

**VENANGO COUNTY  
2011 BUDGET  
11/23/2010**

**2011 PRELIMINARY BUDGET PRESENTATION  
NOVEMBER 23, 2010**

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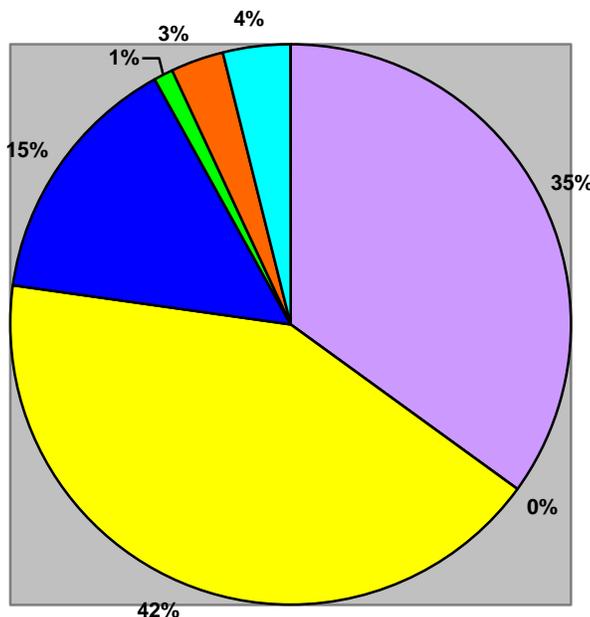
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## 2011 VENANGO COUNTY BUDGET NARRATIVE

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.

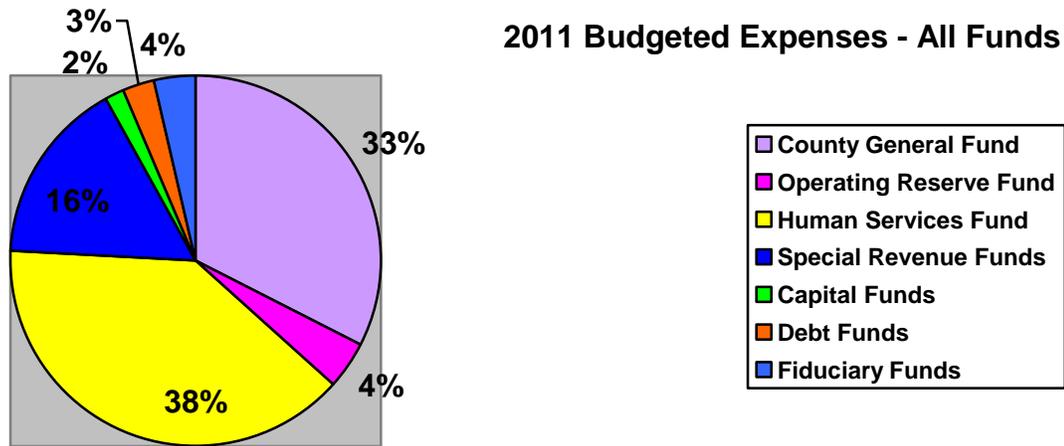
Total revenue for all funds is projected to be \$48,245,281 in 2011 which represents an increase of approximately 7.0% from the current 2010 \$44,890,128 revenue budget. The County General Fund revenue budget, excluding Human Services, is projected at \$16,906,899 or an estimated 35% of the entire revenue budget.



