



Lycoming County, Pennsylvania

Multi-Year Financial Management Plan

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Table of Contents

Executive Summary	Page 1
Financial Condition Assessment	Page 10
Management Review	Page 36
Fiscal Discipline	Page 92
Human Capital Investment	Page 110
Facility Management	Page 117
Information Technology	Page 127
Performance Management	Page 134

Executive Summary

In late 2017 the Lycoming County Board of Commissioners authorized a grant application to the Commonwealth of Pennsylvania's Early Intervention Program (EIP). The Pennsylvania Department of Community and Economic Development administers this program to support county and local governments in developing multi-year financial plans that help local leaders balance their budget in a way that funds the critical services that governments provide every day and advances the leaders' strategic vision for what their community should be.

The Board put Lycoming County's financial challenges front and center in the request for proposals at the start of this process:

Lycoming County has experienced several years of budget deficits due to rising contributions to employee pensions, employee health insurance expenses, and capital improvement costs. The Board of Commissioners have cut costs; however, the County still is challenged to provide the same level of County services, as property tax revenues have remained stagnant and federal and state revenues have declined. Balancing service demands, with constrained or declining revenue sources, is a critical challenge that Lycoming County is currently facing.

The County's financial performance in recent years bears out this challenge. The 2013 comprehensive annual financial report showed a \$6.2 million deficit in the government's primary operating funds at the end of that year. The County has been able to shrink the annual deficits each year since 2013, but still finished with expenditures in excess of revenues in 2017.

Like other Pennsylvania counties, Lycoming County has struggled to bring its budget into structural balance so that recurring revenues cover recurring expenditures. By statute Pennsylvania counties usually depend on the real estate tax to generate most revenue in their primary operating fund. In Lycoming County the real estate tax generated more than 50 percent of the County's General Fund revenues in 2013 and that share has grown over time. Unfortunately real estate tax revenues themselves have not grown in Lycoming County unless the Board increases the tax rate itself. The tax base that generates this revenue – the total assessed value of taxable land and buildings in the County – has been stagnant.

On the other side of the financial ledger, Lycoming County spends most of its General Fund budget on employee compensation. Personnel costs, including the County's contribution to the cost of employee health insurance, pensions and other fringe benefits, accounted for 56 percent of total General Fund expenditures in 2017. This is not unusual or inappropriate for a County government since its employees often are the most important part of the services that County government provides. The cost of employee compensation increases over time as employees receive salary increases and the cost of their health insurance rises.

The resulting dynamic is that Lycoming County government depends on one relatively stagnant form of revenue to fund a group of related expenditures that grow over time. The mathematical reality is that, even if the County adopts balanced budgets in the short term, the structural imbalance returns absent corrective action. In this respect, Lycoming County is similar to many other Pennsylvania counties that have used the EIP process.

Lycoming County also has its own unique circumstances, such as the ability to generate some revenue from the landfill that serves a six-county region. County government receives revenue from natural gas impact fees and some rental revenue from the commercial office space it owns in downtown Williamsport. Lycoming County spends a large part of its budget on child protective services, but it has a unique arrangement where an organization separate from County government itself handles these duties. The County also spends more than 30 percent of its General Fund budget on its courts, criminal justice and prison system, but the County has demonstrated willingness to try alternatives to incarceration, like its Re-Entry Services Center.

The current Board of Commissioners has its own vision for what Lycoming County government should achieve. At the start of this engagement the Board set the following mission statement for this planning process.

Our mission is to create a fiscal guide for Lycoming County for the next five years which complies with all federal and state mandates and maintains a balanced budget and financial reserves while ensuring that future Boards of Commissioners are able to seize economic opportunities and provide excellent services without placing an undue burden on tax payers. We want to develop a work environment which prioritizes and rewards innovative practices of fiscal discipline, human capital investment, and performance-based services.

In support of that mission this multi-year financial plan should be used three ways.

- The first use is **educational**. Before County leaders can agree on a strategy to overcome financial challenges, there first has to be a shared understanding of what causes those challenges and why they need to be addressed. So the Board of Commissioners asked for a “fiscal guide” that analyzes County government’s financial performance and explains it in a way that is meaningful to a broader audience. The Board also asked that this analysis be self-contained so future leaders can pick up this document and orient themselves to the County government’s financial story. So the **Financial Condition Assessment** focuses on questions like: *Where are we now? How did we get here? Where will we go if we don’t make changes?*
- The second use is **informational**. The Board asked for a clear explanation of how County government spends taxpayers’ money and what services it provides. The County’s budget provides important detail on government’s revenues and expenditures, and the year-end audit explains the County’s financial activity in accordance with generally accepted accounting practices. But both documents present information in a way that relies on the reader’s familiarity with government fund accounting for proper interpretation. The **Management Review** describes County government expenditures, both across the organization as a whole and within each department, in a way that is accessible to people without fund accounting expertise.
- The third use is **tactical**. Lycoming County’s appointed and elected leaders don’t just need to understand the government’s financial challenges. They also need to overcome them in a way that advances goals beyond having a balanced budget. The **Action Plan** offers thoughtful strategies to do so.

The rest of this section presents the major findings described more fully in the subsequent parts of this Plan and highlights the priority initiatives that the County should pursue in 2019.

Baseline projection: Deficits return without corrective action

As required in the EIP guidelines, we have developed a baseline projection for the County’s revenues and expenditures in the General Fund in a *status quo* scenario. For revenues the status quo assumes no future real estate tax increases or changes in service charges. For expenditures, it assumes no changes in service levels or employee headcount. Revenue growth is projected based on recent trends in the tax base or performance absent rate increases. Salary growth is projected based on the wage patterns incorporated in recent collective bargaining agreements.

The baseline starts with the County’s 2018 budget, which was the most recently adopted document at the time of analysis, and then runs five years through 2023. The 2018 budget breaks from the County’s historical trend of operating deficits and shows a \$3 million surplus instead. The County anticipated that positive result largely because of a \$2.1 million back payment for natural gas royalties; a \$1.2 million one-time reimbursement for operating expenditures; and the use of \$1.4 million in Act 13 natural gas impact fee revenues for daily operations. The County has historically used its Act 13 money to fund capital

projects. Once those non-recurring items are removed from the baseline, the projection through 2023 shows deficits returning as soon as 2019 absent corrective action.

Baseline Projection (\$ Millions)

	2018	2019	2020	2021	2022	2023
	Budget	Projected	Projected	Projected	Projected	Projected
Total Revenues	\$64.4	\$64.7	\$65.2	\$65.7	\$66.1	\$66.5
Total Expenditures	\$61.3	\$65.6	\$67.1	\$68.5	\$70.1	\$71.5
Surplus / (Deficit)	\$3.0	(\$0.9)	(\$1.9)	(\$2.8)	(\$4.0)	(\$5.0)

We developed this baseline projection during 2018 so the County could use it to take corrective action during its 2019 budget process and avoid the projected deficit. We also note that in recent years the County has adopted conservative budgets where the level of budgeted expenditures is significantly higher than the level of actual year-end expenditures. But the following seven core trends that drive the County's budget out of balance cannot be fixed easily through one budget cycle.

- No. 1: Real estate tax revenues, which account for almost 60 percent of the 2018 General Fund budget, are generally flat unless the County increases taxes.
- No. 2: The County's largest sources of designated revenues are flat while the costs for providing the associated services are growing. So the County is becoming more dependent on its real estate tax revenues.
- No. 3: Act 13 gas impact fee revenue provides the County with an additional source of general (i.e. undesignated revenue) that has historically been used for capital projects, though the amount received has declined in recent years.
- No. 4: The County has slowed the growth in employee cash compensation from 3.3 percent in 2013 to 0.4 percent in 2017 because of actions that resulted in lower headcount and lower base salary increases.
- No. 5: Health insurance expenditures for active and retired employees grew an average of 8.5 percent per year from 2013 to 2017.
- No. 6: Children and youth program expenditures paid to the Lycoming-Clinton Joinder coupled with the County's portion of costs grew at an average of 7.6 percent from 2013 to 2017, though they have been relatively stable since 2015.
- No. 7: The County has historically spent \$2.1 million a year from its General Fund on capital projects. While the 2018 budget boosts that spending to \$3.3 million, the baseline assumes it drops back down to the historical average starting in 2019.

Please see the Financial Condition Assessment for more information on these trends.

Lycoming County will not fix its financial challenges by focusing on just one side of the financial equation.

Balancing the budget solely through expenditure cuts is not practical in the long term because Lycoming County allocates most of its budget to services that are required by Pennsylvania law, such as those focused on child protective services, mental health/intellectual disabilities, and the criminal justice system. Other services may not be statutorily mandated, but are practically necessary for any large organization. For example, any organization the size of Lycoming County government will have some facility maintenance, human resources and information technology responsibilities, even if the day-to-day work is done by contractors. In many cases the County has more flexibility in terms of *how* it provides a service, as opposed to *whether* it provides a service.

Share of Total General Fund Expenditures by Subject Area

Department total	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Courts (includes Juvenile Probation)	17.7%	15.6%	16.7%	17.5%	18.0%
Health and Human Services	12.5%	14.7%	12.8%	15.1%	15.6%
Prison	12.8%	12.1%	13.5%	14.1%	15.2%
Administration	11.8%	9.3%	9.7%	10.4%	9.7%
Row officers	6.9%	7.4%	8.3%	8.6%	8.5%
Other (includes Public Safety)	3.4%	3.3%	1.8%	3.1%	2.4%
Planning and Development	2.9%	2.2%	2.0%	3.8%	0.6%
Departmental Total	68.7%	64.0%	63.9%	72.4%	70.1%

Please see the Departmental Review section for more information on the services that County government provides and their associated costs.

Balancing the budget solely through revenue increases is also not practical in the long term because County government does not control the degree to which its real estate tax base grows. If the historical trend of stagnant tax base growth continues, the County would be locked into making repeated real estate tax increases to avoid deficits.

Lycoming County may have to use both headcount reductions and tax increases to balance its budget over the next five years, just as it has in prior years where those tools helped mitigate (but not eliminate) deficits. But those are not the only tools to bridge this gap between flat revenues and incrementally rising expenditures, and balancing the budget is not the only goal for this Board of Commissioners or this Plan. The final chapter of this Plan is separated into five sections with strategies to help close the projected deficit and advance the other goals in the Board's mission statement.

- **Fiscal discipline:** During the departmental interviews several participants emphasized the importance of spending money only where it is necessary and adds value. This was commonly expressed within the context of developing a realistic budget and sticking to it. Vigilant oversight of resource allocation and usage also applies to staffing decisions and revenue collection.
- **Human capital investment:** If discipline often refers to what not to do (don't spend more than budgeted, don't budget more than you need), investment emphasizes the importance of taking action on a limited set of priorities. County government's most important resource – and the one to which it allocates most of its budget – is its own employees (i.e. human capital). This section offers initiatives related to employee compensation and is followed by two smaller sections that

address the County's spending on its physical capital -- namely its **facilities** and its **information technology**.

- **Performance management:** The first two concepts imply that County government leaders have the information they need to decide which expenditures are necessary and valuable. Throughout the process our conversations about resource allocation frequently returned to the concept of "return on investment." Lycoming County government leaders understand they need to have processes in place to quantify and evaluate the level of services provided (outputs) and the effectiveness and value of those services (outcomes). They also understand the potential of using performance management to guide resource allocation decisions, though there is currently very limited performance management in place, at least at the government-wide level. So this section offers initiatives to bring performance management concepts to a few areas as a starting point for a larger process.

Some initiatives in this Plan were recommended by County staff during our interview process. Others respond to the core trends driving Lycoming County's deficits, and others were drawn from our experience working in communities outside Lycoming County. We anticipate that some concepts will make some readers uncomfortable and others will need further discussion before implementation. We hope that this Plan helps build consensus between County government's leaders, its staff and the community at-large on which problems need to be solved and drives constructive discussions about how to do so, even if there is disagreement on the exact method chosen.

We also understand that consensus on solving problems doesn't automatically translate to effective action. So we offer the following initiatives as priorities for Lycoming County's elected and appointed leaders to pursue in 2019.

Building a better budget: Improving the document and process

The County's budget, both as a document and the process that creates it, is a major undertaking for County personnel, especially the staff in Fiscal Services.

The process begins in the summer when departments submit their requests for the next year. Since 2017 the departments have also submitted a projection of their needs for two additional years. The Board of Commissioners discusses budget requests with department directors and staff during hearings throughout the fall, leading up to the budget's eventual adoption. The process runs about six months and culminates in a document over 250 pages long.

The Board of Commissioners expressed frustration with the budget document and its limitations as a resource for answering basic questions about where the County spends its money and how that has changed over time. Department directors expressed frustrations with the process, saying the requests they submit in the summer and discuss in the early fall do not match what comes out of the process at the end of the year. In our evaluation the budget document has limited use as a historical reference, a forward-looking planning tool or a means of communicating how current finances and operations are related.

In recent years the County budget document also has shown a level of expenditures that is significantly higher than the actual amount spent. Each year from 2013 through 2016 the County spent at least \$5 million less than budgeted. In 2017 the budget-to-actual variance was \$10.4 million (or 16.4 percent).

Some variance between budgeted and actual results is expected, particularly for governments like Lycoming County that budget the full cost of every position for a full year, instead of trying to account for position vacancies throughout the year. The County also includes \$500,000 - \$1 million contingency in its annual budget for any unanticipated needs or revenue shortfalls that arise during the year.

But variances this large and this frequent can undercut the validity of the budget process, which should be a realistic projection of the County's anticipated expenditures for the next year.

So we recommend that the County improve its budget document and process in the following ways:

- Provide more concise, intuitive descriptions of each department's revenues and expenditures that include historical information as context for the next year's allocation
- Record the cost of employee fringe benefits in the departments where those employees work to facilitate discussions about the true costs of providing services
- Give the Director of Administration a lead role in the budget process working with Fiscal Services to improve coordination across departments and streamline the Board review process
- Continue to develop and refine multi-year projection process as part of the annual budget

Please see the Management Review section for more information on each of these recommendations.

We also recommend that the County **designate a portion of its unassigned fund balance as a contingency for employee health insurance costs.** Employee health insurance is one of the areas where the County frequently spends less than it budgets with variances-to-budget of more than \$1 million in 2015, 2016 and 2017. The County has recently moved to a self-insured arrangement so it expects more volatility in claim costs which creates even more incentive to budget conservatively.

Designating a portion of the unassigned fund balance as a contingency for health insurance claims would reduce the pressure to allocate large amounts to fringe benefits in the budget as a contingency in case claim costs are higher than expected. It would also help offset one of the key expenditure drivers for the County's projected deficit – an 8 percent annual increase in health insurance costs applied to the County's \$7.2 million budget allocation for 2018.

Please see initiative FD09 in the Fiscal Discipline section for more information.

Ideally the County's financial software package should make the budgeting process and the types of improvements recommended here easier to execute. We were surprised to learn that the County's current software cannot export historical data to Excel for data organization and analysis. We are not familiar enough with this software package to evaluate it, and we recognize the value of using the same software to handle multiple processes (i.e., budget, general ledger, accounts payable). But we encourage the County to **consider whether a different financial management software package or an upgraded version of the current one better meets its needs.** That evaluation is already under way.

County Fiscal Services should also work with the Lycoming-Clinton Joinder to **include more detail in the County budget on the financial activity related to the services that the Joinder provides**¹. Lycoming and Clinton counties contract with the Joinder to act on their behalf as the county Children and Youth (Lycoming County only) and Mental Health and Intellectual Disabilities (MHID) agency. Under the terms of this relationship, the Joinder provides all of the services and programs that a typical County Health and Human Service agency would provide. The Joinder is managed by a Board of the Commissioners from Lycoming and Clinton counties and its staff are employed by the Joinder.

This unique arrangement between the County and Joinder is mirrored in their financial arrangement. County Fiscal Services receives grants-in-aid and reimbursements as revenue and passes them through to the Joinder as an expenditure. The County also makes its own matching contribution which rose from \$1.2 million in 2013 to \$1.5 million in 2017 (or 4.5 percent a year). According to the County's 2018 budget, these two line items – Program Expenses (the revenue pass-through) and the County Match are the only expenditures listed in the County budget for Children and Youth.

¹ Please see initiative FD08 in the Fiscal Discipline section for more information.

During our analysis, the Joinder staff were very responsive and transparent and we have no reason to doubt their work. County staff also noted repeatedly that they trust the Joinder. But the County needs to present and discuss more detailed information than two expenditure lines that comprise more than 15 percent of the County's General Fund expenditures.

Being a good steward of resources

County government's most important resource is its employees so it is not unusual or inappropriate that the County spends the majority of its General Fund budget on employee compensation. Lycoming County's ability to deliver services to its residents depends on having the right number of employees, the right type of employees and the right training for those employees. It includes concepts that are linked to financial performance and integral to operational performance but harder to quantify on a financial ledger such as recruitment, hiring, retention and professional development.

The Commissioners recognize that their employees represent more than an expenditure category and, quoting from their mission statement, they want to "develop a work environment which prioritizes and rewards innovative practices."

Before the County can reward employees' strong performance, there first has to be clear guidelines for what constitutes the baseline level of expected performance and a mechanism for fairly evaluating employees' performance relative to that baseline. There is general dissatisfaction with the employee evaluation process, especially since it is not clear whether or how the County uses the completed evaluations.

Some interview participants commented that supervisors have little incentive to be honest and thorough in their evaluations because there is no tangible benefit if employees receive a good evaluation versus a poor one. If supervisors feel that the evaluations are unimportant, that will likely lead to lower quality work on the evaluations themselves.

Just as supervisors may lack incentive to conduct thorough and accurate evaluations under these circumstances, employees may lack incentive to exceed performance standards if there is no tangible reward for doing so. There is risk that the morale of top performers will drop, as will their performance. Eventually, top performers may leave County government for better opportunities elsewhere, creating additional expenses for the County in terms of recruitment and training.

We recommend the following "first steps" in response.

- According to the employees interviewed during our process, the County needs to **improve its employee evaluation process**. This is true for risk management reasons, even if the County does not pursue any merit-based compensation structure. That should be the priority for 2019.
- The County should also use 2019 to **discuss whether there is interest in adopting an element of merit-based compensation** and, if so, whether the basic approach outlined later in this Plan is viable – providing employees with the certainty of regular cost-of-living adjustments at a lower level (e.g. 2.0 percent versus 2.5 percent assumed in the baseline projection) and then using part of the difference to fund some form of merit-based compensation.

Please see the Human Capital Investment section for more information on each of these recommendations.

County government also has to be a good steward of the buildings and physical spaces it uses in its operations. At the beginning of this process the Board acknowledged that the County owns more space than it needs across three properties in downtown Williamsport – the County Courthouse (48 West Third Street); Executive Plaza (330 Pine Street); and the Third Street Plaza (33 West Third Street).

The Board has been considering whether it should sell the Executive Plaza and consolidate the offices at that site into Third Street Plaza or vice versa. Our financial scenario analysis indicates that selling Executive Plaza and consolidating all operations into Third Street Plaza is a better option from the perspective of the estimated impact on the General Fund. This position corroborates the recommendation from key County staff who cite the flexibility that Third Street Plaza provides for meeting County government's future space needs; the presence of sensitive equipment inside that facility and on its roof; and restrictions related to the mix of taxable and non-taxable debt used to fund improvements at Third Street Plaza.

We have not evaluated which of these two facilities would be more attractive to a potential buyer or estimated the amount of proceeds that the County could receive from selling Executive Plaza versus Third Street Plaza. The County should definitely discuss the first point so it can estimate the value in the second. **The Board should then make its decision and move forward with the consolidation.** This will reduce the County's facility maintenance workload, alleviate the need for County taxpayers to make future capital investments in both facilities, and, depending on any building sale proceeds, provide money that can be invested into higher priority needs.

Please see the Facility Management section for more information.

Mission and performance management: Applying ROI to County government

The Board requested benchmarking analysis comparing the staffing levels in its Planning and Community Development Department (PCD) and Management Information Services (MIS) to the staffing levels in peer Pennsylvania counties. Benchmarking on its own is seldom useful as a prescriptive exercise where you use comparative data alone to determine the number of positions a government should have. But it is valuable for identifying where one county differs from others and then using that information to discuss the critical factors that drive those differences.

In both cases Lycoming County has more staff than the peer departments in Adams and Lebanon counties, which are also Counties of the Fifth Class. There are a number of reasons that one department may be larger than the other that are unrelated to any concerns about efficiency or effectiveness such as differences in the government's overall organization, the mission assigned to each department and the service demands those departments are meeting.

We encourage the Board not to focus on the relatively simplistic comparison of headcount as an indication that PCD and MIS are too large. Instead we encourage County leadership, including management in PCD and MIS, to focus on the questions that were implied in the Commissioners' request for this analysis and then directly stated later – What kind of Planning or IT Department should Lycoming County have? What is the return on investment (ROI) that the Board expects?

PCD is currently Lycoming County government's primary means to help grow the stagnant real estate tax base that funds the rest of County government. It is hard to envision a path for Lycoming County government to achieve long-term financial stability if the real estate tax base remains stagnant. However it is ultimately up to the Board what role County government and PCD in particular should play in that process.

We recommend that PCD create a list of performance measures that focus on the return on investment concept. Performance measures should provide a quantified answer to questions how well PCD is doing its work and how effectively that work contributes to the desired return, which in this case is additional assessed value of taxable properties. PCD should caveat these performance measures with the recognition that County government plays a part in economic development but doesn't fully control it. There will be some projects that PCD reviews but do not occur or do not have the impact initially projected. Those limitations do not preclude the importance of thinking about return on investment.

Please see initiative FD01 in the Fiscal Discipline section for more information.

In the case of Information Technology Lycoming County MIS has more staff than the peer departments in Adams and Lebanon counties because it has more extensive programming capacity within County government itself. MIS management noted that they have reduced the number of programming staff over time, that the remaining staff spend some time supporting “off-the-shelf” programs, and that they continually weigh the costs and benefits of having programming capacity in house versus using external vendors. Using internal programming staff allows customization for public sector functions that are not commonly needed in the private sector. Using external vendors is valuable when programs become too complex to rely on internal programming support or when there are readily available and affordable options in the private market.

We encourage the Board to discuss the pros and cons of in house-versus-external programming when the next significant programming need rises. Through its participation in CCAP, MIS may also be able to quickly survey how peer counties strike this balance for the particular need in question.

To provide a more regular and specific ROI measure, the County could estimate the cost of executing certain projects on its own, both in terms of staff time and non-personnel expenditures; get an estimate of the cost if the County relied on external service providers; and then track how well MIS performs relative to the cost estimate and contractor quote. The County should also do the same for projects handled mostly by external providers where in-house production was a viable alternative. This would provide more regular feedback on which path is most cost effective and under what circumstances, and speak more directly to the Commissioners’ interest in cost control.

Please see initiative IT01 in the Information Technology section for more information.

Finally we recommend that the County continue its discussions with The Geo Group, Incorporated that operates the Reentry Service Center for non-violent offenders who need structure and treatment but not incarceration in the County Jail. The Geo Group already tracks and reports measures related to the Center’s activity and its effectiveness. The Board is looking for more information as it considers whether to continue this arrangement when the current contract expires at the end of 2021². **We have recommended a series of specific measures that would provide more insight on the Board’s questions related to whether the Center is reducing recidivism and the associated costs in the criminal justice system.**

Please see initiative PM01 in the Performance Management section for more information.

This is an ambitious agenda for 2019 that touches on core functions in Fiscal Services, Human Resources and Facility Management and addresses specific questions that the Board raised related to Planning, MIS and criminal justice. It is less important that the County “check all the boxes” for each of these priority initiatives in 2019 than that it make progress in each of these areas. By implementing this Plan the County will have a better process and document for achieving structural financial balance and advance the Board’s goals related to rewarding innovation and performance management.

² The County has the option of two one-year extensions.

Financial Condition Assessment

At the start of this process the Lycoming County Board of Commissioners issued a request for proposals that succinctly describes the County government's difficulty balancing its budget.

Lycoming County has experienced several years of budget deficits due to rising contributions to employee pensions, employee health insurance expenses, and capital improvement costs. The Board of Commissioners have cut costs; however, the County still is challenged to provide the same level of County services, as property tax revenues have remained stagnant and federal and state revenues have declined. Balancing service demands, with constrained or declining revenue sources, is a critical challenge that Lycoming County is currently facing.

The County's financial performance in recent years bears out this challenge. The 2013 comprehensive annual financial report shows a \$6.2 million deficit in the government's primary operating funds at the end of that year. The County has been able to shrink the annual deficits each year since 2013, but still finished with expenditures in excess of revenues in 2017.

This chapter reviews County government's financial performance from 2013 through 2017 and then projects its results through 2023 in a baseline scenario to answer three questions:

- Are County government's recurring revenues expected to cover recurring expenditures?
- How large are any projected deficits, and how much are they expected to grow over the projection period?
- What are the key revenue and expenditure trends that drive the County's financial performance?

The reader should keep in mind two important points when reviewing this assessment.

- **The baseline projection presents a *status quo* scenario.**

Under the *status quo*, the projections assume no significant changes in the County's policies or operations. For revenues, the baseline assumes no increases in the real estate tax rate or changes in the types of service charges levied by the County's departments. Unless explicitly noted in the sections below, revenue growth will be related to expected growth in the underlying tax or service charge base.

For expenditures, the baseline projections assume no changes in the levels or types of service provided by County government. The baseline does not assume changes in headcount or new hires, other than those needed to fill vacant positions. These and other key assumptions are described in further detail later throughout the chapter.

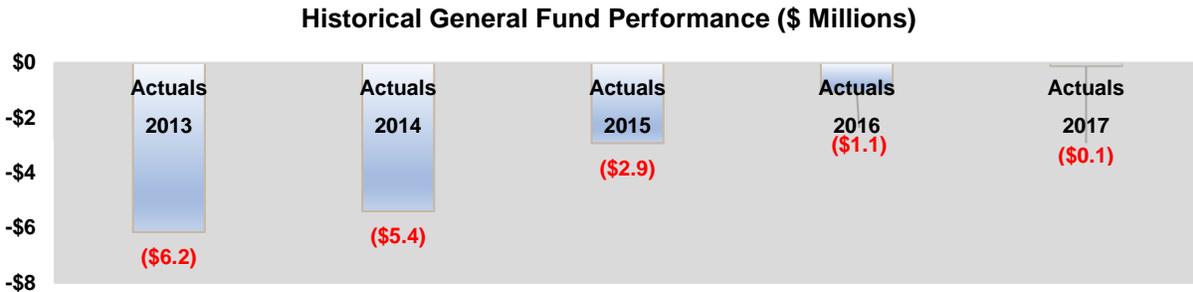
- **The baseline projection is not a prescription for the County's financial policies, nor is it a prediction of future annual results.**

The baseline projection is a diagnostic tool to show the size and nature of future deficits ***if the County takes no corrective action***. The baseline projection contains assumptions about the County's future tax rates, wage increases, and service levels assuming no changes relative to the current structure or, in some cases, historical trends. These are not recommendations for what these elements should be or what they will be through 2023. Practically speaking, the County will have to take corrective action since it is statutorily required to pass a balanced budget each year.

The baseline projection starts with the County's 2018 budget as adopted by the Board of Commissioners in December 2017 and then runs five years through 2023. Our analysis focuses on the County's three

primary operating funds that we refer to collectively as the General Fund¹. The County has an annual surplus when its General Fund revenues exceed General Fund expenditures and a deficit when the opposite is true.

The County has had annual deficits each of the last five years, though those deficits shrunk each year because of corrective action taken by the County in prior years. The graph below shows the County's audited results for 2013 through 2017².



The 2018 budget breaks from the historical trend of deficits and shows a \$3 million surplus. That positive result is driven in large part by three large items.

- The County anticipates a one-time \$2.1 million back payment for prior year natural gas royalty revenues.
- The County has a large \$1.2 million reimbursement budgeted within its non-departmental general operating expenditures.
- The adopted 2018 budget shows the County using a portion of its Act 13 gas impact fee revenue to fund the Juvenile Probation Office's operations.

