

County of Venango, Pennsylvania

Financial Statements and Required Supplementary and Supplementary Information

**Year Ended December 31, 2018
with Independent Auditor's Report**

MaherDuessel

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COUNTY OF VENANGO, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2018

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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, the discretely presented component unit, 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, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2018, 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.

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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
September 27, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The management of the County of Venango, Pennsylvania (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, 2018. 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 - 46).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$41 million at December 31, 2018.
- As of December 31, 2018, unrestricted net position was approximately \$10 million or 24% of total expenses.
- The total fund balance of the General Fund at December 31, 2018 was \$7.5 million or 65% of the total fund balance.
- The County's real property tax rate was 6.000 mills for 2018.
- In 2018, the Venango County Economic Development Authority (Authority) began operations. Due to the financial accountability and the nature and significance of the relationship between the County and the Authority, it has been determined that the Authority will be reported as a discretely presented component unit by the County.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

A detailed explanation of all three components follows:

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

- The *statement of net position* presents information on all of the County's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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 include not only the County itself (known as the *primary government*), but also the component unit of the Authority, over which the County exercises some degree of control. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Authority issues separate financial 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 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 used to account for cash collected by elected County Row Officers and other County offices that are subsequently disbursed to the County, other governments, or individuals for whom it was collected.

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 46 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 47 to 51 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 52 to 62 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, 2018 and 2017 is presented below:

Summary Statements of Net Position December 31, 2018 and 2017

	Governmental Activities	
	2018	2017
Assets		
Current and other assets	\$ 19,983,998	\$ 21,336,329
Net pension asset	1,465,477	6,857,363
Capital assets	24,778,527	25,580,071
Total Assets	46,228,002	53,773,763
Deferred Outflows of Resources		
Deferred outflows of resources for pension	5,900,659	1,746,986
Liabilities		
Current and other liabilities	7,401,795	8,004,797
Non-current liabilities	717,847	1,184,959
Total Liabilities	8,119,642	9,189,756
Deferred Inflows of Resources		
Deferred inflows of resources for pension	2,980,053	3,674,639
Net Position		
Net investment in capital assets	24,162,719	24,218,690
Restricted	6,882,981	13,016,457
Unrestricted	9,983,266	5,421,207
Total Net Position	\$ 41,028,966	\$ 42,656,354

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 and deferred inflows of resources by \$41 million at December 31, 2018, an decrease from December 31, 2017 of approximately \$1.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the change in net position for the years ended December 31, 2018 and 2017:

Change in Net Position Years Ended December 31, 2018 and 2017

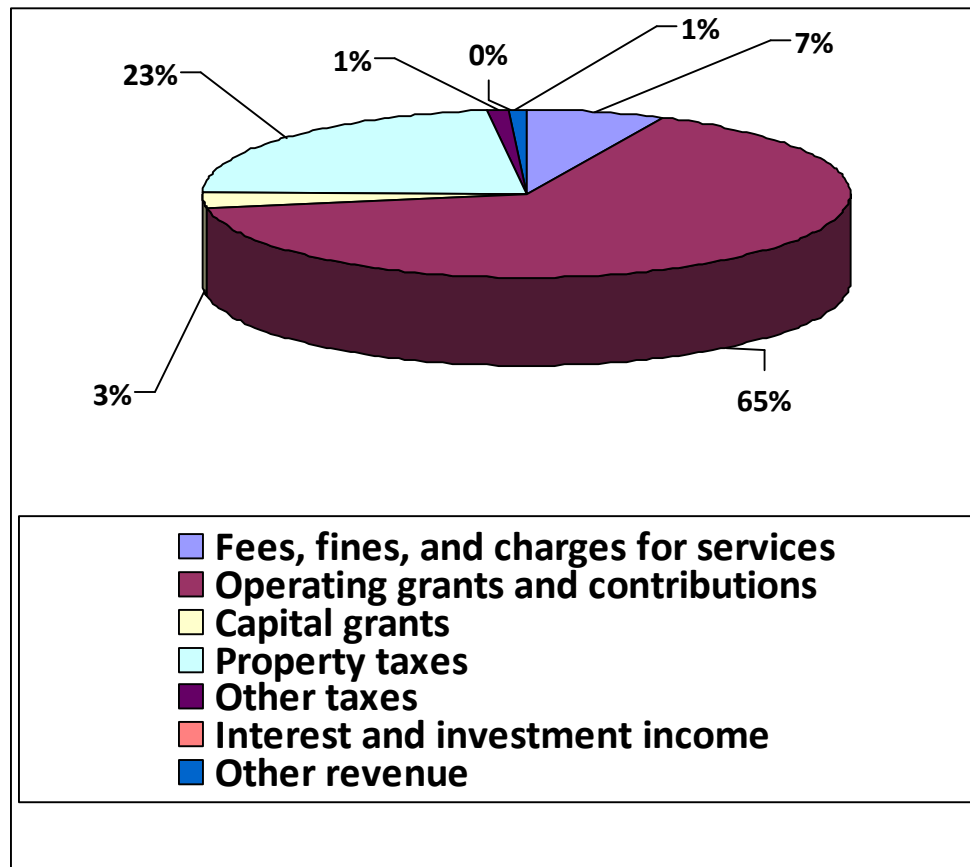
	Governmental Activities	
	2018	2017
Program revenues:		
Fees, fines, and charges for services	\$ 3,439,770	\$ 3,608,930
Operating grants and contributions	32,293,190	29,090,976
Capital grants	1,435,611	1,010,948
General revenues:		
Property taxes	11,258,929	11,108,250
Other taxes	510,122	550,253
Interest and investment income	56,471	43,727
Other	405,456	565,453
Gain (loss) on disposal of capital assets	12,909	26,604
Total revenues	<u>49,412,458</u>	<u>46,005,141</u>
Program expenses:		
General government - administration	7,666,157	6,482,294
General government - judicial	3,971,119	3,952,095
Public safety	7,319,397	5,489,313
Public works	2,436,946	1,976,920
Human services	28,175,041	26,612,200
Conservation and development	1,091,480	856,672
Culture and recreation	357,706	470,548
Interest	22,000	22,367
Total expenses	<u>51,039,846</u>	<u>45,862,409</u>
Change in Net Position	(1,627,388)	142,732
Net position, beginning	<u>42,656,354</u>	<u>42,513,622</u>
Net position, ending	<u><u>\$ 41,028,966</u></u>	<u><u>\$ 42,656,354</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOURCES OF REVENUES

The following chart graphically depicts the government-wide sources of revenues for the fiscal year ended December 31, 2018:

Government-Wide Sources of Revenues
Total Revenue \$49,412,458



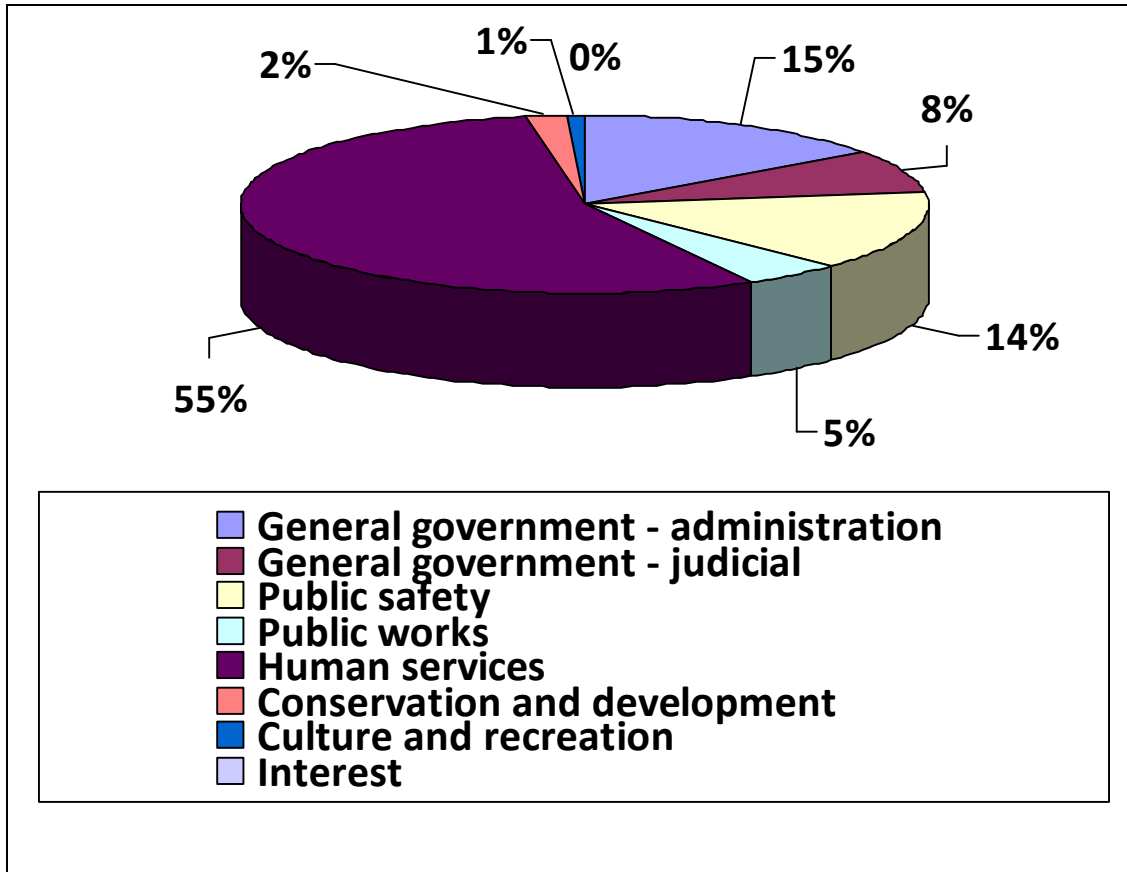
Total government-wide revenues for 2018 was \$49.0 million, which was approximately \$3.3 million higher than the 2017 year. Operating grants and contributions account for 65% of the total revenues, amounting to \$32.3 million, compared to \$29.1 million in 2017. The increase of approximately \$3.2 million is mainly attributable to a large project to build a multi-modal transportation hub in the City of Oil City. The second largest source of revenue for the County was property taxes, which made up 23% of the total revenues, amounting to \$11.3 million, compared to \$11.1 million in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROGRAM EXPENSES

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2018:

