

2017 County of Clarion Budget Narrative

Clarion County’s budget is a tool for county administration that presents our best estimation of anticipated revenues and expected expenditures for the coming year for the operation of county government. As such, it is a plan that evolves as needs and funding sources change throughout the year. Since budgets are not perfect predictions and because the county cannot foresee every possible event that may impact revenues or expenditures, contingencies must be built into the budget based upon past experience. Annual budgets are not designed to predict or cover extraordinary situations that may have a major impact on county finances.

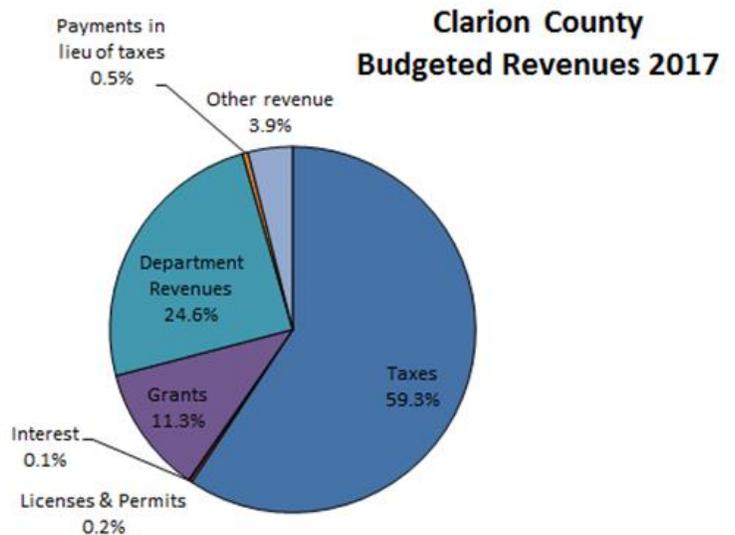
The Clarion County Commissioners are pleased to present this 2017 Budget summary.

Budget Highlights and Focus for 2017

- Tax revenue in this budget is based upon the same property tax rate as last year without increase.
- Resources are provided to the Assessment Office to ensure that all real estate is fairly assessed.
- A greater emphasis will be placed on the generation of revenue by county departments.
- The county will attempt, whenever possible, to generate more grant revenue.
- Budget processes will attempt to discover and eliminate inefficiencies and waste whenever possible.
- Long-term planning processes will be initiated to control or reduce future costs and enhance revenue.

2017 Budgeted Revenues

Budgeted Revenues 2017	
Taxes	\$8,439,819
Licenses & Permits	\$35,000
Interest	\$12,000
Grants	\$1,606,392
Department Revenues	\$3,501,903
Payments in lieu of taxes	\$71,000
Other revenue	\$560,800
Total Revenues	\$14,226,914
Capital Reserve Funds	\$300,000
Total	\$14,526,914



The 2017 Clarion County revenues are reported in seven categories, as required by Governmental Accounting Standards Board (GASB). In general, revenues from all sources are used to support the operation of county government. The only exceptions to this are found in the Grants category where funds may be restricted (ear-marked) for specific uses.

Taxes

The primary source of tax revenue is the tax levied on real estate. The tax rate is set as a percentage of assessed value of the property. The current tax rate for Clarion County is 22 mils with 20.5 mils designated for the general fund and 1.5 mils for debt service. One mil equals 1/1000 so the real estate tax revenue is computed as 0.022 times the assessed value for the county adjusted by the anticipated collection rate.

The Clarion County real estate tax rate has been set at 22 mils of assessed value and constant at that rate since 2012. Total assessed value of property in the county changes each year. The table at right provides a history of the real estate assessed value for the past seven years. Based upon recent collection rates, we are projecting the 2017 current-year real estate tax collection rate to be 93% with 7% uncollected and submitted to Tax Claim at year end. Since prior year collection of real estate taxes by the Tax Claim Office is included in the Departmental Revenues category for the Tax Claim Office, there are two other sources for tax revenue presented in this category. They are the per capita taxes for the current and prior years.

YEAR	REAL ESTATE ASSESSED VALUE
2012	397,413,453
2013	401,221,902
2014	403,796,739
2015	407,525,887
2016	406,554,991
2017	407,564,772

The breakdown of anticipated tax revenues for 2017 is as follows:

	2017 Budget
REAL ESTATE TAXES-CURRENT YEAR	7,777,717
REAL ESTATE TAXES-DEBT SERVICE	569,102
PER CAPITA TAXES-CURRENT YEAR	82,000
PER CAPITA TAXES-PRIOR YEARS	11,000
Total Revenues	8,439,819

Licenses and Permits & Interest

License and permit revenues are solely overseen by the County Treasurer. These revenues include fishing, hunting, and small games of chance fees. Interest revenues are earned on the county's investment and deposit accounts. The 2017 budget for these revenue categories is the same as the 2016 budget.

Grants

Grants revenue received from various sources for specific departments and can only be used for certain line items. Some grants are received to reimburse the county for wages and benefits paid to departmental personnel, such as the 66% wages and benefit reimbursement of the Domestic Relations Office. Without grant revenue the county would have to support the state-mandated services completely with county taxpayer money. Other grants are for agencies within the county that require the County's sponsorship and are complete pass-throughs. The PennDot Climax Tunnel and PHARE are examples. For the Climax Project Tunnel, the county sponsors the grant and it is passed through to vendors approved by PennDot to complete the work. The amount of this grant is \$780,000. For a breakdown of the \$1,606,392, please refer to page 53 of the 2017 Clarion County Budget.