The first two items are one-time events that do not recur, though the County will continue to receive natural gas royalties at a much lower level. The third item is not included in the baseline projection for now, though the County has the discretion to use part of its Act 13 revenues to fund operations³.

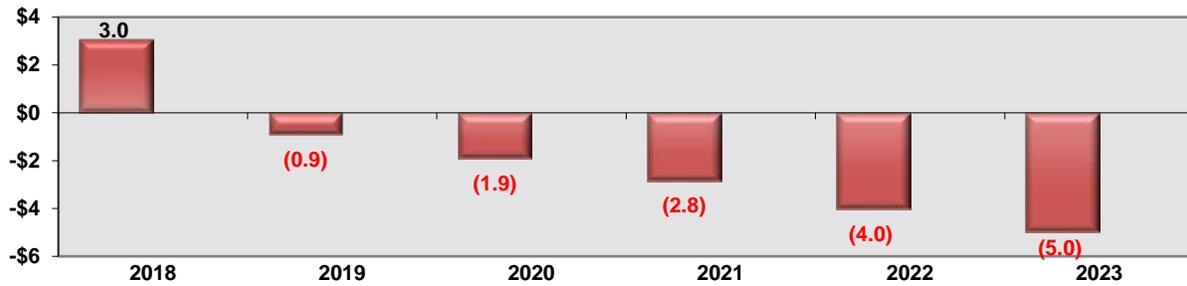
When those three items are removed in 2020, the County returns to deficits in 2019 and the deficits grow by \$1.0 - \$1.3 million absent corrective action. We describe this structural deficit in more detail later in the chapter.

¹ The three primary operating funds are the General Fund (No. 10), the Juvenile Probation Fund (No. 50), and the Government Agency Fund (No. 90). Please see the departmental summaries in the Management Review section for brief descriptions of other funds.

² The County had not finalized the 2017 comprehensive annual financial report at the time of analysis but provided a draft which we used for our analysis.

³ Please see the Fiscal Discipline chapter for more discussion.

Baseline General Fund Projections (\$ Millions)



The baseline then takes the projected surplus or deficit and applies it to the County's fund balance, which is an accounting measure of the resources available at the end of one year (or very early in the next) to pay for the next year's expenditures. The 2017 Comprehensive Annual Financial Report showed a non-restricted fund balance of \$24.9 million⁴. The baseline takes that figure and adds the \$3.0 million projected result in the 2018 budget for a projected \$28.0 million at the beginning of 2019. The deficits projected in the baseline deplete that fund balance throughout the projection period.

Baseline Projection (\$ Millions)

	2018	2019	2020	2021	2022	2023
	Budget	Projected	Projected	Projected	Projected	Projected
Total Revenues	\$64.4	\$64.7	\$65.2	\$65.7	\$66.1	\$66.5
Total Expenditures	\$61.3	\$65.6	\$67.1	\$68.5	\$70.1	\$71.5
Surplus / (Deficit)	\$3.0	(\$0.9)	(\$1.9)	(\$2.8)	(\$4.0)	(\$5.0)
Unrestricted Fund Balance	\$28.0	\$27.1	\$25.1	\$22.3	\$18.3	\$13.3

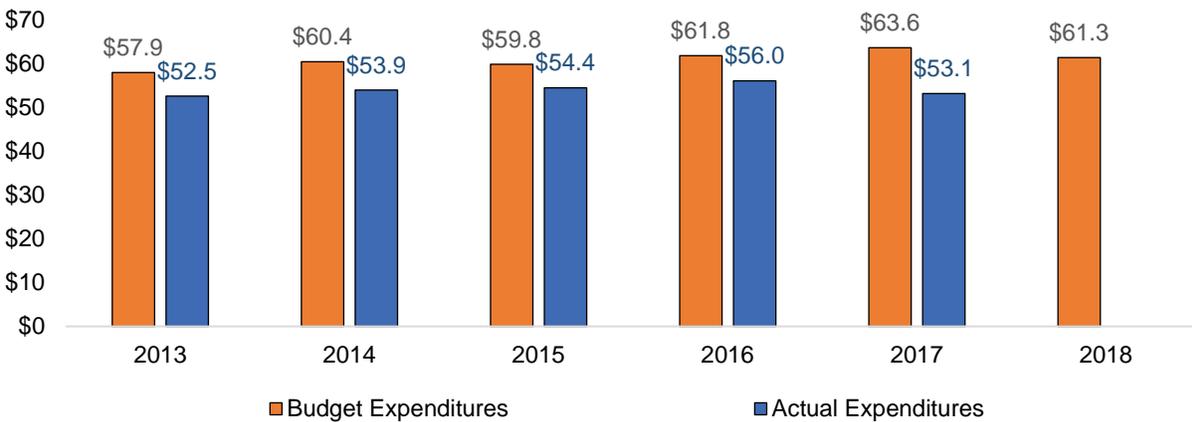
Before evaluating the revenue and expenditure trends that drive the baseline projection, we note two very important caveats about the starting point for this baseline projection.

Conservative budgeting

In recent years the County has adopted conservative budgets where the level of budgeted expenditures is significantly higher than the level of actual year-end expenditures. Each year from 2013 through 2016 the County spent at least \$5 million less than budgeted. The average budget-to-actual variance for that four-year period was \$5.7 million (or 9.6 percent). In 2017 the budget-to-actual variance was \$10.4 million (or 16.4 percent).

⁴ See 2017 CAFR, page 48.

Budgeted versus Actual Expenditures (\$ Millions)



The County has also traditionally budgeted more revenue than it actually receives, so there is often a shortfall on that side of the budget. Those variances are smaller -- the average budget-to-actual variance for revenues was $-\$0.5$ million (or 1.0 percent) for 2013 to 2016 and then $-\$1.3$ million (or 2.4 percent) in 2017.

Some variance between budgeted and actual results is expected, particularly for governments like Lycoming County that budget the full cost of every position for a full year, instead of trying to account for position vacancies throughout the year. The County also includes $\$500,000$ - $\$1$ million contingency in its annual budget for any unanticipated needs or revenue shortfalls that arise during the year. Even accounting for these factors Lycoming's budget- to-actual variances are still large and concentrated in a few areas:

- Economic development: Variances of $\$2.0$ million in 2017, $\$1.0$ million in 2016, $\$2.0$ million in 2015 and $\$0.9$ million in 2014
- Employee fringe benefits (primarily health insurance and pension): Variances of $\$1.9$ million in 2017⁵, $\$1.1$ million in 2016, $\$1.3$ million in 2015
- Children and youth (i.e. child protective services): Variances of $\$0.9$ million in 2017, $\$0.8$ million in 2016, $\$0.8$ million in 2015 and $\$1.7$ million in 2013

Other expenditure areas with large variances include juvenile placements, the prison, inventory and capital projects. In some cases there are project-specific explanations for a variance (i.e. a project is budgeted for one year and postponed into the next) and there is a procedural reason for the conservative budgeting related to children and youth that we explain later in this chapter.

But variances this large and this frequent can undercut the validity of the budget process, which should be a realistic projection of the County's anticipated expenditures for the next year. We heard anecdotally that some departments may request more than they intend to spend so that they have some contingency built into their departmental budget, in addition to the $\$1$ million contingency budgeted for all departments elsewhere. In the next chapter we recommend changes to the budget process that may help reduce these contingencies or at least consolidate them in one place for transparency.

The County could also consider assigning a portion of its substantial fund balance as a buffer against areas with uncertainty like employee fringe benefits, rather than reporting one large unassigned figure. That is the second caveat for our baseline projection.

⁵ The 2017 CAFR shows the County spending $\$1.9$ million less than budgeted on fringe benefits and then receiving $\$0.8$ million more than budgeted in fringe related reimbursements. So the net difference is $\$2.7$ million.

Unassigned fund balance

The County's 2017 draft audit shows \$30.4 million in fund balance, which is an accounting measure of the resources available at the end of one year (or very early in the next) to pay for the next year's expenditures. Please note that fund balance covers more than the cash that the County has available at the end of the year.

The fund balance is separated into four categories based on how much discretion the County has to use the resources, ranging from "non-spendable" (most restricted) to "unassigned" (least restricted). In the last five years the County's General Fund balance has dropped by \$9.6 million and the amount of cash, which is a component of total fund balance, has fallen by \$4.1 million. Over that same period the amount of unassigned fund balance has grown by \$8.0 million.

General Fund Balance (\$ Millions)

	2013	2014	2015	2016	2017
Non-spendable	\$13.9	\$9.0	\$7.9	\$7.4	\$5.5
Restricted	\$1.3	\$1.0	\$1.0	\$0.5	\$0.0
Assigned	\$8.9	\$0.6	\$0.9	\$1.6	\$1.0
Unassigned	\$15.9	\$24.0	\$21.9	\$21.0	\$23.9
Total	\$40.0	\$34.6	\$31.7	\$30.5	\$30.4
Cash and cash equivalent	\$17.2	\$18.1	\$12.0	\$13.8	\$13.1

Most of the fund balance sits in assets other than cash including:

- \$7.0 million in accounts receivable, which is mostly court cost and fines, net of an allowance for "doubtful accounts" that the County doesn't reasonably expect to receive.
- \$4.3 million in future loan payments from other organizations, mostly the Lycoming County Water and Sewer Authority. These loans account for much of the "non-spendable" fund balance.
- \$3.6 million in payments due from other governments, which was intergovernmental revenues that the County passes through to the Lycoming-Clinton Joinder.
- \$3.1 million due to the County's General Fund from other funds. The County transferred most of this amount to the General Fund during the first half of 2018.

The Government Finance Officers Association (GFOA) recommends that governments like Lycoming County have an "unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures⁶." Lycoming's unrestricted fund balance at the end of 2017 was \$24.9 million (\$1.0 million assigned plus \$23.9 million unassigned), which was 46.5 percent of the County's General Fund operating expenditures in 2017 – well above the GFOA threshold.

The County should consider assigning some of the fund balance to areas where there is a tendency to budget more money than historically required because of uncertainty or a desired contingency. For example, the County could set aside part of its fund balance as a contingency to cover employee health insurance costs in years where there are more or larger claims than usual. The County has recently moved to a self-insured arrangement so it expects more volatility in claim costs. Designating a portion of the reserve

⁶ GFOA Best Practice. *Fund Balance Guidelines for the General Fund*. <http://www.gfoa.org/fund-balance-guidelines-general-fund>

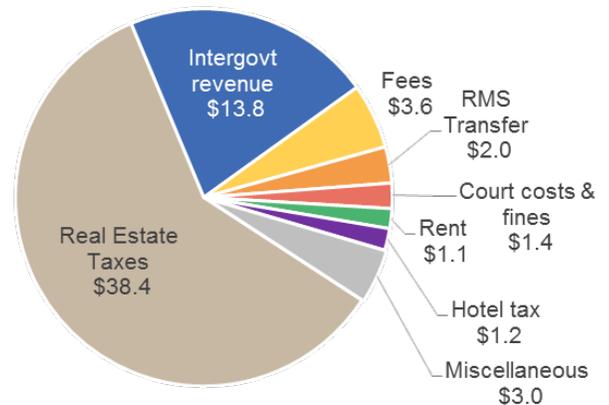
specifically to cover higher claims activity should reduce the pressure to allocate larger amounts to fringe benefits in the budget as a contingency.

The County should also review the delinquent court costs and fines to see if the amount included in fund balance is still a reasonable estimate for what the County will receive. We do not know how much of the annual fund balance is attributed to delinquent court costs and fines, but the category where they appear (accounts receivable) has grown from \$4.7 million in 2013 to \$6.3 million in 2016 to \$7.0 million in 2017. The Central Collections Office expressed concern that changes in the enforcement mechanisms used to collect delinquent court costs and fines could negatively impact the amount of “receivables” that are actually collected. Court leadership notes that these changes were made in response to litigation against counties and municipalities for use of unconstitutional enforcement mechanisms and directives from the Pennsylvania Supreme Court. Whatever the reason for the changes, the County’s audit should account for them in its accounts receivable calculation.

Revenues

The County’s 2018 budget has \$64.4 million in General Fund revenue. Current and delinquent real estate taxes account for \$38.4 million, or nearly 60 percent of the General Fund budget.

Between 2013 and 2017, the County’s General Fund revenues grew from \$51.7 million to \$57.1 million, which is equivalent to a compound annual growth rate of 2.5 percent. The table below shows the County’s General Fund revenues for 2013 to 2017.



General Fund Revenues⁷

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	CAGR 4-Year
Real Estate Taxes	26,451,205	26,762,852	32,165,832	32,295,363	32,733,517	5.5%
Intergov't revenue	10,708,308	13,075,606	11,929,488	12,776,678	12,507,571	4.0%
Fees	3,859,806	3,587,921	3,625,465	3,500,435	3,583,363	(1.8%)
RMS transfer	2,254,746	2,059,676	1,987,601	1,849,169	1,950,200	(3.6%)
Court costs & fines	1,973,044	2,313,643	2,225,923	2,271,256	1,915,839	(0.7%)
Rent	1,241,833	1,281,741	1,195,999	1,165,800	1,122,170	(2.5%)
Hotel tax	851,739	782,491	754,529	720,641	1,056,667	5.5%
Miscellaneous	4,382,180	11,918,060	11,355,357	5,171,593	2,183,838	(16.0%)
Total Revenues	51,722,860	61,781,989	65,240,193	59,750,935	57,053,164	2.5%
Debt proceeds	1,700,000	9,021,700	8,375,000	1,349,786	-	(100.0%)
Total without debt	50,022,860	52,760,289	56,865,193	58,401,149	57,053,164	3.3%

⁷ Many of the tables used in this report use the historical period from 2013 through 2017 or the forward-looking period from 2019 through 2023. We also reviewed the 2018 budgeted figures, but most of our analysis occurred during 2018 when the only meaningful reference point was the budget itself.

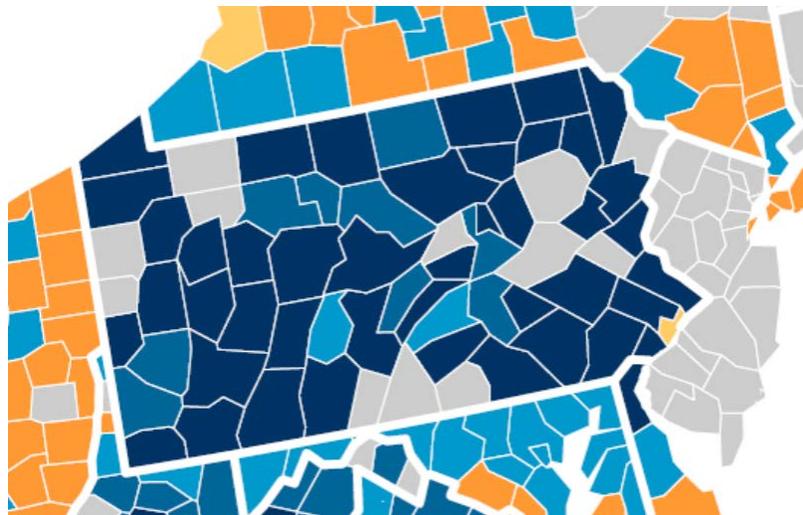
The total revenues are skewed by debt proceeds in the miscellaneous category, especially when the County issued bonds in 2014 (\$9.0 million) and 2015 (\$8.4 million)⁸. Once those are removed, the County's overall revenue trend shows growth in 2014 because of more intergovernmental revenue (primarily federal and state grants) and a real estate tax increase in 2015.

Real estate taxes

Real estate taxes are the County's largest source of General Fund revenue, accounting for almost 60 percent of the 2018 General Fund budget. It is common for a Pennsylvania County government to receive more than half of its budgeted revenues from this source. By Commonwealth law most county governments, including Lycoming, cannot levy a sales or income tax.

The real estate tax is also the County's largest source of "general revenue," which is money that can be used for several purposes. Other revenues, like departmental fees or most intergovernmental revenue, are considered "designated revenues" because they can generally only be used to cover the cost of providing the associated service. The National Association of Counties (NACo) reviewed the percentage of general revenues generated by the real estate tax in 2013. With the exception of Philadelphia, all Pennsylvania county governments that reported results received the majority of their general revenues from that source⁹.

Percent of General (i.e. Non-Designated) Revenues from Real Estate Tax¹⁰
Yellow <25%, Orange 25-50%, Light Blue 50 – 72%, Mid Blue 72-90%; Dark Blue >90%



Lycoming County has also become more reliant on the real estate tax in recent years. Setting aside debt proceeds, current and delinquent real estate tax revenues accounted for 52.9 percent of the General Fund total in 2013 rising to 57.4 percent in 2017.

⁸ Debt proceeds are not considered revenues from an accounting perspective, but they are reported as such in the County documents used in this analysis. The same is true of some interfund transfers. Pennsylvania governments commonly report all items as either revenues or expenditures in these documents, even those items considered "other financing sources" or "other financing uses" in the official audits.

⁹ Philadelphia is a City and a County so it receives revenue from an earned income tax. Commonwealth law also enables Philadelphia to levy a sales tax.

¹⁰ Source: NACo analysis of data from the statement of activities in 2013 audited county financial statements.

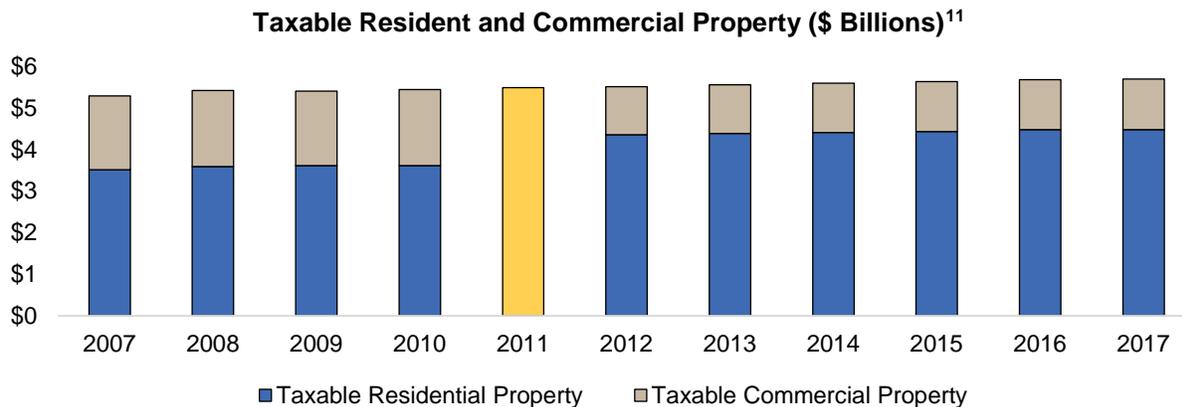
There are three key variables to understand real estate tax revenue trends – the tax rate, the tax base and the tax collection rate.

Tax base

Like other Pennsylvania governments, Lycoming County taxes the assessed value of any taxable land or property improvements. Lycoming County does not tax the current market value of property, but rather the assessed value (AV) from the most recently completed assessment. Lycoming County’s last completed reassessment was in 2004. In 2005, the County implemented the Fair Tax Review assessment and changed its assessed ratio from 75 percent to 100 percent of the base year. The County also may only levy the tax on properties deemed taxable according to Pennsylvania law. This generally excludes any property owned by governments or tax-exempt institutions (e.g. colleges, churches, hospitals).

Outside of reassessment, AV rises when a property owner makes improvements (i.e. adds a building to a vacant plot, replaces blighted property with a more valuable structure). AV may also fall if the property owner files an appeal contesting that the property has lower assessed value than recorded.

The total assessed value of commercial and residential taxable property in Lycoming County has been essentially flat for the last decade, growing from \$5.3 billion in 2007 to \$5.7 billion in 2017. That translates to 0.7 percent annual growth over the period shown below and just 0.8 percent since 2012. While the assessed value of taxable commercial property has grown slightly more (1.1 percent per year) than the value of taxable residential property (0.5 percent per year) since 2012, the total assessed value growth has been flat.



Tax rate

The tax (or millage) rate is the amount a homeowner must pay for every \$1,000 of their property’s assessed value. Over the last ten years, Lycoming has increased its millage rate twice. The County raised the rate from 4.75 mills to 5.75 mills (or 21 percent) in 2015 and then increased it again by 13 percent to 6.50 mills in 2018.

Lycoming County is comparable to other similarly sized counties in terms of the frequency of its tax increases. The table below shows tax increases highlighted in red and tax decreases highlighted in green for six other Fifth Class counties. Every county had a tax rate increase during this period and four of the six

¹¹ The graph shows the total taxable assessed value for fiscal year 2011, as reported in the 2011 CAFR, page 183.

had more frequent tax increases than Lycoming County did. Lycoming's 3.2 percent annual change over this period was comparable to Lawrence and Northumberland counties¹².

County Tax Millage Rates from 2009 - 2018

	Lycoming	Adams	Blair	Lawrence	Lebanon	Mercer	Northumberland
Total real estate millage in 2009	4.750	15.450	37.923	5.313	20.000	22.750	21.735
Total real estate millage in 2010	4.750	15.450	28.559	6.263	20.000	22.750	18.368
Total real estate millage in 2011	4.750	3.552	28.559	6.263	20.000	22.500	18.368
Total real estate millage in 2012	4.750	3.733	28.559	6.263	20.000	22.500	20.318
Total real estate millage in 2013	4.750	3.733	32.059	6.263	2.493	24.400	23.268
Total real estate millage in 2014	4.750	3.919	31.666	6.698	2.493	24.400	24.768
Total real estate millage in 2015	5.750	3.919	32.034	6.698	2.493	24.400	24.768
Total real estate millage in 2016	5.750	3.919	34.614	6.999	3.293	24.400	26.868
Total real estate millage in 2017	5.750	3.919	3.135	6.999	3.293	24.150	26.868
Total real estate millage in 2018	6.500	4.189	3.925	7.309	3.293	23.650	30.218
% Annual change	3.2%	N/A	N/A	3.2%	N/A	0.4%	3.4%
Number of tax decreases	0 of 10	0 of 10	2 of 10	0 of 10	0 of 10	3 of 10	1 of 10
Number of tax increases	2 of 10	3 of 10	4 of 10	4 of 10	1 of 10	1 of 10	5 of 10

Tax collection rate

The County reports the current year and total real estate tax collection rates in its annual audits. The County's current year collection rate has hovered around 92 percent, similar to nearby Northumberland County.

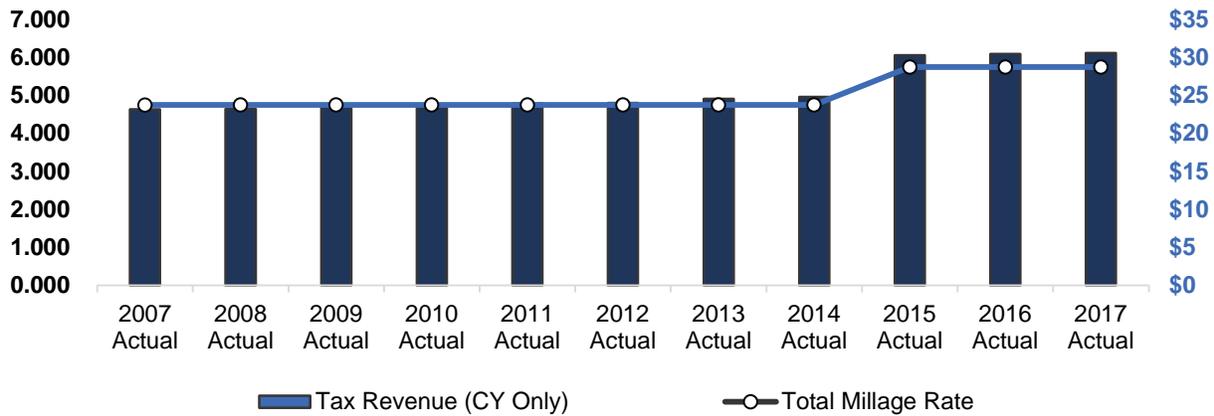
Current Year Collection Rate – Fifth Class Counties

	Lycoming	Adams	Lawrence	Lebanon	Northumberland
2008	91.4%	96.4%	N/A	N/A	93.2%
2009	91.4%	94.1%	N/A	99.6%	93.1%
2010	90.1%	94.8%	N/A	99.6%	92.5%
2011	91.3%	97.0%	91.3%	100.3%	91.9%
2012	91.1%	95.8%	91.0%	99.8%	91.7%
2013	92.5%	96.1%	91.2%	99.9%	91.7%
2014	92.7%	96.5%	91.1%	N/A	92.9%
2015	93.0%	96.0%	94.1%	100.3%	92.3%
2016	92.6%	96.3%	N/A	99.4%	N/A
Average	91.8%	95.9%	91.7%	99.8%	92.4%

Since the total assessed value of taxable property in Lycoming County is not growing, the County's real estate tax revenues generally only increase when tax rates do. Current year real estate tax revenues grew by 22 percent when the millage rate increased by 21 percent in 2015. The 2018 budget anticipates a 19 percent increase in revenue following this year's tax increase.

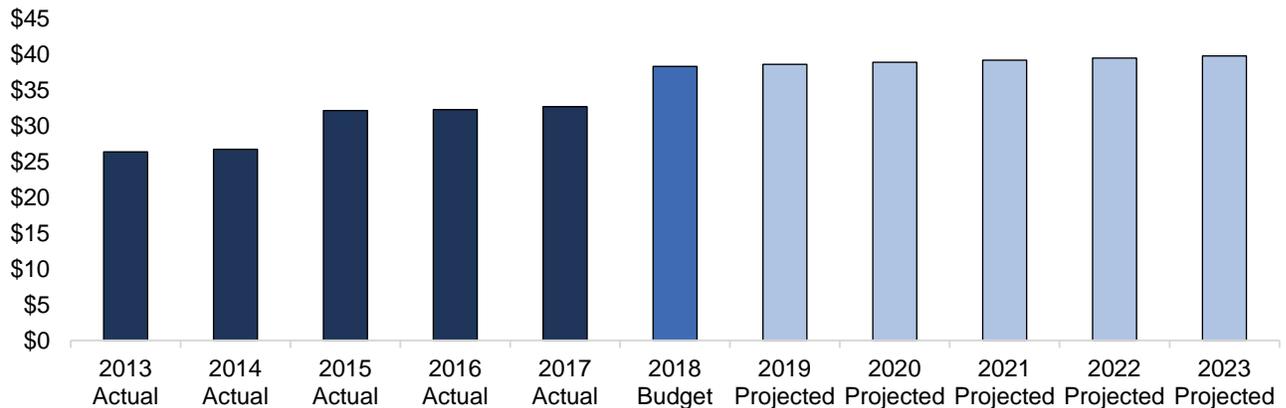
¹² The annual changes for Adams, Blair and Lebanon counties are not comparable because they conducted reassessment during this period. That usually results in a tax rate reduction offset by an increase in assessed values.

Real Estate Tax: Rate (Mills) versus Current Year Collections (\$ Millions)



By definition, the baseline projection shows the County’s revenues in a *status quo* scenario that assumes no future real estate tax increases or changes in tax collection performance. The 2018 tax increase will eventually translate to higher revenues from delinquent real estate taxes, but then those revenues will also be flat absent any changes to the collection rate. The baseline projection assumes 0.8 percent annual growth matching the County’s historical trend since 2012.

