

2023 ADAMS COUNTY BUDGET

Budget Overview

Dear Board of County Commissioners, County Manager, and Adams County Residents:

The Budget Team presents a balanced budget, with no tax increase for 2023, to the Board of Commissioners and Adams County Citizens. There were challenges developing this year's budget to accommodate the increasing demand of resources, including but not limited to, Human Services, Public Safety, and all other Public Services in general. During the developing process we have seen overall steady growth in expenditures, while revenues remain relatively flat. As the County continues to maintain and provide much needed critical services, they are still wrestling with the post pandemic transitions of a new workforce. Overall, the 2023 Budget compared to the 2022 Budget is an increase of 14% or \$10.5 million. If you factor out the American Rescue Funding from both revenues and expenses, the County budget realistically increased by 1.9% or \$1.4 million over last year.

Maintaining strong cash reserves, a positive outlook while still providing critical and necessary services, as well as adherence to County fiscal policies for the citizens of Adams County is our primary goal. With all of this in mind, the 2023 budget was balanced with no tax increase. Finally, due to the leadership from the Board of Commissioners, a collaborative effort from all the County departments, (decreasing initial requested expenditures) and in accordance with the Commonwealth of Pennsylvania County Code, made this year's process a success.

Moreover, this budget embodies the organizational core values, strategic goals, and planning efforts by the Commissioners to provide an overall better quality of life and improved continued services for the citizens of Adams County. By providing a more efficient government; preserving agriculture and growing our economy; utilizing the criminal justice system; delivering emergency preparedness; and fostering healthy communities, these all encompass the elements of a successful strategic plan represented in Adams County, Pennsylvania's 2023 Adopted Budget.

Our budget format is presented in summary by four sections; the General Fund; the Special Revenue Funds; the Hotel Tax Fund; and Special Funds (Bridge Funds).

First, a summary breakdown of all budgeted funds for 2023. In the aggregate, the County budgeted a total \$86.6 million in revenues and \$86.5 million in expenditures, producing a net budgeted surplus from the Hotel Tax Fund in the amount of \$88,285. Our Special Funds, 911 Telecommunications, Children & Youth Services, and Hazardous Materials came in at \$14.1; and our Other Special Revenue Funds: Bridge Funds, restricted for Bridge maintenance and repair, came in at \$710,500; utilizing their own reserves of \$21,200. Finally, the General Operating Fund came in with revenues totaling \$57.6 million and expenditures totaling \$69.3 million. To balance the 2023 General Operating Fund, the County utilized \$2.6 million in reserves. In addition, the County included \$9.1 million in Covid reimbursement funds for the following projects. Community Grants Program, Broadband Project, Agriculture Preservation Grant, and a contribution to Capital. (See summary page 23 for breakdown of the \$9.1 per program, and the County Narrative for additional descriptions pages 7-11).

The County adopted a separate Capital Budget totaling \$3.3 million. A portion of the Capital Budget will be funded approximately \$2.6 million from the 2020 General Obligation Bonds Series A, \$615,656 from American Rescue and Recovery Funds, and \$120,805 from General Fund. The County has other funds that we are not required to budget for and are identified on page 58.

Again, the total overall growth between the 2022 and 2023 budget is 14% or \$10.5 million. Primary contributing factor is American Rescue and Recovery Act Reimbursement funds. The County budgeted approximately \$9.1

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million for the for several Grant Programs identified above and on the Summary Budget page 23. Aside from the ARPA Funds, the County only grew 1.9% or \$1.4 million over 2022.

Overview of Revenue Forecasting

The County continues to practice Revenue forecasting utilizing many analyses, trends, history, and assessments. The analytical process looks at actual revenue trends over a period of years and forecasts that trend to future years. This gives the County an idea of what to expect for future budget models. Another factor considered is the economic metrics. Overall, the revenue forecast is completed by establishing a 4- year historic forecast and comparing that to a linear regression forecast. The two models are compared, and the most realistic model is used.

There are times when unexpected events happen and revenues fall short, or expenditures are greater than expected. To balance, the County budgets conservatively, revenues are budgeted slightly lower than the forecast, whereas expenditures are budgeted slightly over what is anticipated. It should be said that the slight increases in expenditures and decreases in revenues is less than ten percent. The graph below lists the top 87% of all revenue sources in the adopted budget, along with their budgeted dollar amounts.

Revenue Source	Fund Type	2023 Budget	% of Total Revenue
Real Estate Taxes-Current Year	General Fund	43,000,000	56%
State Funding	Multiple	10,087,559	13%
Charges for Services	General Fund	3,533,334	5%
Federal Funding	Multiple	2,070,581	3%
Public Safety Telephone Fee	911 Telecomm. Fund	2,100,000	3%
Hotel Room Rental Tax	Hotel Tax Fund	2,400,000	3%
Weekender/Out of County Fees	General Fund	1,250,000	2%
Real Estate Taxes-Prior Year	General Fund	975,000	1%
County Fines	Multiple	486,000	1%
Indirect Cost Reimbursement	General Fund	622,960	1%

Note: Total Revenues budgeted in 2023 - \$86,674,622.

Total: \$66,525,434 87%

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General Fund

The County's largest major fund, the General Operating Fund, includes all operations except for what makes up the Special Revenue Funds and Special Funds. The General Operating Fund Revenues adopted in 2023 totaled \$69.3 million, approximately a 17% increase or \$9.8 million over the 2022 adopted General Fund budget. The majority of the increase is primarily due to Assigned Fund Balance of \$9.1 million for the purpose of special projects funded by the American Rescue Recovery Act (COVID funds). Also, included in the General Fund total is Appropriated Fund Balance of \$2.6 million.

