late 2016.

Beginning July 1, 2016, the Crawford Area Transportation Authority (CATA) will provide administrative management of the County's Transportation Program, including the GoBus and shared ride services.

**Required Supplementary
Information**

COUNTY OF VENANGO, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE COUNTY OF VENANGO'S NET PENSION LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2014	2015
Total Pension Liability:		
Service cost	\$ 684,262	\$ 764,366
Interest	3,135,186	3,219,777
Changes of benefit terms	-	-
Differences between expected and actual experience	550,349	1,287,218
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(3,428,522)	(3,211,581)
Net Changes in Total Pension Liability	941,275	2,059,780
Total Pension Liability - Beginning	42,801,482	43,742,757
Total Pension Liability - Ending (a)	<u>\$ 43,742,757</u>	<u>\$ 45,802,537</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 308,015	\$ -
Contributions - member	1,197,982	1,332,932
Net investment income	3,085,470	(587,761)
Benefit payments, including refunds of member contributions	(3,434,184)	(3,211,581)
Administrative expense	(53,950)	(37,964)
Other	-	8,262
Net Change in Plan Fiduciary Net Position	1,103,333	(2,496,112)
Plan Fiduciary Net Position - Beginning	48,241,289	49,344,622
Plan Fiduciary Net Position - Ending (b)	<u>\$ 49,344,622</u>	<u>\$ 46,848,510</u>
Net Pension Liability - Ending (a-b)	<u>\$ (5,601,865)</u>	<u>\$ (1,045,973)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>112.81%</u>	<u>102.28%</u>
Covered Employee Payroll	<u>\$ 12,419,947</u>	<u>\$ 13,022,708</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	-45.10%	-8.03%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying note to schedules of required supplementary information - pension plan.

COUNTY OF VENANGO, PENNSYLVANIA

SCHEDULE OF COUNTY OF VENANGO CONTRIBUTIONS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ -	\$ -	\$ 480,564	\$ 484,077	\$ 649,335	\$ 822,588	\$ 308,015	\$ -
Contributions in relation to the actuarially determined contribution	-	-	480,564	484,077	649,335	822,588	308,015	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 9,812,458</u>	<u>\$ 10,656,036</u>	<u>\$ 11,175,917</u>	<u>\$ 11,580,781</u>	<u>\$ 12,251,599</u>	<u>\$ 11,634,912</u>	<u>\$ 12,419,947</u>	<u>\$ 13,022,708</u>
Contributions as a percentage of covered employee payroll	0.00%	0.00%	4.30%	4.18%	5.30%	7.07%	2.48%	0.00%

* Information for this schedule implemented for the 1/1/2008 Actuarial Valuation. Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying note to schedules of required supplementary information - pension plan.

COUNTY OF VENANGO, PENNSYLVANIA

SCHEDULE OF COUNTY OF VENANGO INVESTMENT RETURNS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	5.52%	-1.15%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying note to schedules of required supplementary information - pension plan.

COUNTY OF VENANGO, PENNSYLVANIA

NOTE TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN

YEAR ENDED DECEMBER 31, 2015

Actuarial Methods and Assumptions Used in Determining the Contribution Rate

	2014	2015
Actuarial valuation date	1/1/2014	1/1/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	N/A	N/A
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years	Market value adjusted for unrecognized gains and losses from prior years
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	4.5%	4.5%
Underlying inflation rate	3.0%	3.0%
Cost-of-living adjustments	N/A	N/A
Mortality table	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant

Benefit Changes

There have been no changes in the Plan benefits since the date of the last report.

Changes in Actuarial Assumptions

There have been no changes in the actuarial assumptions since the date of the last report.

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 11,222,400	\$ 11,222,400	\$ 11,617,457	\$ 395,057
Licenses	33,376	33,376	35,964	2,588
Intergovernmental	1,045,625	1,045,625	906,898	(138,727)
Charges for services	2,471,723	2,471,723	2,318,615	(153,108)
Fines and forfeits	119,150	119,150	131,994	12,844
Interest	9,500	9,500	7,152	(2,348)
Other	84,526	100,026	580,169	480,143
Total revenues	14,986,300	15,001,800	15,598,249	596,449
Expenditures:				
General government - administration	5,753,812	5,647,812	5,079,089	568,723
General government - judicial	4,058,336	4,106,336	3,772,732	333,604
Public safety	4,424,547	4,498,047	4,169,084	328,963
Public works	511,369	511,369	532,017	(20,648)
Human services	96,199	96,199	90,373	5,826
Conservation and development	262,015	389,015	254,585	134,430
Culture and recreation	288,494	288,494	270,800	17,694
Total expenditures	15,394,772	15,537,272	14,168,680	1,368,592
Excess (Deficiency) of Revenues Over Expenditures	(408,472)	(535,472)	1,429,569	1,965,041
Other Financing Sources (Uses):				
Sale of capital assets	-	-	3,585	3,585
Transfers in	3,255,801	3,382,801	3,678,239	295,438
Transfers out	(2,847,329)	(2,847,329)	(2,514,181)	333,148
Total other financing sources (uses)	408,472	535,472	1,167,643	632,171
Net Change in Fund Balance	\$ -	\$ -	\$ 2,597,212	\$ 2,597,212