Real Estate Tax Revenues (\$ Millions)



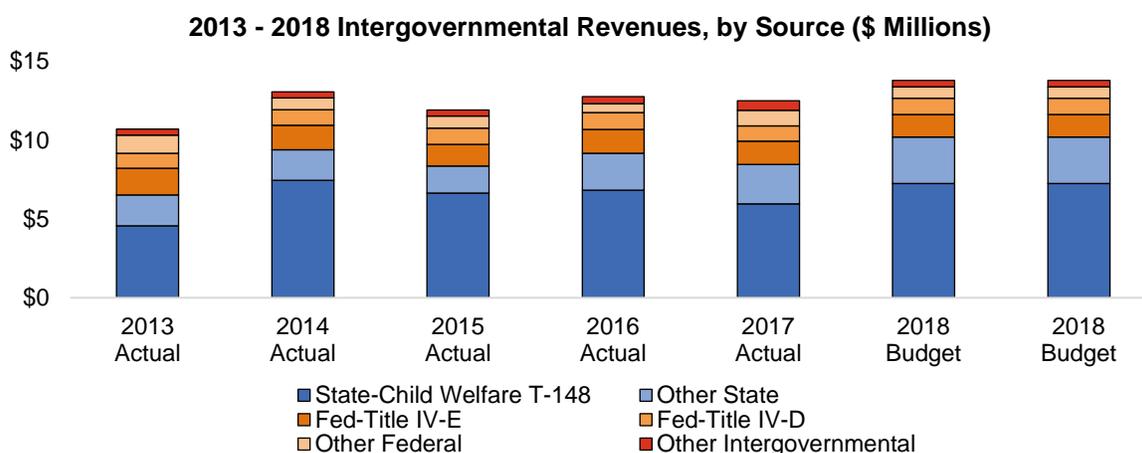
Key trend 1: Real estate tax revenues, which account for almost 60 percent of the 2018 General Fund budget, are generally flat unless the County increases taxes.

Intergovernmental revenues

Lycoming County receives grants-in-aid and reimbursements from other governments to fund specific projects or cover the costs for certain services. Intergovernmental revenues represent 21 percent, or \$13.8 million, of the 2018 budget. As shown in the graph below, most of these revenues come from the Commonwealth of Pennsylvania (shades of blue) or the federal government (shades of orange). This category also includes payments-in-lieu-of-taxes (PILOTs), the largest of which comes from the Pennsylvania Department of Environmental Protection.

The intergovernmental revenues shown in the graph below are split between the General Fund and Juvenile Probation Fund¹³, as determined by the terms of the grant. County Fiscal Services uses multiple funds besides the General Fund as accounting mechanisms to record intergovernmental revenues and record associated expenditures. Most budgetary discussions focus on the General Fund because it has the most direct bearing on the County's tax rate and the amount of money that can be allocated to other purposes.

There is sometimes a disconnect between the revenue figures that the operating departments discuss, including funding that flows to places other than the General Fund, and the General Fund figures that the Board discusses, which may not. This creates confusion over how much the County spends across all funds on a particular function and how much that function costs the County government in terms of tax revenue, net of grants and other program specific revenues. The County can improve the budget document so that it provides more context and narrative explanation for the different funding sources associated with a particular department's operations and note where the department draws on or generates money that is tracked outside the General Fund. The one-page departmental summaries included in the next chapter provide one example for doing so.



Federal revenues

On the federal side, the largest recurring revenues are related to child protective services. The 2018 budget includes \$1.4 million for foster care (Title IV-E), which the County receives as revenue and then passes through to the Lycoming-Clinton Joinder Board, which is a separate non-profit organization that serves residents of Lycoming and Clinton counties. The County also receives \$1.0 million in Title IV-D grant revenues that offset the operational expenditures of the Domestic Relations Office. While Title IV-D revenues have remained stable, Title IV-E grant monies have decreased by 5 percent from 2013 through 2017. Conversely, the baseline projection assumes that Title IV-E grant revenues will increase by 0.5 percent each year as the number of children and youth in need of foster care services is expected to trend upward due to updated child abuse laws and the effects of the opioid crisis. All other federal grant revenues are projected to remain flat.

State revenues

On the Commonwealth side, the largest recurring revenue is the Child Welfare T-148 (Act 148) grant that accounts for \$7.2 million in the 2018 budget. Similar to Title IV-E, the T-148 funds reimburse counties for the cost of child protection programs, placements, services and staff costs. In 2014, the County received \$2.9 million (or 63.3) percent more than the previous year due to delays in payments from the prior year. Revenue from that source has since declined to \$6.0 million in 2017 as some of these costs have been shifted to Commonwealth Special Grants.

¹³ County Fiscal Services uses a separate fund (No. 0050) to track revenues and expenditures related to the Juvenile Probation Office's functions.

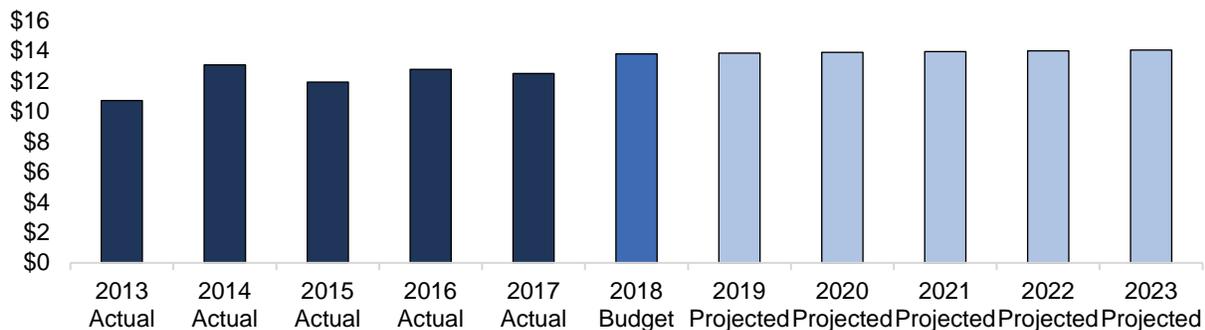
These Special Grant revenues have increased in recent years, particularly for State Evidence Based Practices (from \$88,000 in 2016 to \$400,000 in 2018) and truancy prevention (\$0 in 2016 to \$476,000 in 2018). The County is shifting staff salaries and service costs from Act 148 to these grants that have higher reimbursement rates and lower county shares.

Overall intergovernmental revenues grew by 4.0 percent per year from 2013 through 2017, though that growth was uneven and partly due to some of the Act 148 revenue for 2013 arriving in 2014. Total intergovernmental revenues alternated between increases and decreases each year due to the County's cash accounting system, which records revenues and expenditures when the expense is incurred or payment is received.

Lycoming County budgeted \$13.8 million in 2018, which would be 10.3 percent more than it received in 2017. The County accepts the Joinder's recommendation in budgeting these revenues and the Joinder usually errs on the side of budgeting too high for revenues and associated reimbursable expenditures, instead of too low. Reimbursements have a two-year cycle and the Joinder notes that it is easier procedurally to budget more than the County needs and not use all of it than to budget less than the County needs and try to secure more from the federal or Commonwealth governments during the year.

Based on input from the Joinder about service demand trends, the baseline projects intergovernmental revenues to grow slowly for the next five years off the 2018 budget amount. If actual revenues are lower than budgeted, it is likely that the County's expenditures will also be lower, resulting in a neutral impact overall.

Total Intergovernmental Revenue (\$ Millions)



RMS transfer

Lycoming County Resource Management Services (RMS) operates a landfill in Brady Township where haulers from a six-county region¹⁴ bring their waste on non-exclusive contracts. RMS charges haulers for the service and uses most of the associated revenue to cover the cost of running the landfill. While most of RMS' financial activity is recorded in a separate enterprise fund, there are two touchpoints between that division and the General Fund:

- RMS makes an **indirect cost payment** to the General Fund to reimburse it for the cost of services provided by departments within that fund¹⁵. The largest part of the indirect cost payment covers the cost of fringe benefits (primarily health insurance) for RMS employees. The County pays the insurance claims for all employees from its General Fund and then collects reimbursements from departments outside of it. RMS also pays a portion of the County's costs for administrative departments (e.g. Fiscal Services, Human Resources, MIS) as calculated in the County's cost

¹⁴ Columbia, Lycoming itself, Montour, Northumberland, Snyder and Union counties

¹⁵ The County records the indirect cost payment as a reimbursement so it appears as a negative number on the expenditure side of the budget.

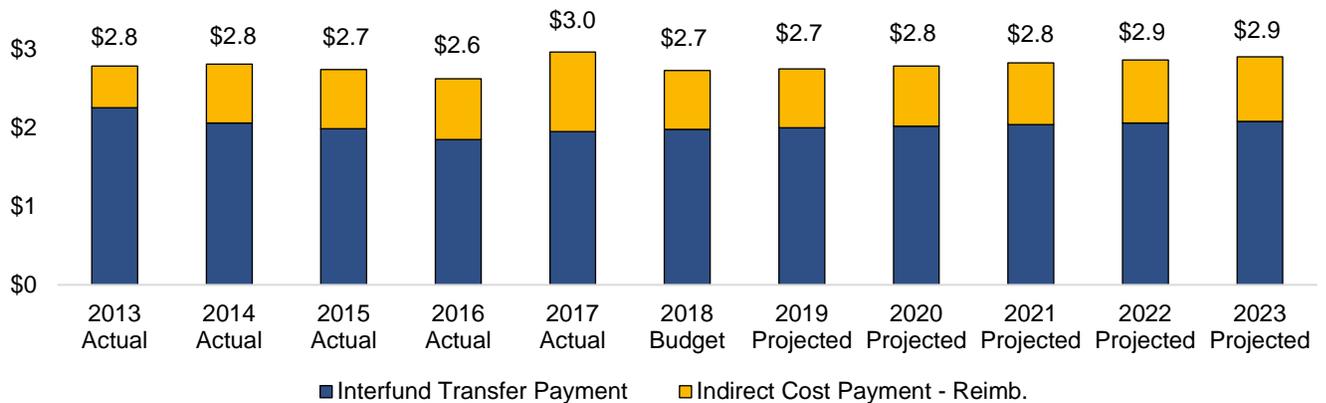
allocation plan. The County groups the RMS indirect cost payment with those from other operations with similar arrangements, though RMS accounts for the majority of the indirect payment because of its size.

- RMS also makes a **transfer payment** to the General Fund based on a charge of \$7 dollar per ton of waste collected. The transfer payment is not tied to RMS’ cost of services, but is instead more like a host fee and the County has discretion over how it uses the revenue, similar to real estate taxes.

Lycoming County has statutory discretion over the rate it charges haulers to generate the transfer payment, but there are practical limits to what the County can charge. Haulers have non-exclusive arrangements with RMS, so they have the flexibility to take waste to another landfill if Lycoming County’s prices are too high. RMS is also a major operation with significant capital needs, including replacing equipment and vehicles. Drawing too much out of the landfill could hamper its ability to make those investments.

The baseline scenario projects 1.0 percent growth in the transfer payment revenue driven by growth in tonnage without changes to the rate charged haulers. The indirect cost payment varies according to multiple factors tracked by Fiscal Services in the cost allocation plan. For simplicity the baseline applies an inflationary growth rate to match assumptions about rising costs on the expenditure side of the budget.

RMS Revenue (\$ Millions)



Departmental earnings

Lycoming collects revenues from a variety of service charges and fees charged by the County’s row officers and departments to offset the cost of providing a specific service, as well as court costs and fines related to criminal justice process. Overall the County expects these revenues to generate \$5.0 million in the 2018 budget.

Fees

Many County departments and row officers charge fees to recover at least part of the cost of service they provide. From 2014 through 2017, total County fee revenue in the General Fund has remained relatively flat at \$3.5 million per year.

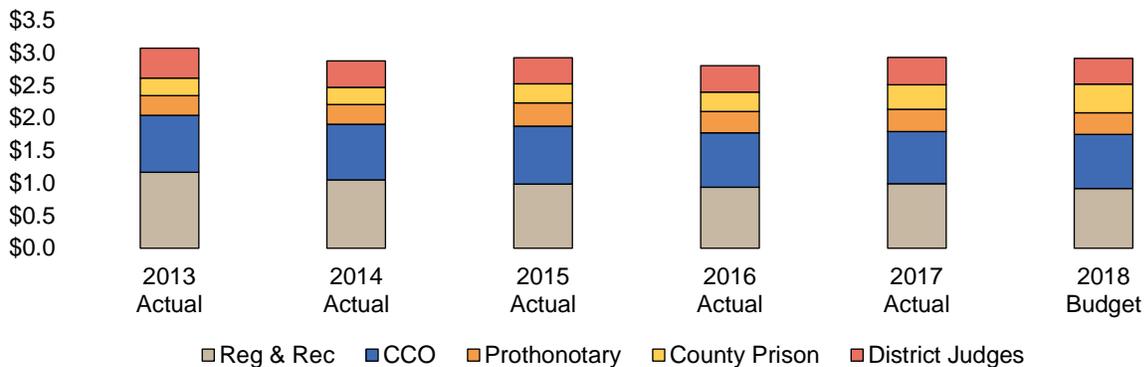


Five departments are responsible for the majority of fee income in the 2018 budget.

- The Office of the **Register of Wills and Recorder of Deeds** charges fees for services like providing certified copies of documents and the Uniform Parcel Indicator (UPI).

- The **Central Collections Office (CCO)** collects current year real estate taxes for the 24 municipalities and school districts in Lycoming that do not have their own independent collector. CCO also receives 5 percent commission for all delinquent real estate tax payments made to the Tax Claim Bureau. Annual revenues from these services have been declining since 2013.
- The **County Prison** charges fees for inmate housing and charges other jurisdictions that house their inmates at Lycoming County's facility.
- The County has six **District Justices** who hear less serious criminal and civil cases where the damages do not exceed \$12,000; conduct preliminary arraignments and hearings; and adjudicate traffic cases.
- The **Prothonotary/Clerk of Courts** charges fees related to document management for the judicial process.

Fee Revenue, 2013 Actual – 2018 Budget (\$ Millions)



Court costs and fines

The County also receives revenue from the court costs and fines charged throughout the criminal justice process and collected by CCO. The largest single revenue in this category is monthly supervision fees paid by offenders placed on probation according to Pennsylvania's Act 35. This fee revenue is split between the County (\$300,000 budgeted in 2018) and the Commonwealth. While the Commonwealth remits a portion of these fees back to the County¹⁶, the revenues have been declining. The County also receives revenue to offset the cost of its central booking facility (\$249,000 in 2017). Total revenues from court costs and fines increased from \$2.0 million in 2013 to \$2.3 million in 2014 and then dropped to \$1.9 million in 2017.

The baseline projection assumes that fee revenues increase by 1.0 percent per year or remain flat, depending on the nature and historical performance of the fee. Central Collections staff noted that the County no longer uses an external party to enforce the collection of delinquent court costs and fines and expressed concern that this will result in a further decline in those revenues. For now the baseline projection holds court cost and fine revenues flat.

If departmental earnings do not increase, then the County will have to cover a growing share of the associated services' costs through its non-designated revenues. In Lycoming, this means that the County becomes even more reliant on its real estate tax revenues, which are also flat absent tax increases.

¹⁶ The portion that the Commonwealth remits back to the County is recorded under intergovernmental revenues.

Key trend 2: The County's largest sources of designated revenues are flat while the costs for providing the associated services are growing. So the County is becoming more dependent on its real estate tax revenues.

Other revenues

The County charges **rent** to other organizations using space at its facilities. Most rental revenue comes from tenants at Third Street Plaza in downtown Williamsport. That site has historically generated around \$950,000 a year and the County budgets \$905,000 for 2018 following the exit of a major tenant. Revenue generated at other sites dropped from \$286,000 in 2013 to \$162,000 in 2017.

As described elsewhere, the County is considering consolidating the functions in its three downtown Williamsport locations. The County has considered consolidating operations in the Executive Plaza (330 Pine Street) and moving out of the nearby Third Street Plaza. It has also considered the opposite – consolidating into the Third Street Plaza¹⁷. Any of those moves could impact the County's revenues on a short-term basis (proceeds from selling a property) or a recurring basis (potential loss of rental payments). The moves would also impact the County's facility costs, recorded on the expenditure side. The baseline assumes the status quo with no change in rental revenues from 2018 budget levels.

Lycoming County imposes a **hotel tax** on each room rental transaction and then passes the revenue through to the Visitors Bureau for promotion and tourism purposes. Pennsylvania law restricts the use of this revenue to these purposes. In 2017, the County increased the tax rate from 3 percent to 5 percent and revenues grew from \$0.7 million to \$1.1 million. Prior to the rate increase, hotel tax revenues were declining. The baseline assumes that hotel tax revenue will remain flat. Any growth above the baseline would result in a higher payment to the Visitors Bureau and be cost neutral, except for the small administrative fee the County charges for collecting the tax.

The County receives **investment earnings** from cash in the General Fund and elsewhere. Those earnings dropped from \$403,000 in 2013 to \$249,000 in 2017. The County is currently working with an outside party to identify opportunities to get larger returns, such as more actively investing the cash balance in the Act 13 Gas Impact Fee fund. Rising interest rates should also help boost earnings. County management recommended projecting investment earnings at \$750,000 in 2019 – more than triple the \$225,000 in the 2018 budget -- which we hold constant through the projection period.

The County has also had some one-time events that boosted revenues on a temporary basis. The 2018 budget includes \$2.1 million in prior year payments for natural gas royalties. That revenue drops down to \$264,000 in subsequent years. The County received a \$1.1 million reimbursement related to fringe benefits in 2016 and \$325,000 from a land sale in 2016. The County anticipates only \$30,000 in revenue from these types of sales in 2018.

Baseline Revenue Projection

	2018 Budget	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	CAGR 5-Year
Real Estate Taxes	38,380,373	38,736,063	39,129,275	39,423,680	39,720,301	40,019,153	0.8%
Intergov't revenue	13,800,117	13,849,650	13,899,545	13,949,802	14,000,422	14,051,402	0.4%
Fees	3,607,912	3,634,915	3,662,188	3,689,734	3,717,555	3,745,655	0.8%
RMS Transfer	1,978,557	1,998,343	2,018,326	2,038,509	2,058,894	2,079,483	1.0%
Court costs & fines	1,364,550	1,364,550	1,364,550	1,364,550	1,364,550	1,364,550	0.0%

¹⁷ The County Courthouse that sits between these facilities is also part of these deliberations.

	2018 Budget	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	CAGR 5-Year
Rent	1,063,893	1,063,893	1,063,893	1,063,893	1,063,893	1,063,893	0.0%
Hotel tax	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	0.0%
Miscellaneous	2,973,873	2,855,355	2,889,649	2,924,950	2,961,281	2,998,669	0.2%
Total Revenues	64,369,275	64,702,769	65,227,426	65,655,118	66,086,896	66,522,806	0.7%

One more “revenue”: Act 13 Gas Impact Fees

According to Pennsylvania Act 13 of 2012, Lycoming County receives impact fee revenues from the Pennsylvania Public Utility Commission based on the number of unconventional gas wells in its borders. This gas impact fee revenue peaked at \$5.0 million in 2014 and has declined each year since then. The County also receives \$200,000 - \$300,000 a year from the Marcellus Legacy and Highway Bridge Improvement funds which are distributed to all counties for environmental initiatives.

The County has the flexibility to use the Act 13 gas impact fee revenue for 13 different allowable purposes that range from capital improvements (road, bridge, water or sewer construction) to environmental purposes (agricultural preservation, land reclamation) to daily functions of County government that are less directly tied to the drilling activity (social services, judicial services). Through 2017 the County has used its allocation most frequently for public works related activities. The County has also used less revenue than it has received each of the last five years, so the Act 13 Fund had an accumulated \$13.2 million balance at the end of 2017.

Act 13 Fund – Revenues and Expenditure Summary

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual
General Government	4,167	80,881	606,982	273,896	502,672
Judicial Exp	164,402	1,027,700	162,445	229,800	45,173
Public Safety	6,065	463,327	1,389,504	252,430	141,625
Public Works	753,105	1,405,494	895,167	827,750	2,453,948
Human Service	85,000	295,000	0	195,519	4,247
Conservation and Development	0	0	0	0	0
Culture and Recreation	0	60,628	20,000	0	0
Act 13 Gas Impact Fee subtotal	1,012,740	3,333,031	3,074,098	1,779,395	3,147,665
Conservation and Development	0	0	0	0	0
Culture and Recreation	34,672	35,013	200,820	86,429	20,000
Marcellus Legacy Fund subtotal	34,672	35,013	200,820	86,429	20,000
Highway Bridge subtotal	0	0	0	0	0
Total expenditures	1,047,412	3,368,043	3,274,919	1,865,824	3,167,665
Total revenues	4,544,707	5,298,888	5,028,236	3,911,445	3,373,808
Difference	3,497,295	1,930,845	1,753,318	2,045,622	206,143
Fund balance (CAFR)	7,253,987	9,184,830	10,938,148	12,983,770	13,189,913

The County receives the Act 13 gas impact fee money in a separate fund as revenue and then transfers it to the General Fund, where it appears as a negative expenditure. So the revenue appears on the expenditure side of the General Fund financial documents as a reimbursement for the associated project. In 2018 the County assumed that it would use a portion of the Act 13 gas impact fee to fund general operations. This appears as a \$1.4 million reimbursement to the Juvenile Probation Fund, though it is likely that the actual use will extend beyond the Juvenile Probation Office. There is also a \$1 million reimbursement to the General Fund for the Route 15 water/sewer extension project.

The baseline projection assumes that the County will transfer \$1.8 million each year from Act 13 fund to partially offset the cost of capital projects described near the end of this chapter. The baseline does not assume the County will use any of the Act 13 money to support operations, though the County has the discretion to do so. We will address this option in the Fiscal Discipline chapter.

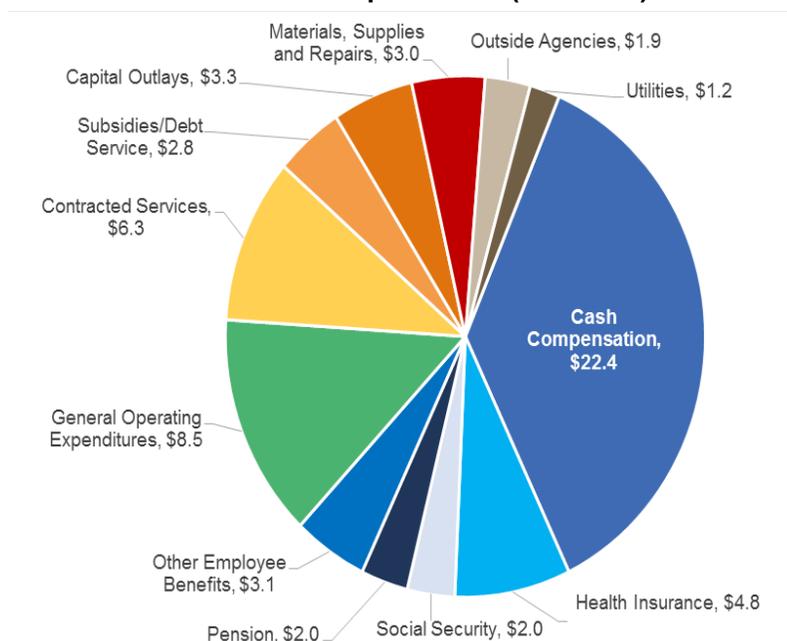
Key trend 3: Act 13 gas impact fee revenue provides the County with an additional source of general (i.e. undesignated revenue) that has historically been used for capital projects.

Expenditures

The County's 2018 budget includes \$61.3 million in expenditures from its General Fund. Personnel costs comprise 56.4 percent of the total as shown in the blue-shaded portions of the pie chart to the right. The County pays a separate organization to provide child protective services, instead of having a department within County government focused on those tasks, which shifts those costs from personnel to General Operating expenditures.

Between 2013 and 2017 the County's General Fund expenditures declined from \$57.9 million to \$57.2 million, suggesting that the County's expenditures are dropping. As described more fully later, the County frequently records reimbursements and some interfund transfers as negative expenditures, such as a \$1 million reimbursement for an economic development project in 2017. The numbers shown below are the County's reported expenditures on a net basis, inclusive of those reimbursements.

General Fund Expenditures (\$ Millions)



General Fund Expenditures

	2013	2014	2015	2016	2017	CAGR
	Actual	Actual	Actual	Actual	Actual	4-Year
Cash Compensation	20,050,875	20,714,135	21,117,948	21,509,262	21,604,423	1.9%
Health Insurance	4,549,852	4,901,989	6,202,447	6,043,148	6,311,975	8.5%
Pension	2,269,835	2,149,832	2,139,753	2,304,865	1,817,497	(5.4%)
Social Security	1,725,943	1,782,410	1,804,185	1,802,193	1,802,262	1.1%
Other Employee Benefits	552,611	699,235	375,018	84,934	442,490	(5.4%)
Personnel subtotal	29,149,117	30,247,601	31,639,351	31,744,401	31,978,646	2.3%
General Operating Expenditures	9,715,753	11,476,291	8,897,790	10,712,242	8,361,314	(3.7%)
Contracted Services	5,247,696	5,484,672	6,694,633	6,104,915	5,743,774	2.3%
Subsidies/Debt Service	5,354,979	13,227,129	13,656,735	4,787,197	4,059,192	(6.7%)
Capital Outlays	2,469,940	1,357,394	2,188,654	2,353,025	2,109,066	(3.9%)
Materials, Supplies and Repairs	3,008,672	2,285,189	2,169,565	2,212,505	2,008,063	(9.6%)
Outside Agencies	1,698,909	1,810,567	1,721,798	1,782,093	1,828,984	1.9%
Utilities	1,235,489	1,294,064	1,195,780	1,130,553	1,092,595	(3.0%)

	2013	2014	2015	2016	2017	CAGR
	Actual	Actual	Actual	Actual	Actual	4-Year
<i>Non-personnel subtotal</i>	28,731,439	36,935,306	36,524,955	29,082,531	25,202,988	(3.2%)
Total Expenditures	57,880,556	67,182,907	68,164,306	60,826,932	57,181,634	-0.3%
Annual Growth	N/A	16.1%	1.5%	(10.8%)	(6.0%)	

As was the case on the revenue side, the County's debt moves in 2014 and 2015 skew the total expenditures in those years. Setting all debt service aside, the County's operating expenditures rose by 1 – 3 percent from 2013 through 2016 and then dropped by 5.2 percent for reasons described more fully below.

Cash compensation

The County allocates \$22.4 million in its 2018 General Fund budget for employee cash compensation which includes salaries and wages, overtime, shift differential and other forms of cash payments. From 2013 to 2017, the County's spending on cash compensation across all employees increased at an annual average rate of 1.9 percent but the growth over that period slowed from 3.3 percent in 2014 to 1.9 percent in 2016 to just 0.4 percent in 2017.

Please note that these growth rates reflect the changes in County expenditures on cash compensation across all employees in the General Fund. The County's annual audit shows the number of full-time employees across all funds at the end of December each year and, by this snapshot measure, the County's total headcount dropped from 529 in 2013 to 518 in 2017¹⁸. So fewer employees could be one reason for the slowing growth.

Another potential explanation for the slowing growth relates to the **salaries and wages** paid to the County's full-time and part-time employees. The County allocates \$21.5 million in its General Fund for employee salaries and wages. Most County government employees outside of the criminal justice system are not represented by a collective bargaining unit. The County uses a stepped salary schedule that theoretically creates a structure where employees can receive two types of wage increases. "Step increases" are generally based on an employees' tenure where an employee moves from one salary step to a higher step. Across-the-board or cost-of-living based increases occur when the value of all steps grows by some percentage.

Human Resources management noted that the County has changed the structure of its salary schedule, extending the number of steps from eight to 20, which reduces the value of each step. The County has also reduced the frequency with which employees receive step increases. There is no longer a guarantee that employees will receive a step or an across-the-board increase in a particular year, though the County has generally provided one or the other. If the County has reduced the frequency of step increases or the size of across-the-board increases over this period, that would explain some of slowing expenditure growth.

Lycoming County also has six collective bargaining units representing groups of employees in the criminal justice system. The County has reduced the total wage increases for union employees over this period. For example County Detectives received 4.0 percent base wage increases in 2013, 2.7 percent in 2015 and 2.5 percent in 2017. Assistant District Attorneys had a similar pattern after accounting for the base and step increases in their contract.

Offering lower wage increases is a logical response to two core trends described earlier. The County has a history of running annual deficits where expenditures exceed the revenues available to pay for them. The primary source of the County's revenues is the real estate tax, which is flat absent tax increases. So it is natural for the County to move toward a system with lower wage increases.