**2011 Budgeted Revenue - All Funds**



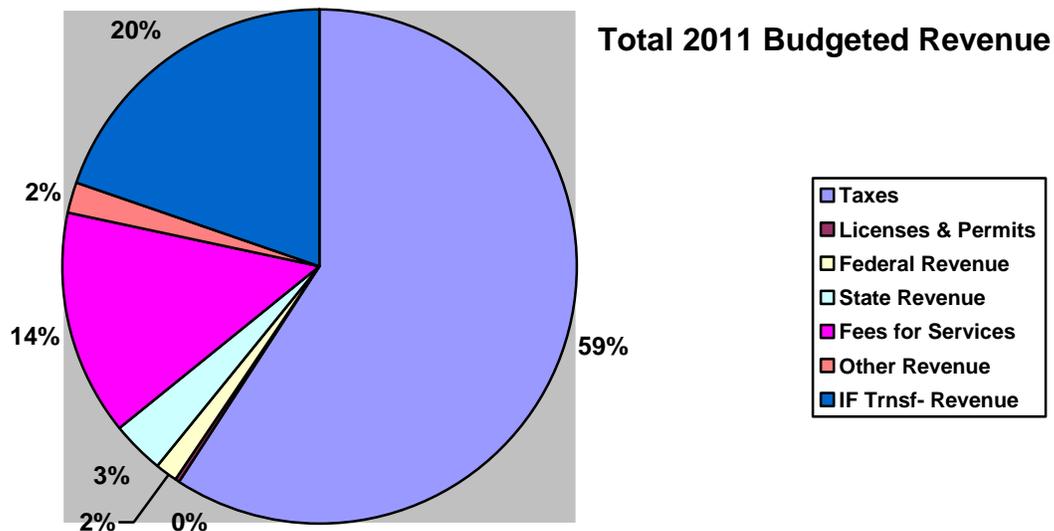
Total expenses for all Venango County funds are projected to be \$51,967,714 in 2011 which represents an increase of 7% from the 2010 \$48,129,877 expense budget. The County General Fund expense budget, excluding Human Services, is projected at \$16,906,899 or an estimated 33% of the entire budget.



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) 2011 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 2010 budget estimates that the assessed value of 35,942 taxable parcels is \$1.962 billion (an estimated .5% increase in the tax base) which will result in gross billings of approximately \$10.9 million. The County also offers a homestead exemption of \$10,000 for all who apply and qualify. There are 14,707 who qualify for this exemption which is budgeted to cost the County approximately \$818,000. The County's non delinquent collection rate on billed taxes is approximately 85%.

The total millage rate for 2011 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.
- **Culture and Recreation**: Park
- **Conservation and Development**: Conservation and Economic Development Activities.
- **Other**: Property Insurances
- **Debt**: Debt Service.

The total millage of 5.565 is allocated as follows:

	<b><u>2010</u></b>	<b><u>2011</u></b>
GENERAL GOVERNMENT	0.727	0.605
JUDICIAL	1.157	1.145
PUBLIC SAFETY	2.055	1.904
PUBLIC WORKS	0.136	0.139
HUMAN SERVICES	0.657	0.750
CULTURE AND RECREATION	0.183	0.113
CONSERVATION & DEVELOP.	0.003	0.157
MISCELLANEOUS	0.234	0.358
DEBT	0.412	0.395

In 2010, the median value of a parcel in Venango County is estimated at \$54,604; therefore, the County's annual real estate taxes for an average home amounts to approximately \$300.

The 2011 General Fund budget for taxes of \$10,001,000 represents an increase of approximately \$97,100 from the 2010 \$9,903,900 budget. The increase is namely attributable to monies collected through Tax Claim. Approximately 59% of the general fund budget is funded through tax revenue which is lower than that of the prior year at 61%.

### **Licenses & Permits**

The 2011 General Fund budget for licenses and permits of \$31,450 represents a slight decrease from the 2010 \$32,450 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 2011 General Fund budget for Federal Revenue of \$274,038 represents an increase of approximately \$47,747 (21.1%) over the 2010 \$226,291 budget. The primary reasons for the increase are the federal grant to provide training to voters under the Help America Vote Act and an increased allocation in a competitive grant obtained by the District Attorney's Office.