Supplementary Information

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF EXPENDITURES BY PROGRAM IDENTIFIER - BUDGET TO ACTUAL

YEAR ENDED DECEMBER 31, 2015

Contract Title	CFDA #	Contract Number	Contract Period	* Actual FSR Expenditures 1/1/15-12/31/15	** Cumulative FSR Expenditures through 12/31/15	Actual FSR Expenditures Prior to 1/1/15	Actual FSR Expenditures 1/1/15 - 6/30/15	*** Authorized Budget	**** (Over) Under
15 - Trade WIA	17.245	170-15-1001	8/3/15-10/24/16	\$ 9,035	\$ 9,035	\$ -	\$ -	\$ 25,283	\$ 25,283
14 - Trade WIA	17.245	170-14-1001	8/18/14-12/8/14	-	3,883	3,883	-	3,883	-
13 - Trade WIA	17.245	170-13-1001	4/1/14-8/1/15	-	21,895	21,895	-	21,895	-
15 - Adult Local 1st	17.258	170-15-3001	7/1/15-6/30/17	65,008	65,008	-	-	65,008	65,008
15 - Adult Local 2nd	17.258	170-15-3011	10/1/15-6/30/17	179,872	179,872	-	-	987,898	987,898
14 - Adult Local 1st	17.258	170-14-3001	7/1/2014-6/30/16	-	83,820	83,820	-	83,820	-
14 - Adult Local 2nd	17.258	170-14-3011	10/1/14-6/30/16	943,254	1,100,278	157,024	585,931	1,100,278	357,323
13 - Adult 2nd Increment	17.258	170-13-3011	10/1/13 - 6/30/16	-	999,683	999,683	-	999,683	-
15 - Youth	17.259	170-15-3301	4/1/15-6/30/17	-	-	-	-	1,187,713	1,187,713
14 - Youth	17.259	170-14-3301	4/1/14-6/30/16	982,729	1,321,142	338,413	606,826	1,325,068	379,829
13 - Youth	17.259	170-13-3301	4/1/13 - 6/30/16	-	1,150,950	1,150,950	-	1,150,950	-
14 - Job Driven NEG PA26	17.277	170-14-7200	7/1/14-9/30/16	105,018	105,018	-	18,345	191,980	173,635
12 - DWT NEG	17.277	170-12-6200	6/26/13-6/30/15	71,903	140,374	68,471	71,903	140,374	-
15 - DW 1st Increment	17.278	170-15-4001	7/1/15-6/30/15	133,843	133,843	-	-	133,843	133,843
15 - DW 2nd Increment	17.278	170-15-4011	10/1/15-6/30/17	213,561	213,561	-	-	875,121	875,121
15 - RR AA	17.278	170-14-4155	7/1/15-6/30/16	70,114	70,114	-	-	78,009	78,009
15 - RR AA	17.278	170-15-4052	7/1/15-6/30/17	-	-	-	-	25,000	25,000
14 - RR for NW Region	17.278	170-14-4151	7/1/15-6/30/16	5,724	5,724	-	-	300,000	300,000
WIOA Transition	17.278	170-15-4152	10/1/15-6/30/17	-	-	-	-	85,843	85,843
WIOA Transition	17.278	170-14-4152	10/4/14-6/30/17	4,741	4,741	-	-	43,800	43,800
14 - DW 1st Increment	17.278	170-14-4001	7/1/14-6/30/16	-	148,494	148,494	-	148,494	-
14 - DW 2nd Increment	17.278	170-14-4011	10/1/14-6/30/16	808,771	898,986	90,215	591,893	898,986	216,878
13 - RR AA	17.278	170-13-4161	4/1/15-6/30/16	12,466	12,466	-	-	12,466	12,466
13 - DW 2nd Increment	17.278	170-13-4011	10/1/12 - 6/30/15	-	838,369	838,369	-	838,369	-
13 - DW 1st Increment Rapid Response	17.278	170-13-4051	7/1/13-6/30/16	34,869	-	-	1,424	34,869	33,445
13 - RR - DWT	17.278	170-13-4158	10/1/13-6/30/15	-	100,000	100,000	-	100,000	-
12 - DW 2nd RR - NED-DWT	17.278	170-12-4159	10/1/13-6/30/15	-	23,767	23,767	-	23,767	-
12 - DW 2nd RR - Northwest 2014 Dislocations	17.278	170-12-4157	10/1/12-6/30/15	51,526	100,000	48,474	51,526	100,000	-
15 - TANF Youth	93.558	170-15-3361	4/1/15-6/30/16	49,443	49,443	-	-	569,042	569,042
14 - TANF Summer	93.558	170-14-3362	4/1/15-6/30/16	70,595	70,595	-	-	70,595	70,595
14 - TANF Youth	93.558	170-14-3361	7/1/14-6/30/15	352,896	621,010	268,114	352,896	621,010	-
Total FSR contract expenses				\$	10,863,157		\$	2,280,744	