¹⁸ Draft 2017 audit, page 194.

The baseline projection assumes 2.5 percent annual growth in salaries for all employees in all years, including those when there is currently not a collective bargaining agreement. This assumption takes the recently negotiated wage increase pattern for three collective bargaining units and applies it broadly across all employees and all years.

Negotiated (Grey) or Projected (Yellow) Salary Increases

Employee group	2019	2020	2021	2022	2023
Non-represented employees	2.5%	2.5%	2.5%	2.5%	2.5%
Assistant District Attorneys (ADA) and Public Defender Assistants (APD)	2.5%	2.5%	2.5%	2.5%	2.5%
Bail Release Officers	2.5%	2.5%	2.5%	2.5%	2.5%
Correctional Officers	2.5%	2.5%	2.5%	2.5%	2.5%
Detectives	2.5%	2.5%	2.5%	2.5%	2.5%
Probation and Domestic Relation Officers	2.5%	2.5%	2.5%	2.5%	2.5%
Sheriff Deputies	2.5%	2.5%	2.5%	2.5%	2.5%

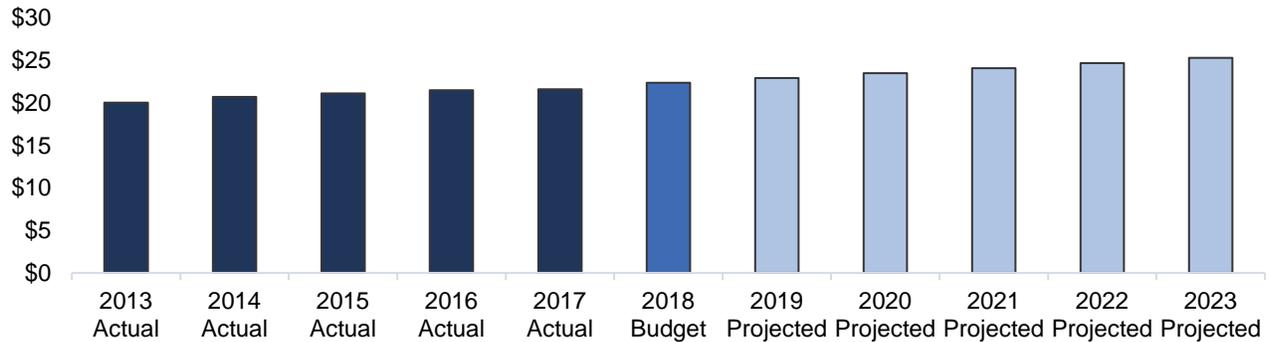
Moving beyond employee salaries, cash compensation includes other types of pay like overtime and unused leave converted to cash.

The County allocated \$0.6 million for overtime in its 2018 General Fund budget, with the largest shares allocated to the Prison (\$290,000) and Communication Center (\$107,000). These public safety operations require some amount of staffing 24 hours a day so overtime is often used to cover vacancies or handle critical tasks occurring after regularly scheduled shifts. Other forms of cash compensation include payments to employees who convert their unused sick leave to cash, shift differential and on-call pay. The baseline projection generally assumes these other forms of cash compensation grow by 2.5 percent since they are usually indexed to base salaries.

These projections are not recommendations for future collective bargaining negotiations. The baseline projection shows a deficit each year after 2018 so, absent corrective action, the County will not be able to afford a 2.5 percent base wage increases unless it takes other corrective actions.

Actual cash compensation expenditures may be lower than 2.5 percent because of attrition and hiring cycles, depending on how quickly the County fills vacant positions. Expenditures would also differ if the County adds or cuts positions relative to the 2018 budget. In line with the other assumptions in the baseline scenario, the baseline does not assume any changes in the number of budgeted positions.

Total Cash Compensation (\$ Millions)

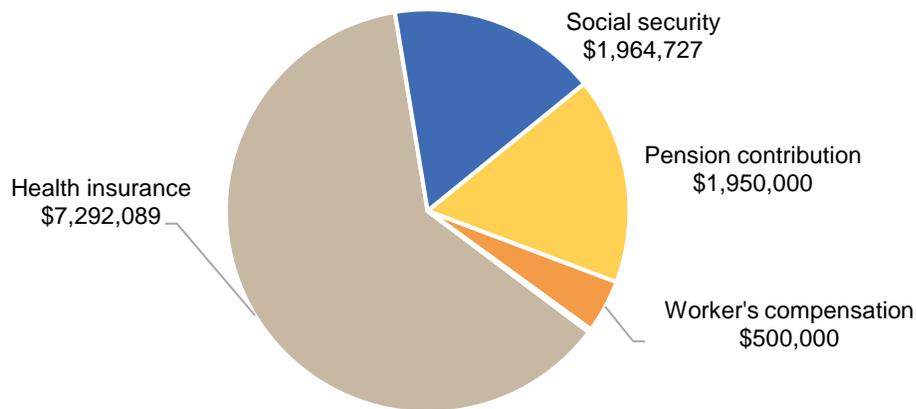


Key trend 4: The County has slowed the growth in cash compensation from 3.3 percent in 2013 to 0.4 percent in 2017. We project 2.5 percent annual growth in the baseline but the County could take actions to flatten that growth again.

Fringe benefits

Lycoming County uses its Fringe Benefits unit to centrally record spending across all departments on employee health insurance, the County's contributions to the employee pension plan, workers' compensation, and the County's share of employment taxes. Smaller items, such as the County's expenditures for employee life insurance and unemployment, are also recorded here. The County receives some reimbursement for these expenditures from the RMS Fund¹⁹ and grants. Those reimbursements plus the employee contributions to the cost of health insurance are recorded as negative expenditures in the County's budget line item detail.

Major Components of 2018 Fringe Benefit Budget



Health insurance

The County's largest expenditures in this category are for the different types of employee health insurance. Lycoming recently switched to a self-insured model for medical and prescription drug insurance, which means the County pays the actual cost of claims filed by its employees when they receive care. Unlike a fully insured arrangement in which an insurance company would charge the County a predetermined

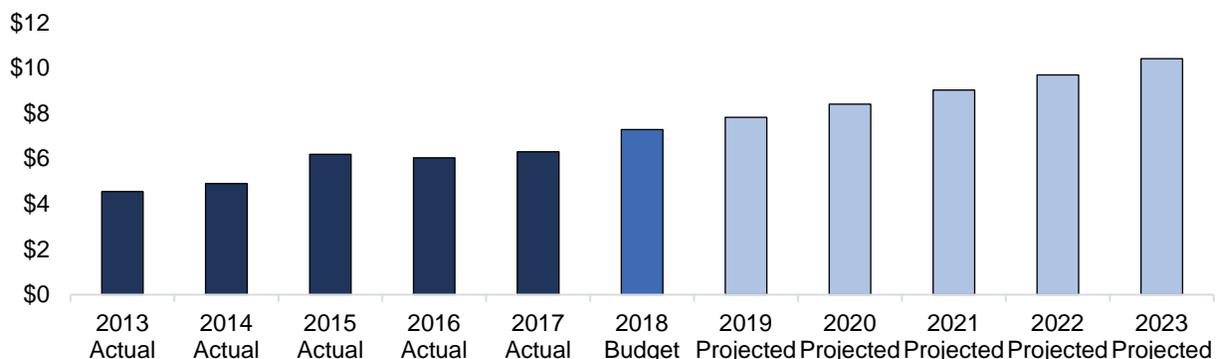
¹⁹ Please see the earlier description of RMS' indirect cost payment.

monthly amount for each insured employee, the County takes on some of the risk of funding health insurance on its own in return for potential savings in years where actual claim costs are lower than projected.

Historically the County's total expenditures on medical and prescription drug coverage across all employees (active and retired) grew at an average rate of 8.5 percent per year, though the year-to-year changes were very volatile. The County has gone through several changes in its insurance program over this period as it moved from a fully insured to a self-insured arrangement for the first time in 2018. The County budgets \$7.2 million for health insurance in 2018, which would be 15.5 percent more than it spent in 2017. This conservative estimate is understandable given the new arrangement, though as mentioned earlier the County has spent at least \$1 million less than budgeted on health insurance each of the last three years.

The baseline assumes that health insurance spending for active employees grows at 8 percent per year, which is close to its historical growth rate. One of the County's external subject matter experts confirmed this is a reasonable assumption given the uncertainty related to the new self-insured arrangement. Health insurance costs for retired employees are projected to grow according to the rates that the County's external actuary uses in the other post-employment benefit (OPEB) valuation -- 5.4% in 2019, 5.3% in 2021, and then 5.2% percent in 2022 and 2023. In light of the uncertainty around the new self-insurance arrangement and the magnitude of budget-to-actual variances in prior years, the County should review this projection and adjust it once better information is available²⁰.

General Fund Health Insurance Expenditures (\$ Millions)



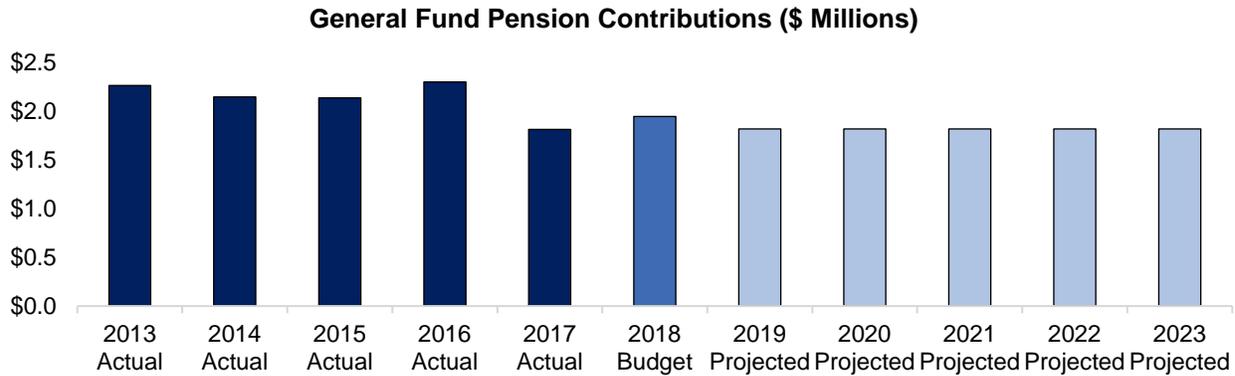
Key trend 5: Health insurance expenditures for active and retired employees grew an average of 8.5% per year from 2013 to 2017. The baseline projection uses an 8 percent annual growth rate assumption for active employees, though the County should revisit this assumption for a possible reduction once it has more information on the new self-insured arrangement.

Pension contributions

Lycoming County maintains a single employer contributory defined benefit pension plan with mandatory membership for all full-time County employees. County government makes a contribution to the employee pension plan to help cover the cost of benefits. Active members contribute eight percent of pensionable compensation and have the option to make voluntary after-tax contributions up to an additional 10 percent. The combination of the County's contribution, the employees' contributions and earnings from pension plan investments are expected to cover the cost of pension benefits already earned, the anticipated future cost of benefits and the administrative costs associated with the pension plan.

²⁰ Please see the Fiscal Discipline chapter for an initiative related to creating a contingency for health insurance costs.

The County's contribution to the employee pension plan remained relatively stable around \$2.2 million from 2013 to 2016, and then dropped to \$1.8 million in 2017. The 2018 budget includes \$2.0 million for pension contributions, though the actuary notes that the Actuarially Determined Employer Contribution (ADEC) for this year will be closer to \$1.8 million. The baseline carries the \$1.8 million contribution through 2023. The baseline also does not account for any changes in key assumptions that drive the County's contribution amounts, such as those involving interest earnings or mortality.



Other personnel expenditures

The other two large personnel expenditures are social security (i.e. payroll taxes) and workers' compensation. The County budgets \$2.0 million for payroll taxes and the baseline projection assumes these expenditures grow by 2.5 percent each year in line with wages. The County's expenditures on workers' compensation ranged from \$52,000 in 2016 to \$682,000 in 2014 with an average of \$388,000 over the last five years. The County allocates \$500,000 to worker's compensation in 2018 which the baseline carries forward.

Non-personnel expenditures

The County allocates money for a wide range of goods and services provided by external organizations for the government's daily operations.

Contracted services

The County allocates \$6.3 million to outside organizations that provide service to County government²¹. Some of the largest expenditures in this category relate to the alternative treatment, residential placement and detention functions of the Juvenile Probation Office. Except for a spike in 2015, the County has spent an average of \$2.5 million a year on these services and allocates \$2.8 million for them in 2018.

The County contracts with GEO Reentry Services, LLC (GEO) to operate and manage the Re-entry Service Center (RSC) located in the Executive Plaza Building in downtown Williamsport. RSC staff conduct assessments and administer tailored programming that can range from detention alternatives to reintegration. The County pays GEO a fixed monthly rate of \$58,333 (or \$0.7 million per year) for the first 100 participants. The baseline projection carries the \$700,000 annual allocation for 2018 through 2020, and then increases it by 2 percent per year according to the contract. County Management Information Systems (MIS) has a \$567,000 allocation for hardware and software maintenance in the 2018 budget.

The County's expenditures on contracted services grew by 2.3 percent annually from 2013 through 2017 and the baseline projection generally applies an inflationary growth rate of 2.3 percent for future spending.

²¹ This figure does not include the County's large pass-through payment and matching contribution to the Lycoming-Clinton Joinder, which is discussed separately.

Materials, supplies and repairs

Spending in this area dropped from \$3.0 million in 2013 to \$2.0 million in 2017. The 2018 budget allocates \$3.0 million for these items, which includes some one-time software purchases and short-term hardware lease payments. This category also includes the food and prescription drug needs at the prison and pre-release center. The baseline projection applies the general 2.3 percent inflationary growth rate, specific inflationary rates (1.2 percent for fuel) or the historical growth rate to these lines, after removing one-time or short-term purchases.

Utilities

The County's spending on utilities dropped from \$1.3 million in 2014 to \$1.1 million in 2017. The baseline assumes utility expenditures grow according to long-term projections provided by the U.S. Energy Information Administration.

Outside agencies

The County sends payments to a variety of local and county organizations, which are coded as Outside Agency expenditures. The largest payment goes to the Lycoming County Library System (\$1.2 million in 2018 including passed-through intergovernmental revenue). The Lycoming County Airport, River Valley Transit and mental health/intellectual disability programming receive smaller contributions. These contributions increased slightly from \$1.70 million in 2013 to \$1.83 million in 2017, mostly because the County added a \$100,000 contribution to River Valley Transit in 2014. The baseline grows these contributions by 2 percent per year.

General operating expenditures

Other items that are not related to employee compensation or debt fall into this catchall category such as:

- As noted earlier, Lycoming County imposes a hotel tax on each room rental transaction and then passes the revenue through to the Visitors Bureau for promotion and tourism purposes. The baseline holds the \$1.2 million pass-through payment flat through 2023, matching the projected trend for hotel tax revenue.
- The County budgets \$1 million for the Route 15 water/sewer extension project, which is a non-recurring project that is removed in subsequent years from the baseline projection.
- If the County prison does not have capacity to house inmates, Lycoming County pays to house its inmates in other correctional facilities. The budget allocates \$410,000 for this purpose.

This category also includes the large reimbursements to the General Fund and items that are recorded as revenue in a separate fund and then appear as negative expenditures when they are transferred to the General Fund. Those items include:

- 911 surcharge revenue that is received in a separate 911 Phone Tariff fund and then transferred to the General Fund to offset most of the expenditures by the Communications Center (\$2.0 million in 2018)
- Previously described Act 13 natural gas impact fee revenue
- Previously described indirect cost payment, which mostly comes from the RMS Fund

Child protective services

Lycoming and Clinton counties have jointly contracted with the Lycoming-Clinton Joinder for management of their child protective services (Lycoming County only) and mental health/intellectual disability programs. The Joinder is a non-profit organization managed by a Board comprised of the Commissioners from Lycoming and Clinton counties. Staff are employed by the Joinder and the County pays the Joinder directly for the services it provides, including the County's matching contribution.

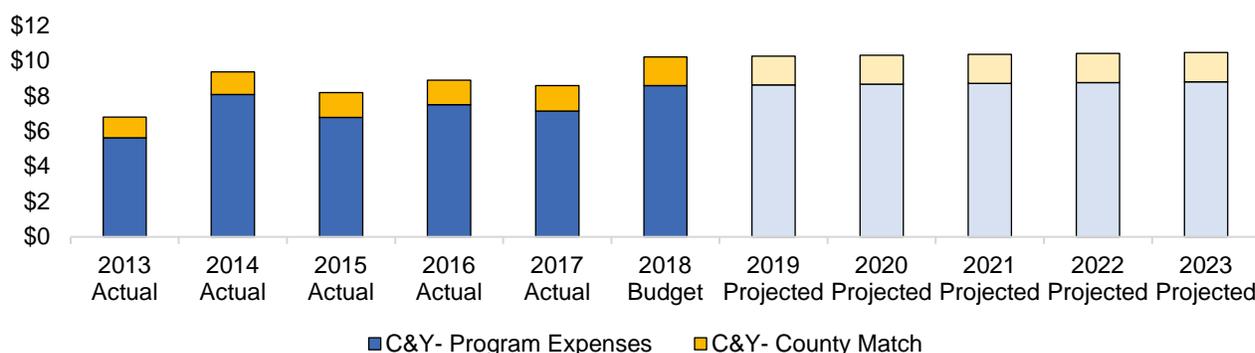
The Joinder investigates reports of child abuse and neglect, provides out-of-home placement services for children removed from their homes, and has prevention services to support reunification. The Joinder also recruits and trains foster parents, pre-adoptive and adoptive parents, and permanent legal custodians.

The County lists two significant expenditures for these services. The first is a pass-through of federal and Commonwealth revenue that the County receives to the Joinder as reimbursement for their programming expenses. The costs of these expenditures has grown from \$5.6 million in 2013 to \$8.6 million in 2018 in conjunction with the growth in placements and program costs.

The second line is the County match, or the County's portion of the program expenses not covered by federal and state sources. In conjunction with the overall growth in programs, the County's match has increased at an average of 5 percent each year. There are a number of reasons that a County's local match may increase including: a rise in the number of placements, changes in the types of placements (congregate care vs. foster care), programmatic or policy changes, or unforeseen or unplanned for costs. The baseline projects that expenditures will grow at the average rate of 0.5 percent each year due to an increase in the number of placements and services provided by the Joinder.

As noted earlier, Lycoming County budgeted more for expenditures in this area than it has historically needed. The County accepts the Joinder's recommendation in budgeting expenditures and the Joinder usually errs on the side of budgeting too high for revenues and associated reimbursable expenditures, instead of too low. Reimbursements have a two-year cycle and the Joinder notes that it is easier procedurally to budget more than the County needs and not use all of it than to budget less than the County needs and try to secure more from the federal or Commonwealth governments during the year. If actual expenditures are lower than budgeted, it is likely that the intergovernmental revenues will also be lower, resulting in a neutral impact overall.

2013 - 2023 Children and Youth Program Expenditures

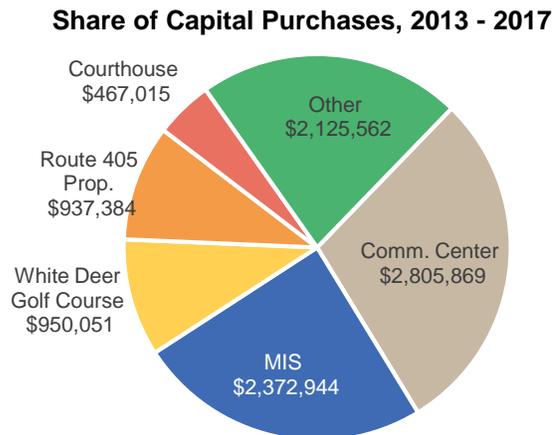


Key trend 6: Children and youth program expenditures paid to the Lycoming-Clinton Joinder coupled with the County's portion of costs grew at an average of 7.6 percent from 2013 to 2017, though they have been relatively stable since 2015. The baseline projection assumes that expenditures from both sources will grow at an annual rate of 0.5 percent but could change based on changes in the number of placements or pending changes to federal legislation.

Debt and Capital

The 2018 budget allocates \$2.7 million for principal and interest payments on the County's debt. According to the existing debt schedule, those payments rise to \$2.9 million scheduled in 2019 and then drop down to \$2.5 million in 2023 when two bank loans are retired. The baseline does not account for any new debt issuances or debt refunding or restructuring that may occur during the projection period.

The County has a five-year capital budget that separates purchases into two categories. **Inventory** covers the replacement of computers, scanners and related hardware; cleaning equipment; fixtures and carpet; and public safety equipment. **Capital purchases** include vehicle replacements, larger technology/system upgrades and major facility work. The largest capital purchases in the 2018 budget involve projects at the County prison (\$1.9 million), Management Information Systems (\$485,000) and Domestic Relations (\$240,000). The County uses a portion of its Act 13 natural gas impact fee money to cover these expenditures.



These purchases appear in the General Fund budget in a section called Capital Purchases. From 2013 through 2017, the County spent \$9.7 million on capital purchases recorded here. The five units with the largest allocations over that period -- Communications (i.e. 911), Management Information Systems (i.e. IT), the White Deer Golf Course in Montgomery, the Route 405 Property in Muncy and the Courthouse in Williamsport -- accounted for 78 percent of the total, or \$7.5 million²².

The 2018 budget allocates \$3.3 million for capital purchases with the largest amounts going to the Prison (\$1.9 million) and MIS (\$0.5 million). Historically the County has averaged \$2.1 million in capital project spending and the baseline assumes that capital expenditures will drop back closer to that amount after 2018. The baseline has \$2.2 million in capital outlay each year through 2023.

Key trend 7: The County has historically spent \$2.1 million a year from its General Fund on capital projects. While the 2018 budget boosts that spending to \$3.3 million, the baseline assumes it drops back down to the historical average starting in 2019.

Overall the baseline projection shows 3.1 percent annual growth in expenditures through 2023 with higher growth from 2018 to 2019 because the baseline does not assume the use of Act 13 gas impact fee revenue to offset expenditures after 2018. Personnel costs grow a little more than 3.1 percent, largely because of health insurance, and non-personnel expenditures grow less than 3.1 percent, largely because of the scheduled reduction in debt service and removal of one-time capital or material/supply expenditures after 2018.

²² Capital purchases related to the landfill are budgeted in the separate RMS Fund. The County notes that some of these projects were funded by bonds and not operating revenues.

Baseline Expenditure Projection

	2018	2019	2020	2021	2022	2023	CAGR
	Budget	Projected	Projected	Projected	Projected	Projected	5-Year
Cash Compensation	22,387,532	22,945,720	23,517,863	24,104,310	24,705,418	25,321,553	2.5%
Health Insurance	7,292,089	7,831,689	8,413,981	9,036,651	9,704,715	10,421,611	7.4%
Pension	1,950,000	1,821,885	1,821,885	1,821,885	1,821,885	1,821,885	(1.3%)
Social Security	1,964,727	2,013,845	2,064,191	2,115,796	2,168,691	2,222,908	2.5%
Other Employee Benefits	563,821	564,594	565,386	566,196	567,026	567,877	0.1%
Personnel subtotal	34,158,169	35,177,734	36,383,306	37,644,839	38,967,735	40,355,835	3.4%
General Operating Expenditures	8,547,548	11,415,145	11,548,368	11,683,731	11,821,278	11,961,055	7.0%
Contracted Services	6,314,727	6,386,745	6,460,420	6,549,789	6,641,172	6,734,613	1.3%
Subsidies/Debt Service	2,826,421	4,590,489	4,621,962	4,661,687	4,625,258	4,279,408	8.6%
Capital Outlays	3,347,950	2,243,127	2,243,127	2,243,127	2,243,127	2,243,127	(7.7%)
Materials, Supplies and Repairs	3,019,829	2,640,945	2,685,076	2,455,967	2,502,038	2,549,113	(3.3%)
Outside Agencies	1,872,692	1,910,146	1,948,349	1,987,316	2,027,062	2,067,603	2.0%
Utilities	1,234,400	1,246,466	1,258,795	1,271,392	1,284,264	1,297,416	1.0%
Non-personnel subtotal	27,163,567	30,433,063	30,766,096	30,853,008	31,144,199	31,132,334	2.8%
Total Expenditures	61,321,736	65,610,797	67,149,403	68,497,847	70,111,934	71,488,169	3.1%

Management Review

The prior chapter described Lycoming County government finances and the key trends that drive its financial performance. That chapter described the County's expenditures in terms of categories, such as salaries or utilities, across departmental boundaries. This one reviews expenditures by department to provide a different perspective on how Lycoming County government used the money it collected from 2013 through 2017.

During our departmental review process we conducted interviews with each row officer and department director¹. Some row officers and department directors included other staff in the interviews at their discretion. We also met with the Court Administrator to assess Lycoming County government's judicial functions, and representatives from each of the bargaining units. We are thankful for their time and the insight that they provided.

Spending by subject area

Lycoming County government, like others in Pennsylvania, has a decentralized structure led by a three-member Board of Commissioners plus multiple independently elected row officers².

The Board serves as the primary executive body for County government. Under the leadership of one Commissioner serving as the Chairperson, the Board oversees the administration of all County departments and agencies except for those reporting to another independently elected row officer or the County court system. The Board is also the legislative body for County government. It enacts all ordinances and resolutions, authorizes all contracts, and approves the annual budget that allocates money to all parts of County government, including the row officers and court system.

Lycoming County government allocates most of its budget to services that are required by Pennsylvania law, such as those focused on child protective services, mental health/intellectual disabilities, and those provided through the criminal justice system. Other services may not be statutorily mandated, but are practically necessary for any large organization. For example, any organization the size of Lycoming County government will have some facility maintenance, human resources and information technology responsibilities, even if the day-to-day work is done by contractors. In many cases the County has more flexibility in terms of *how* it provides a service, as opposed to *whether* it provides a service.

We have grouped the County's many departments and offices into subject areas to provide a more meaningful overview of County spending:

- **Row officers:** The 2018 General Fund budget allocates \$5.1 million (or 8.7 percent of the General Fund³) to the Board of Commissioners and the seven independently elected row officers -- the Controller, Coroner, District Attorney, Prothonotary/Clerk of Courts, Register of Wills/Recorder of Deeds, Sheriff and Treasurer.
- **Health and Human Services (HHS):** The County allocates \$10.2 million (or 17.5 percent of the General Fund) to the Lycoming-Clinton Joinder, which is a separate unit that provides services to those two counties for mental health and intellectual disabilities, foster/care adoption and child protective services. This arrangement is unique among Pennsylvania counties, most of which have departments devoted to those functions within the County government itself. While the 2018 budget overstates the likely costs of these services for reasons explained elsewhere⁴, the County

¹ The Controller was unavailable so we met with her Deputy who provided the insight we needed.

² Lycoming County also has elected judges and magisterial district justices within the judicial branch of County government, which are discussed later.

³ Unless otherwise noted, the percentages in this chapter refer to the General Fund and Juvenile Probation Fund combined. The County usually presents those funds plus a third (the Agency Fund) as one unit for simplicity.

⁴ Please see the Financial Condition Assessment for more information.

still spent more on these kinds of services than any other category according to its 2017 financial records.

- **County Prison:** The County allocates \$8.9 million (or 15.2 percent) for the Prison, the Pre-Release Center and its re-entry services center contract. The Prison (\$6.0 million) has the largest departmental budget in the General Fund.
- **Administration:** The County allocates \$5.9 million (or 10.0 percent) for the departments involved in financial management (Fiscal Services, Central Collections) and those with a primary function of serving other parts of County government (Human Resources, Maintenance, Management Information Services).
- **Courts:** The County allocates \$9.0 million (or 15.5 percent) for the Courts and its associated offices (e.g. domestic relations, adult probation, District Justices). This also includes the \$2.8 million allocated to the Juvenile Probation Office, most of which is to cover the cost of placement for juveniles in the system. All of these units report to the President Judge and Court Administrator except for the Public Defender's Office, which reports to the Board of Commissioners through the Director of Administration.
- **Planning:** The County allocates \$1.3 million (or 2.3 percent) for the Planning and Community Development Department, which includes zoning, Geographic Information Systems (GIS), transportation and environmental conservation functions.

