

**VENANGO COUNTY  
2008 BUDGET  
12/12/2007**

**2008 PRELIMINARY BUDGET PRESENTATION  
DECEMBER 12, 2007**

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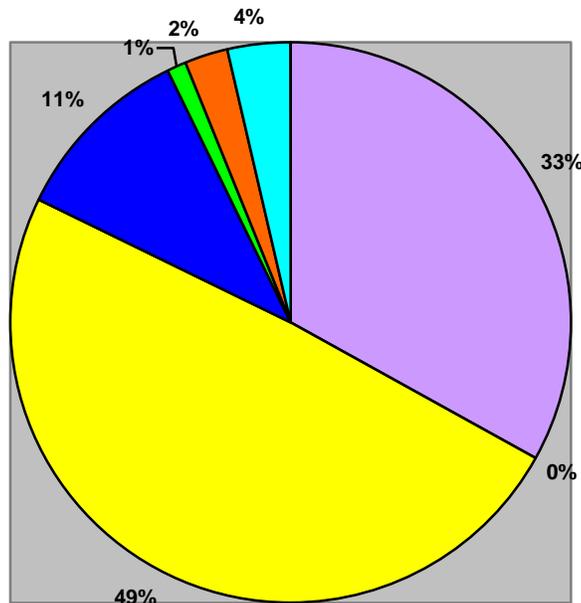
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## 2008 VENANGO COUNTY BUDGET NARRATIVE

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.

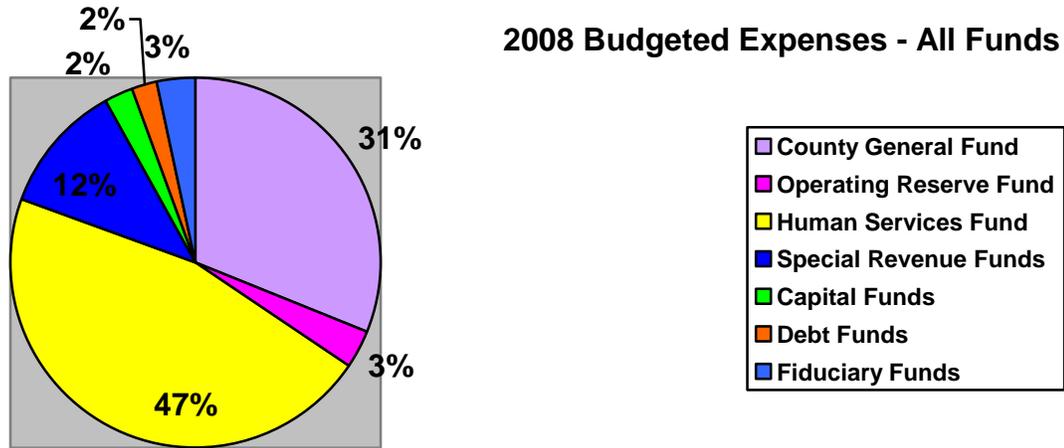
Total revenue for all funds is projected to be \$50,957,344 in 2008 which represents an increase of approximately 7.1% over the current 2007 \$47,329,051 revenue budget. The County General Fund revenue budget, excluding Human Services, is projected at \$16,921,760 or an estimated 33.2% of the entire revenue budget.