* Calendar year contract expenditures that tie to the Schedule of Expenditures of Federal Awards.

** Cumulative expenditures for the life of the grant up to the audit period end date 12/31/2015.

*** Total authorized budget for contract.

**** Over/Under is the difference between the authorized budget minus the fiscal year contract expenditures (7/1/2014-6/30/2015) minus expenditures prior to 7/1/2014.

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 **Older Adult Services** 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 Older Adult Services 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 Older Adult Services and community contributions.

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

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

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

COUNTY OF VENANGO, PENNSYLVANIA

HUMAN SERVICES FUND COMBINING BALANCE SHEET

DECEMBER 31, 2015

	Older Adult Services	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Developmental Services	Total Human Services Fund
Assets							
Cash and cash equivalents - pooled	\$ (308,501)	\$ 11,804	\$ (2,687,837)	\$ 19,105	\$ (1,068,906)	\$ (181,698)	\$ (4,216,033)
Advances receivable	-	-	-	-	25,069	-	25,069
Accounts receivable, net of allowance for uncollectibles	735,762	-	298,731	369,307	1,069,679	-	2,473,479
Due from other funds	18,590	-	26,106	7,990	11,299	12,475	76,460
Due from other governments	36,552	8,410	3,499,183	-	218,477	1,162,406	4,925,028
Other assets	-	-	9,107	-	-	197	9,304
Total Assets	\$ 482,403	\$ 20,214	\$ 1,145,290	\$ 396,402	\$ 255,618	\$ 993,380	\$ 3,293,307
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	\$ 97,644	\$ -	\$ 445,437	\$ 70,350	\$ 107,619	\$ 60,222	\$ 781,272
Accrued payroll	25,173	1,682	68,068	12,931	73,245	28,289	209,388
Due to other funds	32,500	-	236,188	16,724	37,601	63,335	386,348
Unearned revenue	327,086	-	365,334	1,004	37,153	841,534	1,572,111
Total Liabilities	482,403	1,682	1,115,027	101,009	255,618	993,380	2,949,119
Fund Balance:							
Restricted:							
Human services	-	18,532	30,263	-	-	-	48,795
Assigned:							
Substance abuse	-	-	-	295,393	-	-	295,393
Total Fund Balance	-	18,532	30,263	295,393	-	-	344,188
Total Liabilities and Fund Balance	\$ 482,403	\$ 20,214	\$ 1,145,290	\$ 396,402	\$ 255,618	\$ 993,380	\$ 3,293,307