Other County departments have smaller budgets. The Department of Public Safety, which includes the Communications (i.e. 911 Dispatch) Center, Emergency Management, Emergency Medical Services and Hazardous Materials units, has a \$0.3 million total allocation because of the County's budgeting convention. There are similar allocations for Voter Registration/Elections⁵ (\$0.4 million); Military Affairs (\$0.2 million); and units focused on agriculture and conservation (\$0.3 million total).

In recent years, Lycoming County has spent a growing share of its operating budget on health and human services (HHS) and the prison system.

The County's expenditures on HHS rose from \$6.8 million in 2013 to \$8.6 million in 2017, or the equivalent of 6.0 percent per year. Reimbursements and grants-in-aid from the federal and Commonwealth government offset many of these expenditures so the County's net outlay for these services is much lower than \$7 million to \$9 million.

Spending on the prison system grew from \$7.0 million in 2013 to \$8.3 million in 2017, or 4.5 percent per year. More than half of that growth is because the County started the Re-Entry Services Center in 2015 so there were no expenditures associated with it in 2013. The Re-Entry Services Center is one of several initiatives -- along with the Pre-Release Center, Drug and Mental Health courts and electronic monitoring - - intended to reduce the length and recurrence of prison sentences.

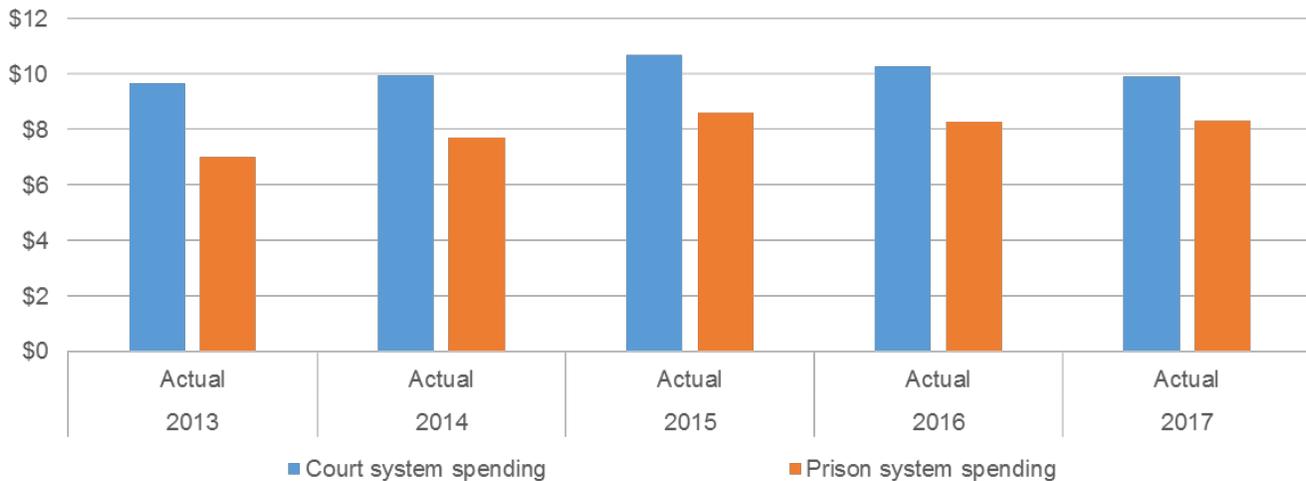
Reducing recidivism has several benefits, including a financial advantage. In prior years the County has considered expanding its prison because the inmate population exceeded the facility's capacity. If there is not room for an inmate at the County Prison, the County pays to send the person to a facility outside Lycoming County⁶. These placement expenditures rose from \$167,000 in 2013 to \$644,000 in 2015 and then dropped to \$293,000 in 2017. The drop since 2015 is positive, especially if that downward trend continues, though the overall growth over this period still calculates to 15.0 percent per year. Total spending on the prison has the same trend, rising from \$4.9 million in 2013 to \$5.6 million in 2015 and then stabilizing at \$5.3 million in 2016 and 2017.

⁵ Voter Registration is technically part of Management Information Services according to the County's organizational structure.

⁶ The opposite is also true. Other jurisdictions, like the federal government, pay to place their inmates at the Lycoming County prison.

That trend has also carried over to the court system where total expenditures rose from \$9.7 million in 2013 to \$10.7 million in 2015 and then fell back to 2013 levels. While the financial data alone is not definitive, the County could be seeing some financial benefit from the aforementioned efforts, like the Pre-Release Center or the Re-Entry Services Center, in terms of flattening court system costs⁷.

Court and Prison System Expenditures, 2013 to 2018 (\$ Millions)



From a financial perspective, the trend in prison system expenditures is noteworthy because, unlike health and human services, this system is almost entirely dependent on the County’s non-designated General Fund resource, which is primarily the real estate tax. Revenues credited to the County Prison covered 10 percent of expenditures charged to it in 2017.

The share of total expenditures used to fund the separately elected row officers grew from 6.9 percent in 2013 to 8.5 percent in 2017. Most of that growth occurred in the Sheriff’s Office where the County added staff (\$323,000 growth over the five-year period) and the District Attorney’s Office which started the Narcotics Enforcement Unit over this time (\$195,000 growth over the five-year period).

Since the County is spending a larger portion of its budget on HHS, the prison system and the row officers, it follows that the County is spending smaller portions in other areas. The area with the largest reduction is administration, where the County reduced expenditures from \$6.5 million in 2013 to \$5.3 million in 2017. The Maintenance Department accounted for most of that reduction with operating expenditures falling almost every year since 2013 and \$840,000 (or 32.6 percent) overall.

The table below shows how much of total General Fund expenditures⁸ each subject area has accounted for since 2013 and how that mix has changed. The share of total expenditures charged to the Planning and Community Development Department (PCD) has also dropped, though not as much as the table below suggests. The County had a \$1 million water/sewer line extension project charged to PCD in 2016 and then recorded a \$1 million reimbursement (or negative expenditure) for that same project in 2017. Without the skewing effect of that project, PCD’s share was 2.1 percent in 2016 and 2.4 percent in 2017.

⁷ Please see Performance Management chapter for more discussion on the types of data the County should track to understand whether and how much these programs are reducing recidivism.

⁸ For reasons explained later in this chapter, we define expenditures here more broadly than the County’s budget does, so it includes debt payments.

Share of Total General Fund Expenditures by Subject Area

Department total	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Courts (w/ JPO)	17.7%	15.6%	16.7%	17.5%	18.0%
Health and Human Services	12.5%	14.7%	12.8%	15.1%	15.6%
Prison	12.8%	12.1%	13.5%	14.1%	15.2%
Administration	11.8%	9.3%	9.7%	10.4%	9.7%
Row officers	6.9%	7.4%	8.3%	8.6%	8.5%
Other (w/ Public Safety)	3.4%	3.3%	1.8%	3.1%	2.4%
Planning and Development	2.9%	2.2%	2.0%	3.8%	0.6%
Departmental Total	68.7%	64.0%	63.9%	72.4%	70.1%

Understanding the County Budget

According to the table above, departmental expenditures account for less than three-quarters of total expenditures. The County's budgeting and accounting practices result in several items being recorded elsewhere, even though they are a part of running a department:

- Departmental budgets only include the cost of employee cash compensation (mostly salaries and any overtime). Spending on employee fringe benefits – health insurance, pensions, workers' compensation – is recorded in a separate part of the budget.
- There is also a separate section in the budget where the County funds capital projects related to a department's facility or major equipment needs. That section also has smaller items categorized as inventory, like computer and minor equipment replacement.
- The County records its principal and interest payments on its debt as "subsidies" in the non-governmental section of the budget.

It is not unusual for a government to record debt payments outside of its departmental budgets, even though most debt is issued to support the departments' operations in some fashion. Similarly, capital projects are frequently budgeted outside of a department's portion of the operating budget. Some governments group these projects together in a separate fund so fluctuations in the number and sizes of capital projects do not obscure the trends in total expenditures.

Recording fringe benefit or inventory replacement expenditures outside of the departmental budget obscures the true cost of operations. The primary cost for most County departments is the compensation paid to its employees, which includes their health insurance, pension and other fringe benefits. The County does track what portion of these expenditures should be charged back to the appropriate departments through its separate cost allocation plan, but not in the budget itself.

The County also frequently uses "negative expenditures" for reimbursements or interfund transfers that offset the cost of departmental operations. For example, the 2018 expenditure budget for the Communications System (i.e., 911 Emergency Dispatch) is less than \$4,000 for a unit with 30 employees. A closer review of the budget detail shows that the County expects to transfer \$2.0 million from a separate 911 Phone Tariff Fund into the General Fund. The County already records the 911 surcharge money as a

revenue in that separate fund, so it appears as a reimbursement to the General Fund. Any use of Act 13 gas impact fee revenue in the General Fund also appears on the expenditure side.

In theory this approach would show a department's net cost to the General Fund. The County may spend more than \$2.0 million from its General Fund on the Communications Center in 2018 but, once the 911 surcharge reimbursement is applied, the net cost will be less than \$50,000. But that presentation loses validity if it excludes basic expenditures that are necessary to run the department, like fringe benefits.

Recommendations

The County's budget, both as a document and the process that creates it, is a major undertaking for County personnel, especially the staff in Fiscal Services.

The process begins in the summer when departments submit their requests for the next year. Starting in 2017, the departments also submit a projection of their needs for two additional years. The Board of Commissioners discusses budget requests with department directors and staff during hearings throughout the fall, leading up to the budget's eventual adoption. The process runs about six months and culminates in a document over 250 pages long.

The budget document provides a lot of very valuable information in great detail on the County's proposed expenditures for the next fiscal year. But the ability to properly interpret that information depends on the reader's familiarity with Lycoming County's accounting processes.

If the reader is trying to determine the cost to County government to run a department, the reader will have to be aware of the use of reimbursements and interpret the short-hand account titles. Referring back to our previous example, the reader will have to know what "REIMBEXP-911 PHONE TARIFF" means to correctly interpret the Communications Center budget. Even if that is the case, the reader will have to recognize that fringe benefits are missing, find their central location in the budget and make assumptions about how much of the total gets charged back to that particular department.

The budget opens with a helpful narrative summary of major revenue and expenditure trends at a high level. But there is very little reference to the departments or their operations, other than large individual projects that may skew total revenues or expenditures within a category.

The departmental budget detail shows each accounting unit's allocation on a line-by-line basis for the current year and the next year, but in some cases one department has multiple accounting units in it. For example, the reader has to know that PCD's expenditures are spread over six accounting units to get the Department's total General Fund budget, not including those charged to the fringe benefit section.

The line-by-line detail does not provide historical context for what the County has spent in the past. If the reader wants to know how much the County has previously spent on an item, like salaries at the prison, that information is not available except upon request.⁹ Departmental budgets instead show three versions of the line-by-line allocations for the next year – departmental request, recommended and approved – which is useful for understanding how the allocations changed during the process, but only to the extent that the reader knows what those column headers represent and only if reader can interpret the abbreviated account code titles for individual budget lines like "PROFSVC," "PURSVC" or "M&R."¹⁰

These are not just hypothetical flaws.

The Board of Commissioners expressed frustration with the budget document and its limitations as a resource for answering basic questions about where the County spends its money and how that has changed over time. Department directors expressed frustrations with the process, saying the requests

⁹ In this particular case that information is also not available in the comprehensive annual financial report, which shows expenditures at a high level of detail.

¹⁰ Professional services, purchased services and maintenance and repairs.

they submit in the summer and discuss in the early fall do not match what comes out of the process at the end of the year. In our evaluation the budget document has limited use as a historical reference, a forward-looking planning tool or a means of communicating how current finances and operations are related.

By nature budgeting is a time-consuming, difficult process since it involves allocating limited resources to competing interests across a large and complex organization. But Lycoming County's budget can be improved so that the process itself is less cumbersome and results in a more useful document. We offer the following recommendations for doing, with references to additional guidance from the Government Finance Officers Association (GFOA).

GFOA best practice: Departmental presentation

A well-designed departmental section can enhance a reader's understanding of the purpose of funded programs or services, as well as their cost, making the budget document a more effective operational and communications document.

The majority of the budget document is the line-by-line revenue and expenditure detail for each department and office within County government and each governmental or special revenue fund.

As noted above, this information would be more useful if it provided more information such as:

- Historical expenditures as context for the budget allocations;
- Less reliance on short-hand account code descriptions;
- Graphics that summarize key information or provide additional context; and
- Information that ties the financial figures to the factors that drive it, like headcount or activity measures.

We have taken the information from the County's accounting system and produced one-page summaries for each department that include:

- A brief description of the department's major functions, revenues and expenditures
- Historical revenue and expenditure figures presented by category for 2013 – 2017 and the approved budget for 2018
- Compound annual growth rates for revenue/expenditure categories from 2013 through 2017
- Pie charts showing the department's share of the total General Fund budget and the department's budget by expenditure category
- Number of positions approved in the County's annual Table of Distribution and Allowance

These summaries incorporate some of the GFOA's guidelines¹¹ for effective departmental budgets, providing information in a more concise, user-friendly format that starts to tie dollar allocations to the services they fund.

¹¹ For more information please see the GFOA Best Practice "Departmental Presentation in the Operating Budget Document" online at www.gfoa.org/departmental-presentation-operating-budget-document.

Our summaries also use Excel, which allows for quick data manipulation, growth rate calculations and graphic creation. Fiscal Services reports that its current financial system does not export historical data to Excel. We received PDF versions of the County's financial data and converted it into Excel, but ideally that should not be necessary. [We encourage the County to explore whether this basic functionality can be added to its existing software or consider seeking another software package with that capacity.](#)

Our summaries are just a starting point. Future versions might show more detail on the types of positions within the department, list key challenges and opportunities for each department or show relevant performance measures. The guiding questions for future changes are, "Who is my audience? What do they care about? How can I present the information in a way that is most meaningful to them?"

Our versions also focus on historical information since we created them as part of the departmental review process. As the County becomes more comfortable with the multi-year financial planning process, future versions of these summaries could add projections for the next two years and drop some of the historical information.

The summaries begin at the end of this chapter on page 14.

GFOA best practice: Strategies for managing health care costs

The [health] plan needs to be designed in ways that help employees better understand the trade-off between increasing health-care costs and other forms of compensation.

During our evaluation process the Board of Commissioners repeatedly asked how best to measure the County government's "return on investment" – how the cost of providing a service compares to the benefit provided by it.

From a purely financial perspective, return on investment is a ratio showing the dollar value of the benefit provided divided by the dollar value of the cost invested. The value of government service sometimes cannot be easily translated to dollars, especially as it relates to concepts like justice or equity. However, government can and should measure the effectiveness of its services, which we address more fully in the chapter focused on performance management.

Government also can and should measure how much it spends to provide a particular service, including the full cost of compensating the associated employees. Currently the County budgets the cost of employee cash compensation within the associated department, but keeps fringe benefit costs centralized within a separate fringe benefit section of the budget.

The County retroactively calculates how much of the total fringe benefit expenditures should be charged to individual departments in its separate cost allocation plan, which is a good exercise. While the County won't be able to attain the same degree of accuracy in its budget, since that involves projecting what expenditures will be instead of describing what they were, other Pennsylvania county governments have found a way allocate these expenditures appropriately in their budget.

Some counties calculate an equivalent premium amount that estimates the cost of health insurance for each employee. Then they charge each department that amount for each position where the employee is eligible for those benefits. The charges are recorded in the departments' budgets as expenditures and then the money is transferred periodically from the General Fund to a separate Internal Service Fund which pays the medical care providers. The periodic charges to the department are reduced to account for vacant positions.

Chester and Beaver Counties both use this approach and charge the departments a flat rate for each health insurance eligible employee. A more advanced approach would differentiate between different

types of insurance (single versus family). **Adams County** has a similar arrangement, using an internal service fund to pay its employee health insurance bills and then charging the departments for those costs. **Blair County**, which is a County of the Fifth Class like Lycoming and Adams, also allocates its medical insurance costs to its departments.

Chester County also uses this approach to allocate its workers compensation costs (premium equivalents charged based on a department's claims history and risk exposure) and pension benefits (percent of eligible salaries and wages charged to each department).

We recommend that the County consider this approach or another one that allocates health insurance expenditures by department, even if it is only an estimate and not a precise projection of what the department's actual health claim costs will be.

Doing so will enable the Board of Commissioners, department directors, employees and residents to see the true cost of providing service and get a better sense for the types of tradeoffs involved in allocating limited resources. It will also improve the helpful net expenditure calculation (department revenues minus department expenditures) that is already included in the County budget.

Lycoming County Human Resources and third-party administrator should be helpful resources for establishing a per employee estimate of health insurance costs, if that is the direction the County chooses.

GFOA best practice: Recommended budget practices

Governments make program and service decisions and allocate scarce resources to programs and services through the budget process. As a result, the budget process is one of the most important activities undertaken by governments. The quality of decisions resulting from the budget process and the level of their acceptance depends on the budget process that is used.

The first two recommendations primarily focused on the budget document itself and its effectiveness as a tool for communicating important information. The next two focus more on the process itself.

The National Advisory Council on State and Local Budgeting¹² describes five key characteristics of a strong budget process¹³:

- Incorporates a long-term perspective;
- Establishes linkages to broad organizational goals;
- Focuses budget decisions on results and outcomes;
- Involves and promotes effective communication with stakeholders; and
- Provides incentives to government management and employees.

This description emphasizes that the budget process, from its creation to its adoption to its execution, as the responsibility of all parts of County government. In Lycoming County, Fiscal Services has primary responsibility to create the document itself, but the content should be shaped by all department managers. The Board has primary responsibility to adopt the budget, but the process that culminates in a final version should be as collaborative as possible so the financial decisions authorized in the budget tie to County operations. After the budget is adopted, Fiscal Services has primary responsibility for monitoring progress of actual revenues and expenditures against those targets, but the budget should be a document that guides all department managers' decisions.

¹² The NACSLB is a joint creation of GFOA and other state and local government organizations.

¹³ For more information please see www.gfoa.org/recommended-budget-practices-national-advisory-council-state-and-local-budgeting.

Based on our review, there is room for improvement on all of these fronts.

During our departmental interviews, some managers were unable to explain lines in their budget or said that they used a separate spreadsheet to track their performance. Others complained that the final approved version diverged from the requests they submitted early in the process in ways that would make it hard to manage to final allocations.

Some departments described their operations in terms that do not align with the budget structure. For example, the Department of Planning and Community Development (PCD) categorizes its staff using five divisions – Administrative Support, Development Services, GIS, Planning and Transportation. The budget uses six different units, only three of which have salaries associated with them – Planning, GIS and Zoning. Ideally these two structures should align with each other so the link between operational and financial management is clearer.

There are similar gaps between the Table of Distribution and Allowances (TDA), which shows how budgeted positions are allocated, and the budget itself. As an example, Management Information Services has three units in the TDA, but five units with salary allocations in the budget. In this case, there is just a difference in how two documents list the same positions, but ideally the documents shouldn't have that difference since they are created in conjunction with each other.

There are different ways to address these types of shortcomings, but the County's organizational structure highlights one with potential to improve coordination across County government as a whole without overburdening Fiscal Services, which has many responsibilities outside the budget process.

The County's organizational chart shows the Director of Administration¹⁴ reporting to the Board of Commissioners and having direct oversight of 10 departments¹⁵. Fiscal Services has primary responsibility for assembling the budget and Human Resources manages key components of it, like health insurance. Both of those departments report to the Director of Administration. Based on that structure, the Director of Administration should take a lead role in the budget process:

- Midway through the year the Board of Commissioners should meet with the Director of Administration and communicate their financial and operational priorities for the next fiscal year, including basic parameters that will shape allocation decisions (guidelines on limitations for potential tax increases, desired expenditure increases or reductions, minimum levels of fund balance maintained, etc.). Fiscal Services and Human Resources should also participate in this meeting.
- The Director of Administration and Fiscal Services should jointly host a meeting with all departments under his supervision¹⁶ to relay the instructions for completing the budgetary and multi-year projection requests, including the Commissioners' priorities.
- After the departments submit their requests, Fiscal Services should review them to identify significant departures from prior year requests or actual expenditures, as is currently the case. Fiscal Services should then communicate the questions about the requests to the Director of Administration and the department directors for resolution. This way the Director is involved in the process that sets the budget for the departments he oversees. The goal is to answer these types of questions *before* the Commissioners' budget hearings so the hearing process is less cumbersome.

¹⁴ By County ordinance the Director of Administration is also the Chief Clerk.

¹⁵ Collections, Fiscal Services, Human Resources, Information Services, Maintenance, PCD, Public Defender, Public Safety, Resource Management Services and Veterans Affairs. The Director has a coordinating relationship with the Prison, the Court Administrator and the row officers.

¹⁶ The current Director of Administration is a male, so we are using the male pronoun for simplicity.

- The Director of Administration should then work with the Director of Fiscal Services to compile the enterprise-wide expenditure budget in advance of budget hearings and then convey any required amendments to the department directors to ensure a balanced budget is presented to the Commissioners early in the process.

This is a departure from the current process where department directors present their budget to the Board of Commissioners, which then works with Fiscal Services at the end of the process to decide how to bring the budget into balance and convey those changes back to the department directors. That approach reduces the department directors' ownership of the budget throughout the next year and puts Fiscal Services in the unenviable position of trying to "make the numbers work" without having responsibility for the operations that drive those numbers.

- The Director of Administration should help each department under his supervision prepare and present its budget at the Board's hearings, with explicit explanations on how the requests reflect and advance the Commissioners' priorities.
- It is inevitable that there will be some changes to the budget after it is submitted to the Commissioners because of new information, changing circumstances or necessary discussions about how to allocate limited resources that can only be made by the Commissioners themselves. The Director of Administration should participate in those deliberations and communicate any Board-driven changes back to the department directors in advance of the budget adoption to identify and resolve any major problems.

This process takes advantage of County government's current structure where the Board is responsible for setting policy direction and making final prioritization decisions; the Director of Administration is responsible for coordinating actions across departmental boundaries; and Fiscal Services is responsible for the document itself and continues to participate in its creation.

GFOA best practice: Long-term financial planning

Long-term financial planning combines financial forecasting with strategizing. It is a highly collaborative process that considers future scenarios and helps governments navigate challenges. Long-term financial planning works best as part of an overall strategic plan.

Last year Lycoming County started to integrate multi-year financial planning into its budget. Department directors provided their request for the upcoming year plus two additional years. Those departmental requests can be combined with the scheduled debt payments, projected fringe benefit costs and high priority capital projects to form the expenditure half of a multi-year financial projection. A multi-year projection of the County's major revenues accounts for the other half.

The County is only in its second year with this new process, and there will undoubtedly be growing pains along the way. As County leaders become more comfortable with the process and refine it, the benefits of taking a multi-year perspective to address structural problems will eventually outweigh those growing pains. Multi-year financial planning provides more sophisticated, more useful answers to questions that help set debt levels, tax rates, hiring decisions and service provision. It is also viewed positively by rating agencies when they evaluate Lycoming County's credit rating that in turn sets the County's borrowing costs.

We commend Lycoming County's leaders, including Fiscal Services which is responsible for managing the process, and encourage the County to stay the course through these growing pains. The Financial Condition Assessment provides guidance for how to project the major revenues and expenditures. PFM stands ready to help Lycoming County grow and use this powerful new tool beyond the term of this engagement as needed.

Finding time to make changes

Most of these recommendations involve some additional work for the Department of Fiscal Services. The recommendations also include an expanded role for the Director of Administration, and department managers can help create more meaningful departmental budgets and multi-year projections. But ultimately Fiscal Services has responsibility for the budget document and large parts of the budget process.

Fiscal Services also has other responsibilities, unrelated to the budget. That Department handles most major accounting functions, the accounts payable process through which the County's vendors and suppliers are paid, and the payroll process through which the County's employees are paid. Fiscal Services also has lead responsibility for producing the capital allocation plan and the comprehensive annual financial report (i.e., CAFR, or year-end audit), which is another large undertaking. As one senior leader in Fiscal Services said, "The first six months of the year are audit season and the last six are budget season."

That said, the annual budget is easily the most important piece of legislation that the County passes most years. It is also likely the most complicated. While year-end audits are important for a variety of reasons, and they need to be completed in an accurate and timely basis, the budget is more meaningful for forward-looking financial management. A strong budget helps set the course and supply the resources for the services that County government delivers every day.

Here are a few ideas for the County to consider Fiscal Services has the capacity to improve the budget document and play a lead role in improving the process:

- **Technology improvements:** Ideally the County's software package should make the budgeting process and the types of improvements recommended here easier to execute. As noted earlier, we were surprised to learn that the County's financial software cannot export historical data to Excel for data organization and analysis. We are not familiar enough with this software package to evaluate it, and we recognize the value of using the same software to handle multiple processes (i.e., budget, general ledger, accounts payable). But we encourage the County to consider whether a different software package or an upgraded version of the current one better meets its needs.
- **CAFR preparation:** Other Pennsylvania county governments assign primary responsibility for CAFR preparation to the Controller's Office. Finance staff who report to the Board of Commissioners are also usually involved in that process, but the Controller is the lead office for CAFR production in other Counties of the Fifth Class (e.g., Adams, Lawrence, Lebanon, Northumberland). The Board and Fiscal Services should consider whether shifting these duties to the Controller would free capacity to improve the budget and then engage the Controller in those discussions accordingly.
- **Outside support:** Fiscal Services generates the cost allocation plan on its own and handles payroll functions in house. Not all staff could be easily deployed from these functions to the budget, but the County should consider whether using external contractors here or elsewhere would free capacity to improve the budget. There would be an additional cost to do so, but a more meaningful budget will improve financial management overall. Another alternative is to contract with an external vendor to help produce the budget document, though those functions are more commonly handled in-house.

The remainder of this chapter shows the County's historical expenditures in the aforementioned departmental summaries. The next chapter stays with the theme of financial management, but moves beyond the budget process, with findings and recommendations in other areas. It also offers options to close the projected deficit described in the Financial Condition Assessment.

Departmental summaries are provided in the order in which they appear in the County's budget summary. We did not prepare summaries for the constables or departments budgeted outside the General Fund, such as RMS.

Commissioners/Solicitor	Page 49
Row Officers	
Treasurer	Page 50
Controller	Page 51
Register of Deeds/Recorder of Wills	Page 52
Sheriff	Page 53
Coroner	Page 54
Prothonotary	Page 55
District Attorney	Page 56
Narcotics Enforcement Unit	Page 57
County DUI Center	Page 58
Assessment	Page 59
County Buildings/Maintenance	Page 60
Fiscal Services	Page 61
Central Collections	Page 62
Non-Governmental Expenditures	Page 63
Capital Outlay	Page 64
Tax Collectors	Page 65
Planning and Community Development	Page 66
Human Resources	Page 68
Military Affairs	Page 69
Fringe & Insurance	Page 70
Information Services	
Management Info./Central Telephone	Page 71
Mail/Printing/Record Retention	Page 72
Voter Registration/Conduct of Elections	Page 73
Public Defender	Page 74
Courts	
Domestic Relations	Page 75
Courts	Page 76
Law Library/Act 198	Page 77
District Justices	Page 78
Central Processing	Page 79
Adult Probation/Re-Entry Center	Page 80
Juvenile Probation	Page 81
Prison Services	
County Prison	Page 82
Pre-Release Center	Page 83

Public Safety/Services

Communications Center	Page 84
Emergency Management	Page 85
Emergency Medical Services	Page 86
Hazardous Materials Unit	Page 87

Conservation & Development

Farm/Ag. Extension/Con. District	Page 88
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Outside Agencies

Children and Youth	Page 90
Other Agencies/Contingency	Page 91

COMMISSIONERS (DEPT 1010)

The Lycoming County Commissioners are three independently elected officers who are responsible for the management and administration of the County government. The Board of Commissioners adopts the annual budget, awards contracts and approves personnel decisions. This Office also includes the County's Director of Administrative Services and three support staff.