**2008 Budgeted Revenue - All Funds**



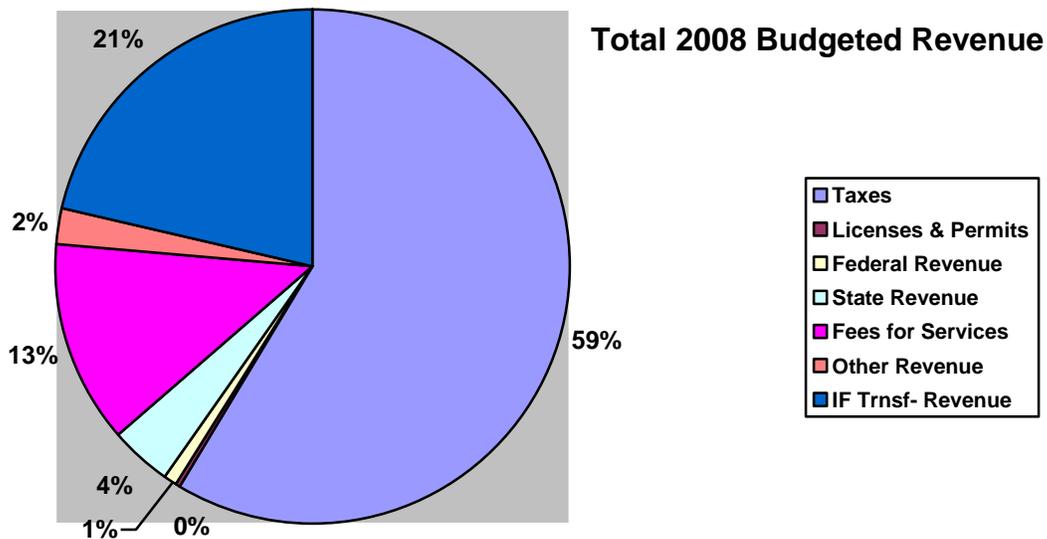
Total expenses for all Venango funds are projected to be \$54,921,926 in 2008 which represents an increase of 7.5% over the 2007 \$50,788,951 expense budget. The County General Fund expense budget, excluding Human Services, is projected at \$16,921,760 or an estimated 30.9% of the entire budget.



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) 2008 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 2008 budget estimates that the assessed value of 35,687 taxable parcels is \$1.923 billion (an estimated .9% increase in the tax base) which will result in gross billings of approximately \$10.4 million. The County also offers a homestead exemption of \$10,000 for all who apply and qualify. There are 14,414 who qualify for this exemption which is budgeted to cost the County approximately \$802,000. The County's historical non delinquent collection rate on billed taxes continues to be approximately 90%.

The total millage rate for 2008 has been budgeted to remain at 5.565. 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/Mental Retardation, Office of Economic Opportunity, Transportation and Weatherization.
- **Conservation:** Conservation Activities.
- **Development:** Community and Economic Development.
- **Other:** Property Insurances
- **Debt:** Debt Service.

The total millage of 5.565 is allocated as follows:

	<b><u>2007</u></b>	<b><u>2008</u></b>
GENERAL GOVERNMENT	0.929	0.902
JUDICIAL	0.932	1.060
PUBLIC SAFETY	1.936	1.955
PUBLIC WORKS	0.106	0.105
HUMAN SERVICES	0.618	0.610
CONSERVATION	0.070	0.068
DEVELOPMENT	0.263	0.151
MISCELLANEOUS	0.308	0.314
DEBT	0.403	0.401

In 2008, the median value of a parcel in Venango County is estimated at \$53,892; therefore, the County's annual real estate taxes for an average home amounts to approximately \$300.

The 2008 General Fund budget for taxes of \$9,927,800 represents an increase of approximately \$72,000 over the 2007 \$9,855,800 budget. The primary reason for the increase is an increase in delinquent collections through the Tax Claim Bureau which also assesses both penalty and interest. Approximately 60% of the general fund budget is funded through tax revenue.

### **Licenses & Permits**

The 2008 General Fund budget for licenses and permits of \$33,675 represents a slight increase over the 2007 \$31,650 budget. The primary reason for the increase is due to fees generated in the Treasurer's office through the sale of licenses and permits.

### **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 2008 General Fund budget for Federal Revenue of \$137,574 represents a decrease of approximately \$10,220 (6.9%) over the 2007 \$147,794 budget. The primary reason for the decrease is reductions in allocation amounts.

## **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 2008 General Fund budget for state revenue of \$648,434 represents an increase of approximately \$7,077 (1.1%) over the 2007 \$641,357 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 remits \$70,000 to the County every year for each of the County Judges. As the County has two Judges, \$140,000 is received annually.

## **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 2008 General Fund budget for Fees for Services of \$2,187,506 represents an increase of approximately \$127,625 (6.2%) over the 2007 budget of \$2,059,881. The primary reason for the increase is due to:

- increased projections for Assessment revenues of \$10,000;
- increased projections for Sheriff revenues of \$20,000
- increased projections for the Voter Registration revenue of \$55,000;
- increased projections of Prothonotary revenue of \$20,000;

## **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 2008 General Fund budget for Other Revenue of \$382,660 represents an increase of approximately \$26,569 (7.5%) over the 2007 budget of \$356,091.