The County is in solid condition and is maintaining a Moody's bond rating of Aa2. The audited year of 2021 produced final General Fund Balance of \$27 million and the unassigned portion of \$21.5 million. The Finance Governance Committee continually monitors the Fund Balance Policy ensuring fiscal demands and compliance are in check.

There are twenty-nine departments/programs/division that make up the General Fund services. These include: Building and Maintenance, County Complex, Clerk of Courts, Commissioners, Controller, Cooperative Extension, Coroner, Court Administration, District Attorney, Elections/Voter Registration, Emergency Services, Budget/Purchasing, Human Resources, Information Technology, Planning and Development, Conservation District, Protective Inspections, Prison, Central Processing, Prothonotary, Public Defender, Register/Recorder, Security, Sheriff, Solicitor, Tax Services, Treasurer, Veteran's Affairs, and Victim Witness. The County allocates all salaries and benefits directly to their perspective program.

Again, the General Fund Operational budget, including transfers for 2023, produced a negative contingency of \$2.6 million, which will come from reserves. The General Fund operating budget includes approximately \$3.2 million in subsidy to balance the Special Funds. Our 911 Telecommunications program and our Children and Youth Program both rank in the top 5 services the County of Adams provides.

The following points highlight the primary reasons for the increase of \$9.8 million in **General Fund revenues** from 2022 to 2023.

- The County received American Rescue Plan Act Funding as a result of the COVID Pandemic and budgeted \$9,115,656 for the 2023 Budget. See description of projects on page XXX County Narrative.
- Real Estate Tax Revenue was adjusted to the revised annual assessment values generated by the Tax Services Department in the amount of \$1,195,490.
- The Election and Voter Registration received the Election Integrity Grant from the Commonwealth of PA for the administration of elections in the amount of \$365,842.
- Transfers In included additional Domestic Relation funds and Court Funds for operations and capital in the amount of 485,569.
- Register and Recorder increased their Revenues by \$200,000.
- Finally, a decrease of \$2.1 million in the Appropriated Fund Balance over last year contributed to the overall increase in Revenues.

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The **General Fund expenditures** increase from 2022 to 2023 by \$9.8 million primarily due to the following program highlights:

- The County budgeted \$9.1 million in American Rescue Plan Act monies as Assigned Fund Balance on the Revenue side and for Special Projects as Expenditures. The projects are identified as Community Grants; Broadband Project; Agriculture Preservation Projects; and Contribution to Capital.
- New Grants for our Elections/Voter Registration department in the amount of \$251,126 for election integrity equipment.
- The Courts increased expenditures by \$333,524 due to staffing personnel, benefits, and professional services.
- Transfers Out from the General Fund included a contribution to Capital in the amount of \$120,805.

Special Revenue Funds

The County's Special Revenue Funds are made up of the following services: 911 Telecommunications, Children & Youth Services, Independent Living Grant, and Hazardous Materials. Total aggregate revenues adopted for 2022 of \$14.1 million, an increase of \$13,217 over 2022. Overall, the revenues for these funds decreased, but were offset by an increase in the General Fund subsidy of \$3.2 million.

The chart below shows the breakdown of the Special Funds comparing revenues between 2022 and 2023 with variances.

Special Revenue Funds	2022	2023	Variance
911 Telecommunications	2,130,793	2,130,274	(519)
Children & Youth Services	8,401,469	8,155,646	(245,823)
Independent Living	517,384	548,861	31,477
Hazardous Materials	80,545	53,251	(27,294)
	11,130,191	10,888,032	(242,159)
<i>General Fund Subsidy</i>	3,020,275	3,275,651	255,376
Total Special Funds	\$14,150,466	\$14,163,683	\$ 13,217

Hotel Tax Fund

The County identified, through budget reviews, to budget for the Hotel Tax Fund separately, so therefore, this Fund was brought onto the budget books in 2021. In previous years, the County only budgeted for the distributions through the Transfers department. Although the Hotel service industry was greatly impacted by the pandemic, the County anticipates producing more revenue than expected for 2023.

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- Finally, the County's Tourism Industry is making a recovery on our Hotel Tax Fund, despite the continued COVID-19 and lingering effects, this Fund has increased Revenues over last year by \$499,500 or 26%. The growth in the budgeted revenue and expenditures of the Hotel Tax fund is a positive sign that tourism in Adams County has been on the rise. Even though the County is still feeling the effects of the continued pandemic along with uncertainty of future path of the pandemic, the County has continued to see continued recovery in 2023. The growth of revenue allows for an increase in expenditures. The budgeted expenditures increased \$505,215 or 28% from the 2022 budget to the 2023 budget. The growth of revenues and expenditures not only shows that tourism has recovered, but also that the County continues to make investments in community organizations and tourist promotion.

Special Funds (Bridge Funds)

Under this section, the County budgets for the Act 13 Bridge Improvements and the Liquid Fuels grant. Both funds focus on improving and maintaining the 42 County- owned bridges.

The increase in both revenues and expenditures relating to the Bridge Funds are due to properly aligning the projects with the amount of time to complete budgeted projects within the same budget year. COVID has had a lasting impact on the planning and scheduling of projects, along with weather conditions affect the completion of Bridge projects.

The Bridge Funds have increased by \$171,400 in revenues and \$355,600 in expenditures. See chart below for variances compared to previous years. Bridge projects are affected by many elements, especially weather and therefore, can be difficult to budget.