

**VENANGO COUNTY
2018 BUDGET
11/14/17**

2018 VENANGO COUNTY BUDGET NARRATIVE

The Venango County budget consists of approximately 70 funds which roll up in the following categories:

- General Fund: to include County General Fund operations, Human Services Fund and Operating Reserve Fund.
- Special Revenue Funds: to include major funds such as Liquid Fuels, Airport Special Funds, 911 Special Funds and CDBG Funds.
- Capital Reserve Fund: consists only of the Capital Reserve Fund, designated for capital use only.
- Debt Fund: to include the Debt Funds from where all County Debt is recorded and paid.
- Fiduciary Funds: to include major funds such as: Early Head Start, Domestic Relations IV-D Fund, Capital Transit Fund and Rural Operating Assistance Fund.

Total revenue for all funds is projected to be \$53,473,555 in 2018 which represents a decrease of approximately 4% from the current 2017 \$55,685,588 revenue budget. The County General Fund revenue budget, excluding Human Services, is projected at \$20,986,941 or an estimated 39% of the entire revenue budget.

Total expenses for all Venango County funds are projected to be \$57,632,970 in 2018 which represents a decrease of 1.7% from the 2017 \$57,632,970 expense budget. The County General Fund expense budget, excluding Human Services, is projected at \$20,986,941 or an estimated 36% of the entire budget.

Although the largest portion of the County's overall budget is the Human Services Fund, this review will place emphasis on the General Fund, non Human Services portion of the budget. This is where all expenses are reported which are funded utilizing the county assessed millage thus funded by county taxpayer dollars.

I. General Fund (Excluding Human Services) 2018 Budget Review

Revenue Analysis:

Taxes

Taxes are the total amount to be raised by property and per capita taxes for the support of County operations. The County is permitted to levy taxes up to 25 mills on the assessed value of real estate for general purposes and without limitation as to debt service.

The 2018 budget estimates that the assessed value of approximately 36,000 taxable parcels is \$2.008 billion which will result in gross billings of approximately \$12 million. The County also offers a homestead exemption of \$10,000 for all who apply and qualify. There are approximately 14,762 who qualify for this exemption which is budgeted to cost the County approximately \$830,000. The County's non delinquent collection rate on billed taxes is approximately 85%.

The total millage rate for 2018 has been budgeted to remain unchanged at 6.00. It will be used entirely for general fund purposes. The County does not officially designate millage for capital reserve or debt service purposes. The millage rate has been allocated to each general fund functional group. The general fund departments break into functional groups as follows:

- **General Government:** Commissioner's, Fiscal, Tax Claim Bureau, MIS, Assessment, Maintenance & Custodial, Garage, Public Defender, Human Resources, Voter Registration, Tax Collectors, Treasurer, Auditors and Planning.
- **Judicial:** Courts, Domestic Relations, Law Library, District Justices, Jury Commissioners, Register & Recorder, Coroner, District Attorney, Prothonotary and Sheriff.
- **Public Safety:** Prison, Court Supervision Services, Juvenile Court Supervision Services, EMA and 911.
- **Public Works:** Airport.
- **Human Services:** Veterans, Area on Aging, Children & Youth Services, Mental Health/Developmental Services, Office of Economic Opportunity, Transportation and Weatherization.
- **Culture and Recreation:** Park
- **Conservation and Development:** Conservation and Economic Development Activities.
- **Other:** Property Insurances
- **Debt:** Debt Service.

The total millage of 6.00 is allocated as follows:

	<u>2018</u>	<u>2017</u>
GENERAL GOVERNMENT	0.638	0.461
JUDICIAL	1.302	1.323
PUBLIC SAFETY	2.240	2.293
PUBLIC WORKS	0.103	0.164
HUMAN SERVICES	0.855	0.805
CULTURE AND RECREATION	0.158	0.151
CONSERVATION & DEVELOP.	0.245	0.203
MISCELLANEOUS	0.081	0.207
DEBT	0.377	0.393
	6.0000	6.0000

In 2016, the median value of a parcel in Venango County is estimated at \$55,092; therefore, the County's annual real estate taxes for an average home amounts to approximately \$331.