## 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 Indirect Cost Reimbursement. This is an amount allotted each year to repay a portion of administrative costs absorbed by the general fund which include but are not limited to Finance, Management Information Systems, Human Resources, Maintenance and Custodial.

The 2008 General Fund budget for Inter Fund Transfers – Revenue of \$3,604,111 represents an increase of approximately \$209,670 (6.2%) over the 2007 budget of \$3,394,441. The primary reason for the increase is due to:

- total transfers from the Operating Reserve Fund of \$2,249,554 represent an approximate increase of \$333,620;
- total transfers from the Capital Reserve Fund of \$734,300 represent an increase of \$101,340;
- total transfers from Human Services Funds of \$216,160 represent a decrease of \$173,840;
- total transfers from Community Development Block Grants of \$30,000 represent an increase of \$30,000;
- total transfers from Prothonotary Automation of \$26,500 represent an increase of \$26,500; and
- Total transfers from Domestic Relations IV-D of \$295,569 represent a decrease of \$180,894.

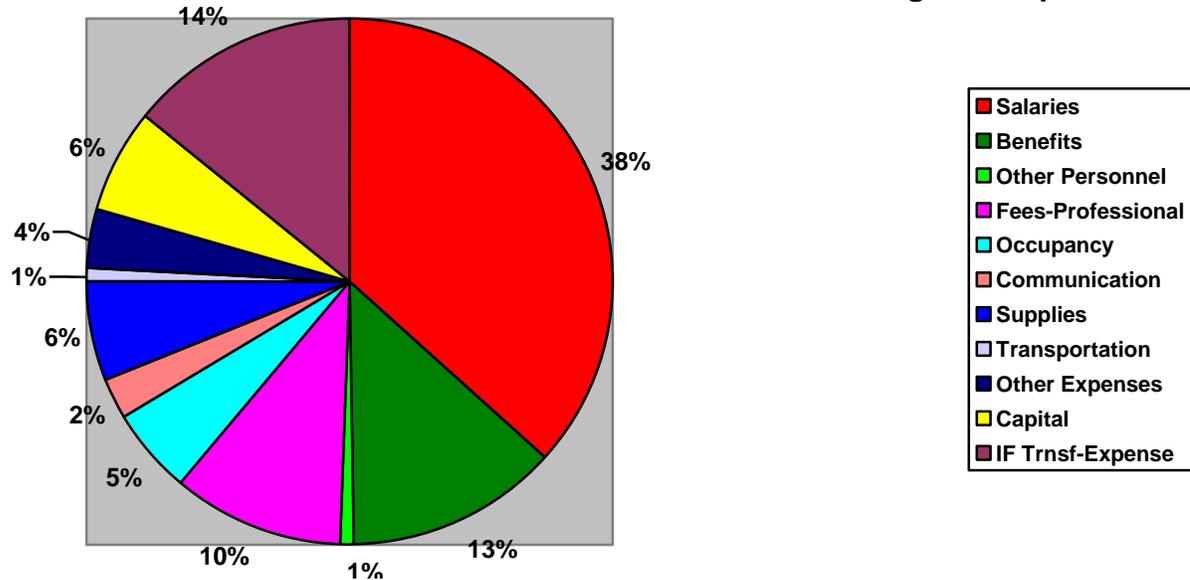
In 2008 the total amount to be transferred from the Operating Reserve Fund is projected to be \$2,249,554. Of this \$2,249,554 total, approximately \$375,000 is being allocated for costs related to the consolidation of the Human Services departments. Based on this consolidation, it is anticipated that the indirect costs for space and other additional services provided by the County to Human Services will also decrease by approximately \$100,000. Additionally, under the Deficit Reduction Act of 2005 the County has been mandated to fund a larger portion of the Domestic Relations department equaling approximately \$180,000. This leaves a balance of approximately \$1,594,554 which is needed in order to balance the 2008 General Fund budget.

In 2008 the total amount to be transferred from the Capital Reserve Fund is projected to be \$634,300. The transfer from the Capital Reserve Fund, which will have a balance of \$1.5 million after funding 2007 projects, is needed in order to provide funding for the 2008 General Fund capital expenses.