Financial activity

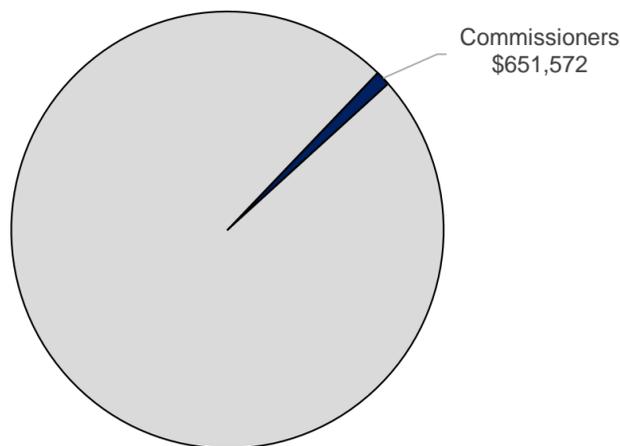
Most General Fund departmental expenditures are for employee salaries, which grew in 2015 when the County hired a new Director of Administration. In 2013 and 2014 the County's HR Director also served as the Interim Director of Administration. Her salary is recorded in the HR Department budget.

The 2018 budget allocates \$184,000 for a commissioner initiated expenditure related to the County's participation in the Early Intervention Program. Setting that expenditure aside, the Office's 2018 budget is 1.3 percent higher than actual expenditures in 2017.

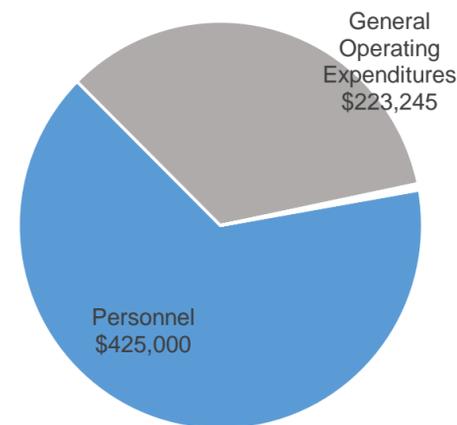
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	348,748	377,058	421,875	411,578	419,609	424,000	4.7%	1.0%
Other Cash Compensation	4,063	692	4,033	1,409	1,901	1,000	-17.3%	-47.4%
Contracted Services	620	788	10,075	1,126	1,774	1,327	30.1%	-25.2%
Material & Supplies	1,564	1,032	1,250	1,540	1,329	1,200	-4.0%	-9.7%
Utilities	171	212	179	791	846	832	49.1%	-1.7%
General Operating Expenditures	39,126	35,993	37,641	36,856	35,723	222,413	-2.2%	522.6%
Maintenance and Repairs	366	1,357	532	1,430	530	800	9.7%	50.9%
Commissioners	\$394,658	\$417,132	\$475,585	\$454,730	\$461,712	\$651,572	4.0%	41.1%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Commissioner's Office consists of the three elected Commissioners, the Director of Administration, a scheduler, and two administrative staff.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Commissioners	6	7	7	7	7	7	1	0

SOLICITORS (DEPT 1020)

Lycoming County uses private attorneys as solicitors and tracks the expenditures separate from all departments. The County's expenditures on these items are shown below.

Solicitors -- Dept 1020 Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Contracted Services	138,828	134,241	119,271	109,505	125,271	117,000	-2.5%	-6.6%

TREASURER (DEPT 1070)

The Lycoming County Treasurer is an independently elected officer who is responsible for monitoring of all the monies remitted by County departments, including ensuring the accurate and timely deposit of those funds into County bank accounts and the regular monitoring of those accounts. The Treasurer's office is also responsible for processing and issuing dog, fishing, hunting, and doe licenses, as well as sporting permits.

The Treasurer collects the County's hotel occupancy tax, which is allocated to the Lycoming County Visitor's Bureau. The Treasurer's office retains four percent of the hotel tax to cover the costs of its administrative work related to the hotel tax.

Financial activity

Please see the Financial Condition Assessment for analysis of the items below.

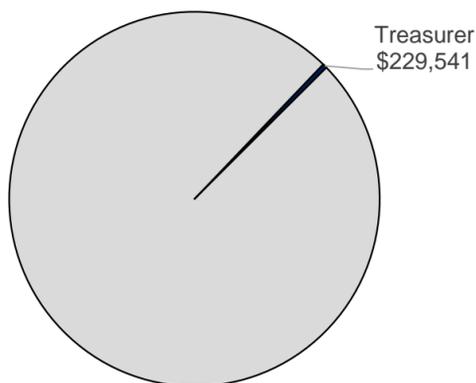
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Investment Income	396,499	357,604	274,830	274,542	245,917	223,130	-11.3%	-9.3%
Licenses & Permits	46,351	45,853	45,112	43,466	46,026	44,750	-0.2%	-2.8%
Miscellaneous Revenues	275	51	176	250	299	250	2.1%	-16.3%
Fee Income	20	10	25	30	399	0	112.4%	-100.0%
Treasurer	\$443,144	\$403,518	\$320,142	\$318,288	\$292,641	\$268,130	-9.9%	-8.4%

The majority of departmental expenditures are on employee salaries, which were stable from 2014 through 2017.

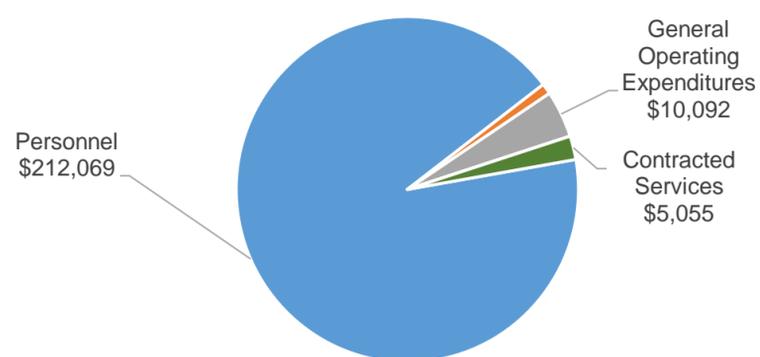
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	182,696	197,457	199,400	204,297	198,116	212,069	2.0%	7.0%
Overtime	0	0	0	14	0	0	N/A	N/A
Other Cash Compensation	1,021	518	2,174	528	1,744	0	14.3%	-100.0%
Contracted Services	5,072	4,956	5,081	4,904	5,269	5,055	1.0%	-4.1%
Material & Supplies	3,196	2,071	358	1,644	2,599	2,300	-5.0%	-11.5%
Utilities	181	189	149	153	168	200	-2.0%	19.3%
General Operating Expenditures	9,530	9,185	9,181	10,021	8,313	9,892	-3.4%	19.0%
Maintenance & Repairs	24	0	0	0	0	25	-100.0%	N/A
Treasurer	\$201,720	\$214,377	\$216,344	\$221,560	\$216,208	\$229,541	1.7%	6.2%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Treasurer's office has five full-time positions -- the elected Treasurer, two Deputy Treasurers, and two Clerks. The County currently has two seasonal employees who help process doe licenses for three weeks each year. The County eliminated four other part-time positions in 2016.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Treasurer	11	11	11	7	7	7	-4	0

CONTROLLER (DEPT 1080)

The Lycoming County Controller is an independently elected officer who ensures all payments are proper and lawful by performing audits and reviewing documents during the accounts payable process.

The Controller's Office conducts financial audits of the County's other row offices and district magistrates; audits the collections for the County's hotel occupancy tax; audits collections by the municipal tax collectors; and audits cash management for all County departments.

The Controller maintains a Fraud, Waste and Abuse Hotline and sits on the County's Salary Board, Prison Board and Retirement Board.

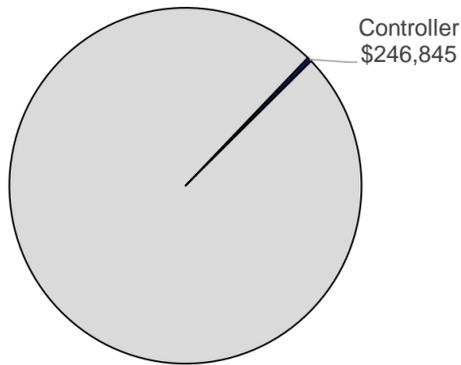
Financial activity

The majority of departmental expenditures are on employee salaries, grow slowly from 2013 through 2017.

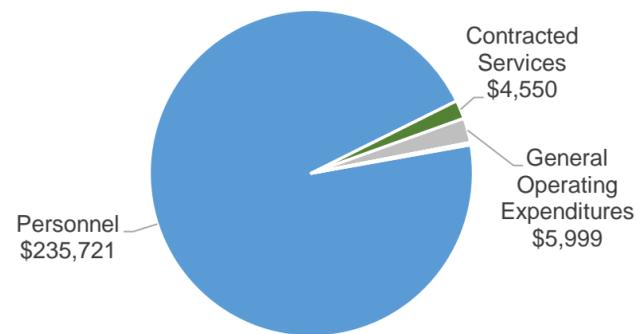
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	212,914	207,859	214,765	222,276	227,907	232,721	1.7%	2.1%
Other Cash Compensation	4,600	5,198	6,131	4,579	5,044	3,000	2.3%	-40.5%
Contracted Services	4,755	4,818	4,556	4,458	8,571	4,550	15.9%	-46.9%
Material & Supplies	4,507	24,990	888	772	453	525	-43.7%	16.0%
Utilities	170	168	144	148	151	150	-2.8%	-0.8%
General Operating Expenditures	6,335	7,211	7,926	4,957	5,395	5,849	-3.9%	8.4%
Maintenance & Repairs	113	1	58	2	1	50	-73.4%	8828.6%
Controller	\$233,393	\$250,244	\$234,469	\$237,193	\$247,520	\$246,845	1.5%	-0.3%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Controller's Office has five positions -- the Controller; Deputy Controller; Senior Internal Auditor; Internal Auditor and Administrative Specialist. The County eliminated a part-time position in 2015.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Controller	6	6	5	5	5	5	-1	0

REGISTER OF WILLS/RECORDER OF DEEDS (DEPT 2010)

The Lycoming County Register of Wills and Recorder of Deeds is an independently elected officer who scans and records deeds and mortgages, probates wills, and processes inheritance taxes. The Office also works with Court Administration in processing documents from Orphans Court.

Financial activity

The Office charges a variety of fees for service including fees for providing certified copies of documents and fees related to the Uniform Parcel Indicator (UPI). Fee revenues related to the UPI and certified copies have dropped since 2013.

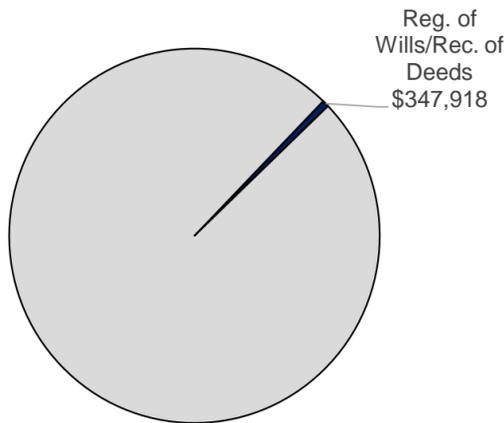
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	1,165,513	1,047,287	987,724	938,235	991,591	920,000	-4.0%	-7.2%
Interest Income	347	345	459	793	1,575	725	46.0%	-54.0%
Reg. of Wills/Rec. of Deeds	\$1,165,860	\$1,047,632	\$988,183	\$939,028	\$993,166	\$920,725	-3.9%	-7.3%

Most General Fund departmental expenditures are for employee salaries, which have dropped since 2014. The Office also budgets \$100,000 for scanning documents within the General Operating category, which is offset by a \$50,000 reimbursement from the Records Improvement Fund.

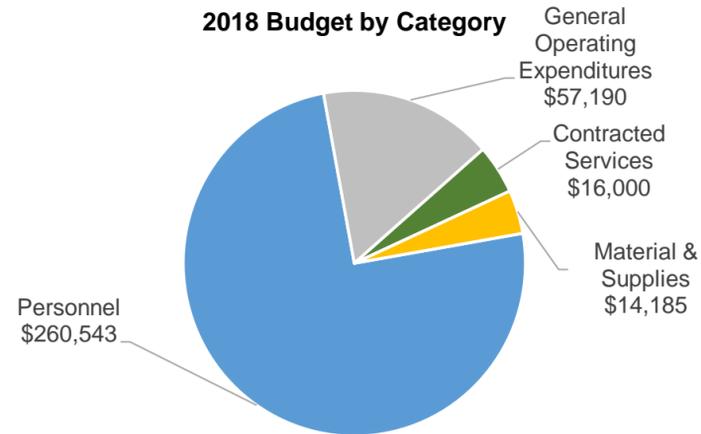
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	280,955	292,776	269,052	267,501	256,043	259,543	-2.3%	1.4%
Other Cash Compensation	2,173	3,417	11,457	2,746	2,664	1,000	5.2%	-62.5%
Contracted Services	15,399	16,013	14,439	15,022	16,402	16,000	1.6%	-2.5%
Material & Supplies	24,831	29,729	34,771	61,259	9,899	14,185	-20.5%	43.3%
Utilities	622	415	305	374	378	375	-11.7%	-0.8%
General Operating Expenditures	59,784	51,458	36,926	21,915	36,570	56,815	-11.6%	55.4%
Reg. of Wills/Rec. of Deeds	\$383,764	\$393,808	\$366,950	\$368,817	\$321,956	\$347,918	-4.3%	8.1%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Other fund activity: The Register of Wills/Recorder of Deeds has two small funds outside the General Fund -- one for recording financial activity related to records improvement activities (\$83,000 in 2018) and one for affordable housing (\$71,000 in 2018).

Staffing

The Office has seven full-time employees: The Register of Wills/Recorder of Deeds, Deputy Register of Wills, Deputy Recorder of Deeds, and four Clerks.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Reg. of Wills/Rec. of Deeds	8	8	8	8	8	7	0	-1

SHERIFF (DEPT 2020)

The Lycoming County Sheriff is an independently elected officer whose primary duties include providing security at County facilities including the Domestic Relations Office; serving and enforcing court orders such as Protection from Abuse; and issuing firearm permits. The Office's Real Estate Division assists with Sheriff's sales for properties that have reached that point in the delinquent tax collection process.

Financial activity

The Sheriff's Office has several fees-for-service, including those charged to residents requesting a License to Carry a firearm.

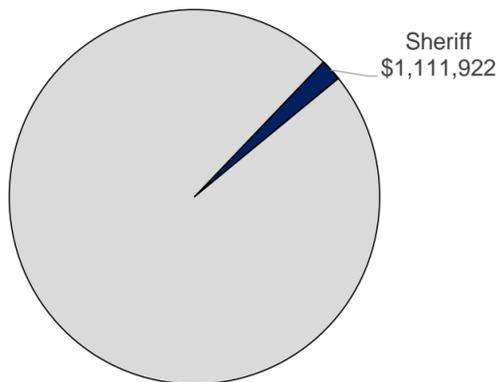
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	214,044	202,215	222,141	266,062	233,785	230,500	2.2%	-1.4%
Intergovernmental Revenue	7,840	9,634	33,304	55,105	36,296	37,600	46.7%	3.6%
Interest Income	0	10,181	328	566	1,232	500	N/A	-59.4%
Miscellaneous Revenues	12,334	12,374	13,900	18,229	15,124	11,000	5.2%	-27.3%
Sheriff	\$234,218	\$234,404	\$269,673	\$339,962	\$286,437	\$279,600	5.2%	-2.4%

Most General Fund departmental expenditures are for employee salaries, which rose between from 2013 to 2015 when the Office added staff. In 2018, salaries increased as the result of eliminating the private security company responsible for courtroom screenings and using retired law enforcement officers on a part-time basis. The Office's spending on overtime has also increased since 2013. The County budgets a \$100,000 reimbursement for operating expenditures related to Courthouse Security, which appears as a negative expenditure in the table below.

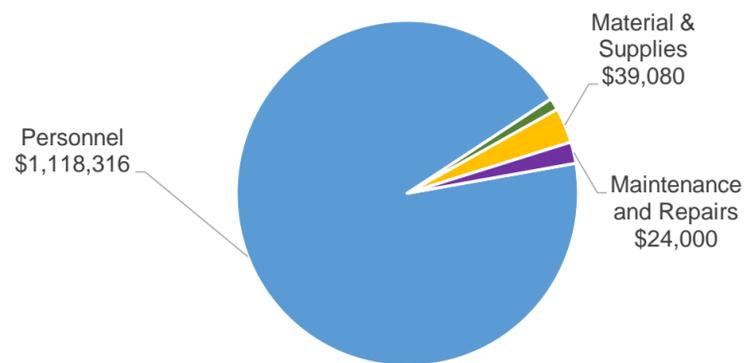
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	659,756	686,522	853,135	945,709	935,875	1,045,916	9.1%	11.8%
Overtime	37,196	53,341	61,830	86,013	87,727	63,000	23.9%	-28.2%
Other Cash Compensation	16,974	11,806	18,338	15,320	19,431	9,400	3.4%	-51.6%
Contracted Services	18,870	15,497	56,607	11,739	16,375	13,340	-3.5%	-18.5%
Material & Supplies	25,248	28,673	55,026	77,984	89,703	39,080	37.3%	-56.4%
Utilities	2,530	3,183	3,391	3,083	3,590	3,360	9.1%	-6.4%
General Operating Expenditures	(16,708)	(14,641)	(99,748)	(115,467)	(75,708)	(86,174)	45.9%	13.8%
Maintenance and Repairs	39,540	36,045	31,201	23,678	28,915	24,000	-7.5%	-17.0%
Sheriff	\$783,406	\$820,426	\$979,780	\$1,048,059	\$1,105,908	\$1,111,922	9.0%	0.5%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Sheriff's office is comprised of 28 employees - 23 full-time staff including the Sheriff and five part-time employees. Full time employees include the Sheriff, Chief Deputy, Sergeant Deputies of Operations, Courts, and Safety/Security and the Deputy Sheriffs of Operations and Courts, as well as five clerks and an Office Manager. The part-time employees are for courthouse screening. The Department added four part-time employees in 2017 after the termination of the contract with private security for courthouse screening and creating new internal part-time positions.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Full-time employees	18	21	23	23	23	23	5	0
Part-time employees	1	0	1	1	5	5	4	0
Sheriff	19	21	24	24	28	28	9	0

CORONER (DEPT 2030)

The Lycoming County Coroner is an independently elected officer who is responsible for conducting investigations into the causes of death, conducting an inquest if the cause of death is the result of a criminal act, and performing autopsies as needed. The coroner also issues death certificates.

Financial activity

The Coroner's Office charges fees that generate revenue as shown below.

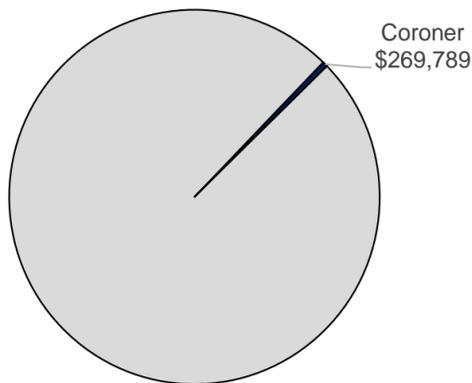
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	23,800	33,996	31,101	29,026	34,976	33,000	10.1%	-5.6%
Intergovernmental Revenue	0	0	0	0	3,325	0	N/A	-100.0%
Coroner	\$23,800	\$33,996	\$31,101	\$29,026	\$38,301	\$33,000	12.6%	-13.8%

Most General Fund departmental expenditures are for employee salaries, which have grown since 2013 before slightly dropping in 2018. The Office also incurs expenses related to autopsies, which are recorded in the general operating category (\$47,000 budget for 2018).

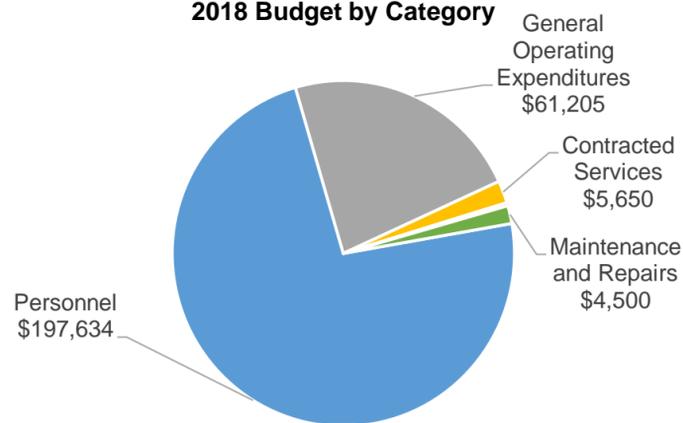
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	152,551	168,294	171,514	179,689	193,845	191,940	6.2%	-1.0%
Overtime	1,035	1,669	1,846	3,049	3,316	2,750	33.8%	-17.1%
Other Cash Compensation	3,356	5,275	6,346	4,947	6,516	2,944	18.0%	-54.8%
Contracted Services	8,780	5,584	5,707	5,501	4,622	5,650	-14.8%	22.2%
Material & Supplies	778	859	1,856	611	3,954	800	50.1%	-79.8%
Utilities	2,715	2,992	2,903	2,918	3,413	3,810	5.9%	11.6%
General Operating Expenditures	47,204	50,720	47,418	84,095	58,280	57,395	5.4%	-1.5%
Maintenance and Repairs	6,022	5,759	4,030	5,058	4,203	4,500	-8.6%	7.1%
Coroner	\$222,441	\$241,152	\$241,620	\$285,867	\$278,148	\$269,789	5.7%	-3.0%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Other fund activity: The Coroner receives a small amount of grant funding from the Pennsylvania Department of Health for equipment updates, training and modernization (\$5,150 in 2018).

Staffing

The Coroner's office is comprised of four full-time employees -- the Coroner, Deputy Coroner and two investigators -- and seven part-time employees. The Department has added three part-time employees since 2013.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Coroner	8	9	10	10	11	11	3	0

PROTHONOTARY/CLERK OF COURTS (DEPT 2040)

The Lycoming County Prothonotary, who also serves as the Clerk of Courts, is an independently elected officer responsible for indexing, docketing and scanning all documents for courts cases. Her office also files and stores cases in accordance with retention regulations. The office processes a number of legal documents, including petitions and injunctions, bail documents, appeals, judgments and liens, and protection from abuse petitions. The office also processes passport applications and performs genealogical research upon request.

Financial activity

Please see the Financial Condition Assessment for analysis of the items below.

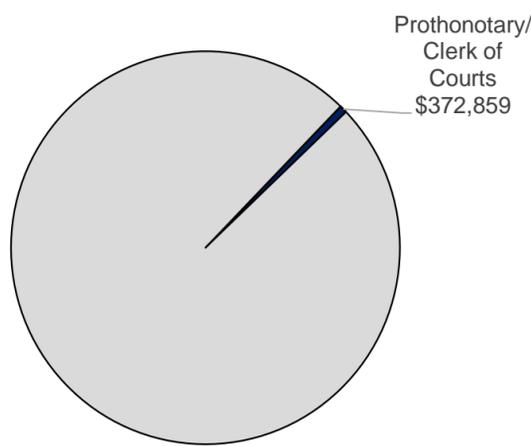
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	305,443	306,154	354,896	329,044	342,898	331,500	2.9%	-3.3%
Court Costs and Fines	122,754	116,682	123,580	132,282	140,480	133,000	3.4%	-5.3%
Interest Income	6,000	110	0	308	427	300	-48.4%	-29.7%
State AOPC Grant	46,000	0	0	0	0	0	-100.0%	N/A
Prothonotary/Clerk of Courts	\$480,197	\$422,946	\$478,476	\$461,634	\$483,805	\$464,800	0.2%	-3.9%

Most General Fund departmental expenditures are for employee salaries, which have grown slowly. The growth in the Materials and Supplies category is a \$250,000 allocation for software expenditure that is offset by a \$250,000 reimbursement from the County's Act 13 gas impact fee fund (negative expenditure in General Operating Expenditures).

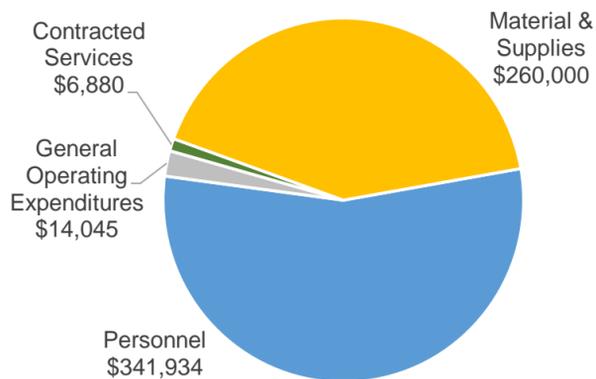
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	300,315	314,453	318,345	322,396	319,944	340,934	1.6%	6.6%
Overtime	331	0	0	0	0	0	N/A	N/A
Other Cash Compensation	600	0	3,831	1,000	2,309	1,000	40.1%	-56.7%
Contracted Services	15,390	11,091	28,208	6,785	7,643	6,880	-16.1%	-10.0%
Material & Supplies	54,241	18,955	8,893	10,881	7,547	260,000	-38.9%	3344.9%
Utilities	306	310	221	212	257	225	-4.3%	-12.3%
General Operating Expenditures	13,906	13,753	13,125	12,463	13,007	(236,180)	-1.7%	-1915.8%
Prothonotary/Clerk of Courts	\$385,090	\$358,563	\$372,623	\$353,737	\$350,707	\$372,859	-2.3%	6.3%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Other fund activity: In addition to these General Fund revenues, the Prothonotary collects fee revenue in a separate Automation Fund (\$18,600 in 2018).

Staffing

The Prothonotary/Clerk of Courts office is comprised of 10 full-time employees -- the elected Prothonotary, two deputies, and seven staff members.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Prothonotary/Clerk of Courts	9	10	10	10	10	10	1	0

DISTRICT ATTORNEY (DEPT 2070)

The District Attorney and his Office oversee the prosecution of criminal cases in Lycoming County. The Office also provides investigative support to local law enforcement agencies. The Office includes Assistant District Attorneys, an Investigative Unit staffed by County detectives; Adult and Juvenile Victim/Witness Coordinators; and paralegal, clerical and support staff.

Note: The Narcotics Enforcement Unit, DUI Program, and Central Processing Center also report to the District Attorney and are addressed separately.

Financial activity

The Office's largest revenue is a reimbursement from the Commonwealth for salaries (\$114,000 in 2018). The Office also receives grant funding related to victim witness protection.

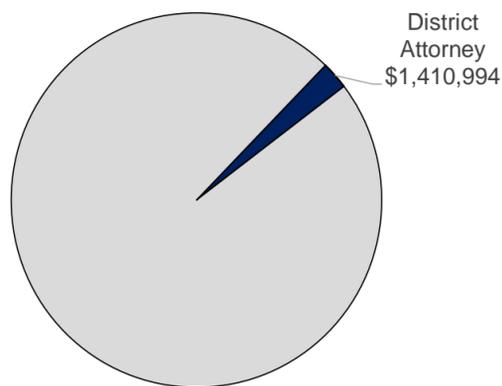
General Fund Revenues	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Intergovernmental Revenue	336,401	175,738	195,244	225,111	217,954	239,483	-10.3%	9.9%
Court Costs and Fines	13,018	10,976	13,596	10,253	9,458	10,300	-7.7%	8.9%
Miscellaneous Revenues	3,688	17,815	6,333	5,394	0	6,000	-100.0%	N/A
District Attorney	\$353,107	\$204,529	\$215,173	\$240,758	\$227,412	\$255,783	-10.4%	12.5%

Most General Fund departmental expenditures are for employee salaries that have stayed relatively flat since 2013, despite adding budgeted positions (see below). The largest general operating expenditure number is for case processing and investigations (\$40,000 in 2018).