The 2018 General Fund budget for taxes of \$11,441,000 represents increased funding from the 2017 budget. Approximately 54% of the general fund budget is funded through tax revenue which is consistent with that of the prior year.

Licenses & Permits

The 2018 General Fund budget for licenses and permits of \$33,130 represents a slight increase from the 2017 \$32,400 budget. The fees for licenses and permits are largely generated from the Treasurer's Office.

Federal Revenue

The County receives revenue from the federal government in the form of specific purpose grants. These monies are designated as federal and tracked via the C.F.D.A. (Catalog of Federal Domestic Assistance) number to ensure the monies are used for the purposes that are allowable under the grant.

The 2018 General Fund budget for Federal Revenue of \$906,121 represents a decrease of approximately \$261,458 (20.37%) from the 2017 \$1,137,970 budget. The primary reason for the decrease relates to fiduciary activity related to the Task Force.

State Revenue

State revenue represents the funds the County receives from the Commonwealth of Pennsylvania and these funds are designated for a specific purpose. These funds are tracked using a project number and the grant number when applicable. State Operating Grant revenues are completely different from Federal Operating Grants.

The 2018 General Fund budget for state revenue of \$505,545 represents an increase of approximately \$19,978 (4.11%) from the 2017 \$485,567 budget.

Also included in State revenue are state entitlements which are funds provided by the Commonwealth of Pennsylvania to the County for the State's portion of specific expenses. The primary entitlement the County receives is the reimbursement of Judges' expenses. The State will remit approximately \$50,000 to the County in 2018 for each of the County Judges. As the County has two Judges, approximately \$100,000 is budgeted to be received.

Fees for Services – General Government

These are monies received by the County for a variety of services. They include specific charges assessed members of the public for services rendered. One example of Fees for Services is the monies received by the Recorder's Office for recording a deed.

The 2018 General Fund budget for Fees for Services of \$2,357,572 represents an increase of approximately \$50,075 (2.17%) from the 2017 budget of \$2,357,572.

Other Revenue

These are various sources of revenue received by the County. Included in this grouping is revenue generated from the sale of county assets and monies generated by the rental of County property leased to outside entities. It also includes the revenue generated from the investment of cash. The 2018 General Fund budget for Other Revenue of \$263,787 represents a decrease of approximately \$267,918 (50.39%) from the 2017 budget of \$531,705.

Inter Fund Transfers – Revenue

These are various monies received in the General Fund from other County funds. One example is the Domestic Relations and Human Services Direct and Indirect Cost Reimbursement.

The 2018 General Fund budget for Inter Fund Transfers – Revenue of \$5,509,787 represents an increase of approximately \$726,879 (15.20%) from the 2017 budget of \$4,782,908.

In 2018 the total amount to be transferred from the Operating Reserve Fund is projected to be \$3,009,723.

Expense Analysis

Salaries

These are monies spent on the payroll of County General Fund elected officials and employees. This excludes any salaries paid for Human Services or 911 employees. The 2018 General Fund budget for Salaries of \$7,145,601 represents a decrease of approximately \$54,675 (.76%) from the 2017 budget of \$7,200,276. Increases and decreases to the complement factor into the overall increase or decrease to salary expense.

Benefits

These are monies spent on FICA and insurance costs for County General Fund elected officials and employees. The 2018 General Fund budget for benefits of \$3,421,038 represents a decrease of approximately \$54,033 (1.55%) from the 2017 budget of \$3,475,071. This includes a contribution to the pension plan which is budgeted at approximately \$500,000 for 2018. For 2018, the Commissioners have negotiated no increase to the health insurance premiums. Changes to the complement are also directly proportionate to the change in benefit amount.

Other Personnel Costs

These are monies primarily spent on training and workshops for County elected officials and employees. The 2018 General Fund budget for Other Personnel Costs of \$546,168 represents a slight increase of approximately \$36,281 (7.12%) from the 2017 budget of \$509,887. This increase is directly related to the County's fiduciary function for the Northwest PA Emergency Response Group as well as slight increases in training costs among County departments.