Government-Wide Program Expenses
Total Expenses: \$51,039,846



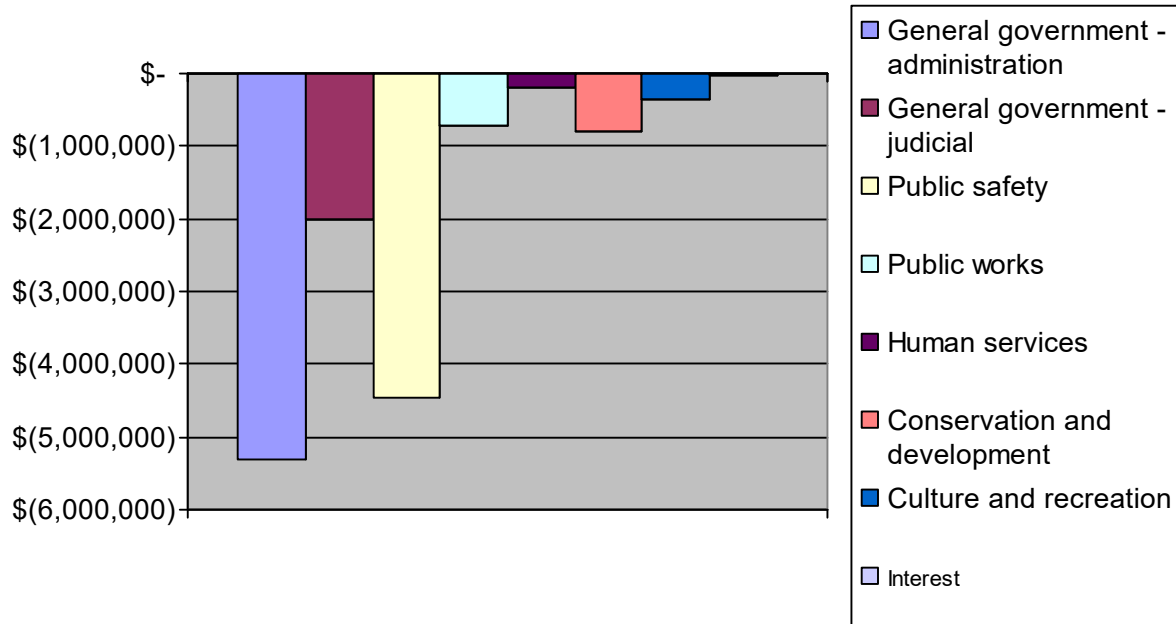
Total government-wide program expenses for 2018 were \$51 million, which was approximately \$5.0 million higher than the 2017 year. The largest area of expenses was Human Services, which accounts for 55% of total expenses, amounting to \$28.2 million, compared to \$26.6 million in 2017. The increase of approximately \$1.6 million is mainly attributable to increased workforce development grant funding. The second largest source of expense for the County was General Government-Administration, which made up 14% of the total expenses, amounting to \$7.7 million, compared to approximately \$6.5 million in 2017. The increase of approximately \$1.2 million is attributable to capital expenses related to the construction of the multi-modal transportation hub in the City of Oil City.

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, 2018.

Government-Wide Net Program Revenues/Expenses



General Government – Administration required the most general revenue for support, needing \$5.3 million, followed by Public Safety, needing \$4.5 million during 2018.

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 54 and 55.

The County also reports other governmental funds. The largest of these include: Liquid Fuels, Domestic Relations, 911, and Airport. The combining statements of the other governmental funds can be found on pages 56 through 59.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents the statements of revenues, expenditures, and changes in fund balance for the years ended December 31, 2018 and 2017:

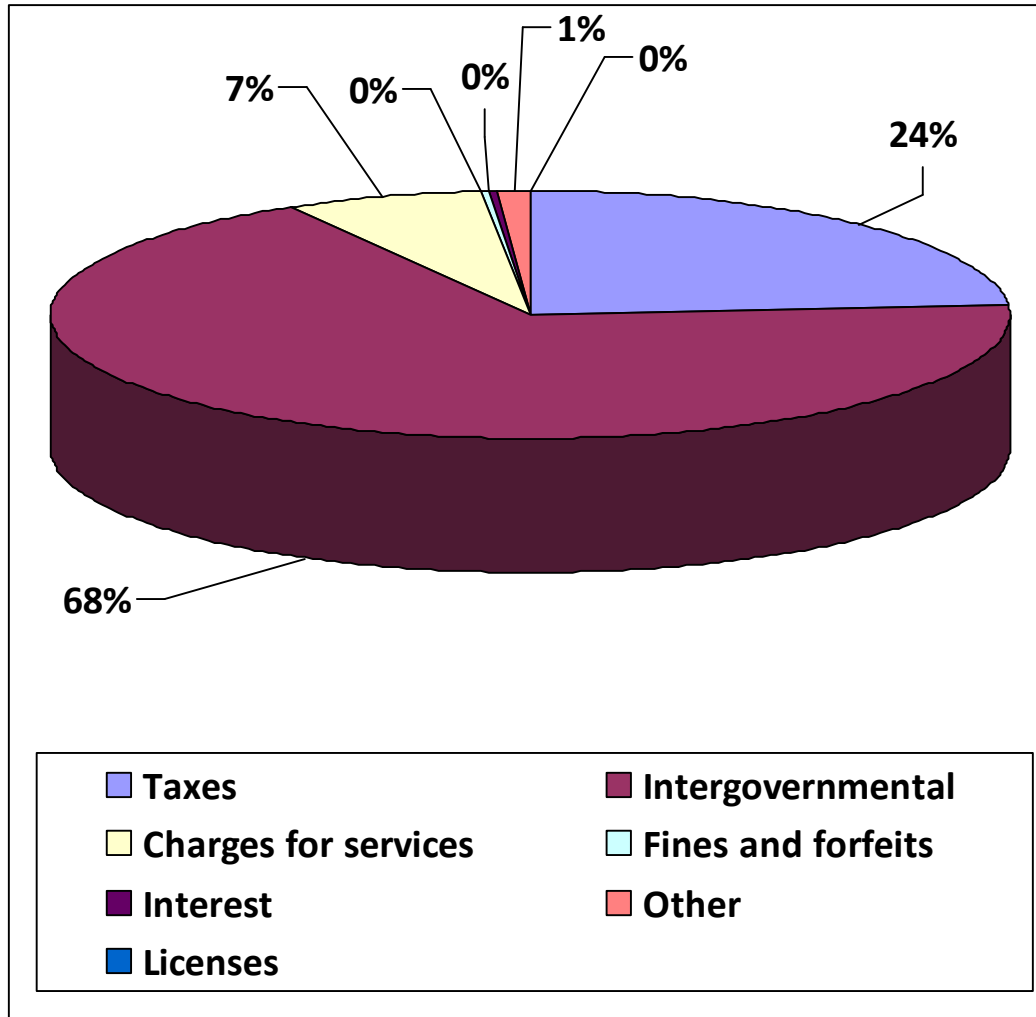
Statements of Revenues, Expenditures, and Changes in Fund Balance Years Ended December 31, 2018 and 2017

	Governmental Funds	
	2018	2017
Revenues:		
Taxes	\$ 11,774,727	\$ 11,636,080
Licenses	36,684	44,885
Intergovernmental	33,515,056	29,881,508
Charges for services	3,318,511	3,480,838
Fines and forfeits	128,301	125,525
Interest	56,471	43,727
Other	571,477	740,984
Total revenues	49,401,227	45,953,547
Expenditures:		
General government - administration	7,132,171	6,789,721
General government - judicial	3,995,689	4,005,861
Public safety	6,710,800	5,933,548
Public works	1,831,248	1,493,783
Human services	28,525,564	26,410,994
Conservation and development	1,091,408	856,699
Culture and recreation	394,165	492,841
Debt service	783,392	1,038,565
Total expenditures	50,464,437	47,022,012
Excess (Deficiency) of Revenues Over Expenditures	(1,063,210)	(1,068,465)
Other Financing Sources (Uses):		
Sale of capital assets	12,909	26,604
Proceeds from capital leases	59,992	92,294
Total other financing sources (uses)	72,901	118,898
Net Change in Fund Balance	(990,309)	(949,567)
Fund balance, beginning	12,510,294	13,459,861
Fund balance, ending	\$ 11,519,985	\$ 12,510,294

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds revenues, by source, for the year ended December 31, 2018 were:

**Governmental Funds
Revenues Classified by Source
Total Revenues: \$49,401,227**

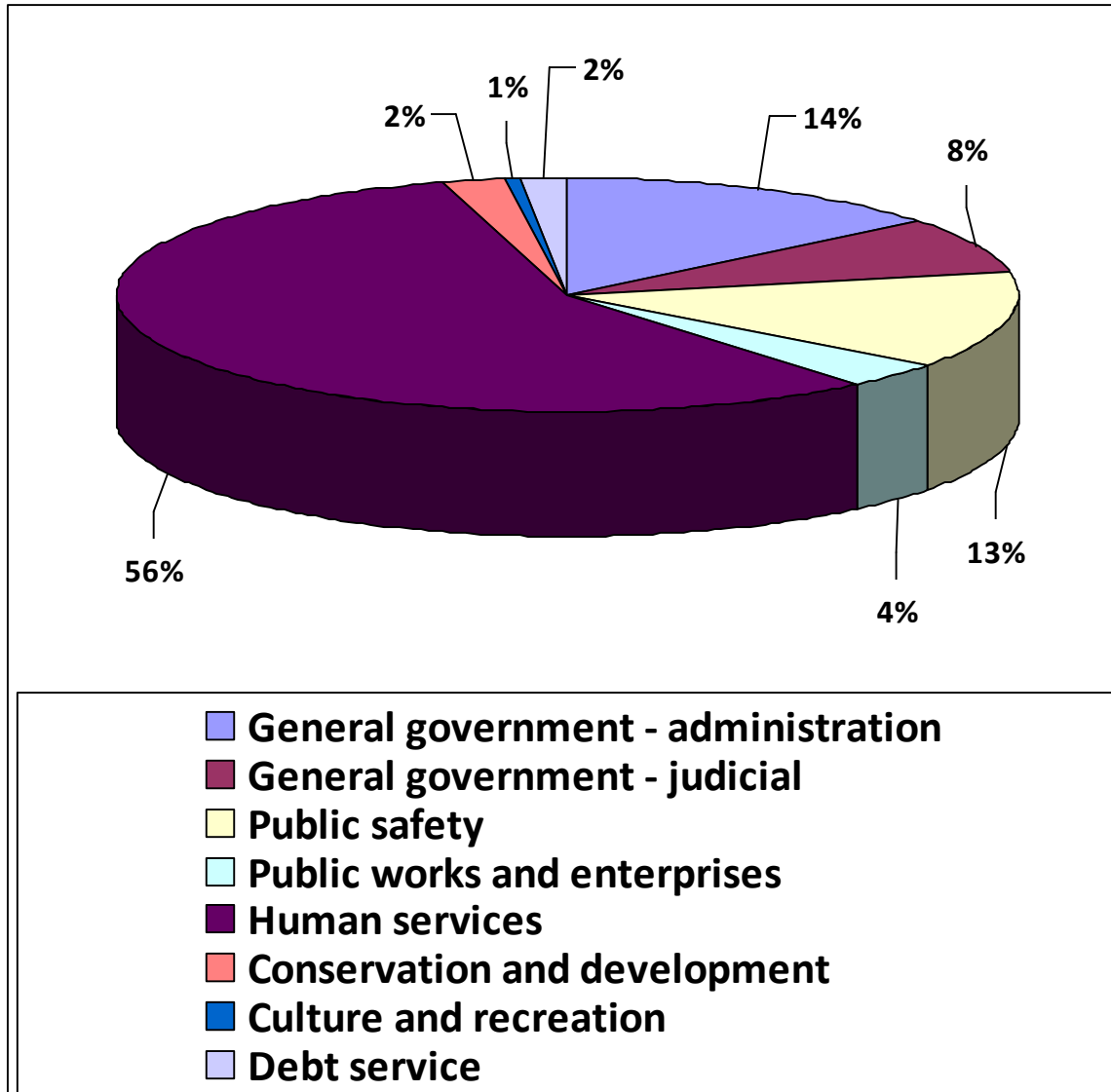


Governmental fund revenues totaled \$49 million for the year ended December 31, 2018, of which \$33 million (68%) came from Intergovernmental (Federal and State) Revenue. Taxes accounted for \$11.8 million (24%) in revenue. Charges for services reached \$3.3 million (7%) in revenue. Other revenue was 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, 2018 were:

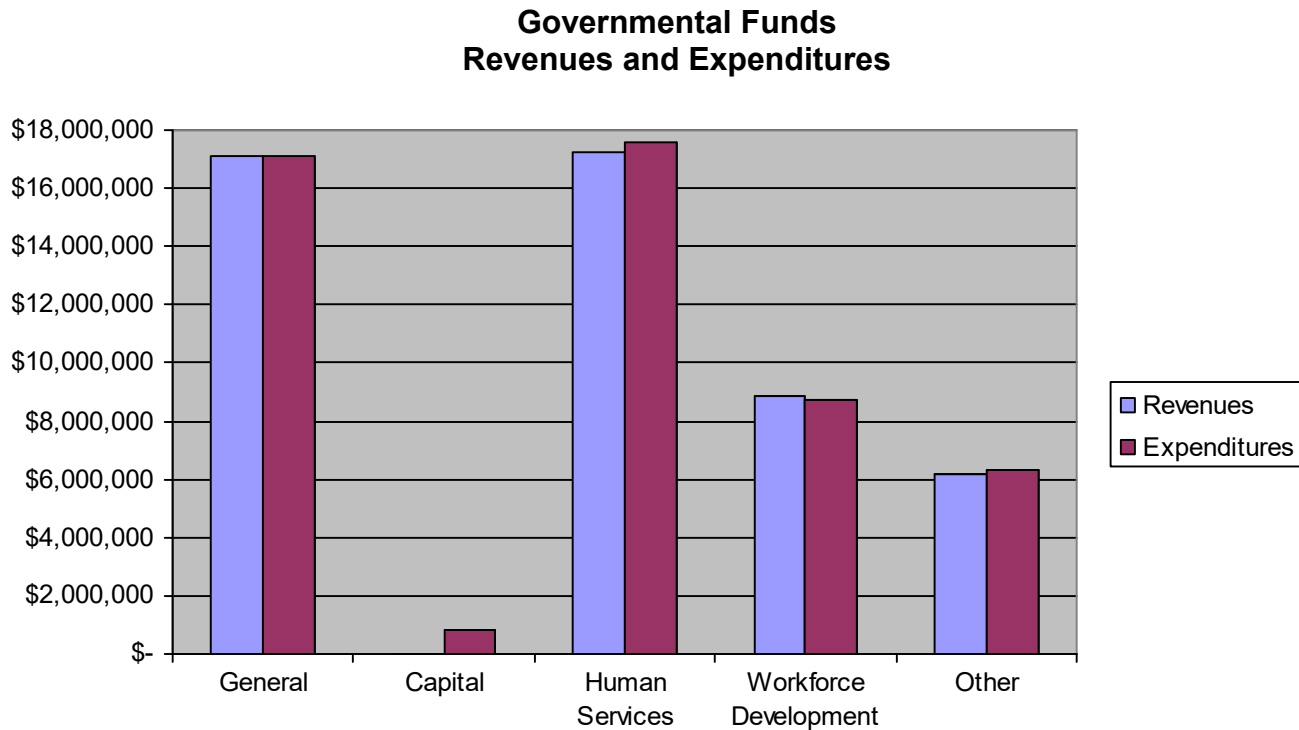
**Governmental Funds
Expenditures Classified by Function
Total Expenditures: \$50,464,437**



Governmental funds expenditures totaled \$50.4 million for the year ended December 31, 2018, of which \$28.5 million (56%) were Human Services expenditures. General Government – Administration, Public Safety, and General Government – Judicial, make up the next largest pieces, each with expenditures ranging from \$4 to \$7.1 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, 2018:



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, 2018 is found on page 52 of the financial statements.

Overall, the County had a favorable variance between the final budget and the actual net change in fund balance of \$1.3 million.

The County had a variance between the final budget and actual revenues of approximately \$1.1 million. The largest contributor to the variance was intergovernmental revenues and taxes exceeding expectations. This is namely due to the timing of the multi-modal transportation project within the city of Oil City.

The County had a favorable variance between the final budget and actual expenditures of approximately \$534,000. The majority of this variance occurred in the Conservation and Development function, which shows approximately \$846,000 of favorable variance. The variance is primarily due to budgeted expenses for the changes for budgeting the development projects in process during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

The County's investment in capital assets including infrastructure as of December 31, 2018 amounts to \$24,778,527, 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, 2018, the County has a total of \$448,133 outstanding on the bonds payable, of which all is payable in 2019.

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, 2018

	Primary Government	Component Unit
	Governmental	Venango County
	Activities	Economic Development
		Authority
Assets		
Cash and cash equivalents - pooled	\$ 9,120,303	\$ -
Cash and cash equivalents	-	30,986
Taxes receivable, net	1,533,216	-
Accounts and loans receivable, at estimated realizable value	1,762,028	3,750
Accounts receivable - fiduciary funds	463,865	-
Due from component unit	17,619	-
Due from other governments	7,031,924	-
Other assets	55,043	-
Net pension asset	1,465,477	-
Land held for sale	-	18,370
Capital assets, not being depreciated	2,119,678	-
Capital assets, net of accumulated depreciation	22,658,849	95,192
Total Assets	46,228,002	148,298
Deferred Outflows of Resources		
Deferred outflows of resources for pension	5,900,659	-
Liabilities		
Accounts payable	2,709,894	1,343
Accrued payroll	672,862	4,919
Due to primary government	-	17,619
Due to other governments	53,622	-
Unearned revenue	3,460,390	-
Bonds payable, current	448,133	-
Compensated absences, non-current	607,066	-
Capital lease payable:		
Current	56,894	-
Non-current	110,781	-
Total Liabilities	8,119,642	23,881
Deferred Inflows of Resources		
Deferred inflows of resources for pension	2,980,053	-
Net Position		
Net investment in capital assets	24,162,719	113,562
Restricted for:		
Operating reserve	1,755,506	-
Debt service	251,081	-
Human services	94,953	-
Roads and bridges	1,199,595	-
Affordable housing	21,791	-
Act 13	292,279	-
Constable server fees	289,819	-
Offender identification	445,107	-
Records improvement/automation	56,312	-
Sugar Valley Lodge	124,697	-
Domestic relations	753,683	-
Pension	1,465,477	-
Other purposes	132,681	-
Unrestricted	9,983,266	10,855
Total Net Position	\$ 41,028,966	\$ 124,417

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Primary Government	Component Unit
					Governmental Activities	Venango County Economic Development
Primary Government:						
Governmental activities:						
General government - administration	\$ 7,666,157	\$ 836,237	\$ 1,503,842	\$ -	\$ (5,326,078)	\$ -
General government - judicial	3,971,119	1,318,657	642,725	-	(2,009,737)	-
Public safety	7,319,397	308,096	2,555,938	-	(4,455,363)	-
Public works	2,436,946	586,694	-	1,137,053	(713,199)	-
Human services	28,175,041	390,086	27,590,685	-	(194,270)	-
Conservation and development	1,091,480	-	-	298,558	(792,922)	-
Culture and recreation	357,706	-	-	-	(357,706)	-
Interest	22,000	-	-	-	(22,000)	-
Total governmental activities	<u>\$ 51,039,846</u>	<u>\$ 3,439,770</u>	<u>\$ 32,293,190</u>	<u>\$ 1,435,611</u>	<u>(13,871,275)</u>	<u>-</u>
Component Unit:						
Venango County Economic Development Authority	<u>\$ 229,323</u>	<u>\$ 1,000</u>	<u>\$ 237,359</u>	<u>\$ -</u>	<u>-</u>	<u>9,036</u>
General revenues:						
Property taxes					11,258,929	-
Other taxes					510,122	-
Interest and investment income					56,471	-
Other					405,456	115,381
Gain on disposal of capital asset					12,909	-
Total general revenues					<u>12,243,887</u>	<u>115,381</u>
Change in Net Position					(1,627,388)	124,417
Net Position:						
Beginning of year					42,656,354	-
End of year					<u>\$ 41,028,966</u>	<u>\$ 124,417</u>

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	General Fund	Capital Projects Fund	Human Services Fund	Workforce Development Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents - pooled	\$ 7,596,566	\$ 251,081	\$ (837,678)	\$ (1,402,616)	\$ 3,512,950	\$ 9,120,303
Taxes receivable, net	1,533,216	-	-	-	-	1,533,216
Accounts receivable	621,240	-	407,414	-	733,374	1,762,028
Due from component unit	17,619	-	-	-	-	17,619
Due from other funds	612,884	-	83,901	-	21,232	718,017
Due from other governments	67,643	-	4,233,077	2,180,846	550,358	7,031,924
Other assets	-	-	-	-	55,043	55,043
Total Assets	\$ 10,449,168	\$ 251,081	\$ 3,886,714	\$ 778,230	\$ 4,872,957	\$ 20,238,150
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ 761,887	\$ -	\$ 1,004,917	\$ 662,283	\$ 280,807	\$ 2,709,894
Accrued payroll	338,236	-	287,417	-	47,209	672,862
Due to other funds	93,797	-	160,355	-	-	254,152
Due to other governments	53,622	-	-	-	-	53,622
Unearned revenue	160,851	-	2,083,632	115,947	1,162,795	3,523,225
Total Liabilities	1,408,393	-	3,536,321	778,230	1,490,811	7,213,755
Deferred Inflows of Resources:						
Unavailable revenue - taxes/fees	1,504,410	-	-	-	-	1,504,410
Total Deferred Inflows of Resources	1,504,410	-	-	-	-	1,504,410
Fund Balance:						
Restricted:						
Operating reserve	1,755,506	-	-	-	-	1,755,506
Debt service	-	251,081	-	-	-	251,081
Human services	-	-	54,826	-	40,127	94,953
Roads and bridges	-	-	-	-	1,199,595	1,199,595
Affordable housing	-	-	-	-	21,791	21,791
Act 13	-	-	-	-	292,279	292,279
Constable server fees	-	-	-	-	289,819	289,819
Offender identification	-	-	-	-	445,107	445,107
Records improvement/automation	-	-	-	-	56,312	56,312
Sugar Valley Lodge	-	-	-	-	124,697	124,697
Domestic relations	-	-	-	-	753,683	753,683
Other purposes	-	-	-	-	132,681	132,681
Assigned:						
Substance abuse	-	-	295,567	-	-	295,567
Airport operations	-	-	-	-	8,687	8,687
Community action	-	-	-	-	17,368	17,368
Unassigned	5,780,859	-	-	-	-	5,780,859
Total Fund Balance	7,536,365	251,081	350,393	-	3,382,146	11,519,985
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 10,449,168	\$ 251,081	\$ 3,886,714	\$ 778,230	\$ 4,872,957	\$ 20,238,150

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, 2018

Total Fund Balance - Governmental Funds	\$ 11,519,985
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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.	24,778,527
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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.	1,567,245
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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.	1,465,477
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Deferred outflows of resources and deferred inflows of resources for pension are recorded and amortized in the statement of net position. However, these items are not recorded on the fund financial statements.	2,920,606
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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	\$ (607,066)	
Capital lease payable	(167,675)	
Bonds payable	<u>(448,133)</u>	
		<u>(1,222,874)</u>