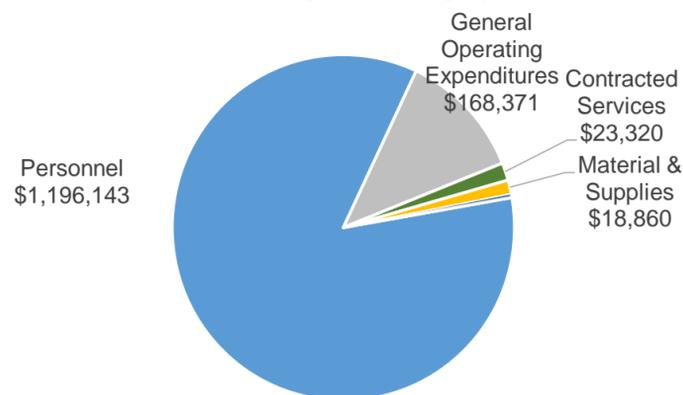
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	1,188,112	1,171,072	1,213,512	1,199,648	1,175,052	1,170,738	-0.3%	-0.4%
Overtime	6,316	4,252	5,256	3,040	2,699	3,350	-19.1%	24.1%
Other Cash Compensation	21,586	15,827	42,818	32,511	50,395	22,055	23.6%	-56.2%
Contracted Services	29,603	21,373	23,201	17,587	17,110	23,320	-12.8%	36.3%
Material & Supplies	30,532	20,015	17,733	16,627	16,994	18,860	-13.6%	11.0%
Utilities	3,619	2,946	2,937	2,198	1,852	1,920	-15.4%	3.7%
General Operating Expenditures	83,214	97,207	116,487	120,356	52,609	166,451	-10.8%	216.4%
Maintenance and Repairs	4,783	4,374	3,459	4,349	3,287	4,300	-8.9%	30.8%
District Attorney	\$1,367,765	\$1,337,065	\$1,425,403	\$1,396,315	\$1,319,998	\$1,410,994	-0.9%	6.9%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Other fund activity: The District Attorney has a separate special revenue fund with forfeiture cash that funds case processing and investigative expenditures (\$86,000 in 2018).

Staffing

The District Attorney's Office has 37 employees, five of which are part-time. The Office added a part-time position in 2017. The department added four new positions in 2014 - three part-time and one full-time. Those positions were three part-time Special Per Diem Assistant County Detective positions that were never filled and one full-time Clerk III position.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Full-time employees	30	31	31	32	32	32	2	0
Part-time employees	2	5	6	4	5	5	3	0
District Attorney	32	36	37	36	37	37	5	0

NARCOTICS ENFORCEMENT UNIT (DEPT 2075)

In 2013 the District Attorney formed the Narcotics Enforcement Unit (NEU) that brings together specialized law enforcement officers to address the growing drug, and specifically heroin, epidemic. The NEU works jointly with federal, state and local law enforcement units to enforce controlled substance laws.

Financial activity

The County receives minimal miscellaneous revenue in its General Fund as shown below.

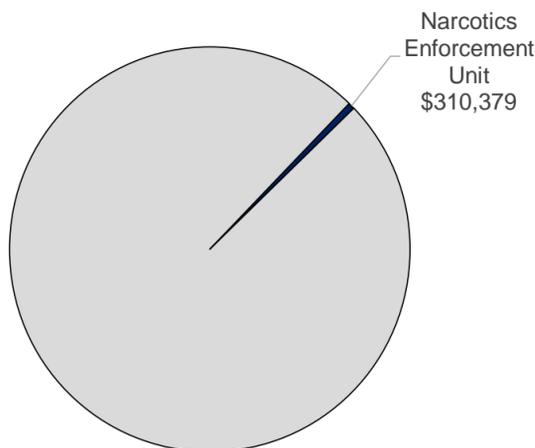
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Intergovernmental Revenue	0	0	1,829	10,303	0	0	N/A	N/A
Miscellaneous Revenue	0	22,426	21,466	62,141	54,024	35,000	N/A	-35.2%
Narcotics Enforcement Unit	\$0	\$22,426	\$23,295	\$72,444	\$54,024	\$35,000	N/A	-35.2%

The NEU was formed in 2013 and did not incur significant expenditures until 2014. Most of its expenditures are on salaries for the employees assigned to the unit. The NEU also pays for leased vehicles (\$45,000 in 2018).

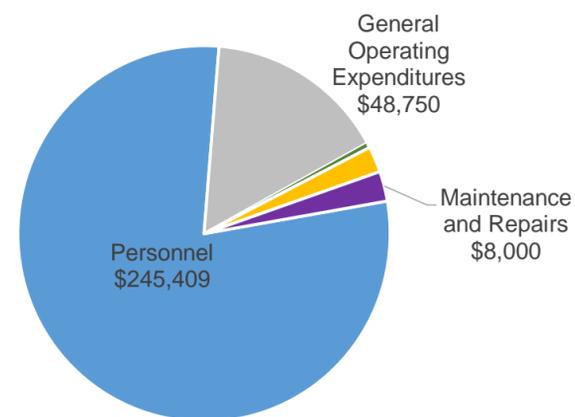
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	0	130,804	174,931	246,589	164,234	199,409	N/A	21.4%
Overtime	0	21,077	34,850	50,402	28,335	40,000	N/A	41.2%
Other Cash Compensation	0	1,034	5,424	8,351	10,818	6,000	N/A	-44.5%
Contracted Services	0	615	466	1,050	2,470	1,320	N/A	-46.6%
Material & Supplies	2,973	12,820	717	5,564	459	6,900	-37.3%	1401.8%
Utilities	0	1,595	0	144	139	150	N/A	7.8%
General Operating Expenditures	0	1,061	1,673	6,549	42,319	48,600	N/A	14.8%
Maintenance and Repairs	0	10,884	10,964	10,891	8,489	8,000	N/A	-5.8%
Narcotics Enforcement Unit	\$2,973	\$179,891	\$229,025	\$329,540	\$257,263	\$310,379	205.0%	20.6%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Other fund activity: In addition to this General Fund allocation, the NEU has a special revenue fund where the County receives money from the Pennsylvania Attorney General for investigative expenditures (\$176,000 in 2018).

Staffing

The six full-time positions for staff assigned to the Narcotics Enforcement Unit are shown in the headcount table for the District Attorney's Office (2070)

COUNTY DUI CENTER (DEPT 3040)

The County DUI Center is responsible for the processing of all DUI offenders during its hours of operation. The Center is only open on a part-time basis from Wednesday through Saturday. The Center reports to the District Attorney.

Financial activity

The County DUI Center generates fee income related to its processes, such as blood tests, and recovers some costs associated with Accelerated Rehabilitation Disposition (ARD). Those revenues, which are categorized below as court costs and fines, have declined each year since 2013.

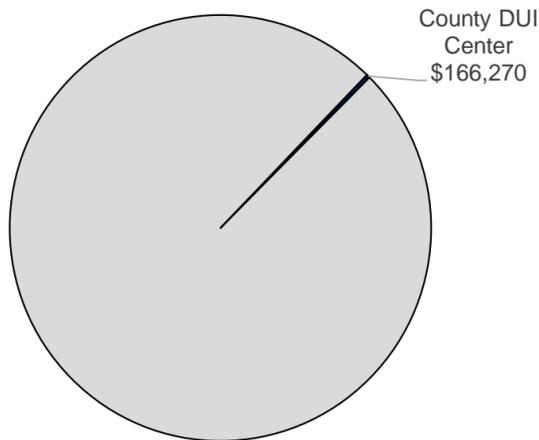
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	140,002	145,497	148,434	138,237	142,227	145,000	0.4%	1.9%
Court Costs and Fines	72,110	70,000	60,590	55,792	43,541	60,000	-11.8%	37.8%
County DUI Center	\$212,112	\$215,497	\$209,024	\$194,029	\$185,768	\$205,000	-3.3%	10.4%

The Center's most significant expenditure is for blood tests, which are budgeted at \$120,000 in 2018. Salaries are budgeted at \$45,000 as the Center's employees are full-time Police Officers who only work at the Center on a part-time basis and receive an hourly wage.

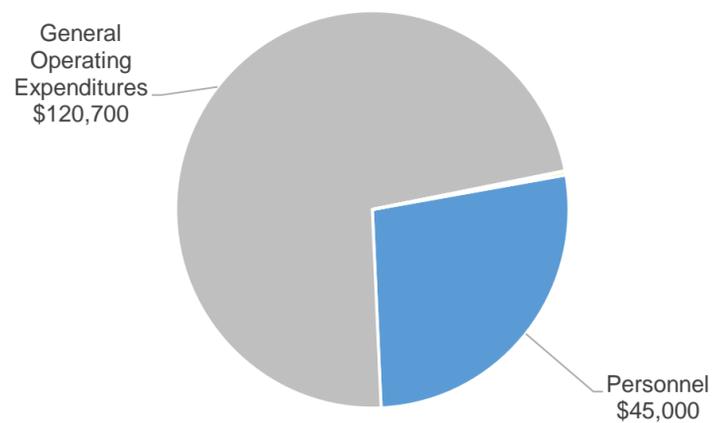
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	46,729	46,449	43,740	38,518	33,133	45,000	-8.2%	35.8%
Contracted Services	43	40	80	200	120	120	29.2%	0.0%
Material & Supplies	1,138	518	699	913	0	450	-100.0%	0.0%
General Operating Expenditures	119,416	114,894	134,369	143,844	122,601	120,700	0.7%	-1.6%
County DUI Center	\$167,326	\$161,901	\$178,888	\$183,475	\$155,854	\$166,270	-1.8%	6.7%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The County DUI Center has 17 employees, all of which are employed on a part-time basis. The Department eliminated a position in 2018. The Center is staffed by Police Officers who are employed on a full-time basis outside of the Center at other agencies within Lycoming County, such as the City of Williamsport, Muncy Police, and the South Williamsport Police Department.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
County DUI Center	18	18	18	18	18	17	0	-1

TAX ASSESSMENT (DEPT 1050)

Tax Assessment is responsible for determining the valuation of all County real estate. The Office manages the review process for tax appeals, which are heard by a separate Board of Appeals. The Office also administers the County's tax exemption and abatement programs, like "Clean and Green" and the Homestead/Farmstead exclusion.

Financial activity

Most of the Office's recurring revenues are fees related charged to people using programs like Clean and Green or online services. The County is using \$325,000 in accumulated interest from a separate account that holds delinquent tax revenues as a one-time revenue in 2018.

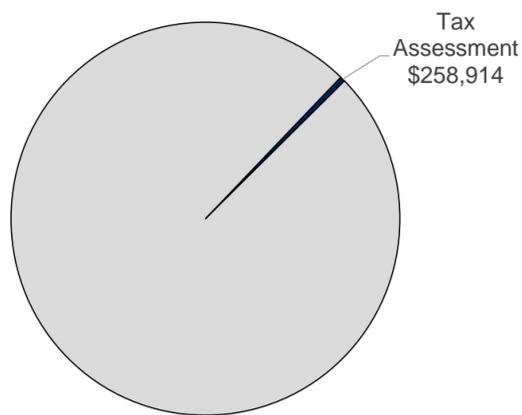
General Fund Revenues	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Fees	23,702	46,049	26,089	43,376	41,993	36,900	15.4%	-12.1%
Sale of County Materials	22,546	12,544	16,216	9,741	12,585	12,000	-13.6%	-4.6%
Miscellaneous revenues	255	252	595	1,008	641	325,600	25.9%	50711.5%
Tax Assessment	\$46,503	\$58,844	\$42,900	\$54,125	\$55,219	\$374,500	4.4%	578.2%

Most General Fund departmental expenditures are for employee salaries, which decreased when the County eliminated the Lead Field Assessor position in 2016. Postage accounts for the largest general operating expenditure.

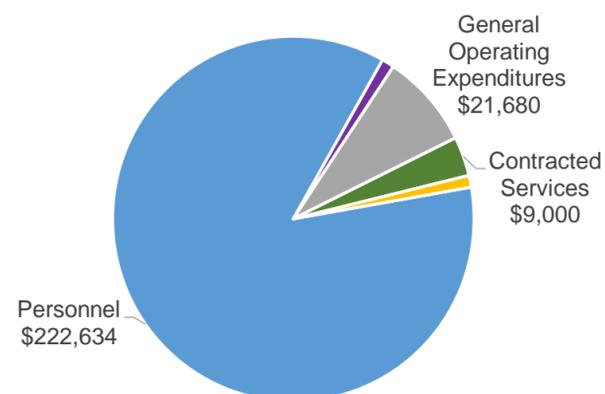
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	266,533	285,237	247,441	206,662	212,034	222,634	-5.6%	5.0%
Other Cash Compensation	2,510	3,167	6,431	2,782	1,396	0	-13.6%	-100.0%
Contracted Services	59,606	76,505	67,487	68,145	10,329	9,000	-35.5%	-12.9%
Material & Supplies	5,310	5,821	3,453	1,199	1,760	2,900	-24.1%	64.8%
Utilities	2,833	2,375	1,959	1,170	1,249	1,500	-18.5%	20.1%
General Operating Expenditures	36,455	35,522	25,793	18,129	16,493	20,180	-18.0%	22.4%
Maintenance & Repairs	28	0	129	144	1,682	2,700	178.5%	60.5%
Tax Assessment	\$373,275	\$408,627	\$352,692	\$298,231	\$244,942	\$258,914	-10.0%	5.7%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The County has historically counted the Assessment positions as part of Planning/GIS (2013-2015) or Central Collections (2016-18). In 2018 there are six full-time positions related to Assessment: the Chief Assessor, Assistant Assessor, two Field Data Collectors and two Clerks.

MAINTENANCE (MULTIPLE DEPTS)

The Maintenance Department handles property maintenance, custodial work and system repairs for County-owned properties including the Executive Plaza, County Courthouse, and Third Street Plaza in Williamsport; the Lysock Complex including the Communications Center and Pre-Release Center in Montoursville; and the Route 405 Property in Muncy. Maintenance also provides HVAC and electrical support for other facilities and sites in the 911 system. County maintenance does not service the landfill or central processing.

The budget detail shows the County's revenues and expenditures for maintaining each of these six major sites as six separate units. The summary below shows the combination of those six units.

Financial activity

The County charges rent to other organizations located at its facilities with the majority coming from tenants at the Third Street Plaza (\$904,804 in 2018). Smaller rental payments come from tenants at the Executive Plaza and Lysock Complex.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Rent	1,241,832	1,281,741	1,195,999	1,165,800	1,122,171	1,063,893	-2.5%	-5.2%
Miscellaneous	5,847	0	0	0	0	0	-100.0%	N/A
Maintenance	\$1,247,679	\$1,281,741	\$1,195,999	\$1,165,800	\$1,122,171	\$1,063,893	-2.6%	-5.2%

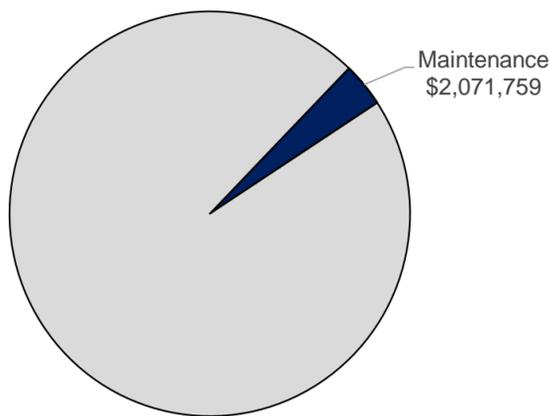
The Maintenance Department spends about one-third of its budget on employee salaries, which have grown by 2.1 percent on average since 2013. The utilities line includes the County's payments for electric, natural gas, water and sewer and telephones. The County's expenditures on non-personnel items (contracted services, utilities, maintenance and repairs) have declined in recent years.

The County allocates money for capital improvements at its facilities in a separate "Capital Outlay" department.

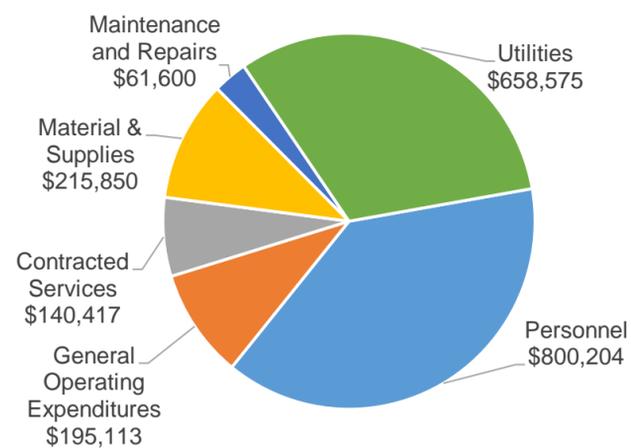
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	668,618	667,886	671,005	721,483	727,594	779,520	2.1%	7.1%
Overtime	22,051	5,332	4,978	3,877	2,951	7,400	-39.5%	150.7%
Other Cash Compensation	17,355	16,370	22,764	16,807	16,740	13,284	-0.9%	-20.6%
Contracted Services	198,081	258,680	174,370	153,537	120,715	140,417	-11.6%	16.3%
Material & Supplies	126,488	98,441	105,297	214,408	174,323	215,850	8.3%	23.8%
Utilities	615,729	652,950	589,588	558,330	511,970	658,575	-4.5%	28.6%
General Operating Expenditures	313,173	246,197	190,499	178,736	202,714	195,113	-10.3%	-3.7%
Maintenance and Repairs	664,974	141,040	106,184	34,099	29,750	61,600	-54.0%	107.1%
Maintenance	\$2,626,469	\$2,086,896	\$1,864,684	\$1,881,278	\$1,786,757	\$2,071,759	-9.2%	16.0%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Maintenance Department has 25 full-time positions including supervisory staff, maintenance technicians, and custodial positions

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Maintenance	23	23	25	25	25	25	2	0

FISCAL SERVICES (DEPT 1090)

Fiscal Services is responsible for conducting all of the County's accounting functions, including journal entries, transfers, and maintaining the general ledger. Fiscal Services is in charge of accounts payable and payroll, ensuring that bills and staff are paid accurately and on time. The department develops the County's annual budget and cost allocation plan and coordinates the process culminating in the year-end financial statements. Fiscal Services' budget includes the purchasing unit responsible for collecting rent, showing properties to prospective tenants and grants management.

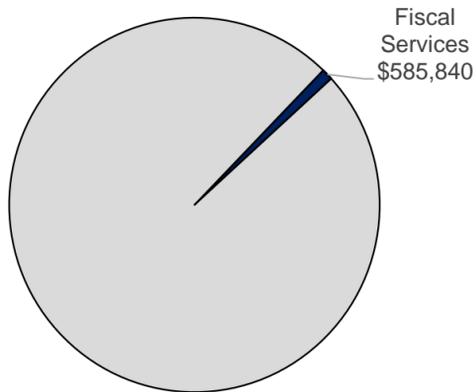
Financial activity

Most General Fund departmental expenditures are for employee salaries. They increased in 2014 when the County moved two positions associated with purchasing into Fiscal Services' budget. The contracted services expenditures are mostly for the external audit.

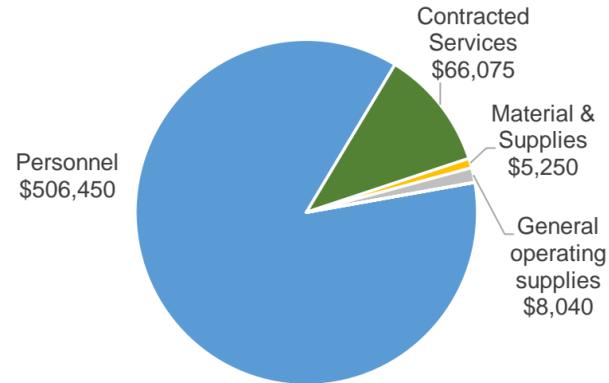
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	370,759	426,838	435,208	441,008	469,876	505,450	6.1%	7.6%
Overtime	0	0	43	902	253	0	N/A	-100.0%
Other Cash Compensation	1,307	2,105	8,257	3,280	2,915	1,000	22.2%	-65.7%
Contracted Services	57,244	70,561	63,698	70,419	61,178	66,075	1.7%	8.0%
Material & Supplies	8,419	5,652	20,187	8,191	4,954	5,250	-12.4%	6.0%
Utilities	870	670	640	473	636	430	-7.5%	-32.4%
General Operating Expenses	4,862	5,881	8,662	6,151	5,691	7,610	N/A	33.7%
Maintenance & Repairs	16	0	27	36	13	25	-5.7%	96.1%
Fiscal Services	\$443,478	\$511,707	\$536,722	\$530,459	\$545,516	\$585,840	5.3%	7.4%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Other fund activity: Fiscal Services manages grants where the County serves as a pass-through to other organizations, which are tracked outside the General Fund (\$2.8 million in 2018). The Department also manages the County's use of impact fees levied on gas producers according to PA Act 13 (\$3.3 million in 2018) and has a small fund related to the Growing Greener program (\$3,000 in 2018).

Staffing

Fiscal Services has ten full time positions including the Director of Fiscal Services, her Deputy, two accountants, four fiscal technicians, one purchasing agent and an administrative specialist. Fiscal Services also has one part-time employee.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Fiscal Services	10	12	11	10	11	11	1	0

CENTRAL COLLECTIONS (DEPT 1092)

The Central Collections Office (CCO) is the collection agency for the primary types of locally generated revenue. The CCO collects current year real estate taxes for the 24 municipalities and school districts that do not have their own independent collector. The other 27 municipalities have their own locally elected tax collectors. CCO also collects delinquent (i.e. prior year) real estate taxes and handles criminal cost and fine collection and enforcement.

Financial activity

The majority of revenues shown below come from fees charged to municipalities and school districts for delinquent real estate tax collection. The County records current and prior year real estate tax revenues in another part of the General Fund budget. It also allocates many of the court costs and fines collected by CCO to other departments in the County's criminal justice system.

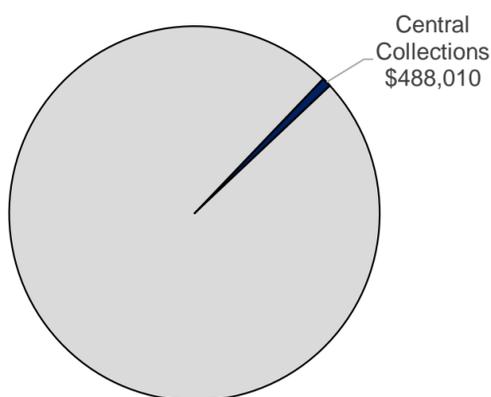
General Fund Revenues	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Fees	875,108	856,701	890,138	834,535	802,675	828,500	-2.1%	3.2%
Court costs	145,616	139,067	146,266	135,522	122,837	130,000	-4.2%	5.8%
Miscellaneous revenues	1,034	1,200	555	913	2,742	250	27.6%	-90.9%
Central Collections	\$1,021,759	\$996,968	\$1,036,959	\$970,969	\$928,253	\$958,750	-2.4%	3.3%

Most General Fund departmental expenditures are for employee salaries, which have declined since 2013. The majority of the general operating expenditures are postage.

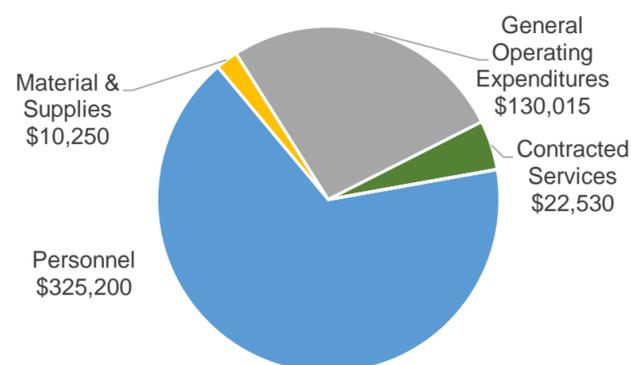
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	347,991	331,609	311,780	307,304	309,733	323,200	-2.9%	4.3%
Overtime	0	68	0	0	0	0	N/A	N/A
Other Cash Compensation	3,664	3,057	6,152	4,382	3,367	2,000	-2.1%	-40.6%
Contracted Services	18,172	18,368	20,761	19,721	17,664	22,530	-0.7%	27.5%
Material & Supplies	12,303	21,886	10,716	11,712	8,245	10,250	-9.5%	24.3%
Utilities	399	366	288	302	276	300	-8.8%	8.7%
General Operating Expenditures	134,108	135,123	135,781	125,219	128,316	129,715	-1.1%	1.1%
Maintenance & Repairs	47	14	11	0	10	15	-32.3%	51.5%
Central Collections	\$516,685	\$510,493	\$485,488	\$468,640	\$467,609	\$488,010	-2.5%	4.4%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

CCO has 15 employees, including six associated with the County's Assessment functions. Those positions were reported with GIS within Planning prior to 2016. The full-time positions focused on tax collection are the Chief Collections Officer, an Enforcement Officer, the Central Collections Assistant Superintendent, and five clerks. The County has cross trained employees within CCO, allowing it to consolidate and eliminate three positions since 2013.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Central Collections	11	9	9	15	15	15	N/A	0

NON GOVERNMENTAL REVENUES AND EXPENDITURES (DEPT 9030)

The County uses this unit within the budget to track non-departmental items such as: principal and interest payments for debt service; other proceeds and expenditures associated with debt transactions, such as refinancing or restructuring moves; the interfund transfer from the landfill to the General Fund; miscellaneous revenues and expenditures.

Revenues and expenditures

The County's 2018 budget includes a one-time receipt of \$2.1 million for prior year gas royalty revenues.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Sale of County Property	7,139	208,921	4,304	334,355	16,636	15,000	23.6%	-9.8%
Miscellaneous revenues	4,331	55,570	889	59,243	16,504	2,108,800	39.7%	N/A
Non-governmental	\$11,471	\$264,491	\$5,193	\$393,598	\$33,141	\$2,123,800	30.4%	6308.4%

When the County can use grant funding to reimburse itself for some of its indirect costs, that reimbursement is recorded here as a negative expenditure (-\$750,000 in 2018). Miscellaneous non-departmental expenditures are also recorded here including a one-time \$1.2 million reimbursement (negative expenditure) for 2018.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Reimbursement - Indirect Cost	(529,256)	(749,293)	(754,573)	(774,814)	(1,011,284)	(750,000)	17.6%	-25.8%
General Operating Expenditures	477,944	230,648	318,722	419,542	370,900	(856,274)	-6.1%	N/A
Non-governmental	(\$51,312)	(\$518,646)	(\$435,851)	(\$355,273)	(\$640,385)	(\$1,606,274)	88.0%	150.8%

Other financing sources

The General Fund receives a subsidy from the Resource Management System (i.e. the landfill) based on a flat charge per ton of refuse. That subsidy is recorded as an interfund transfer from RMS. The County also records any proceeds related to debt transactions in this part of the budget.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Interfund Transfer-Rms	2,254,746	2,059,676	1,987,601	1,849,169	1,950,200	1,978,557	-3.6%	1.5%
Other (Mostly debt proceeds)	1,700,000	9,161,642	8,375,000	1,349,786	0	0	-100.0%	N/A
Other Financing Sources	\$3,954,746	\$11,221,318	\$10,362,601	\$3,198,955	\$1,950,200	\$1,978,557	-16.2%	1.5%

The County transfers money from its General Fund to the separate Juvenile Probation Fund to cover the Juvenile Probation Office's expenditures, and that transfer is recorded as a subsidy. The County's debt service payments are also recorded in "other subsidies." The \$2.7 million budgeted in that category for 2018 is the County's principal and interest payments on existing debt this year.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Farm Easements	50,000	50,000	50,000	0	25,000	25,000	-15.9%	0.0%
Subsidy to Juvenile Probation	1,951,506	1,758,095	2,352,187	1,611,955	1,510,526	114,125	-6.2%	-92.4%
Other subsidies (Mostly debt payments)	3,353,472	11,419,033	11,254,548	3,175,242	2,523,666	2,687,296	-6.9%	6.5%
Other Financing Uses	\$5,354,979	\$13,227,129	\$13,656,735	\$4,787,197	\$4,059,192	\$2,826,421	-6.7%	-30.4%

CAPITAL PURCHASES (DEPT 1093)

The County uses this unit to record its capital purchases, inventory replacement and the reimbursements that offset those purchases across all departments except for Resource Management Systems (i.e. the landfill). Capital purchases for the landfill are recorded in a separate fund.