The transfer in 2008 from the Community Development Block Grant (CDBG) Fund in the amount of \$30,000 will aid in the handicap accessibility for the front of the Courthouse. In addition, the transfer from the Prothonotary Automation Fund will be used in imaging of records.

## Expense Analysis

### 2008 Total General Fund Budgeted Expenses



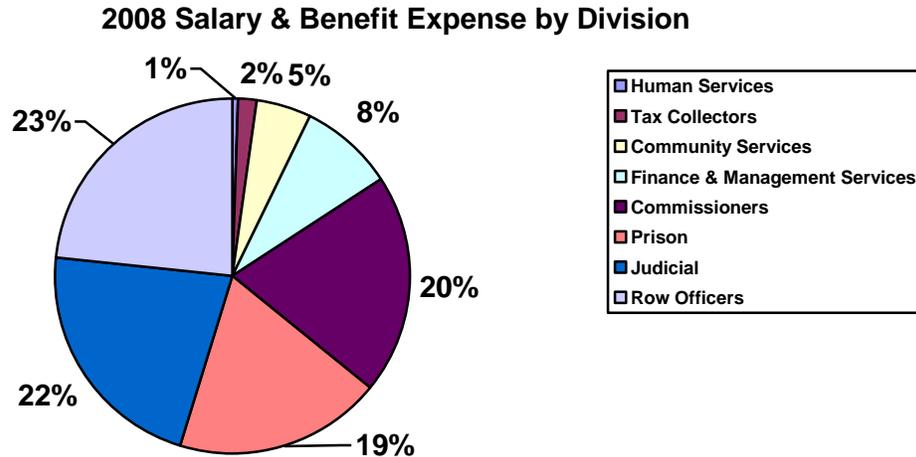
#### **Salaries**

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 2008 General Fund budget for Salaries of \$6,200,066 represents an increase of approximately \$180,628 (3.0%) over the 2007 budget of \$6,019,438. The primary reasons for the increase are due to projected raises for County employees and elected officials of approximately 3.5%. In addition, increases to the complement include those hired for the Courthouse Security Project and the Courts. Also, decreases to the complement include positions within Domestic Relations in order to mitigate the effect produced by the Deficit Reduction Act of 2005 as discussed earlier.

#### **Benefits**

These are monies spent on FICA and insurance costs for County General Fund elected officials and employees. The 2008 General Fund budget for benefits of \$2,223,907 represents a decrease of approximately \$18,021 (.8%) over the 2007 budget of \$2,241,928. The primary reason for this decrease includes the timing of our health insurance premium notification as well as changes to the complement. In 2007, we were not notified of the premium increase amount until after the budget process; therefore, estimating the percentage increase at higher than required. In 2008, notification has been received and projections were prepared at actual.

Below is a chart which breaks out the 2008 salary and benefit budget by administrative division.



### Other Personnel Costs

These are monies primarily spent on training and workshops for County elected officials and employees. The 2008 General Fund budget for Other Personnel Costs of \$157,003 represents an increase of approximately \$8,457 (5.7%) over the 2007 budget of \$148,546. This increase reflects the training costs related to Planning.

### 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 2008 General Fund Budget for Fees-Professional of \$1,766,974 represents a decrease of approximately \$384,307 (17.9%) from the 2007 budget of \$2,151,281. This decrease is primarily due to the following variances:

- A decrease of \$240,000 for economic development projects;
- An increase of \$75,000 for an allocation for the park; and
- A decrease of \$250,000 for counsel related to the appeal for the Howe trial.

### 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 2008 General Fund Budget for Occupancy of \$888,966 represents decrease of approximately \$12,476 (1.4%) over the 2007 \$901,442 budget. This decrease is primarily due to the lower level of maintenance to be required at the County Exchange Building once it has been vacated.

## **Communication**

These are monies spent for costs such as telephone, postage, internet, and advertising. The 2008 General Fund budget for Communication of \$408,348 represents an increase of approximately \$28,255 (7.4%) over the 2007 \$380,094 budget. This increase is representative of the advertising costs due to the requirements of the bidding process.

## **Supplies**

These are monies spent for supplies required for all county departments to operate. The 2008 General Fund budget for Supplies of \$1,057,691 represents an increase of approximately \$44,000 (4.3%) over the 2007 \$1,013,670 budget. This increase is primarily due to increased costs as required by the Courts.