Total Net Position - Governmental Activities	\$ <u>41,028,966</u>
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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, 2018

	General Fund	Capital Projects Fund	Human Services Fund	Workforce Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 11,774,727	\$ -	\$ -	\$ -	\$ -	\$ 11,774,727
Licenses	36,684	-	-	-	-	36,684
Intergovernmental	2,488,385	-	16,690,294	8,816,840	5,519,537	33,515,056
Charges for services	2,294,279	-	333,931	24,450	665,851	3,318,511
Fines and forfeits	128,301	-	-	-	-	128,301
Interest	22,550	631	5,508	464	27,318	56,471
Other	353,961	-	216,115	-	1,401	571,477
Total revenues	17,098,887	631	17,245,848	8,841,754	6,214,107	49,401,227
Expenditures:						
General government - administration	7,096,318	9,100	-	-	26,753	7,132,171
General government - judicial	3,422,873	-	-	-	572,816	3,995,689
Public safety	4,859,726	-	-	-	1,851,074	6,710,800
Public works	527,576	-	-	-	1,303,672	1,831,248
Human services	125,329	-	17,603,561	8,691,754	2,104,920	28,525,564
Conservation and development	660,670	-	-	-	430,738	1,091,408
Culture and recreation	394,165	-	-	-	-	394,165
Debt service	-	783,392	-	-	-	783,392
Total expenditures	17,086,657	792,492	17,603,561	8,691,754	6,289,973	50,464,437
Excess (Deficiency) of Revenues Over Expenditures	12,230	(791,861)	(357,713)	150,000	(75,866)	(1,063,210)
Other Financing Sources (Uses):						
Sale of capital assets	3,039	-	9,870	-	-	12,909
Proceeds from capital leases	-	59,992	-	-	-	59,992
Transfers in	1,265,055	763,908	1,308,280	-	399,767	3,737,010
Transfers out	(2,218,764)	(51,392)	(983,863)	(150,000)	(332,991)	(3,737,010)
Total other financing sources (uses)	(950,670)	772,508	334,287	(150,000)	66,776	72,901
Net Change in Fund Balance	(938,440)	(19,353)	(23,426)	-	(9,090)	(990,309)
Fund Balance:						
Beginning of year	8,474,805	270,434	373,819	-	3,391,236	12,510,294
End of year	\$ 7,536,365	\$ 251,081	\$ 350,393	\$ -	\$ 3,382,146	\$ 11,519,985

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, 2018

Net Change in Fund Balance - Governmental Funds \$ (990,309)

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 and loss on disposal exceeded capital outlays in the current

Capital outlays	\$ 1,100,990	
Depreciation expense	(1,798,021)	
Loss on disposal of assets	<u>(104,513)</u>	(801,544)

Changes in the net pension asset and related deferred outflows of resources and deferred inflows of resources do not affect current financial resources and, therefore, are not reflected on the fund financial statements. (543,627)

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 (12,718)

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 745,573

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 (24,763)

Change in Net Position of Governmental Activities \$ (1,627,388)

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

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

DECEMBER 31, 2018

	Pension Trust Fund	Agency Funds	Total
Assets			
Cash and cash equivalents	\$ 1,135,185	\$ 1,088,469	\$ 2,223,654
Investments:			
Bond mutual funds	4,957,865	-	4,957,865
U.S. government securities	1,821,824	-	1,821,824
Corporate bonds	8,144,882	-	8,144,882
Municipal bonds	5,013	-	5,013
Equity mutual funds	30,589,948	-	30,589,948
Equities	3,271,398	-	3,271,398
Certificates of deposit	344,104	-	344,104
Accounts receivable and fines, at estimated realizable value	-	279,463	279,463
Total Assets	<u>50,270,219</u>	<u>1,367,932</u>	<u>51,638,151</u>
Liabilities			
Due to other funds	-	463,865	463,865
Due to other governments	-	137,752	137,752
Escrow liability and interest	-	766,315	766,315
Total Liabilities	<u>-</u>	<u>1,367,932</u>	<u>1,367,932</u>
Net Position Restricted For			
Held in trust for pension benefits	<u>\$ 50,270,219</u>	<u>\$ -</u>	<u>\$ 50,270,219</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, 2018

	Pension Trust Fund
Additions:	
Contributions:	
Employee	\$ 1,244,366
Employer	468,850
Other	-
Total contributions	1,713,216
Investment income:	
Net increase (decrease) in fair value of investments	(3,138,702)
Interest and dividends	999,538
Total investment income (loss)	(2,139,164)
Less investment expense	151,831
Net investment income (loss)	(2,290,995)
Total additions	(577,779)
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	3,315,850
Administrative expense	40,342
Other	7,996
Total deductions	3,364,188
Net Increase (decrease) in Net Position	(3,941,967)
Net Position:	
Beginning of year	54,212,186
End of year	\$ 50,270,219

See accompanying notes to financial statements.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

A. Venango County -Primary Government

1. Reporting Entity

The County of Venango (County), located in western Pennsylvania, is a sixth class County, originally chartered in 1800 by an act of the Legislature. The County operates under an elected three-member Board of Commissioners (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 accompanying financial statements present the government and its component unit, entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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.
 - 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 organizations 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. Activity for the Land Bank has been immaterial since it was established and was immaterial for 2018, and therefore no amounts for the Land Bank were reported in the financial statements.

Venango County Economic Development Authority

Venango County Economic Development Authority (Authority) was established on January 1, 2018. The purpose of the Authority is to seek to improve the economic well-being and quality of life for the County community by creating and retaining jobs and supporting or growing incomes for County residents as well as the County tax base. The Authority's Board of Directors (Board) is appointed by the County Commissioners and all three Commissioners serve as members of the Board. There is a financial burden in that the County funds the majority of the Authority's operations. Separately issued audited

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

financial statements are available through the Authority's administrative office: 1174 Elk Street, Franklin, PA 16323.

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. 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 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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 goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Pension Trust fund financial statements and the financial statements of the County's component units also report using this same focus and basis of accounting. Agency funds are also reported on the accrual basis; however, they have no measurement focus. 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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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.

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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are contributions made to the component unit from the County's governmental funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

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.

The County categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Interfund Receivables and Payables

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

Inventories and Prepaid Items

Inventories used in governmental funds, principally supplies, are accounted for as expenditures when purchased. The amount of inventory at December 31, 2018 is not significant.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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 \$5,000 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 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, 2018

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line 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 and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 and/or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category:

In conjunction with pension accounting requirements, the differences between expected and actual experience and the net difference between projected and actual earnings on pension plan investments are recorded as deferred outflows of resources for pensions on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the pension plans. See Note 8 for additional information about the pension plan.

In addition to liabilities, the statement of net position and/or the balance sheet 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 and/or fund balance that applies a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category:

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Unavailable revenue is reported only on the balance sheet and represents property and other taxes which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

In conjunction with pension accounting requirements, the differences between expected and actual experience and the net difference between projected and actual earnings on pension plan investments are recorded as deferred inflows of resources for pensions on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the pension plans. See Note 8 for additional information about the pension plan.

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, 2018.
- 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, debt service, human services, roads and bridges, affordable housing, hazardous materials, Act 13 of 2012 Marcellus Shale Legacy funds, constable server fees, offender identification, juvenile court restitution, records improvement and automation, Sugar Valley Lodge, adoption counseling, domestic relations, and demolitions.
- 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, 2018.
- 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

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County Commissioners have the authority to assign amounts to be used for specific purposes. This category includes amounts set aside for 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 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.

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.

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- 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.

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 governmental 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.

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

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

For the year ended December 31, 2018, expenditures in the General Fund exceeded appropriations in general government – administration, human services, and culture and recreation. This overage was funded by excess revenues, transfers in from other funds, and, to the extent available, fund balance.

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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)	\$ (938,440)
Adjustment to reconcile accounts and real estate taxes receivable to budgetary basis	(358,337)
Adjustment to reconcile accounts and wages payable to budgetary basis	(115,653)
The Operating Reserve Fund is reported within the General Fund but is budgeted as a separate fund	3,100,006
Domestic Relations Fund is budgeted in the General Fund but is presented separately as an other governmental fund	<u>(158,248)</u>
Net change in fund balance - General Fund budgetary basis (cash basis)	<u><u>\$ 1,529,328</u></u>

Estimates

The preparation of the financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ than those estimates.

Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the County's 2018 financial statements. Statement Nos. 85 (Omnibus) and 86 (Certain Debt Extinguishment Issues). These statements had no significant impact on the County's financial statements for the year ended December 31, 2018.

COUNTY OF VENANGO, PENNSYLVANIA

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Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 83 (Certain Asset Retirement Obligations), 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Debt Disclosures), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), 90 (Majority Equity Interests), and 91 (Conduit Debt Obligations). Management has not yet determined the impact of these statements on the financial statements.

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. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes 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,

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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 \$10,049,010 at December 31, 2018, \$750,000 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 \$9,120,303 as of December 31, 2018, 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 \$1,088,469 and the bank balance was \$1,078,046. \$47,591 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.

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Pension Trust Fund Investments

As of December 31, 2018, the County Pension Trust Fund held the following investments:

Cash or Investment Type	Fair Value	Investment Maturities (In Years) from December 31, 2018			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Bond mutual funds	\$ 4,957,865	\$ 4,957,865	\$ -	\$ -	\$ -
U.S. government securities	1,821,824	813,058	1,008,766	-	-
Corporate bonds	8,144,882	352,805	6,177,763	1,609,020	5,294
Municipal bonds	5,013	-	5,013	-	-
Total debt securities	14,929,584	\$ 6,123,728	\$ 7,191,542	\$ 1,609,020	\$ 5,294
Cash and cash equivalents	1,135,185				
Certificates of deposit	344,104				
Equity mutual funds	30,589,948				
Equities	3,271,398				
Total Pension Trust Fund cash, cash equivalents, and investments reported on statement of fiduciary net position	\$ 50,270,219				

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The County's pension trust funds categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The pension trust funds have the following recurring fair value measurements at December 31, 2018:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Fixed income:				
Bond mutual funds	\$ 4,957,865	\$ 4,957,865	\$ -	\$ -
U.S. government securities	1,821,824	1,821,824	-	-
Corporate bonds	8,144,882	-	8,144,882	-
Municipal bonds	5,013	-	5,013	-
Total fixed income	14,929,584	6,779,689	8,149,895	-
Equity mutual funds:				
Small blend	412,445	412,445	-	-
Large blend	10,226,496	10,226,496	-	-
Small growth	662,553	662,553	-	-
Mid cap growth	2,011,455	2,011,455	-	-
Large growth	6,036,335	6,036,335	-	-
Mid cap value	748,049	748,049	-	-
Large value	8,364,886	8,364,886	-	-
Foreign small growth	396,733	396,733	-	-
Foreign large growth	1,122,294	1,122,294	-	-
Foreign large blend	608,702	608,702	-	-
Total equity mutual funds	30,589,948	30,589,948	-	-
Equities	3,271,398	3,271,398	-	-
Total investments by fair value level	48,790,930	\$ 40,641,035	\$ 8,149,895	\$ -
Money market funds	1,135,185			
Certificates of deposit	344,104			
Total Pension Trust Fund cash, cash equivalents, and investments reported on statement of fiduciary net position	\$ 50,270,219			

Bond mutual funds, U.S. Government Securities, equity mutual funds, and equities classified in Level 1 are valued using prices quoted in active markets for those securities. The County's investment in money market funds and certificates of deposit are reported at amortized cost, which approximates market. Corporate bonds and municipal bonds classified in Level 2 are valued using a matrix pricing model.

