

2022 ADAMS COUNTY BUDGET

Budget Overview

Dear Board of County Commissioners and Adams County Residents:

The Finance Team once again presenting a balanced budget for 2022 to the Board of Commissioners and Adams County Citizens. There were challenges creating this year's budget due to the uncertainty of the impact of COVID-19 on county operations, steady increases in expenses, and slow revenue growth. 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 2022 budget was balanced using a modest amount of reserves as well as a .25 millage, minimal 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 2022 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 (Bridged Funds). For each section you will find Funding Sources and Expenditures broken out by function type according to Governmental Accounting Standards Board. (GASB).

First, a summary breakdown of all budgeted funds for 2022. In the aggregate, the County budgeted a total \$76.1 million in revenues and \$75.8 million in expenditures, producing a net budgeted surplus of \$278,200. The breakdown of the surplus is as follows: \$94 thousand from the Hotel Tax Fund, which is restricted from being used toward general fund operations; and \$184,200 from our Other Special Revenue Funds: Bridge Funds, restricted for Bridge maintenance and repair. The General Operating Fund came in with revenues totaling \$54.7 million and expenditures totaling \$59.5. To balance the 2022 General Operating Fund budget, the County utilized \$4.8 in reserves.

In addition, the County prepared a separate Capital Budget totaling \$3,065,943. A portion of the Capital Budget will be funded approximately \$2 million by the 2020 General Obligation Bonds Series A, and \$1 million from reserves. The County has other funds that we are not required to budget for and are identified on page 58.

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 2022, excluding transfers and appropriated fund balance, totaled \$53.5 million, approximately a 5.5% increase over the 2021 adopted General Fund budget.

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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 2022, produced a negative contingency of \$4.8 million, which will come from reserves. This Budget plan includes a modest tax increase of \$2.4 million to arrive at a balanced budget. The General Fund operating budget includes approximately \$3 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 in **General Fund revenues** from 2021 to 2022. The overall General Operating Fund revenues increased by \$4.6 million or approximately 8.6% over last year.

- One noticeable increase in revenues over last year is attributed to a tax increase of approximately \$2.4 million. This equates to a quarter mill increase bringing our tax millage rate up to 4.4393. The last increase the County made was in 2018. In keeping with a four-year budget plan, this modest increase will provide continued public safety, maintain services, focus on operational priorities, and streamline improvements to technology.
- Another significant factor contributing to the overall increase in revenues, is the increase to our Appropriated Fund Balance line item. The County utilized reserves of \$2.7 million to balance the 2021 budget, whereas, in the 2022 budget plan, the County will be utilizing \$4.8 million in reserves to assist with meeting the demands of overall growth with public safety, delivery of human services, technology security, and examining staffing levels to ensure proper resources for staff to accomplish their jobs.
- 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 over last year by \$868,000 or 83%. 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 recovery in 2021 and looks for that to continue in 2022. This growth of revenue allows for an increase in expenditures. The budgeted expenditures increased \$716,806 or 65% from the 2021 budget to the 2022 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.

The **General Fund expenditures** overall show an increase from 2021-\$54.8 million to \$59.5 million in 2022 to a variance of \$4.7 million, primarily due to the following program highlights:

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- The most notable increase in 2022 expenditures is the County Debt Service which increased due to the 2020 Bond Issue. The Bond issue encompassed Series A and Series B. Series A is earmarked for various capital projects and Series B is an advanced refunding of previous issues. The County's revised debt service scheduled produced a significant savings and therefore reduced the debt service payments in the 2021 Budget of approximately \$1.5 million. However, in the following years the debt service payments increase to approximately \$2.1 million, resulting in increased expense for the General Operating Funds budget.
- Another area where we see growth is our Information Technology department (IT). The I.T. department's budget grew over 16% from last year with their focus on cybersecurity being the main objective. Retaining employees who are certified and familiar with the County's network and vast array of software is critical to keeping the county's computers and servers safe from security breaches.
- New software specifically for securing the county's network is being added in 2022 to keep up with the evolving and daily threats. Procuring hardware and software to keep the county up to date technologically is another top continuing project where new computers, servers, and switches are purchased and cycled into the environment and various department software licenses are tracked and maintained.
- The growth in budgeted expenditures for the Adams County Adult Correctional Complex shows the County's continued investment in public safety and criminal justice within Adams County. The Prison budget combined with the Central Processing budget increased by a total by \$681,078. The increase in budgeted expenditures is mostly due to the new union collective bargaining agreement. This increased investment allows for increased employee retention along with the continued support of the goals of public safety and criminal justice.
- The growth in budget expenditures shows the County's continued investment in public safety and criminal justice. The Court expenditures increased \$656,997 or 7% from the 2021 budget to the 2022 budget. The two main areas of the increase are personnel and professional services. There was recently a new union collective bargaining agreement negotiated. Also, the Court continues to look toward investment in electronic monitoring. With the effects of the pandemic continuing, the County and Court have looked toward efficient ways of continued operation. The increased investment in electronic monitoring allows for continued operations in an efficient manner while supporting the goals of public safety and criminal justice.

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 \$11.2 million, a decrease of \$83,477 over 2021. Special Revenue Funds expenditures total approximately \$14.1 million (includes subsidy form General Fund of \$3 million), a slight decrease of 2% over 2021 or \$328,075 less.

Overall, the following is a breakdown of the Special Funds comparing expenditures for 2022 to 2021 with variances.

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Special Revenue Funds	2021	2022	Variance
911 Telecommunications	2,166,983	2,130,793	(36,190)
Children & Youth Services	8,481,981	8,401,469	(80,512)
Independent Living	491,642	517,384	25,742
Hazardous Materials	73,062	80,545	7,483
	11,213,668	11,130,191	(83,477)
<i>General Fund Subsidy</i>	3,264,873	3,020,275	114,504
Total Special Funds	\$ 14,478,541	\$ 14,150,466	(\$244,598)

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. The Hotel service industry was greatly impacted by the pandemic and during 2021 produced more revenue than expected and economically is recovering.

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 decrease in both revenues and expenditures with the Bridge Funds are partially 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.

An overall decrease of 8% between 2021 and 2022 or approximately \$426,400. Due to weather and the impact of COVID-19 it was not feasible to complete some of the projects in 2021. Anticipating the ongoing impact of this pandemic, the County decided to budget less in 2022.