## **Transportation**

These are monies spent for travel costs to include vehicle leases, repair, insurance and supplies. The 2008 General Fund budget for Transportation of \$138,364 represents a decrease of approximately \$16,740 (10.8%) under the 2007 \$155,104 budget. This decrease is primarily related to costs associated with car repairs due to the age of the fleet.

## **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 2008 General Fund budget for Other Expense of \$598,105 represents a slight decrease of approximately \$15,984 (2.6%) over the 2007 \$614,089 budget.

## **Capital**

These are monies spent on capital equipment and projects and with the exception of those being funded directly by grants or other funding avenues, all capital is funded directly from the capital reserve fund. The 2007 General Fund budget for Capital of \$1,086,300 represents an increase of approximately \$525,000 (93.3%) over the 2007 \$562,045 budget. The primary reason for this increase in Courthouse renovations and capital costs associated with the Human Services consolidation.

Of the \$1,086,300 total capital expenses, \$734,300 will be funded by the Capital Reserve Fund. The remaining expenses will be funded from other County Special Revenue Funds or state funding.

## **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 2008 General Fund budget for Inter Fund Transfers – Expense of \$2,396,036 represents an increase of approximately \$96,658 (4.2%) over the 2007 budget of \$2,229,378. The primary reasons for the increase are due to:

- In 2008, the General Fund anticipates a total of \$1,412,422 to be funded to Human Service Agencies. This is an increase of \$102,100 over the 2007 budget of \$1,310,322;
- In 2008, the General Fund anticipates a total of \$706,000 to be funded to the Debt Service Fund to cover required debt service payments on the Series 2002 bond refinancing. This is a decrease of \$8,000 over the 2007 budget of \$714,000; and
- In 2008, the General Fund anticipates a total of \$277,000 to be funded to the 911 Special Fund to cover costs associated with the operations of the 911 Center. This is an increase of \$3,000 over the 2007 budget of \$274,000.

## **II. Operating Reserve Fund**

The Operating Reserve Fund currently has a balance of approximately \$2.6 million. Approximately \$1.9 million was transferred as appropriated in the 2007 General Fund Budget. Any carryover in 2007 will be transferred to the Operating Reserve Fund.

The 2008 budget uses \$2,249,554 of the Operating Reserve Fund to balance the General Fund Budget. Of this, \$1,594,554 is needed for general operations, approximately \$375,000 is being allocated for costs related to the consolidation of the Human Services departments and it is anticipated that the indirect costs for space and other additional services provided by the County to Human Services will also decrease by approximately \$100,000. Additionally, under the Deficit Reduction Act of 2005 the County has been mandated to fund a larger portion of the Domestic Relations department equaling approximately \$180,000.

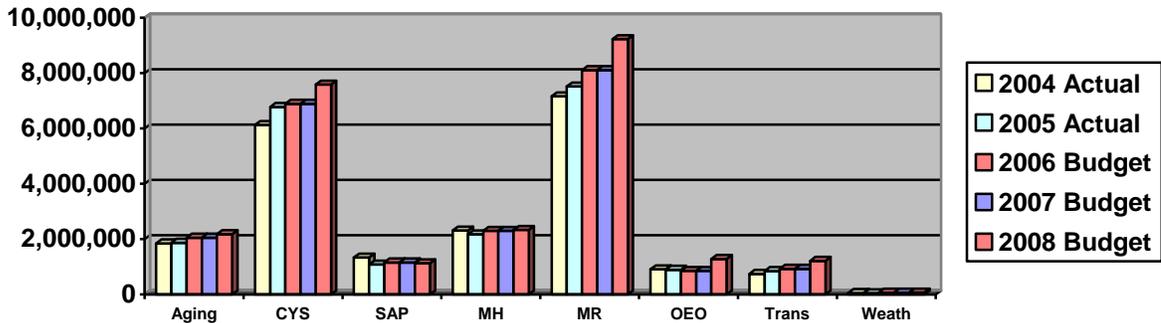
A transfer in the amount of \$25,000 to the Capital Reserve Fund is also included in the 2008 budget.

## **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 2008 is expected to be their July 1, 2008 through June 30, 2009 budget. Since this fiscal budget has not yet been created, Human Services uses their 2007 calendar year budget as a basis for the 2008 calendar year budget. Once the 08-09 fiscal year budget is completed during

2008, budget amendments will be done to adjust the calendar year 2008 budget accordingly. This is the reason that there is no projected budget change from 2007 to 2008. The following chart trends the expenses per Human Services Fund which shows the greatest growth in CYS and Mental Retardation.