## **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 2011 General Fund budget for state revenue of \$526,361 represents a decrease of approximately \$83,100 (13.6%) from the 2010 \$609,461 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 \$60,000 to the County in 2011 for each of the County Judges. As the County has two Judges, approximately \$120,000 is budgeted to be received. Slight decreases in State allocations for the County's Court Supervision Services have been factored as well as decreased state grants for planning projects due to the completion of larger projects/plans.

## **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 2011 General Fund budget for Fees for Services of \$2,411,739 represents an increase of approximately \$286,604 (12.53%) from the 2010 budget of \$2,143,135. Various increases and decreases occurred to net to the projected increase are namely as follows:

- increased projections for Tax Claim revenues of \$25,000;
- increased projections for the reimbursement revenue related to the Human Services Complex of \$200,000 as larger projects are or will be completed by year-end;
- decreased projections of Court administration revenue of \$20,000;
- decreased projections of Prothonotary revenue of \$10,000;
- decreased projections for Sheriff revenue of \$10,000; and
- increased projections for engineering reimbursement revenue in Planning of \$35,000.

## **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 2011 General Fund budget for Other Revenue of \$344,452 represents a decrease of approximately \$19,313 (2.21%) from the 2010 budget of \$363,765. The decrease is namely due to the interest income. Our Treasurer is constantly reviewing every option for the most effective investment of cash on hand that complies with County Code.

## **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. 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, and Maintenance.

The 2011 General Fund budget for Inter Fund Transfers – Revenue of \$3,317,858 represents an increase of approximately \$107,853 (3.36%) over the 2010 budget of \$3,210,005. The primary reason for the increases include:

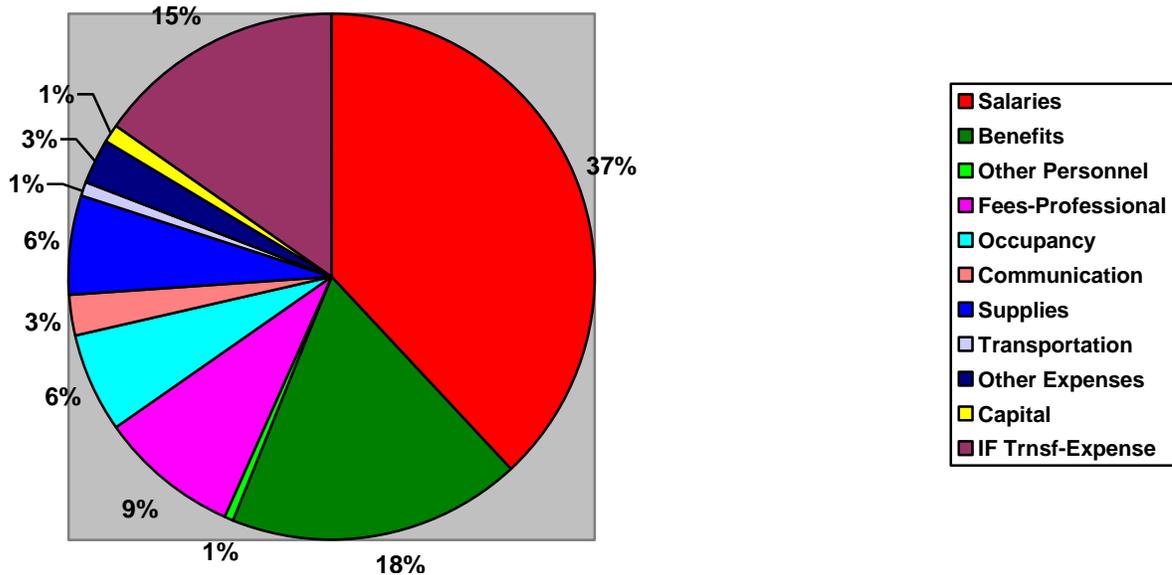
- total transfers from the Operating Reserve Fund of \$2,076,876 represent an approximate increase of \$87,000;
- total transfers from the 911 Wireless Fund of \$250,000 represent an increase of approximately \$50,000 and;
- total transfers from CYS of \$25,000 represent a decrease of approximately \$25,000

In 2011 the total amount to be transferred from the Operating Reserve Fund is projected to be \$2,076,876 compared to \$1,989,867 which represents an increase of approximately 4%.