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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 high risk investments, such as those characterized by high volatility or by low quality ratings, be avoided. The assumption of some risk is warranted and encouraged, to allow achievement of satisfactory long-term results. In addition, all assets selected for the portfolio must have a readily ascertainable market value, must be marketable. The pension investment policy limits its deposit and investment choices to the following:

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

Fixed-income Investments: U.S. Government 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.

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As of December 31, 2018, the County's Pension Trust Fund have received the following ratings from Moody's and had the following credit quality distribution for fixed income investments with credit exposure:

Rating	Fair Value	Percentage of Total Fixed Income Investments with Credit Exposure
Aaa	\$ 5,040,382	45%
Aa1	58,895	1%
Aa2	45,766	0%
Aa3	335,700	3%
A1	143,434	1%
A2	643,164	6%
A3	1,799,554	16%
Baa1	1,041,137	9%
Baa2	960,648	9%
Baa3	304,396	3%
Ba1	99,395	1%
Ba2	23,687	0%
B2	802,968	7%
Subtotal	11,299,126	100%
Not rated	3,630,458	
Total fixed income investments	\$ 14,929,584	

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, 2018, the County's Pension Trust Fund cash and cash equivalents bank and investment balance was \$1,141,116 and the carrying amount was \$1,135,185. Of the bank and investment balance, \$1,141,116 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

COUNTY OF VENANGO, PENNSYLVANIA

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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.

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4. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance at January 1, 2018	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,119,678	\$ -	\$ -	\$ 2,119,678
Capital assets, being depreciated:				
Land improvements	1,236,104	90,953	-	1,327,057
Buildings and improvements	22,579,158	259,371	(96,231)	22,742,298
Machinery and equipment	14,794,437	750,666	(299,299)	15,245,804
Infrastructure	22,892,554	-	-	22,892,554
Total capital assets, being depreciated	61,502,253	1,100,990	(395,530)	62,207,713
Less: accumulated depreciation for:				
Land improvements	(469,389)	(56,229)	-	(525,618)
Buildings and improvements	(9,168,037)	(615,578)	4,010	(9,779,605)
Machinery and equipment	(10,740,450)	(623,538)	287,007	(11,076,981)
Infrastructure	(17,663,984)	(502,676)	-	(18,166,660)
Total accumulated depreciation	(38,041,860)	(1,798,021)	291,017	(39,548,864)
Total capital assets, being depreciated net	23,460,393	\$ (697,031)	\$ (104,513)	22,658,849
Governmental activities, capital assets, net	\$ 25,580,071			\$ 24,778,527

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	339,182
Judicial		76,334
Public safety		393,992
Public works		633,393
Human services		318,351
Culture and recreation		<u>36,769</u>
Total depreciation expense - governmental activities	\$	<u><u>1,798,021</u></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 2018, County real estate taxes were levied at the rate of 6.000 mills on assessed valuation. Total assessed valuation for non-exempt properties in 2018 was approximately \$2,028,522,635.

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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, 2018 is as follows:

	Gross Receivable	Allowance for Uncollectibles	Net Receivable
Governmental activities:			
Property taxes receivable	\$ 1,915,521	\$ 382,305	\$ 1,533,216
Court-related receivables (portion of accounts receivable - fiduciary funds)	\$ 4,052,928	\$ 3,773,465	\$ 279,463

7. Interfund Receivables, Payables, and Transfers

Individual fund receivable and payable balances at December 31, 2018, as well as interfund transfers for the year ended December 31, 2018, were as follows:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Governmental activities:				
General	\$ 612,884	\$ 93,797	\$ 1,265,055	\$ 2,218,764
Capital Projects	-	-	763,908	51,392
Human Services	83,901	160,355	1,308,280	983,863
Workforce Development	-	-	-	150,000
Other governmental funds	21,232	-	399,767	332,991
Fiduciary Fund:				
Agency Funds	-	463,865	-	-
	\$ 718,017	\$ 718,017	\$ 3,737,010	\$ 3,737,010

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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.

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/Secretary, 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 2018 measurement period, Plan membership consisted of the following:

Inactive Plan members or beneficiaries currently receiving benefits	322
Inactive plan members entitled to but not yet receiving benefits	43
Active Plan members	<u>355</u>
Total Plan members	<u><u>720</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.

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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 highest 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 members who 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 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 2018, the active member contribution rate was 9% of annual pay and the County average contribution rate was 3.54% of annual payroll.

In 2018, the County's annual required contribution to the Plan was \$468,850 as determined by the January 1, 2018 actuarial valuation. The 2018 employee contributions were \$1,244,366.

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Net Pension Liability (Asset)

The components of the net pension liability (asset) of the Plan at December 31, 2018 were as follows:

Total pension liability	\$ 48,804,742
Plan fiduciary net position	<u>(50,270,219)</u>
Net pension liability (asset)	<u>\$ (1,465,477)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>103.00%</u>

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the County for the year ended December 31, 2018 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (asset)
Balances at December 31, 2017	\$ 47,354,823	\$ 54,212,186	\$ (6,857,363)
Changes for the year:			
Service cost	1,625,821	-	1,625,821
Interest	3,522,742	-	3,522,742
Differences between expected and actual experience	(382,794)	-	(382,794)
Contributions - employer	-	468,850	(468,850)
Contributions - employee	-	1,244,366	(1,244,366)
Net investment income	-	(2,290,995)	2,290,995
Benefit payments, including refunds	(3,315,850)	(3,315,850)	-
Administrative expense	-	(40,342)	40,342
Other changes	-	(7,996)	7,996
Net changes	<u>1,449,919</u>	<u>(3,941,967)</u>	<u>5,391,886</u>
Balances at December 31, 2018	<u>\$ 48,804,742</u>	<u>\$ 50,270,219</u>	<u>\$ (1,465,477)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>103.00%</u>

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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2018 and rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods in the measurement:

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 was performed during 2016; however, no modifications to assumptions were made as a result.

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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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, 2018:

Asset Class	Target Allocation	Long-Term Expected
		Real Rate of Return
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, 2018, the annual money-weighted rate of return on pension plan investments, net of investment expense, was (3.69)%.

Concentrations – At December 31, 2018, 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.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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 liability (asset) would be if it 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%)
\$ 3,703,745	\$ (1,465,477)	\$ (5,827,655)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the County recognized pension expense of approximately \$1,012,477. At December 31, 2018, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 19,924
Changes in assumption	-
Net difference between projected and actual earnings on pension plan investments	5,880,735
Total Deferred Outflows of Resources	\$ 5,900,659

Deferred Inflows of Resources:

Differences between expected and actual experience	\$ 843,286
Changes in assumption	-
Net difference between projected and actual earnings on pension plan investments	2,136,767
Total Deferred Inflows of Resources	\$ 2,980,053

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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

<u>Year Ending December 31,</u>	
2019	\$ 1,045,432
2020	228,735
2021	429,690
2022	1,216,749
2023	-
Total	<u>\$ 2,920,606</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, 2018

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

Year	Principal	Interest	Total
2019	<u>\$ 415,000</u>	<u>\$ 4,150</u>	<u>\$ 419,150</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Compensated absences	\$ 582,303	\$ 24,763	\$ -	\$ 607,066	\$ -
Bond series - 2014	<u>1,125,000</u>	<u>-</u>	<u>(710,000)</u>	<u>415,000</u>	<u>415,000</u>
Long-term liabilities	<u>\$ 1,707,303</u>	<u>\$ 24,763</u>	<u>\$ (710,000)</u>	<u>\$ 1,022,066</u>	<u>\$ 415,000</u>

The 2014 Bonds above do not reflect a bond premium in the amount of \$33,133. This amount is amortized over the life of the bond using the straight-line method.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

10. 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. In 2018, the County had two leases for office space, with one lease term ending in 2018. Lease expenses for the CareerLink® centers were approximately \$130,000 during the year ended December 31, 2018. Future minimum lease payments are as follows:

For The Year Ending December 31,	Total
2019	\$ 103,116
2020	103,116
2021	110,493
2022	110,493
2023	110,493
Thereafter	285,439
	<u>\$ 823,150</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 annual lease payment of approximately \$24,000, including interest, for a term of six years. One of these vehicles was removed in 2018.

During 2016, the County entered into a capital lease agreement for one vehicle. The lease qualifies as a capital lease and the agreement stipulates a total minimum annual lease payment of approximately \$6,200, including interest, for a term of five years. \$14,998 is included in capital assets – machinery and equipment as a capital lease.

During 2017, the County entered into a capital lease agreement for three vehicles. The lease qualifies as a capital lease and the agreement stipulates a total minimum annual lease payment of approximately \$18,500, including interest, for a term of five years. \$60,179 is included in capital assets – machinery and equipment as a capital lease.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

During 2018, the County entered into a capital lease agreement for two vehicles. The lease qualifies as a capital lease and the agreement stipulates a total minimum annual lease payment of approximately \$13,100, including interest, for a term of five years. \$54,749 is included in capital assets – machinery and equipment as a capital lease.

The future minimum lease obligations on capital leases, including interest are as follows as of December 31, 2018:

For The Year Ending December 31,	Total
2019	\$ 56,894
2020	55,253
2021	33,525
2022	17,592
2023	4,411
	<u>\$ 167,675</u>

11. Commitments and Contingencies

The County participates in both state and federally assisted grant programs. These grant programs are subject to program compliance audits by the grantors or their representatives. The County is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures 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 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. The payback of the offset was complete as of June 30, 2018.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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.

In 2017, the County entered into a contract with Motorola Solutions, Inc. for the purchase of a regional computer-aided dispatch system for multiple public safety answering points, agencies, jurisdictions, and disciplines across the counties of Venango, Butler, Lawrence, and Mercer. The Pennsylvania Emergency Management Agency is providing funding for the project of approximately \$3.5 million. The cost per the contract to purchase the related system hardware and software is approximately \$3.4 million. Each county will pay a percentage of the contract based on the number of positions they have, with Venango County paying 17%. Payments of \$515,619 were made in 2018 and 2017 leaving approximately \$2.4 million remaining on the contract at December 31, 2018. The project is expected to be completed in 2019. The contract also includes a software maintenance agreement of approximately \$2.2 million, which will continue for an additional five years.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

B. Venango County Economic Development Authority

1. Organization

Venango County Economic Development Authority (Authority) was incorporated January 1, 2018 under the provision of the Municipality Authorities Act (Title 53 of the General Assembly of the Commonwealth of Pennsylvania, as amended) pursuant to a resolution enacted by the County of Venango, Pennsylvania (County). The Authority was created for the purpose of improving the economic well-being and quality of life for the County community by creating and retaining jobs and supporting or growing incomes for County residents as well as the County tax base.