**Human Services Expenses Trend**



**IV. Special Revenue Funds**

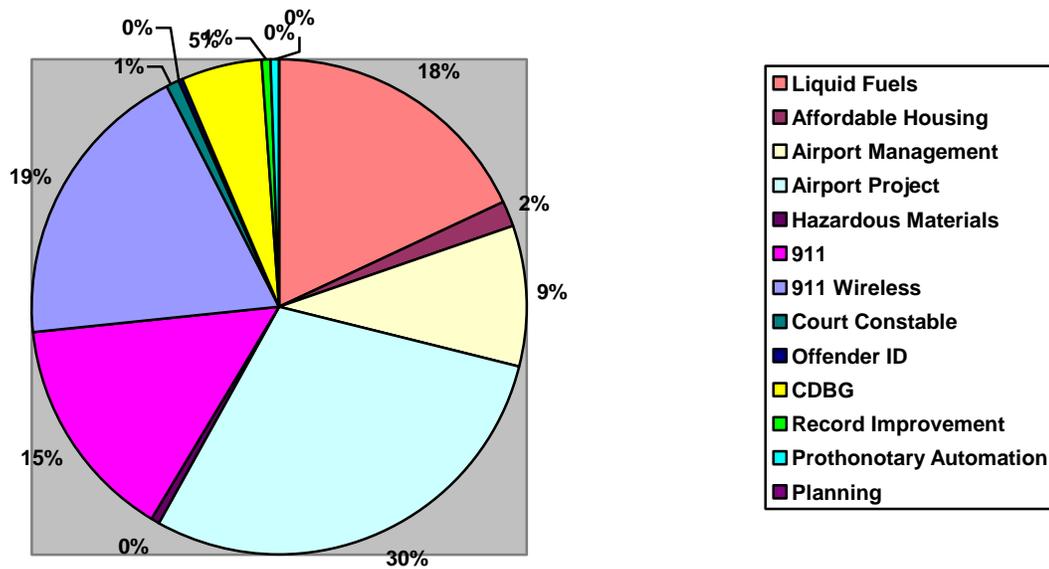
Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The total 2008 budgeted revenues total \$5,375,396 which is an increase of \$512,951 (10.0%) over the 2007 \$4,862,445 budget.

The total 2008 Budgeted expenses total \$6,292,611 which is an increase of \$714,120 (12.0%) over the 2007 \$5,578,491 budget.

The following pie chart details the breakdown of the Special Revenue Funds expenses:

**2008 Special Revenue Expense Budgets**



## **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.

The 2008 Capital Budget revenue of \$605,000 is a slight increase over the 2007 budget of \$580,000. This number represents the payments received on the lease purchase arrangement of Venango Manor, a transfer from operating reserve funds, and interest earnings.

The 2008 Capital Budget expense of \$1,431,951 represents a slight increase of 5.0% over the 2007 \$1,356,955 budget. The primary uses of this fund are:

- \$150,000 funding for the 911 Special Fund Capital;
- \$734,300 funding for General Fund Capital to include items such as telephone system, internal and external Courthouse renovations, and Prison updates;
- \$547,651 funding for debt service (manor) obligations.

The Capital fund is projected to have a cash balance of approximately \$1.5 million at the end of 2007 providing all of the budgeted capital money is exhausted. Using the budgeted capital fund net loss, the capital fund is projected to have a cash balance of approximately \$800,000 at the end of 2008.

## **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 2007 Debt Service Fund expense budget of \$1,237,626 represents approximately \$2,394 (.19%) decrease over the 2007 \$1,240,020 budget.

## **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 total 2008 budgeted revenues total \$1,803,422 which is a decrease of \$9,191 (.50%) over the 2007 \$1,812,613 budget.

The total 2008 budgeted expenses total \$1,753,784 which is a decrease of \$110,794 (5.9%) over the 2007 \$1,864,578 budget primarily related to the decrease in the Domestic Relations IV-D funding which is the reimbursement to the general fund for office operating expenses.

# 2008 Fiduciary Fund Expense Budgets