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	Older Adult Services	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Developmental Services	Eliminations	Total Human Services Fund
Revenues:								
Intergovernmental	\$ 2,055,123	\$ 51,615	\$ 6,504,182	\$ 724,386	\$ 2,863,085	\$ 2,235,178	\$ -	\$ 14,433,569
Charges for services	-	-	95,466	100,236	-	-	-	195,702
Interest	-	35	119	598	464	1,394	-	2,610
Other	905	540	184,998	-	26,604	1,080	-	214,127
Total revenues	2,056,028	52,190	6,784,765	825,220	2,890,153	2,237,652	-	14,846,008
Expenditures:								
Human services	1,867,189	51,647	7,361,703	866,179	2,772,428	1,873,554	-	14,792,700
Excess (Deficiency) of Revenues Over Expenditures	188,839	543	(576,938)	(40,959)	117,725	364,098	-	53,308
Other Financing Sources (Uses):								
Sale of capital assets	630	-	-	-	-	-	-	630
Transfers in	862	-	1,108,632	130,137	104,666	76,999	-	1,421,296
Transfers out	(190,331)	-	(530,492)	(61,310)	(222,391)	(441,097)	-	(1,445,621)
Total other financing sources (uses)	(188,839)	-	578,140	68,827	(117,725)	(364,098)	-	(23,695)
Net Change in Fund Balance	-	543	1,202	27,868	-	-	-	29,613
Fund Balance:								
Beginning of year	-	17,989	29,061	267,525	-	-	-	314,575
End of year	\$ -	\$ 18,532	\$ 30,263	\$ 295,393	\$ -	\$ -	\$ -	\$ 344,188

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

The **911 Fund** is used to account for money received from phone user charges and potential County contributions to operate the County's emergency communication systems, as well as grants received from the state for E-911 upgrades.

The **Marcellus Legacy Fund** is used to account for state revenue to be used per Act 13 of 2012 Impact Fee guidelines.

The **Court Constable Fund** accounts for fees imposed by the district justice offices and pays court and constable expenses consistent with the court order establishing the fund.

The **Offender ID Fund** accounts for fees imposed and offender identification charges consistent with the court order establishing the fund.

The **Juvenile Court Restitution Fund** accounts for fees imposed by the district justice offices and courts for all juvenile cases in the County. The money will be used for expenses relating to juvenile probation.

The **County Records Improvement Fund** is used to account for a recording fee surcharge. The money is to be expended based on the goal of standardizing and equalizing the capabilities of all County offices consistent with their need to receive, manage, and provide information to the public as efficiently as possible.

The **Prothonotary Automation Fund** is used to account for fee surcharges collected by the Prothonotary to be used solely for the purpose of automation and continued automation updates for the office.

The **Community Development Block Grant Fund** is used to account for the revenue and expenditures appropriated from the Housing and Community Act of 1974 for the purpose of improving water systems, sanitary sewer systems, storm sewers, housing rehabilitation, public/community facilities, streets and roads, and the removal of architectural barriers.

The **Community Services Block Grant Fund** accounts for federal funds used to provide housing, transportation, utility assistance, and other services to low income clients in Crawford and Venango County.

The **Office of Economic Opportunity – Supported Work Program Fund** accounts for federal funds used to provide supported work experience and other related activities to Crawford and Venango County residents.

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

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

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

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

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

The **Domestic Relations Operation Fund** is used to account for expenditures and revenue related to the operation of the County's child support enforcement program, which is funded by federal, state, and County funds.

COUNTY OF VENANGO, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2015

	Special Revenue Funds										
	Liquid Fuels	Affordable Housing Program	Airport	Hazardous Materials	911	Marcellus Legacy	Court Constable	Offender ID	Juvenile Court Restitution	County Records Improvement	Prothonotary Automation
Assets											
Cash and cash equivalents - pooled	\$ 624,430	\$ 27,507	\$ (151,447)	\$ 20,609	\$ 506,973	\$ 217,954	\$ 209,134	\$ 339,271	\$ 7,463	\$ 10,027	\$ 28,129
Accounts receivable, net of allowance for uncollectibles	-	85,103	321,006	33	240,864	-	-	80	-	-	-
Due from other funds	-	3,134	-	-	-	-	-	4,243	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	47,544	-	-	-	-	-	-	-	-
Total Assets	\$ 624,430	\$ 115,744	\$ 217,103	\$ 20,642	\$ 747,837	\$ 217,954	\$ 209,134	\$ 343,594	\$ 7,463	\$ 10,027	\$ 28,129
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ -	\$ 17,827	\$ 26,686	\$ 14	\$ 4,349	\$ -	\$ 1,415	\$ 69	\$ -	\$ -	\$ 2,303
Accrued payroll	-	-	-	-	9,039	-	-	-	-	-	-
Due to other governments	8,108	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	747,837	-	-	-	-	-	-
Total Liabilities	8,108	17,827	26,686	14	761,225	-	1,415	69	-	-	2,303
Fund Balance:											
Restricted:											
Human services	-	-	-	-	-	-	-	-	-	-	-
Roads and bridges	616,322	-	-	-	-	-	-	-	-	-	-
Affordable housing	-	97,917	-	-	-	-	-	-	-	-	-
Hazardous materials	-	-	-	20,628	-	-	-	-	-	-	-
Act 13	-	-	-	-	-	217,954	-	-	-	-	-
Constable server fees	-	-	-	-	-	-	207,719	-	-	-	-
Offender identification	-	-	-	-	-	-	-	343,525	-	-	-
Juvenile court restitution	-	-	-	-	-	-	-	-	7,463	-	-
Records improvement/automation	-	-	-	-	-	-	-	-	-	10,027	25,826
Sugar Valley Lodge	-	-	-	-	-	-	-	-	-	-	-
Adoption counseling	-	-	-	-	-	-	-	-	-	-	-
Domestic Relations	-	-	-	-	-	-	-	-	-	-	-
Assigned:											
Airport operations	-	-	190,417	-	-	-	-	-	-	-	-
Community action	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(13,388)	-	-	-	-	-	-
Total Fund Balance	616,322	97,917	190,417	20,628	(13,388)	217,954	207,719	343,525	7,463	10,027	25,826
Total Liabilities and Fund Balance	\$ 624,430	\$ 115,744	\$ 217,103	\$ 20,642	\$ 747,837	\$ 217,954	\$ 209,134	\$ 343,594	\$ 7,463	\$ 10,027	\$ 28,129