Department Revenue

Department revenues are generated through the fees the numerous county departments and elected row offices charge for services. As an example, the Register and Recorder Office receives fees for marriage licenses and recording of deeds. The 2017 Department Revenue budget no longer includes the 911/Communications Department revenue which is being moved from the General Fund budget from both the revenue and expense sides. The 911/Communications Department is operating as a special revenue fund (Fund 15) for 2017. This change is being made based on the guidelines from the Pennsylvania Emergency Management Agency (PEMA) with regard to the wireless and other phone fees distributed by PEMA that must now be accounted for in a separate fund. This fund will operate on PEMA revenues and revenues provided by the Forest County contract for 911 services and from Ride Right for tower rent.

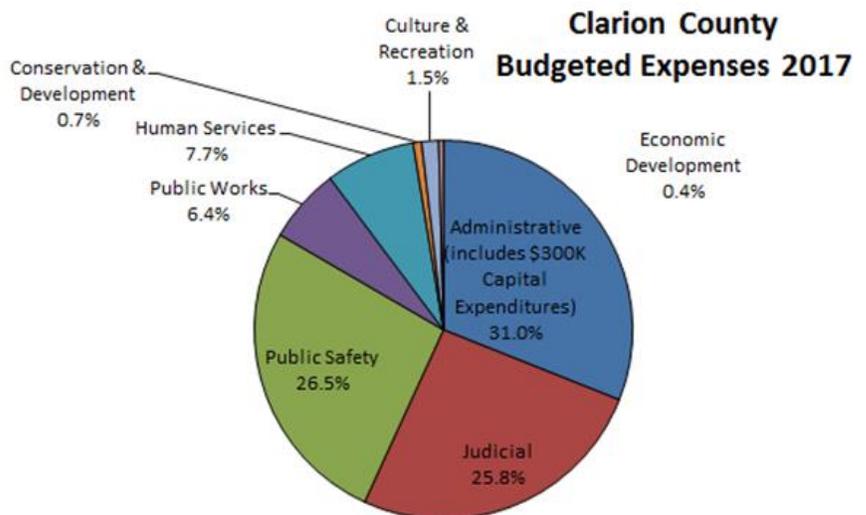
The Department Revenue budget is being set for 2017 to better match the amount of revenue generated by the departmental offices using a historical five-year analysis.

Other Revenue

The Other Revenue category includes revenue that cannot be otherwise categorized. Examples are rent from the Human Services building, work-release revenue, and the Marcellus Shale fees are placed in this category. With the renting of more offices in the Human Services building and more work-release revenue, the projected revenue for this category is increasing. The Human Services building is estimated to bring in an additional \$30,000 over last year.

2017 Budgeted Expenses

Budgeted Expenses 2017	
Administrative (includes \$300K Capital Expenditures)	\$4,507,171
Judicial	\$3,752,202
Public Safety	\$3,852,038
Public Works	\$929,000
Human Services	\$1,112,531
Conservation & Development	\$103,500
Culture & Recreation	\$211,072
Economic Development	\$59,400
Total Expenses	\$14,526,914



The expenditure side the budget is categorized by the function of government as prescribed by GASB and each is reported separately on county financial statements. These categories are: Administrative, Judicial, Public Safety, Public Works, Human Services, Conservation & Development, Culture & Recreation, and Human Services. These separate functions are further broken down to expense categories such as salaries, benefits, operation expenses, and equipment needs. Expenditure budgets are sometimes referred to as expense or operating budgets and those terms are generally interchangeable.

Salaries and benefits amount to 55% of the total operating budget for 2017 which is up from 2016. Several factors account for this. Salaries for workers covered by collective bargaining agreements will increase an average of 2.5%, benefit costs to the county for employee health insurance has increased as have benefit costs for workers' compensation and state unemployment. The County Commissioners have also budgeted for an increase in salary of \$400 to each full-time, and \$200 for each part-time employee not covered by a collective bargaining agreement. The net effect on the county budget is an increase of \$210,000.

Administrative

Administrative function of Clarion County's budget along with the actual administrative expenses of the county, including Commissioners, Central Accounting, Information Technology, and Human Resources departments, which interact with all the other county departments, agencies and elected row offices.

Judicial

The Judicial component contains all the court related offices, including, but not limited to, the Clarion County President Judge James Arner, the four District Judges, Domestic Relations, Sheriff, Register & Recorder, Public Defender, and District Attorney. This function of government makes up around 26.6% of the budget.

Public Safety

Public Safety consists of the Prison, Emergency Management and Probation. As stated previously, the Communications/911 costs have been moved to a special revenue fund. For the Communications/911 budget, please refer to page 60 of the 2017 Clarion County Budget.

Human Services

Human Services is the County's share of all human service departments and agencies. The County completely supports Veterans Affairs, and the other county agencies require a match to their state funding. This support has increased from approximately 5% of the County's 2016 budget to 7.9% for 2017.

Public Works, Conservation & Development, Culture & Recreation and Economic Development

The county also supplies grants to Public Works, Economic Development, Conservation, and Culture and Recreation throughout the county, which makes up the rest of the budget. This budget has a decrease of 10% for each of these agencies/offices resulting in a reduction of the budget of over \$35,000. The county supports the County Park in its entirety.

Funds Released From Capital Reserve

In order for the county to renovate the newly acquired building located on Sixth Avenue, funding in the amount of \$300,000 is being released from capital reserve.

2017 Clarion County Budget Changes from 2016

- The 911/Communications Department has moved to a special revenue account and will operate on the PEMA revenues along with the revenues from Forest County and tower rents from Ride Right.
- The Training and Travel budget is centralized excluding the court offices.
- The Advertising budget is centralized.
- The debt service collected is being placed in an account to service the debt with the remaining funds being used as a sinking fund for either retiring portions of the current debt or reducing future borrowing needs for renovations.