In 2011 the total amount to be transferred from the Capital Reserve Fund is projected to be \$140,930. The transfer from the Capital Reserve Fund, which will have a balance of approximately \$650,000 after funding 2010 projects, is needed in order to provide funding for the 2011 General Fund capital expenses.

## Expense Analysis

### 2011 Total General Fund Budgeted Expenses



### Salaries

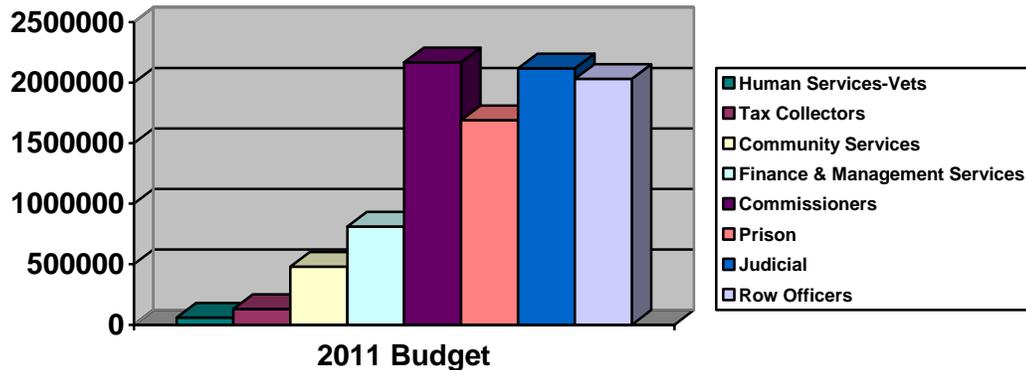
These are monies spent on the payroll of County General Fund elected officials and employees. This excludes any salaries paid for Human Services or 911 employees. The 2011 General Fund budget for Salaries of \$6,435,364 represents an increase of approximately \$113,008 (1.79%) from the 2010 budget of \$6,322,356. The 2011 budget includes projected raises for County personnel averaging approximately 3.0%. In addition, 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 2011 General Fund budget for benefits of \$3,049,950 represents an increase of approximately \$175,503 (6.11%) over the 2010 budget of \$2,874,447. There are two primary reasons for this increase including the notification from the actuary for the County pension plan that the County will be required to make a contribution in 2011 in the amount of \$399,000 which is approximately \$50,000 more than 2010. In addition, the health insurance premium is scheduled to increase approximately 7% for 2011. Changes to the complement are also directly proportionate to the change in benefit amount.

Below is a chart which breaks out the 2011 salary and benefit budget by administrative division.

**2011 Salary & Benefit Expense by Division**



### Other Personnel Costs

These are monies primarily spent on training and workshops for County elected officials and employees. The 2011 General Fund budget for Other Personnel Costs of \$113,234 represents a decrease of approximately \$5,432 (4.58%) from the 2010 budget of \$118,866. This decrease reflects efforts by management to cut costs where possible.

### 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 2011 General Fund Budget for Fees-Professional of \$1,440,165 represents a decrease of approximately \$120,359 (7.71%) from the 2010 budget of \$1,560,524. This decrease results from the following variances:

- A decrease of approximately \$50,000 in the allocation for the Oil Region Alliance;
- A decrease of \$35,000 in professional fees related to Planning; and
- A decrease of \$7,500 for contracted services related to Domestic Relations.

### 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 2011 General Fund Budget for Occupancy of \$1,043,965 represents increase of approximately \$192,586 (22.62%) over the 2010 \$851,379 budget. This increase is primarily due to additional occupancy costs related to the Human Services Complex and you will note that the reimbursement

for this occupancy which offsets these costs is enumerated in the revenue section of the narrative under fees for services.