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS COMBINING BALANCE SHEET (Continued)

DECEMBER 31, 2015

	Special Revenue Funds									Total Other Governmental Funds
	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	Transportation	Special Purpose Gifts	Adoption Counseling	Domestic Relations Operation	
Assets										
Cash and cash equivalents - pooled	\$ (9,645)	\$ (145,559)	\$ 44,453	\$ 44,539	\$ 11,752	\$ 523,158	\$ 134,518	\$ 10,487	\$ 463,540	\$ 2,917,293
Accounts receivable, net of allowance for uncollectibles	-	-	-	1,501	56,474	94,005	-	-	77,852	876,918
Due from other funds	-	4,353	303	2,325	4,456	23,560	-	-	-	42,374
Due from other governments	10,241	196,844	-	-	127,989	145,918	-	-	-	480,992
Other assets	-	-	-	-	-	-	3,000	-	-	50,544
Total Assets	<u>\$ 596</u>	<u>\$ 55,638</u>	<u>\$ 44,756</u>	<u>\$ 48,365</u>	<u>\$ 200,671</u>	<u>\$ 786,641</u>	<u>\$ 137,518</u>	<u>\$ 10,487</u>	<u>\$ 541,392</u>	<u>\$ 4,368,121</u>
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ -	\$ 6,986	\$ 20,581	\$ 90	\$ 96,722	\$ 14,232	\$ -	\$ -	\$ -	\$ 191,274
Accrued payroll	-	4,138	422	499	8,770	60,012	-	-	-	82,880
Due to other funds	596	5,959	2,383	3,276	3,873	13,703	-	-	-	29,790
Due to other governments	-	-	2,012	-	-	-	-	-	-	10,120
Unearned revenue	-	38,555	19,358	44,500	47,294	698,655	-	-	-	1,596,199
Total Liabilities	<u>596</u>	<u>55,638</u>	<u>44,756</u>	<u>48,365</u>	<u>156,659</u>	<u>786,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,910,263</u>
Fund Balance:										
Restricted:										
Human services	-	-	-	-	-	-	39,928	-	-	39,928
Roads and bridges	-	-	-	-	-	-	-	-	-	616,322
Affordable housing	-	-	-	-	-	-	-	-	-	97,917
Hazardous materials	-	-	-	-	-	-	-	-	-	20,628
Act 13	-	-	-	-	-	-	-	-	-	217,954
Constable server fees	-	-	-	-	-	-	-	-	-	207,719
Offender identification	-	-	-	-	-	-	-	-	-	343,525
Juvenile court restitution	-	-	-	-	-	-	-	-	-	7,463
Records improvement/automation	-	-	-	-	-	-	-	-	-	35,853
Sugar Valley Lodge	-	-	-	-	-	-	97,590	-	-	97,590
Adoption counseling	-	-	-	-	-	-	-	10,487	-	10,487
Domestic Relations	-	-	-	-	-	-	-	-	541,392	541,392
Assigned:										
Airport operations	-	-	-	-	-	-	-	-	-	190,417
Community action	-	-	-	-	44,012	-	-	-	-	44,012
Unassigned	-	-	-	-	-	39	-	-	-	(13,349)
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,012</u>	<u>39</u>	<u>137,518</u>	<u>10,487</u>	<u>541,392</u>	<u>2,457,858</u>
Total Liabilities and Fund Balance	<u>\$ 596</u>	<u>\$ 55,638</u>	<u>\$ 44,756</u>	<u>\$ 48,365</u>	<u>\$ 200,671</u>	<u>\$ 786,641</u>	<u>\$ 137,518</u>	<u>\$ 10,487</u>	<u>\$ 541,392</u>	<u>\$ 4,368,121</u>