The Authority is a component unit of the County. The County Commissioners appoint the Authority's Board of Directors (Board) and there is a financial burden in that the County funds the majority of the Authority's operations.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Authority uses the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the liability is incurred. The activities of the Authority are presented as an Enterprise Fund because the operations are financed and managed in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Operating revenues and expenses consist of those revenues and expenses that result from ongoing principal operations of the Authority. Operating revenues consist primarily of state and local grants. Non-operating revenues and expenses consist of those revenues and expenses that are related to capital grants and donations and other financing types of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Land Held for Sale

Land held for sale project costs are capitalized up to the point the asset reaches the estimated market value.

Capital Assets

Capital assets are defined by the Authority as assets with initial, individual cost of more than of \$5,000 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 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 Authority 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

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Classification of Net Position

Accounting standards require the classification of net position into three components: net investment in capital assets, restricted, and unrestricted. The classifications are defined as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - This component of net position consists of constraints placed on asset use through external restrictions. The Authority had no restricted assets at December 31, 2018.
- Unrestricted - This component of net position consists of assets that do not meet the definition of "restricted" or "net investment in capital assets."

Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements that will become effective in future years, including Statement Nos. 83 (Certain Asset Retirement Obligations), 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Debt Disclosures), 89 (Accounting for Interest Cost Incurred before the End of a Construction Period), 90 (Majority Equity Interests), and 91 (Conduit Debt Obligations). Management has not yet determined the impact of these statements on the Authority's financial statements.

3. Cash and Cash Equivalents

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, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment. The deposit policy of the Authority adheres to state statutes and related trust indentures. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the Authority.

COUNTY OF VENANGO, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of December 31, 2018, none of the Authority's bank balance of \$30,986 was exposed to custodial credit risk. These deposits have a carrying amount of \$30,986 at December 31, 2018.

4. Capital Assets

Capital asset activity for the year ended December 31, 2018 is as follows:

	Balance at January 1, 2018	Additions	Disposals	Balance at December 31, 2018
Capital assets not being depreciated				
Land	\$ -	\$ 18,370	\$ -	\$ 18,370
Capital assets being depreciated				
Buildings	-	97,011	-	97,011
Less: accumulated depreciation	-	(1,819)	-	(1,819)
Total capital assets being depreciated, net	-	95,192	-	95,192
Total assets	\$ -	\$ 113,562	\$ -	\$ 113,562

5. Related Party Transactions

The Board and the Fiscal Agent of the Authority serve in the same capacity for the County. In 2018, the County contributed \$130,000 to the Authority for the operation of the Authority and transferred RACP Match funding of \$97,985 to the Authority. In addition, the County donated a building to the Authority which was valued at \$97,011. Lastly, the Authority owes the County \$17,619 at December 31, 2018, for operating expenses.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF VENANGO, PENNSYLVANIA

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

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2014	2015	2016	2017	2018
Total Pension Liability:					
Service cost	\$ 684,262	\$ 764,366	\$ 2,047,722	\$ 1,983,285	\$ 1,625,821
Interest	3,135,186	3,219,777	3,261,837	3,372,726	3,522,742
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	550,349	1,287,218	(2,065,421)	(504,306)	(382,794)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(3,428,522)	(3,211,581)	(3,362,514)	(3,181,043)	(3,315,850)
Net Changes in Total Pension Liability	941,275	2,059,780	(118,376)	1,670,662	1,449,919
Total Pension Liability - Beginning	42,801,482	43,742,757	45,802,537	45,684,161	47,354,823
Total Pension Liability - Ending (a)	\$ 43,742,757	\$ 45,802,537	\$ 45,684,161	\$ 47,354,823	\$ 48,804,742
Plan Fiduciary Net Position:					
Contributions - employer	\$ 308,015	\$ -	\$ 315,826	\$ 521,262	\$ 468,850
Contributions - member	1,197,982	1,332,932	1,262,808	1,240,886	1,244,366
Net investment income	3,085,470	(587,761)	3,624,690	7,037,037	(2,290,995)
Benefit payments, including refunds of member contributions	(3,434,184)	(3,211,581)	(3,362,514)	(3,181,043)	(3,315,850)
Administrative expense	(53,950)	(37,964)	(39,920)	(47,418)	(40,342)
Other	-	8,262	(1,945)	(5,993)	(7,996)
Net Change in Plan Fiduciary Net Position	1,103,333	(2,496,112)	1,798,945	5,564,731	(3,941,967)
Plan Fiduciary Net Position - Beginning	48,241,289	49,344,622	46,848,510	48,647,455	54,212,186
Plan Fiduciary Net Position - Ending (b)	\$ 49,344,622	\$ 46,848,510	\$ 48,647,455	\$ 54,212,186	\$ 50,270,219
Net Pension Liability (Asset) - Ending (a-b)	\$ (5,601,865)	\$ (1,045,973)	\$ (2,963,294)	\$ (6,857,363)	\$ (1,465,477)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	112.81%	102.28%	106.49%	114.48%	103.00%
Covered Payroll	\$ 12,419,947	\$ 13,022,708	\$ 13,554,768	\$ 13,299,408	\$ 13,244,345
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-45.10%	-8.03%	-21.86%	-51.56%	-11.06%

* 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 CONTRIBUTIONS

YEARS ENDED DECEMBER 31
LAST TEN YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ -	\$ 480,564	\$ 484,077	\$ 649,335	\$ 822,588	\$ 308,015	\$ -	\$ 315,826	\$ 520,007	\$ 468,850
Contributions in relation to the actuarially determined contribution	-	480,564	484,077	649,335	822,588	308,015	-	315,826	521,262	468,850
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,255)	\$ -
Covered payroll	\$ 10,656,036	\$ 11,175,917	\$ 11,580,781	\$ 12,251,599	\$ 11,634,912	\$ 12,419,947	\$ 13,022,708	\$ 13,554,768	\$ 13,299,408	\$ 13,244,345
Contributions as a percentage of covered payroll	0.00%	4.30%	4.18%	5.30%	7.07%	2.48%	0.00%	2.33%	3.92%	3.54%

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

COUNTY OF VENANGO, PENNSYLVANIA

SCHEDULE OF COUNTY INVESTMENT RETURNS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	5.52%	-1.15%	9.39%	15.80%	-3.69%

* 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, 2018

Actuarial Methods and Assumptions Used in Determining the Contribution Rate

	2014	2015	2016	2017	2018
Actuarial valuation date	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period	N/A	N/A	N/A	N/A	N/A
Asset valuation method	5-Year Smoothed Market	5-Year Smoothed Market	5-Year Smoothed Market	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:					
Investment rate of return	7.5%	7.5%	7.5%	7.5%	7.5%
Projected salary increases	4.5%	4.5%	4.5%	4.5%	4.5%
Underlying inflation rate	3.0%	3.0%	3.0%	3.0%	3.0%
Cost-of-living adjustments	N/A	N/A	N/A	N/A	N/A
Mortality table	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant

Benefit Changes

There were no changes in the Plan benefits from 2008 to 2018.

Changes in Actuarial Assumptions

Effective January 1, 2013, the mortality table has been changed from the 1983 Group Annuity Mortality Table to 2013 RP Annuitant and non-Annuitant Mortality Tables for males and females. There were no other changes in the actuarial assumptions from 2008 to 2018.

* 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, 2018

	Budgeted Amounts		Actual amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 11,411,000	\$ 11,411,000	\$ 12,093,805	\$ 682,805
Licenses	33,130	33,130	36,383	3,253
Intergovernmental	1,497,066	1,497,066	2,475,773	978,707
Charges for services	2,418,984	2,428,984	2,253,374	(175,610)
Fines and forfeits	103,650	103,650	127,460	23,810
Interest	5,000	5,000	17,369	12,369
Other	83,325	132,616	(271,316)	(403,932)
Total revenues	15,552,155	15,611,446	16,732,848	1,121,402
Expenditures:				
General government - administration	6,148,228	6,004,966	7,144,048	(1,139,082)
General government - judicial	4,302,677	4,312,377	3,941,715	370,662
Public safety	5,185,811	5,345,486	4,890,758	454,728
Public works	589,245	589,245	531,112	58,133
Human services	108,932	108,932	126,184	(17,252)
Conservation and development	1,476,209	1,511,209	665,259	845,950
Culture and recreation	358,603	358,603	397,661	(39,058)
Total expenditures	18,169,705	18,230,818	17,696,737	534,081
Excess (Deficiency) of Revenues Over Expenditures	(2,617,550)	(2,619,372)	(963,889)	1,655,483
Other Financing Sources (Uses):				
Sale of capital assets	-	-	3,039	3,039
Transfers in	5,434,787	5,434,787	4,708,942	(725,845)
Transfers out	(2,587,125)	(2,587,425)	(2,218,764)	368,661
Total other financing sources (uses)	2,847,662	2,847,362	2,493,217	(354,145)
Net Change in Fund Balance	\$ 230,112	\$ 227,990	\$ 1,529,328	\$ 1,301,338

SUPPLEMENTARY INFORMATION

COUNTY OF VENANGO, PENNSYLVANIA

STATEMENT OF EXPENDITURES BY PROGRAM IDENTIFIER - BUDGET TO ACTUAL

YEAR ENDED DECEMBER 31, 2018

Contract Title	CFDA #	Contract Number	Contract Period	*	**	Actual FSR Expenditures Prior to 1/1/18	Actual FSR Expenditures 1/1/18 - 6/30/18	*** Authorized Budget	**** (Over) Under
				Actual FSR Expenditures 1/1/18-12/31/18	Cumulative FSR Expenditures through 12/31/18				
18 - Adult Local 1st	17.258	170-18-3001	7/1/18-6/30/20	\$ 246,605	\$ 246,605	\$ -	\$ -	\$ 254,840	\$ 254,840
17 - Adult Local 3rd Inc	17.258	170-17-3005	4/1/18-6/30/19	780	780	-	-	780	780
17 - Adult 2nd Transfers	17.258	170-17-4013	10/1/17-6/30/19	544,500	544,500	-	124,983	605,000	480,017
17 - Adult Local 1st	17.258	170-17-3001	7/1/17-6/30/19	157,274	157,274	-	157,274	157,274	-
17 - Adult Local 2nd	17.258	170-17-3011	10/1/17-6/30/19	442,930	442,930	-	387,151	442,930	55,779
18 - Youth Local	17.259	170-18-3301	4/1/18-6/30/20	-	-	-	-	1,787,505	1,787,505
17 - Youth Local 2nd	17.259	170-17-3306	4/1/18-6/30/19	-	-	-	-	6,989	6,989
17 - Youth SW PY17 TIW	17.259	170-17-3342	6/1/18-6/30/19	24,028	24,028	-	-	99,960	99,960
17 - Youth	17.259	170-17-3301	4/1/17-6/30/18	1,300,462	1,300,462	-	1,243,864	1,340,754	96,890
16 - Youth	17.259	170-16-3301	4/1/16-6/30/17	(150,660)	859,295	1,009,955	(150,660)	1,009,955	150,660
15 - PA Dual Enrollment GE DWG	17.277	170-15-1501	1/1/16-6/30/18	35,956	743,737	707,781	35,956	743,737	-
18 - DW 2nd Local	17.278	170-18-4011	10/1/18-6/30/20	-	-	-	-	1,205,383	1,205,383
18 - DW Local 1st	17.278	170-18-4001	7/1/18-6/30/20	134,500	134,500	-	-	254,258	254,258
17 - DW Local 3rd	17.278	170-17-4005	4/1/18-6/30/19	1,151	1,151	-	-	1,151	1,151
WIOA Dislocated Worker	17.278	170-17-4152	10/1/17-6/30/19	30,000	30,000	-	30,000	30,000	-
WIA Dislocated Worker Formula Grants	17.278	170-15-4155	1/1/18-6/30/18	15,586	15,586	-	15,586	15,586	-
17 - DW Local 1st	17.278	170-17-4001	7/1/17-6/30/18	5,334	229,053	223,719	5,334	229,054	1
17 - DW 2nd Increment Local	17.278	170-17-4011	10/1/17-6/30/19	980,467	1,162,538	182,071	911,833	1,201,300	107,396
17 - DW RR 1st RRAA	17.278	170-17-4053	7/1/17-6/30/19	12,171	12,171	-	12,171	12,171	-
17 - DW 2nd Increment RR	17.278	170-17-4151	10/1/17-6/30/19	347,760	347,760	-	183,158	347,760	164,602
WIOA Transition	17.278	170-15-4152	10/1/15-6/30/18	61,770	85,843	24,073	61,770	85,843	-
16 - DW RRAA 2nd Increment	17.278	170-16-4151	10/1/16-6/30/17	189,752	295,309	105,557	189,752	295,309	-
18 - TANF Year Round	93.558	170-18-3361	7/1/18-6/30/19	-	-	-	-	1,034,160	1,034,160
17 - TANF Year Round	93.558	170-17-3361	7/1/17-6/30/18	955,721	1,014,675	58,954	900,381	1,035,134	75,799
16 - TANF Youth	93.558	170-16-3361	7/1/16-6/30/18	182,609	591,530	408,921	182,609	591,530	-
Total FSR contract expenses					<u>\$ 8,239,727</u>		<u>\$ 4,291,162</u>		