### **Communication**

These are monies spent for costs such as telephone, postage, internet, and advertising. The 2011 General Fund budget for Communication of \$430,582 represents an increase of approximately \$36,912 (9.38%) over the 2010 \$393,670 budget. This increase is representative of the increased advertising and postage costs.

### **Supplies**

These are monies spent for supplies required for all county departments to operate. The 2011 General Fund budget for Supplies of \$1,020,737 represents a decrease of approximately \$6,862 (.67%) from the 2010 \$1,027,599 budget. This decrease represents the cooperation of all departments in containing costs.

### **Transportation**

These are monies spent for travel costs to include vehicle leases, repair, insurance and supplies. The 2011 General Fund budget for Transportation of \$154,319 represents an increase of approximately \$6,873 (4.66%) from the 2009 \$147,446 budget. This increase is primarily related to costs associated with car repairs and vehicle insurance.

### **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 2011 General Fund budget for Other Expense of \$445,407 represents a decrease of approximately \$116,136 (20.68%) over the 2010 \$561,543 budget. The decrease is namely representative of the contingency account which was decreased by \$100,000 from \$250,000 to \$150,000.

### **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 2011 General Fund budget for Capital of \$183,960 represents a decrease of approximately \$182,427 (49.79%) over the 2010 \$366,387 budget.

Of the \$183,960 total capital expenses, \$140,930 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 2011 General Fund budget for Inter Fund Transfers – Expense of \$2,589,215 represents an increase of approximately \$323,875 (14.3%) over the 2010 budget of \$2,265,340. The inter fund transfer expenses include:

- A total of \$710,639 to be funded to the Debt Service Fund to cover required debt service payments on the Series 2009.
- The General Fund anticipates a total of \$417,000 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 \$1,452,464 in 2011.

## **II. Operating Reserve Fund**

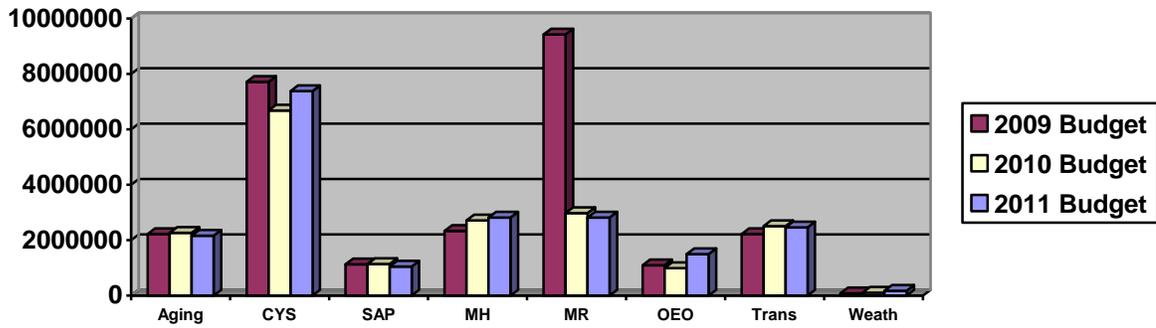
The Operating Reserve Fund currently has a balance of approximately \$2.3 million. Approximately \$1.99 million was transferred as appropriated in the 2010 General Fund Budget. Any carryover in 2010 will be transferred to the Operating Reserve Fund.

The 2010 budget uses \$2,076,876 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 2011 is expected to be their July 1, 2011 through June 30, 2012 budget. Since this fiscal budget has not yet been created, Human Services uses their 2010 calendar year budget as a basis for the 2011 calendar year budget. Once the 10-11 fiscal year budget is completed during 2011, budget amendments will be done to adjust the calendar year 2011 budget accordingly. The following chart trends the expenses per Human Services Fund which shows the greatest growth in CYs, Transportation, and Mental Retardation.