(Concluded)

COUNTY OF VENANGO, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds										
	Liquid Fuels	Affordable Housing Program	Airport	Hazardous Materials	911	Marcellus Legacy	Court Constable	Offender ID	Juvenile Court Restitution	County Records Improvement	Prothonotary Automation
Revenues:											
Intergovernmental	\$ 538,015	\$ 126,109	\$ 501,823	\$ -	\$ 905,551	\$ 160,304	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	32,906	440,527	18,350	256,050	-	46,307	74,436	1,687	11,842	6,381
Interest	1,522	99	369	52	2,482	778	449	695	15	59	69
Other	-	8,125	-	-	-	-	-	-	-	-	-
Total revenues	539,537	167,239	942,719	18,402	1,164,083	161,082	46,756	75,131	1,702	11,901	6,450
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	4,688	11,533
General government - judicial	-	-	-	-	-	-	27,175	38,544	1,500	-	-
Public safety	-	-	-	23,305	1,010,753	-	-	-	-	-	-
Public works	497,917	-	1,029,671	-	-	-	-	-	-	-	-
Human services	-	186,946	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	283,860	-	-	-	-	-
Total expenditures	497,917	186,946	1,029,671	23,305	1,010,753	283,860	27,175	38,544	1,500	4,688	11,533
Excess (Deficiency) of Revenues Over Expenditures	41,620	(19,707)	(86,952)	(4,903)	153,330	(122,778)	19,581	36,587	202	7,213	(5,083)
Other Financing Sources (Uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	178,550	-	-	-	-	-	-
Transfers out	(9,686)	-	-	-	(340,352)	-	-	-	-	(33,487)	-
Total other financing sources (uses)	(9,686)	-	-	-	(161,802)	-	-	-	-	(33,487)	-
Net Change in Fund Balance	31,934	(19,707)	(86,952)	(4,903)	(8,472)	(122,778)	19,581	36,587	202	(26,274)	(5,083)
Fund Balance:											
Beginning of year	584,388	117,624	277,369	25,531	(4,916)	340,732	188,138	306,938	7,261	36,301	30,909
End of year	\$ 616,322	\$ 97,917	\$ 190,417	\$ 20,628	\$ (13,388)	\$ 217,954	\$ 207,719	\$ 343,525	\$ 7,463	\$ 10,027	\$ 25,826

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds								Total Other Governmental Funds
	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	Transportation	Special Purpose Gifts	Adoption Counseling	Domestic Relations Operation
Revenues:									
Intergovernmental	\$ 211,920	\$ 324,065	\$ 143,445	\$ (9,068)	\$ 777,222	\$ 1,504,392	\$ -	\$ -	\$ 335,083
Charges for services	-	-	-	-	2,779	40,674	-	525	128,580
Interest	-	2	6	-	629	1,033	11,508	23	963
Other	-	-	-	-	260	156	-	-	1,308
Total revenues	211,920	324,067	143,451	(9,068)	780,890	1,546,255	11,508	548	465,934
Expenditures:									
General government - administration	-	-	-	-	-	-	-	-	-
General government - judicial	-	-	-	-	-	-	-	-	502,949
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Human services	-	217,920	142,251	45,046	971,813	1,612,952	-	-	-
Conservation and development	211,920	-	-	-	-	-	-	-	-
Total expenditures	211,920	217,920	142,251	45,046	971,813	1,612,952	-	-	502,949
Excess (Deficiency) of Revenues Over Expenditures	-	106,147	1,200	(54,114)	(190,923)	(66,697)	11,508	548	(37,015)
Other Financing Sources (Uses):									
Sale of capital assets	-	-	-	-	-	990	-	-	-
Transfers in	-	-	-	62,848	292,825	240,306	-	-	135,433
Transfers out	-	(106,147)	(1,200)	(8,734)	(104,437)	(174,560)	-	-	-
Total other financing sources (uses)	-	(106,147)	(1,200)	54,114	188,388	66,736	-	-	135,433
Net Change in Fund Balance	-	-	-	-	(2,535)	39	11,508	548	98,418
Fund Balance:									
Beginning of year	-	-	-	-	46,547	-	126,010	9,939	442,974
End of year	\$ -	\$ -	\$ -	\$ -	\$ 44,012	\$ 39	\$ 137,518	\$ 10,487	\$ 541,392