Fees-Professional

These are monies spent on professional fees contracted by the General Fund as well as money provided to other agencies to support their operating costs. The 2018 General Fund Budget for Fees-Professional of \$2,717,521 represents an increase of approximately \$1,095,350 (67.52%) from the 2017 budget of \$1,622,171. The increase includes funding for the Multi-modal Transportation Hub construction as well as funding for the Economic Development Authority.

Occupancy

These are monies spent for all costs associated with building occupancy to include utilities, insurance, and rental of space, ground/building maintenance and repairs. The 2018 General Fund Budget for Occupancy of \$1,283,792 represents an increase of approximately \$77,628 (6.44%) from the 2017 \$1,206,164 budget.

Communication

These are monies spent for costs such as telephone, postage, internet, and advertising. The 2018 General Fund budget for Communication of \$428,542 represents an increase of \$19,107 (4.67%) from the 2017 \$409,435 budget. This is representative of increased costs in advertising, and postage costs.

Supplies

These are monies spent for supplies required for all county departments to operate. The 2018 General Fund budget for Supplies of \$1,471,069 represents a decrease of approximately \$110,594 (6.99%) from the 2017 \$1,581,663 budget. This decrease is directly related to the County's fiduciary function for the Northwest PA Emergency Response Group as costs have been moved among categories.

Transportation

These are monies spent for travel costs to include vehicle leases, repair, insurance and supplies. The 2018 General Fund budget for Transportation of \$224,444 represents an increase of approximately \$23,685 (11.80%) from the 2017 \$200,759 budget.

Other Expenses

These are monies spent on all other expenses to include books, memberships, subscriptions, insurance for public officials, other court related costs and contingencies. The 2018 General Fund budget for Other Expense of \$538,151 represents an increase of approximately \$26,271 (5.13%) over the 2017 \$511,880 budget.

Capital

These are monies spent on capital equipment and projects. The 2018 General Fund budget for Capital of \$623,491 represents a decrease of approximately \$465,712 from the 2017 \$1,089,203 budget.

Inter Fund Transfers – Expenses

These are various monies provided by the General Fund to other County funds. One example is County's responsibility to fund the 911 special revenue fund.

The 2018 General Fund budget for Inter Fund Transfers – Expense of \$2,587,125 represents a decrease of approximately \$104,413 (3.88%) from the 2017 budget of \$2,691,538. The inter fund transfer expenses include:

- A total of \$717,000 to be funded to the Debt Service Fund to cover required debt service payments on the Series 2014.

- The General Fund anticipates a total of \$117,000 to be funded to the 911 Special Fund to cover costs associated with the operations of the 911 Center.
- The County match to the Human Services Funds is also reflected here totaling \$1,744,081 in 2018.

II. Operating Reserve Fund

The 2017 budget uses \$3,009,723 of the Operating Reserve Fund to balance the General Fund Budget.

III. Human Services Funds

All Human Services Funds actually operate on a fiscal year of July 1 through June 30. They are required to budget on a fiscal year basis; therefore, the County's calendar year budget for 2018 is expected to be their July 1, 2017 through June 30, 2018 budget. Since this fiscal budget has not yet been created, Human Services uses their 2017 calendar year budget as a basis for the 2018 calendar year budget. Once the 17-18 fiscal year budget is completed during 2018, budget amendments will be done to adjust the calendar year 2018 budget accordingly. The following chart trends the expenses per Human Services Fund which shows the greatest growth in CYS, Transportation, and Developmental Services.

IV. Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The total 2018 budgeted revenues total \$11,183,805 which is a decrease of \$2,338,816 (18%) from the 2017 \$13,572,621 budget.

The total 2018 budgeted expenses total \$11,331,947 which is a decrease of \$1,729,515 (13%) from the 2017 \$13,061,462 budget.

V. Capital Reserve

Capital Reserve Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance to existing facilities and equipment.

VI. Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

- The 2018 Debt Service Fund expense budget of \$733,000 represents a decrease from the 2017 \$996,500 budget. This decrease is representative of one issue which was fully satisfied in 2017.

VII. Total Fiduciary Funds

Fiduciary funds are monies which are used to account for assets held by the County in trustee capacity or as an agent for individuals, private organizations, other governments and/or funds.

The 2018 budgeted revenues and expenses for the fiduciary funds are consistent with 2017 at \$ 1,486,267 and \$1,486,817, respectively.