* Calendar year contract encumbrances

** Cumulative encumbrances for the life of the grant up to the audit period end date 12/31/2018.

*** Total authorized budget for contract.

**** Over/Under is the difference between the authorized budget minus the fiscal year contract encumbrances (7/1/2017-6/30/2018) minus expenditures prior to 7/1/2017.

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, 2018

	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	\$ 589,363	\$ 18,934	\$ (2,962,769)	\$ 346,250	\$ (275,379)	\$ 1,445,923	\$ (837,678)
Accounts receivable	677	-	302,779	68,538	25,859	9,561	407,414
Due from other funds	17,403	-	27,841	8,400	14,487	15,770	83,901
Due from other governments	104,071	-	3,653,429	3,651	445,917	26,009	4,233,077
Total Assets	\$ 711,514	\$ 18,934	\$ 1,021,280	\$ 426,839	\$ 210,884	\$ 1,497,263	\$ 3,886,714
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	\$ 83,930	\$ -	\$ 696,763	\$ 42,439	\$ 124,754	\$ 57,031	\$ 1,004,917
Accrued payroll	59,027	-	127,943	23,396	46,070	30,981	287,417
Due to other funds	-	-	160,355	-	-	-	160,355
Unearned revenue	568,557	327	-	65,437	40,060	1,409,251	2,083,632
Total Liabilities	711,514	327	985,061	131,272	210,884	1,497,263	3,536,321
Fund Balance:							
Restricted:							
Human services	-	18,607	36,219	-	-	-	54,826
Assigned:							
Substance abuse	-	-	-	295,567	-	-	295,567
Total Fund Balance	-	18,607	36,219	295,567	-	-	350,393
Total Liabilities and Fund Balance	\$ 711,514	\$ 18,934	\$ 1,021,280	\$ 426,839	\$ 210,884	\$ 1,497,263	\$ 3,886,714

COUNTY OF VENANGO, PENNSYLVANIA

HUMAN SERVICES FUND

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

YEAR ENDED DECEMBER 31, 2018

	Older Adult Services	Retired Senior Volunteer Program	Children and Youth Services	Substance Abuse	Mental Health	Developmental Services	Total Human Services Fund
Revenues:							
Intergovernmental	\$ 2,019,293	\$ -	\$ 8,500,581	\$ 969,014	\$ 3,197,413	\$ 2,003,993	\$ 16,690,294
Charges for services	120	-	113,469	215,288	-	5,054	333,931
Interest	1,347	19	112	814	63	3,153	5,508
Other	1,285	-	178,656	2,500	27,103	6,571	216,115
Total revenues	2,022,045	19	8,792,818	1,187,616	3,224,579	2,018,771	17,245,848
Expenditures:							
Human services	1,955,879	10,710	9,528,902	1,162,635	3,043,312	1,902,123	17,603,561
Excess (Deficiency) of Revenues Over Expenditures	66,166	(10,691)	(736,084)	24,981	181,267	116,648	(357,713)
Other Financing Sources (Uses):							
Sale of capital assets	1,407	-	5,043	-	-	3,420	9,870
Transfers in	58,826	-	1,149,996	17,628	14,105	67,725	1,308,280
Transfers out	(126,399)	10,710	(419,483)	(65,526)	(195,372)	(187,793)	(983,863)
Total other financing sources (uses)	(66,166)	10,710	735,556	(47,898)	(181,267)	(116,648)	334,287
Net Change in Fund Balance	-	19	(528)	(22,917)	-	-	(23,426)
Fund Balance:							
Beginning of year	-	18,588	36,747	318,484	-	-	373,819
End of year	\$ -	\$ 18,607	\$ 36,219	\$ 295,567	\$ -	\$ -	\$ 350,393

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 **Register and Recorder Fund** is used to account for fees imposed by the Commissioner and Counties with a Land Bank to be used solely for demolitions.

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 **Medical Assistance Transportation Program 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, 2018

	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	\$ 1,219,572	\$ 19,294	\$ (379,123)	\$ 66,856	\$ 190,260	\$ 300,479	\$ 298,099	\$ 439,870	\$ 7,789	\$ 28,364	\$ 27,948
Accounts receivable	-	-	383,688	-	236,498	-	-	-	-	-	-
Due from other funds	-	2,497	-	-	-	-	468	5,275	788	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	52,043	-	-	-	-	-	-	-	-
Total Assets	\$ 1,219,572	\$ 21,791	\$ 56,608	\$ 66,856	\$ 426,758	\$ 300,479	\$ 298,567	\$ 445,145	\$ 8,577	\$ 28,364	\$ 27,948
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ 19,977	\$ -	\$ 47,921	\$ -	\$ 38,098	\$ 8,200	\$ 8,748	\$ 38	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	21,764	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	340,203	-	-	-	-	-	-
Total Liabilities	19,977	-	47,921	-	400,065	8,200	8,748	38	-	-	-
Fund Balance:											
Restricted:											
Human services	-	-	-	-	-	-	-	-	-	-	-
Roads and bridges	1,199,595	-	-	-	-	-	-	-	-	-	-
Affordable housing	-	21,791	-	-	-	-	-	-	-	-	-
Hazardous materials	-	-	-	66,856	-	-	-	-	-	-	-
911	-	-	-	-	26,693	-	-	-	-	-	-
Act 13	-	-	-	-	-	292,279	-	-	-	-	-
Constable server fees	-	-	-	-	-	-	289,819	-	-	-	-
Offender identification	-	-	-	-	-	-	-	445,107	-	-	-
Juvenile court restitution	-	-	-	-	-	-	-	-	8,577	-	-
Records improvement/automation	-	-	-	-	-	-	-	-	-	28,364	27,948
Sugar Valley Lodge	-	-	-	-	-	-	-	-	-	-	-
Adoption counseling	-	-	-	-	-	-	-	-	-	-	-
Domestic Relations	-	-	-	-	-	-	-	-	-	-	-
Demolitions	-	-	-	-	-	-	-	-	-	-	-
Assigned:											
Airport operations	-	-	8,687	-	-	-	-	-	-	-	-
Community action	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	1,199,595	21,791	8,687	66,856	26,693	292,279	289,819	445,107	8,577	28,364	27,948
Total Liabilities and Fund Balance	\$ 1,219,572	\$ 21,791	\$ 56,608	\$ 66,856	\$ 426,758	\$ 300,479	\$ 298,567	\$ 445,145	\$ 8,577	\$ 28,364	\$ 27,948

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

(Continued)

DECEMBER 31, 2018

	Special Revenue Funds									Total Other Governmental Funds	
	Register & Recorder	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	MATP	Special Purpose Gifts	Adoption Counseling	Domestic Relations Operation	
Assets											
Cash and cash equivalents - pooled	\$ 19,770	\$ (153,587)	\$ (41,398)	\$ (23,845)	\$ 25,535	\$ 805,108	\$ (203,763)	\$ 161,824	\$ 10,785	\$ 693,113	\$ 3,512,950
Accounts receivable	-	-	-	40,441	1,501	10,676	-	-	-	60,570	733,374
Due from other funds	-	-	2,484	1,115	1,956	5,161	1,488	-	-	-	21,232
Due from other governments	-	153,587	95,524	-	4,759	15,657	280,831	-	-	-	550,358
Other assets	-	-	-	-	-	-	-	3,000	-	-	55,043
Total Assets	\$ 19,770	\$ -	\$ 56,610	\$ 17,711	\$ 33,751	\$ 836,602	\$ 78,556	\$ 164,824	\$ 10,785	\$ 753,683	\$ 4,872,957
Liabilities and Fund Balance											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 13,042	\$ 14,443	\$ 145	\$ 52,915	\$ 77,280	\$ -	\$ -	\$ -	\$ 280,807
Accrued payroll	-	-	4,983	2,245	-	16,941	1,276	-	-	-	47,209
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	38,585	1,023	33,606	749,378	-	-	-	-	1,162,795
Total Liabilities	-	-	56,610	17,711	33,751	819,234	78,556	-	-	-	1,490,811
Fund Balance:											
Restricted:											
Human services	-	-	-	-	-	-	-	40,127	-	-	40,127
Roads and bridges	-	-	-	-	-	-	-	-	-	-	1,199,595
Affordable housing	-	-	-	-	-	-	-	-	-	-	21,791
Hazardous materials	-	-	-	-	-	-	-	-	-	-	66,856
911	-	-	-	-	-	-	-	-	-	-	26,693
Act 13	-	-	-	-	-	-	-	-	-	-	292,279
Constable server fees	-	-	-	-	-	-	-	-	-	-	289,819
Offender identification	-	-	-	-	-	-	-	-	-	-	445,107
Juvenile court restitution	-	-	-	-	-	-	-	-	-	-	8,577
Records improvement/automation	-	-	-	-	-	-	-	-	-	-	56,312
Sugar Valley Lodge	-	-	-	-	-	-	-	124,697	-	-	124,697
Adoption counseling	-	-	-	-	-	-	-	-	10,785	-	10,785
Domestic Relations	-	-	-	-	-	-	-	-	-	753,683	753,683
Demolitions	19,770	-	-	-	-	-	-	-	-	-	19,770
Assigned:											
Airport operations	-	-	-	-	-	-	-	-	-	-	8,687
Community action	-	-	-	-	-	17,368	-	-	-	-	17,368
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	19,770	-	-	-	-	17,368	-	164,824	10,785	753,683	3,382,146
Total Liabilities and Fund Balance	\$ 19,770	\$ -	\$ 56,610	\$ 17,711	\$ 33,751	\$ 836,602	\$ 78,556	\$ 164,824	\$ 10,785	\$ 753,683	\$ 4,872,957