### Human Services Expenses Trend



One may note in 2010, the revenue and expenses related to the Mental Retardation program have decreased approximately \$6,500,000. This decrease reflects a decision by the Office of Developmental Programs to pay providers directly from the State Treasury as opposed to the monies flowing through the County.

#### **IV. Special Revenue Funds**

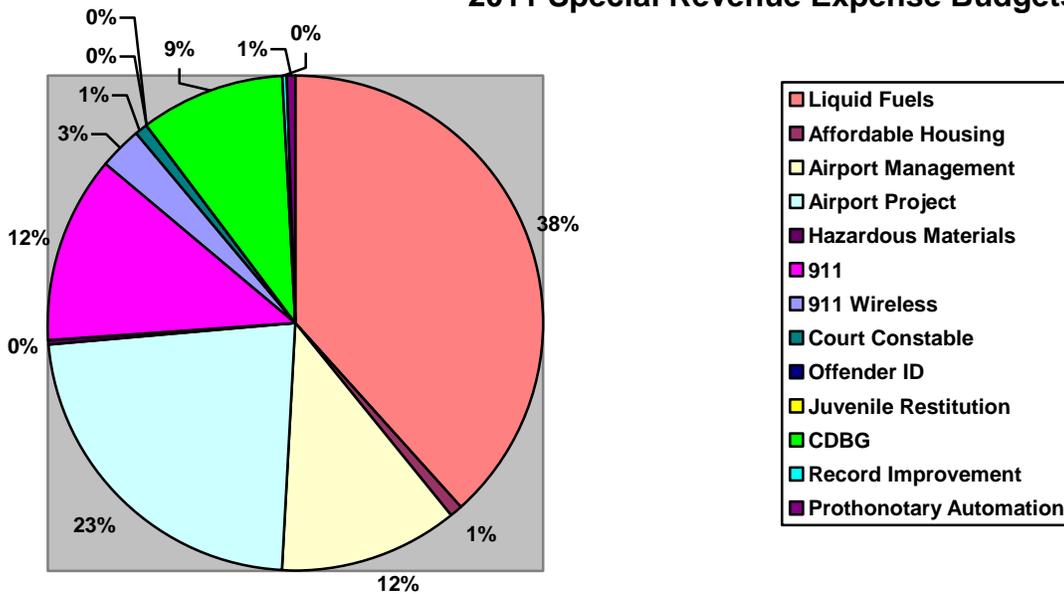
Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The total 2011 budgeted revenues total \$7,129,045 which is an increase of \$2,742,890 (38.5%) from the 2010 \$4,386,155 budget.

The total 2011 Budgeted expenses total \$8,489,417 which is an increase of \$3,264,068 (38.5%) over the 2010 \$5,225,349 budget.

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

## 2011 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 2011 Capital Budget revenue of \$546,000 is a slight decrease from the 2010 budget of \$550,000. This number represents the payments received on the lease purchase arrangement of Venango Manor and interest earnings.

The 2011 Capital Budget expense of \$822,313 represents a decrease of 13.7% over the 2010 \$934,833 budget. The primary uses of this fund are:

- \$150,000 funding for the 911 Special Fund Capital;
- \$140,930 funding for General Fund Capital to include items such as computer equipment, internal Courthouse renovations, and the repaving of the parking lot at the 911 facility;
- \$529,919 funding for debt service (manor) obligations.

The Capital fund is projected to have a cash balance of approximately \$650,000 at the end of 2010 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 \$350,000 at the end of 2011.

## 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 2011 Debt Service Fund expense budget of \$1,415,542 represents approximately \$172,785 (12.2%) increase over the 2010 \$1,242,757 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 2011 budgeted revenues total \$1,877,955 which is an increase of \$10,487 (.60%) from the 2010 \$1,867,468 budget.

The total 2011 budgeted expenses total \$1,903,027 which is an increase of \$8,953 (.50%) from the 2010 \$1,894,074 budget.