(Concluded)

TRANSPORTATION FUND

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

COUNTY OF VENANGO, PENNSYLVANIA

TRANSPORTATION FUND COMBINING BALANCE SHEET

DECEMBER 31, 2015

	Shared Ride	Medical Assistance Transportation Program	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital	Total Transportation Fund
Assets							
Cash and cash equivalents - pooled	\$ 417,139	\$ (90,525)	\$ (24,561)	\$ (25,101)	\$ 240,544	\$ 5,662	\$ 523,158
Accounts receivable, net of allowance for uncollectibles	26,210	-	42,694	25,101	-	-	94,005
Due from other funds	12,137	1,565	9,858	-	-	-	23,560
Due from other governments	47,419	98,499	-	-	-	-	145,918
Total Assets	\$ 502,905	\$ 9,539	\$ 27,991	\$ -	\$ 240,544	\$ 5,662	\$ 786,641
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	\$ 9,041	\$ -	\$ 5,191	\$ -	\$ -	\$ -	\$ 14,232
Accrued payroll	39,297	-	20,715	-	-	-	60,012
Due to other funds	2,085	9,533	2,085	-	-	-	13,703
Unearned revenue	452,482	6	-	-	240,505	5,662	698,655
Total Liabilities	502,905	9,539	27,991	-	240,505	5,662	786,602
Fund Balance:							
Restricted:							
Transportation	-	-	-	-	39	-	39
Unassigned	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	39	-	39
Total Liabilities and Fund Balance	\$ 502,905	\$ 9,539	\$ 27,991	\$ -	\$ 240,544	\$ 5,662	\$ 786,641

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2015

	Shared Ride	Medical Assistance Transportation Program	Fixed Route	Capital Transit	Rural Operating Assistance	Act 26 Shared Ride Capital	Eliminations	Total Transportation Fund
Revenues:								
Intergovernmental	\$ (32,893)	\$ 1,100,067	\$ 23,154	\$ 11,161	\$ 402,903	\$ -	\$ -	\$ 1,504,392
Charges for services	3,114	-	37,560	-	-	-	-	40,674
Interest	-	40	-	-	993	-	-	1,033
Other	156	-	-	-	-	-	-	156
Total revenues	(29,623)	1,100,107	60,714	11,161	403,896	-	-	1,546,255
Expenditures:								
Human services	1,007,572	114,722	479,497	11,161	-	-	-	1,612,952
Total expenditures	1,007,572	114,722	479,497	11,161	-	-	-	1,612,952
Excess (Deficiency) of Revenues Over Expenditures	(1,037,195)	985,385	(418,783)	-	403,896	-	-	(66,697)
Other Financing Sources (Uses):								
Sale of capital assets	990	-	-	-	-	-	-	990
Transfers in	1,174,499	-	455,049	-	28,000	-	(1,417,242)	240,306
Transfers out	(138,294)	(985,385)	(36,266)	-	(431,857)	-	1,417,242	(174,560)
Total other financing sources (uses)	1,037,195	(985,385)	418,783	-	(403,857)	-	-	66,736
Net Change in Fund Balance	-	-	-	-	39	-	-	39
Fund Balance:								
Beginning of year	-	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ 39	\$ -	\$ -	\$ 39

AGENCY FUNDS

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

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2015

	Treasurer	Register of Wills and Recorder of Deeds	Prothonotary and Clerk of Courts	Sheriff	Prison	Domestic Relations	Trust Funds	Total
Assets								
Cash and cash equivalents	\$ 9,995	\$ 264,766	\$ 259,737	\$ 204,677	\$ 88,616	\$ 47,046	\$ 51,122	\$ 925,959
Accounts receivable and fines, at estimated realizable value	-	-	302,972	-	-	-	-	302,972
Total Assets	<u>\$ 9,995</u>	<u>\$ 264,766</u>	<u>\$ 562,709</u>	<u>\$ 204,677</u>	<u>\$ 88,616</u>	<u>\$ 47,046</u>	<u>\$ 51,122</u>	<u>\$ 1,228,931</u>
Liabilities								
Due to other funds	\$ 2,235	\$ 157,322	\$ 345,364	\$ 14,656	\$ -	\$ -	\$ -	\$ 519,577
Due to other governments	7,760	106,120	17,580	-	-	-	-	131,460
Escrow liability and interest	-	1,324	199,765	190,021	88,616	47,046	51,122	577,894
Total Liabilities	<u>\$ 9,995</u>	<u>\$ 264,766</u>	<u>\$ 562,709</u>	<u>\$ 204,677</u>	<u>\$ 88,616</u>	<u>\$ 47,046</u>	<u>\$ 51,122</u>	<u>\$ 1,228,931</u>