(Concluded)

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	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	\$ 668,463	\$ -	\$ 345,010	\$ 7,860	\$ 1,833,396	\$ 123,580	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	31,705	317,648	20,500	-	-	54,971	89,482	2,542	10,978	7,355
Interest	2,803	35	684	156	4,120	592	671	971	16	72	61
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	671,266	31,740	663,342	28,516	1,837,516	124,172	55,642	90,453	2,558	11,050	7,416
Expenditures:											
General government - administration	-	-	-	-	-	-	-	-	-	4,873	4,085
General government - judicial	-	-	-	-	-	-	33,033	45,356	-	-	-
Public safety	-	-	-	15,225	1,835,849	-	-	-	-	-	-
Public works	621,910	-	681,762	-	-	-	-	-	-	-	-
Human services	-	37,494	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	4,000	-	-	128,175	-	-	-	-	-
Total expenditures	621,910	37,494	685,762	15,225	1,835,849	128,175	33,033	45,356	-	4,873	4,085
Excess (Deficiency) of Revenues Over Expenditures	49,356	(5,754)	(22,420)	13,291	1,667	(4,003)	22,609	45,097	2,558	6,177	3,331
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(150,000)	-	1	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(150,000)	-	1	-	-	-	-	-	-
Net Change in Fund Balance	49,356	(5,754)	(172,420)	13,291	1,668	(4,003)	22,609	45,097	2,558	6,177	3,331
Fund Balance:											
Beginning of year	1,150,239	27,545	181,107	53,565	25,025	296,282	267,210	400,010	6,019	22,187	24,617
End of year	\$ 1,199,595	\$ 21,791	\$ 8,687	\$ 66,856	\$ 26,693	\$ 292,279	\$ 289,819	\$ 445,107	\$ 8,577	\$ 28,364	\$ 27,948

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds										Total Other Governmental Funds
	Register & Recorder	Community Development Block Grant	Community Services Block Grant	OEO - SWP	OEO - Weatherization	OEO - Other	MATP	Special Purpose Gifts	Adoption Counseling	Domestic Relations Operation	
Revenues:											
Intergovernmental	\$ -	\$ 298,558	\$ 341,699	\$ 161,313	\$ 36,476	\$ 137,339	\$ 1,229,663	\$ -	\$ -	\$ 336,180	\$ 5,519,537
Charges for services	25,860	-	-	-	-	-	-	-	-	104,810	665,851
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Interest	20	5	-	(2)	-	4,086	48	11,352	25	1,603	27,318
Other	-	-	-	-	-	40	-	-	-	1,361	1,401
Total revenues	25,880	298,563	341,699	161,311	36,476	141,465	1,229,711	11,352	25	443,954	6,214,107
Expenditures:											
General government - administration	17,795	-	-	-	-	-	-	-	-	-	26,753
General government - judicial	-	-	-	-	-	-	-	-	-	494,427	572,816
Public safety	-	-	-	-	-	-	-	-	-	-	1,851,074
Public works	-	-	-	-	-	-	-	-	-	-	1,303,672
Human services	-	-	328,139	151,104	30,544	342,135	1,215,447	57	-	-	2,104,920
Conservation and development	-	298,563	-	-	-	-	-	-	-	-	430,738
Total expenditures	17,795	298,563	328,139	151,104	30,544	342,135	1,215,447	57	-	494,427	6,289,973
Excess (Deficiency) of Revenues Over Expenditures	8,085	-	13,560	10,207	5,932	(200,670)	14,264	11,295	25	(50,473)	(75,866)
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	-	265,845	227	-	-	133,695	399,767
Transfers out	-	-	(13,560)	(10,207)	(5,932)	(76,304)	(14,491)	-	-	(62,498)	(332,991)
Total other financing sources (uses)	-	-	(13,560)	(10,207)	(5,932)	189,541	(14,264)	-	-	71,197	66,776
Net Change in Fund Balance	8,085	-	-	-	-	(11,129)	-	11,295	25	20,724	(9,090)
Fund Balance:											
Beginning of year	11,685	-	-	-	-	28,497	-	153,529	10,760	732,959	3,391,236
End of year	\$ 19,770	\$ -	\$ -	\$ -	\$ -	\$ 17,368	\$ -	\$ 164,824	\$ 10,785	\$ 753,683	\$ 3,382,146

(Concluded)

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

AGENCY FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2018

	Treasurer	Register of Wills and Recorder of Deeds	Prothonotary and Clerk of Courts	Sheriff	Prison	Domestic Relations	Trust Funds	Magisterial District Judges	Rep Payee	Total
Assets										
Cash and cash equivalents	\$ 8,156	\$ 235,338	\$ 386,355	\$ 85,998	\$ 93,956	\$ 19,925	\$ 46,922	\$ 48,518	\$ 163,301	\$ 1,088,469
Accounts receivable and fines, at estimated realizable value	-	-	279,463	-	-	-	-	-	-	279,463
Total Assets	<u>\$ 8,156</u>	<u>\$ 235,338</u>	<u>\$ 665,818</u>	<u>\$ 85,998</u>	<u>\$ 93,956</u>	<u>\$ 19,925</u>	<u>\$ 46,922</u>	<u>\$ 48,518</u>	<u>\$ 163,301</u>	<u>\$ 1,367,932</u>
Liabilities										
Due to other funds	\$ 1,781	\$ 117,166	\$ 335,006	\$ 9,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 463,865
Due to other governments	6,375	114,807	16,570	-	-	-	-	-	-	137,752
Escrow liability and interest	-	3,365	314,242	76,086	93,956	19,925	46,922	48,518	163,301	766,315
Total Liabilities	<u>\$ 8,156</u>	<u>\$ 235,338</u>	<u>\$ 665,818</u>	<u>\$ 85,998</u>	<u>\$ 93,956</u>	<u>\$ 19,925</u>	<u>\$ 46,922</u>	<u>\$ 48,518</u>	<u>\$ 163,301</u>	<u>\$ 1,367,932</u>

COUNTY OF VENANGO, PENNSYLVANIA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2018

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Treasurer				
Assets				
Cash and cash equivalents	\$ 8,541	\$ 182,628	\$ 183,013	\$ 8,156
Liabilities				
Due to other funds	\$ 1,904	\$ 35,796	\$ 35,919	\$ 1,781
Due to other governments	6,637	145,912	146,174	6,375
Escrow liability and interest	-	920	920	-
Total Liabilities	\$ 8,541	\$ 182,628	\$ 183,013	\$ 8,156
Register of Wills and Recorder of Deeds				
Assets				
Cash and cash equivalents	\$ 214,965	\$ 1,724,856	\$ 1,704,483	\$ 235,338
Liabilities				
Due to other funds	\$ 119,174	\$ 356,500	\$ 358,508	\$ 117,166
Due to other governments	95,105	1,365,250	1,345,548	114,807
Escrow liability and interest	686	3,106	427	3,365
Total Liabilities	\$ 214,965	\$ 1,724,856	\$ 1,704,483	\$ 235,338
Prothonotary and Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 345,418	\$ 1,613,426	\$ 1,572,489	\$ 386,355
Accounts receivable and fines, at estimated realizable value	286,505	400,138	407,180	279,463
Total Assets	\$ 631,923	\$ 2,013,564	\$ 1,979,669	\$ 665,818
Liabilities				
Due to other funds	\$ 308,434	\$ 400,138	\$ 373,566	\$ 335,006
Due to other governments	14,985	254,519	252,934	16,570
Escrow liability and interest	308,504	1,358,907	1,353,169	314,242
Total Liabilities	\$ 631,923	\$ 2,013,564	\$ 1,979,669	\$ 665,818

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2018
(Continued)

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Sheriff				
Assets				
Cash and cash equivalents	<u>\$ 69,188</u>	<u>\$ 471,389</u>	<u>\$ 454,579</u>	<u>\$ 85,998</u>
Liabilities				
Due to other funds	\$ 7,639	\$ 43,165	\$ 40,892	\$ 9,912
Due to other governments	-	17,268	17,268	-
Escrow liability and interest	<u>61,549</u>	<u>410,956</u>	<u>396,419</u>	<u>76,086</u>
Total Liabilities	<u>\$ 69,188</u>	<u>\$ 471,389</u>	<u>\$ 454,579</u>	<u>\$ 85,998</u>
Prison				
Assets				
Cash and cash equivalents	<u>\$ 79,259</u>	<u>\$ 340,312</u>	<u>\$ 325,615</u>	<u>\$ 93,956</u>
Liabilities				
Escrow liability and interest	<u>\$ 79,259</u>	<u>\$ 340,312</u>	<u>\$ 325,615</u>	<u>\$ 93,956</u>
Domestic Relations				
Assets				
Cash and cash equivalents	<u>\$ 31,134</u>	<u>\$ 584,522</u>	<u>\$ 595,731</u>	<u>\$ 19,925</u>
Liabilities				
Escrow liability and interest	<u>\$ 31,134</u>	<u>\$ 584,522</u>	<u>\$ 595,731</u>	<u>\$ 19,925</u>
Trust Funds				
Assets				
Cash and cash equivalents	<u>\$ 48,722</u>	<u>\$ -</u>	<u>\$ 1,800</u>	<u>\$ 46,922</u>
Liabilities				
Escrow liability and interest	<u>\$ 48,722</u>	<u>\$ -</u>	<u>\$ 1,800</u>	<u>\$ 46,922</u>

(Continued)

COUNTY OF VENANGO, PENNSYLVANIA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2018
(Continued)

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Magisterial District Judges				
Assets				
Cash and cash equivalents	<u>\$ 72,078</u>	<u>\$ 1,564,136</u>	<u>\$ 1,587,696</u>	<u>\$ 48,518</u>
Liabilities				
Escrow liability and interest	<u>\$ 72,078</u>	<u>\$ 1,564,136</u>	<u>\$ 1,587,696</u>	<u>\$ 48,518</u>
Rep Payee				
Assets				
Cash and cash equivalents	<u>\$ 141,735</u>	<u>\$ 658,806</u>	<u>\$ 637,240</u>	<u>\$ 163,301</u>
Liabilities				
Escrow liability and interest	<u>\$ 141,735</u>	<u>\$ 658,806</u>	<u>\$ 637,240</u>	<u>\$ 163,301</u>
Total all Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,011,040	\$ 7,140,075	\$ 7,062,646	\$ 1,088,469
Accounts receivable and fines, at estimated realizable value	<u>286,505</u>	<u>400,138</u>	<u>407,180</u>	<u>279,463</u>
Total Assets	<u>\$ 1,297,545</u>	<u>\$ 7,540,213</u>	<u>\$ 7,469,826</u>	<u>\$ 1,367,932</u>
Liabilities				
Due to other funds	\$ 437,151	\$ 835,599	\$ 808,885	\$ 463,865
Due to other governments	116,727	1,782,949	1,761,924	137,752
Escrow liability and interest	<u>743,667</u>	<u>4,921,665</u>	<u>4,899,017</u>	<u>766,315</u>
Total Liabilities	<u>\$ 1,297,545</u>	<u>\$ 7,540,213</u>	<u>\$ 7,469,826</u>	<u>\$ 1,367,932</u>

(Concluded)