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2015

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Treasurer				
Assets				
Cash and cash equivalents	\$ 12,819	\$ 164,374	\$ 167,198	\$ 9,995
Liabilities				
Due to other funds	\$ 2,631	\$ 24,108	\$ 24,504	\$ 2,235
Due to other governments	10,188	139,160	141,588	7,760
Escrow liability and interest	-	1,106	1,106	-
Total Liabilities	\$ 12,819	\$ 164,374	\$ 167,198	\$ 9,995
Register of Wills and Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 216,464	\$ 1,394,801	\$ 1,346,499	\$ 264,766
Liabilities				
Due to other funds	\$ 131,356	\$ 341,627	\$ 315,661	\$ 157,322
Due to other governments	83,711	1,040,743	1,018,334	106,120
Escrow liability and interest	1,397	12,431	12,504	1,324
Total Liabilities	\$ 216,464	\$ 1,394,801	\$ 1,346,499	\$ 264,766
Prothonotary and Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 226,714	\$ 1,420,364	\$ 1,387,341	\$ 259,737
Accounts receivable and fines, at estimated realizable value	310,489	417,893	425,410	302,972
Total Assets	\$ 537,203	\$ 1,838,257	\$ 1,812,751	\$ 562,709
Liabilities				
Due to other funds	\$ 370,438	\$ 417,893	\$ 442,967	\$ 345,364
Due to other governments	16,306	216,428	215,154	17,580
Escrow liability and interest	150,459	1,203,936	1,154,630	199,765
Total Liabilities	\$ 537,203	\$ 1,838,257	\$ 1,812,751	\$ 562,709

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2015
(Continued)

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Sheriff				
Assets				
Cash and cash equivalents	\$ 71,092	\$ 789,549	\$ 655,964	\$ 204,677
Liabilities				
Due to other funds	\$ 5,918	\$ 34,164	\$ 25,426	\$ 14,656
Due to other governments	476	25,693	26,169	-
Escrow liability and interest	64,698	729,692	604,369	190,021
Total Liabilities	\$ 71,092	\$ 789,549	\$ 655,964	\$ 204,677
Prison				
Assets				
Cash and cash equivalents	\$ 54,215	\$ 326,977	\$ 292,576	\$ 88,616
Liabilities				
Escrow liability and interest	\$ 54,215	\$ 326,977	\$ 292,576	\$ 88,616
Domestic Relations				
Assets				
Cash and cash equivalents	\$ 59,322	\$ 525,536	\$ 537,812	\$ 47,046
Liabilities				
Escrow liability and interest	\$ 59,322	\$ 525,536	\$ 537,812	\$ 47,046
Trust Funds				
Assets				
Cash and cash equivalents	\$ -	\$ 51,122	\$ -	\$ 51,122
Liabilities				
Escrow liability and interest	\$ -	\$ 51,122	\$ -	\$ 51,122

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

ALL AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2015
(Continued)

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Total all Agency Funds				
Assets				
Cash and cash equivalents	\$ 640,626	\$ 4,672,723	\$ 4,387,390	\$ 925,959
Accounts receivable and fines, at estimated realizable value	310,489	417,893	425,410	302,972
Total Assets	<u>\$ 951,115</u>	<u>\$ 5,090,616</u>	<u>\$ 4,812,800</u>	<u>\$ 1,228,931</u>
Liabilities				
Due to other funds	\$ 510,343	\$ 817,792	\$ 808,558	\$ 519,577
Due to other governments	110,681	1,422,024	1,401,245	131,460
Escrow liability and interest	330,091	2,850,800	2,602,997	577,894
Total Liabilities	<u>\$ 951,115</u>	<u>\$ 5,090,616</u>	<u>\$ 4,812,800</u>	<u>\$ 1,228,931</u>

(Concluded)