Revenues and expenditures

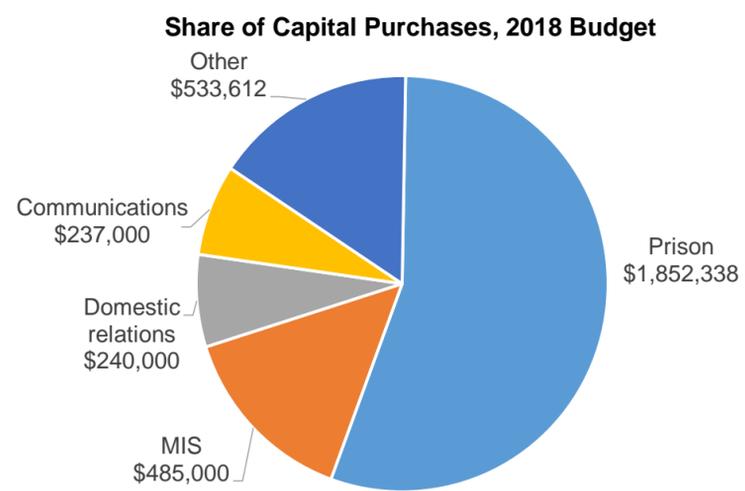
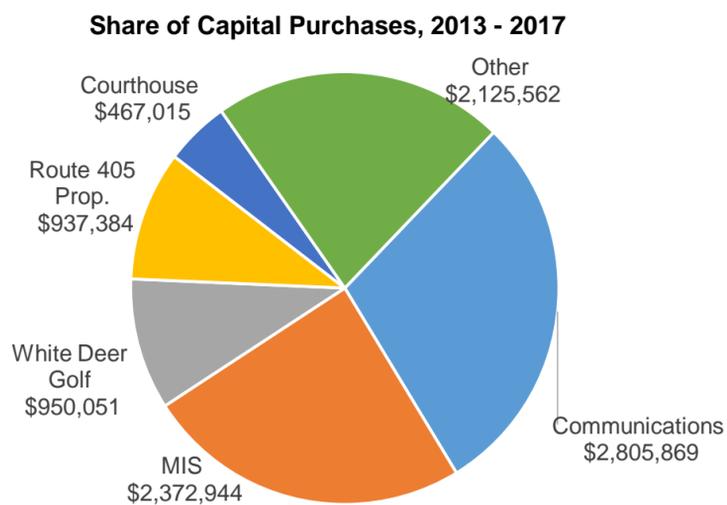
The County records some miscellaneous revenues and occasional grant proceeds as revenues within this unit as shown below. The most significant sources for funding capital projects are debt proceeds (recorded in the non-governmental section) and reimbursements from the natural gas impact fee collected in a separate Act 13 Fund (see below).

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Intergovernmental Revenue	255,155	30,030	0	8,165	0	0	-100.0%	N/A
Fees	1,080	3,658	1,897	0	12,183	0	83.3%	-100.0%
Miscellaneous revenue	0	43,616	11,249	20,047	16,266	0	N/A	-100.0%
Capital purchases	\$256,235	\$77,304	\$13,146	\$28,212	\$28,449	\$0	-42.3%	-100.0%

The County has a five-year capital budget that separates purchases into two categories. **Inventory** covers the replacement of computers, scanners and related hardware; cleaning equipment; fixtures and carpet replacement; and public safety equipment. **Capital purchases** include vehicle replacements, larger technology/system upgrades and major facility work. The largest capital purchases in the 2018 budget involve projects at the County prison (\$1.9 million), Management Information Systems (\$485,000) and Domestic Relations (\$240,000). The County uses a portion of its Act 13 natural gas impact fee money (recorded as a reimbursement) to cover these expenditures.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Capital purchases	1,793,320	1,276,255	2,149,582	2,349,182	2,108,986	3,347,950	4.1%	N/A
Inventory	402,258	316,137	214,320	264,604	250,801	287,048	-11.1%	14.5%
Reimbursements - Other	(24,877)	(114,463)	(20,862)	(604)	0	0	-100.0%	N/A
Reimbursements - Act 13	(89,103)	(872,774)	(1,904,755)	(613,547)	(614,372)	(1,166,129)	62.0%	89.8%
Capital purchases	\$2,081,598	\$605,155	\$438,284	\$1,999,636	\$1,745,414	\$2,468,869	-4.3%	41.4%

From 2013 through 2017, the County spent \$9.7 million on capital purchases recorded in this part of the budget. The five units with the largest allocations over that period -- Communications (i.e. 911), Management Information Systems (i.e. IT), White Deer Golf Course in Montgomery, the Route 405 Property in Muncy and the Courthouse in Williamsport -- accounted for 78 percent of the total or \$7.5 million. The County notes that some of these projects were funded by bond proceeds through the General Fund, and not operating revenue.



TAX COLLECTORS (DEPT 1091)

The County uses this departmental designation to record revenue from its real estate tax, hotel tax and payments-in-lieu-of taxes, which are recorded as intergovernmental revenues. The County receives the hotel tax revenue and then remits it to the Visitors Bureau, minus an administrative charge for collection.

Financial activity

Please see the Revenue section for analysis of the items below.

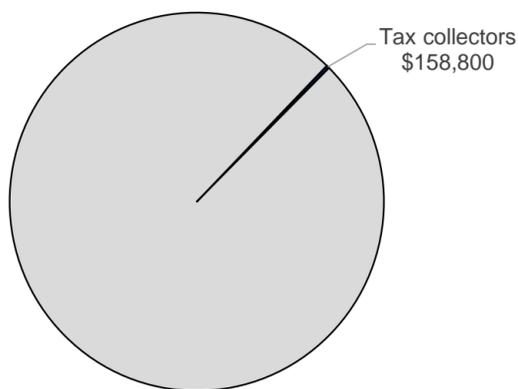
General Fund Revenues	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Current year real estate tax	24,697,281	24,982,323	30,469,459	30,652,847	30,776,309	36,705,373	5.7%	19.3%
Delinquent real estate tax	1,713,909	1,785,636	1,717,083	1,661,634	1,950,461	1,675,000	3.3%	-14.1%
Hotel tax	851,739	782,491	754,529	720,641	1,056,667	1,200,000	5.5%	13.6%
Intergovernmental revenue	368,170	373,427	369,733	377,278	528,392	372,705	9.5%	-29.5%
Sale of County Property	6,800	4,760	2,500	2,360	2,500	3,000	-22.1%	20.0%
Tax collectors	\$27,637,898	\$27,928,636	\$33,313,304	\$33,414,760	\$34,314,328	\$39,956,078	5.6%	16.4%

The majority of personnel expenditures related to tax collection duties are charged to the Central Collections Office. The small wage allocation shown below is the County's \$2.50 per bill payment to the 27 elected independent local tax collectors who collect current year real estate tax on behalf of the County in their communities. In 2015 and 2016 the County recorded the remittance of hotel tax revenues to the Visitors Bureau here, shown below as part of general operating expenditures.

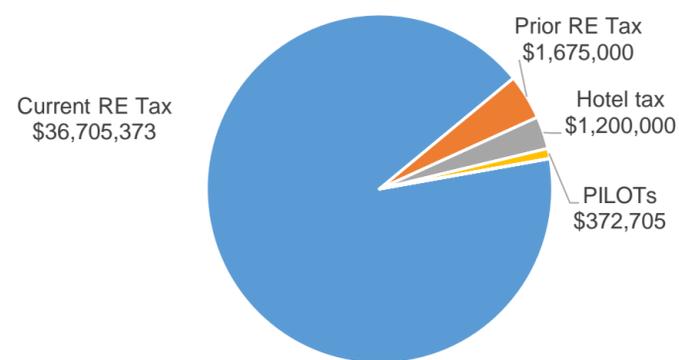
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Wages - tax collectors	23,602	39,961	39,604	40,009	39,753	55,750	13.9%	40.2%
Material & Supplies	907	130	2	154	51	150	-51.3%	194.6%
General operating expenses	112,547	99,391	816,105	745,027	113,164	102,900	N/A	-9.1%
Tax collectors	\$137,056	\$139,481	\$855,712	\$785,190	\$152,968	\$158,800	2.8%	3.8%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Revenues by Category



PLANNING AND COMMUNITY DEVELOPMENT (MULTIPLE)

The Lycoming County Department of Planning and Community Development (PCD) is responsible for several activities, programs and initiatives related to community and economic development. The Department is divided into five divisions:

- 1) **Administrative Services Division:** Fiscal oversight, financial management, clerical support and "front office" work for the department
- 2) **Development Services Division:** Subdivision, land development and zoning activities
- 3) **Geographic Information System (GIS) Division:** Geospatial data collection, analysis and mapping
- 4) **Planning Division:** Updating the County's comprehensive plan, community development/housing functions, infrastructure development, environmental conservation and hazard mitigation
- 5) **Transportation Division:** Managing the Williamsport Area Transportation Study (WATS), liquid fuels and bridge inspection programs

The County's budget divides the Department's activities into six different activities -- Planning, Zoning, GIS, Flood Mitigation, Economic Development and Environmental. For simplicity the Department's total revenues and expenditures are shown here.

Financial activity

The Department generates fee income from zoning reviews, the Planning Commission's activities and GIS work. The Department has a cost sharing arrangement with local townships for zoning (\$27,000 in 2018). The Department also has some of its expenditures reimbursed, which are recorded as negative expenditures (see below).

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	115,624	81,296	64,222	64,307	62,916	81,000	-14.1%	28.7%
Intergovernmental Revenue	19,013	20,840	22,727	68,068	71,841	26,920	39.4%	-62.5%
Miscellaneous Revenues	22,728	18,410	37,348	49,340	21,802	36,000	-1.0%	65.1%
Planning and Community Development	\$157,365	\$120,546	\$124,297	\$181,715	\$156,559	\$143,920	-0.1%	-8.1%

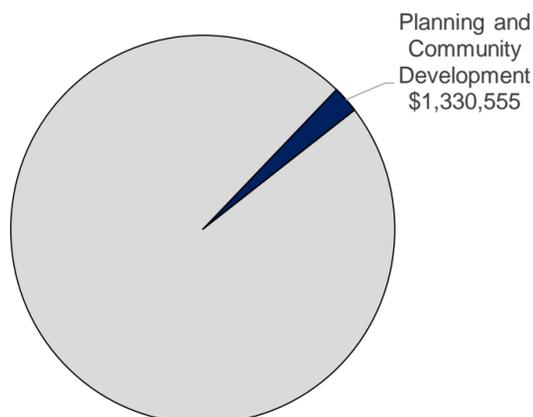
Most departmental expenditures are for employee salaries which have grown slightly in total since 2013. The County has eliminated 3.5 positions since 2016 and receives a reimbursement for one-third of the remaining salary expenditures from special revenue funds, such as the brownfield grant. The Department uses external consultants, though spending on those services has dropped each of the last five years.

The large fluctuations in spending from 2016 through 2018 are related to the Route 15 Water and Sewer Extension project tracked within the Economic Development part of the Department's budget. The County spent \$1 million on the project in 2016, which caused general operating expenditures to jump to \$717,000. The County then used \$1 million in Act 13 gas impact fees in 2017 as a reimbursement (negative expenditure), dropping spending in that category to -\$1.1 million. The 2018 budget includes \$1 million in expenditures for the project and a \$1 million reimbursement so that it is cost neutral.

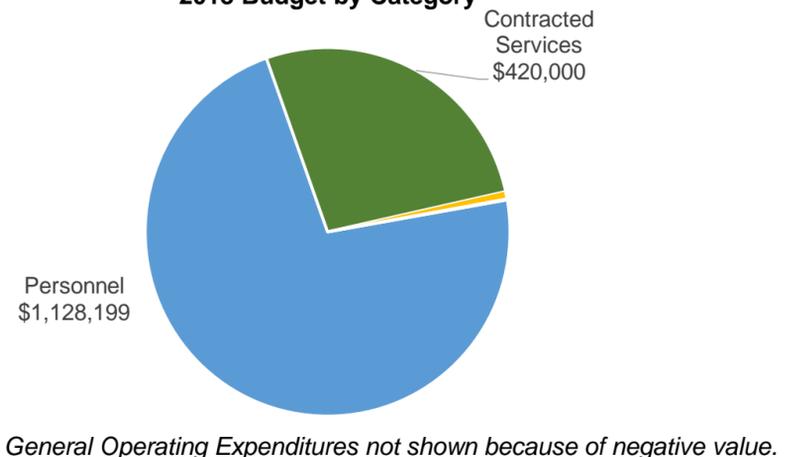
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	1,041,705	1,079,753	1,057,524	1,109,681	1,101,129	1,123,199	1.4%	2.0%
Overtime	0	0	0	109	0	0	N/A	N/A
Other Cash Compensation	15,878	15,596	23,081	10,679	12,600	5,000	-5.6%	-60.3%
Contracted Services	538,604	481,362	403,918	381,042	355,262	420,000	-9.9%	18.2%
Material & Supplies	16,659	13,966	7,859	11,893	5,612	8,600	-23.8%	53.3%
Utilities	1,386	1,800	1,300	1,432	1,454	1,501	1.2%	3.2%
General Operating Expenditures	(30,173)	(185,290)	(190,398)	716,702	(1,129,690)	(229,095)	147.4%	-79.7%
Maintenance and Repairs	754	1,416	1,202	1,879	404	1,350	147.4%	-79.7%
Capital Outlay	676,620	81,139	39,072	3,843	80	0	N/A	N/A
Planning and Community Development	\$2,261,433	\$1,489,743	\$1,343,559	\$2,237,259	\$346,851	\$1,330,555	-37.4%	283.6%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Other fund activity

The Department of Planning and Community Development (PCD) manages programs and activities related to some of the County's largest special revenue funds including the following:

Liquid Fuel Fund: The County receives a liquid fuels allocation from the Commonwealth that it can use to repair, maintain or construct County roads and bridges. For 2018 the County also anticipates receiving a large reimbursement from the federal government to replace the Marsh Hill Bridge in McIntyre Township. The County allocates \$3.0 million from this fund for 2018, mostly for that bridge project.

EDPS Economic Project Fund: The County uses this fund to receive federal and state grants that finance various economic and recreational projects throughout the County. The County anticipates receiving and spending \$2.5 million from this Fund in 2018. Most of that activity (\$2.2 million) relates to creating, supporting and rehabilitating affordable housing through the Commonwealth's Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Fund.

Community Development Block Grant Fund: Lycoming County receives an annual CDBG allocation from the US Department of Housing and Urban Development. These grants fund a variety of projects, the most significant of which is disaster recovery in Muncy Borough and Loyalsock Township following major storms in 2011 (\$1.1 million in 2018). The County anticipates receiving and spending \$1.6 million within this fund in 2018.

Flood Mitigation: The County anticipates receiving and spending \$1.0 million from a Federal Emergency Management Agency (FEMA) grant in 2018.

Act 89 Bridge Fund: The County also receives a small allocation from the Commonwealth to help fund bridge projects according to Act 89 of 2013. The County anticipates receiving \$53,000 with no expenditures from the fund in 2018.

Act 44 Bridge Fund: The County receives a small allocation from the Commonwealth to help fund bridge projects according to Act 44 of 2007. The County anticipates receiving \$31,000 with no expenditures from the fund in 2018.

Staffing

The County's Table of Distribution lists three units within Planning and Community Development (PCD) as shown below. Please note that this categorization does not align with the Department's organizational chart or the County's budget. Before 2016 PCD oversaw assessment functions and the associated positions were recorded with GIS. Those positions were moved under Central Collections in 2016, resulting in the apparent headcount reduction. The County eliminated a full-time position in 2017 and another in 2018.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Planning and Community Development	11	12	12	13	13	12	2	-1
GIS	15	15	15	7	7	7	-8	0
Development Services	5	5	5	5	4	4	-1	0
Total	31	32	32	25	24	23	-7	-1

HUMAN RESOURCES (DEPT 1120)

Human Resources administers personnel matters for current and retired County employees. Department duties include managing eligibility and enrollment for health insurance and other benefits; managing the County's worker's compensation program; employee training and orientation; managing the annual performance evaluation process; and administering the recruitment and hiring process. HR is also responsible for maintaining employee personnel records and the County's Table of Distribution and Authorization.

Financial activity

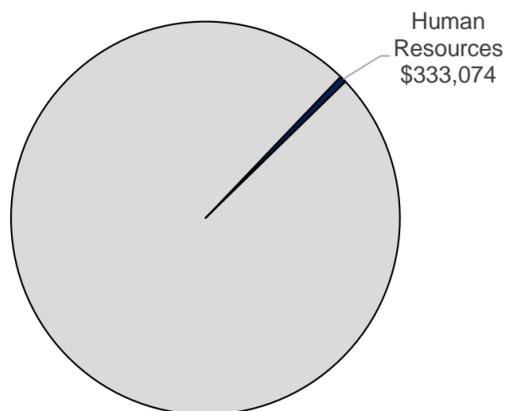
The majority of departmental expenditures are for salaries, which have grown since 2013. The largest increase occurred in 2015 because the salary for the Human Resources Director began to be charged to the Human Resources department. She previously served as the Interim Director of Administration and her salary was split between HR and the Commissioner's office. The increase shown below reflects the change in accounting, but not an actual increase in salaries paid. Otherwise the Department's spending has been flat since 2015.

The County budgets the cost of employee health insurance and worker's compensation claims in separate part of the budget called "Employee Fringe."

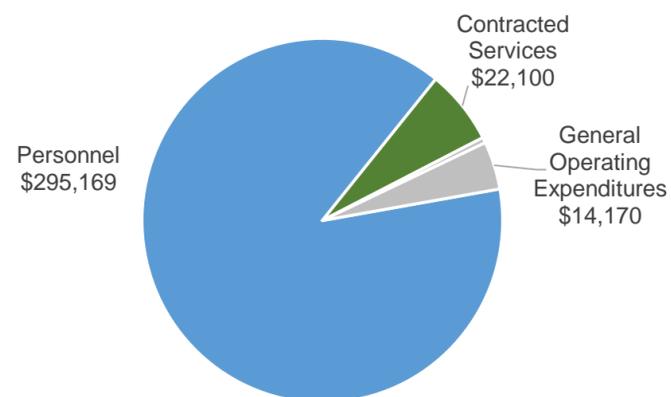
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	190,875	216,573	266,836	267,991	278,626	294,169	9.9%	5.6%
Other Cash Compensation	3,629	2,598	7,799	3,533	3,763	1,000	0.9%	-73.4%
Contracted Services	26,941	24,237	19,327	22,298	11,740	22,100	-18.8%	88.2%
Material & Supplies	1,573	1,468	1,631	1,142	979	1,635	-11.2%	67.0%
Utilities	234	192	150	153	171	200	-7.5%	16.9%
General Operating Expenditures	8,733	13,606	7,573	11,374	10,276	13,970	4.2%	35.9%
Human Resources	\$231,984	\$258,674	\$303,316	\$306,491	\$305,556	\$333,074	7.1%	9.0%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Human Resource Department has five full-time positions -- the Director, Deputy Director, Benefits Claims Administrator, HR Generalists, and one Clerk -- and one part-time position.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Human Resources	7	6	6	6	6	6	-1	0

MILITARY AFFAIRS (DEPT 5020)

The Office of Veterans Affairs administers and provides access to benefit programs for Lycoming County's veterans. The Office helps veterans access benefits from the federal and state government related to pensions, health insurance, prescription drug coverage and real estate tax exemptions. The Office also administers a burial benefit and memorial program for deceased veterans and their spouses.

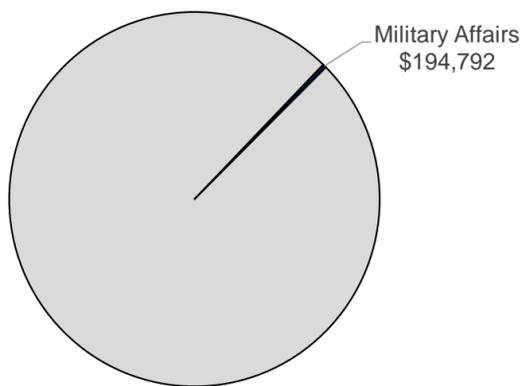
Financial activity

Most of the department's expenditures are employee salaries, which grew in 2014 and 2016. The general operating expenditures are mostly the burial stipends that the County provides to veterans.

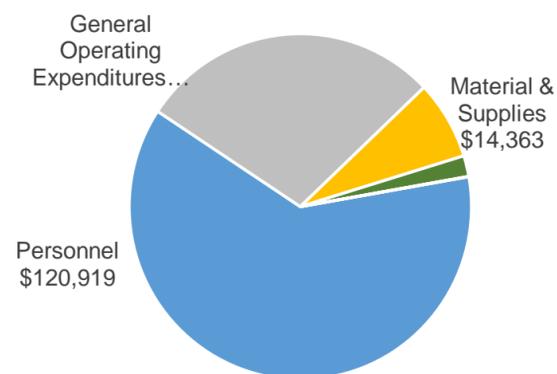
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	80,031	98,059	98,059	113,251	115,162	117,919	9.5%	2.4%
Other Cash Compensation	1,000	1,000	2,226	1,600	4,009	3,000	41.5%	-25.2%
Contracted Services	9,660	3,826	4,295	4,235	3,775	3,800	-20.9%	0.7%
Material & Supplies	10,273	12,445	13,868	13,779	13,965	14,363	8.0%	2.9%
Utilities	1,232	1,146	889	704	655	900	-14.6%	37.5%
General Operating Expenditures	51,944	59,990	56,751	50,979	50,379	54,760	-0.8%	8.7%
Maintenance & Repairs	90	8	62	18	26	50	-26.5%	90.6%
Military Affairs	\$154,230	\$176,473	\$176,151	\$184,566	\$187,971	\$194,792	5.1%	3.6%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

Military Affairs has three full-time positions and it added one part-time position in 2018.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Military Affairs	3	3	3	3	3	4	0	1

EMPLOYEE FRINGE (DEPT 9010)

The County uses this unit to centrally record spending, across all departments, on health insurance for active and retired employees (fringe benefits); the County's contribution to the employee pension plan; worker's compensation; and the County's share of federal employment taxes (social security). Smaller items, such as the County's expenditures for employee life insurance and unemployment, are also recorded here. Human Resources administers the County's fringe benefit and worker's compensation programs.

Financial activity

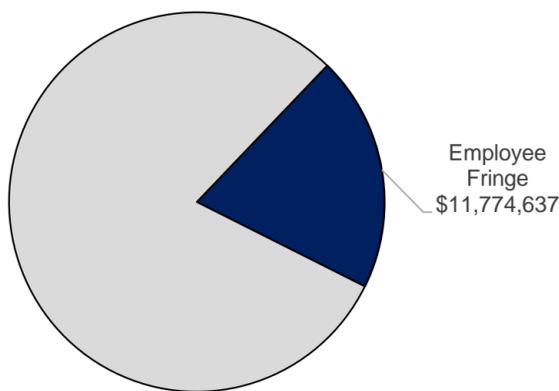
The County occasionally records revenues in this unit, usually reimbursements for prior year's expenditures, but does not budget anything for 2018.

The largest expenditures in this unit are for the different types of employee health insurance. The County is able to submit some of its fringe benefit expenditures for reimbursements according to the terms of some grants. Those reimbursements plus the employee contributions to the cost of their deductibles are recorded as negative expenditures in the table below. Please see the Financial Condition Assessment for more discussion of the County's spending on fringe benefits and its contribution to the employee retirement fund.

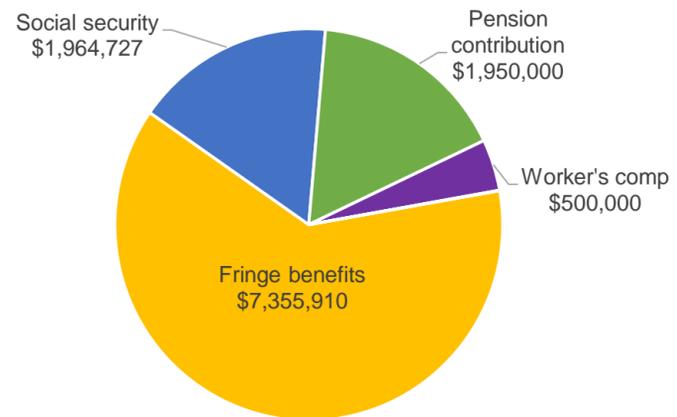
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Fringe benefits	7,764,758	8,725,463	9,907,543	10,308,223	11,052,511	11,475,339	9.2%	3.8%
Social security	1,725,943	1,782,410	1,804,185	1,802,193	1,802,262	1,964,727	1.1%	9.0%
Retirement fund contribution	2,269,835	2,149,832	2,139,753	2,304,865	1,817,497	1,950,000	-5.4%	7.3%
Worker's compensation	513,248	681,556	311,074	51,795	381,272	500,000	-7.2%	31.1%
General operating expenditures	1,793	3,530	1,616	1,830	1,280	4,000	-8.1%	212.5%
Fringe benefit reimbursements	(3,179,776)	(3,805,795)	(3,641,152)	(4,233,461)	(4,679,318)	(4,119,429)	10.1%	-12.0%
Employee Fringe	\$9,095,802	\$9,536,996	\$10,523,019	\$10,235,445	\$10,375,503	\$11,774,637	3.3%	13.5%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Expenditures by Category



Fringe benefits are net of the \$4.1 million in reimbursements.

INSURANCE (DEPT 9020)

The County's spending on general liability coverage is recorded in this separate budgetary unit. Spending on this coverage was significantly higher in 2017 than prior years.

General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Insurance	234,637	279,720	306,775	268,554	429,522	322,281	16.3%	-25.0%

MANAGEMENT INFORMATION (DEPT 1110)

Management Information Services (MIS) handles two groups of functions.

MIS is responsible for managing, maintaining, upgrading, purchasing and replacing the technology used by other County departments in their daily operations. This section of MIS includes the County-wide help desk where staff work to resolve issues with equipment or connectivity. MIS is responsible for all technology-related purchasing and maintaining and upgrading software systems.

MIS is also responsible for overseeing voter registration, mail delivery printing and record retentions. The County budgets the cost of those functions separate from the allocations shown below for MIS.

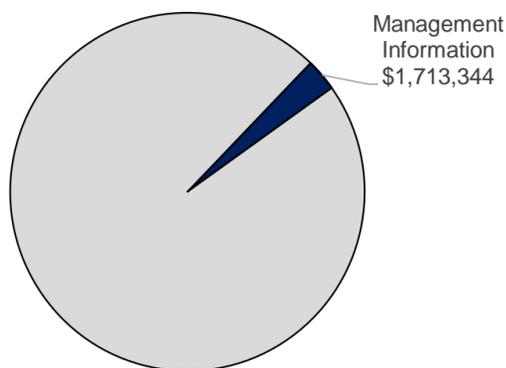
Financial activity

About half of departmental expenditures are for employee salaries, which have dropped since 2013 because of staffing reductions and two positions moving to Public Safety. MIS has the County's allocation for hardware maintenance contracts (\$567,000 in 2018). Expenditures on materials and supplies increase in 2018 because of a \$274,000 lease payment for electronic file storage hardware. The County is using \$274,000 from its Act 13 gas impact fee revenue to offset that cost. The utility expenditures are mostly the County's spending on internet service (\$58,000 in 2018). Expenditures related to phones are budgeted separately.

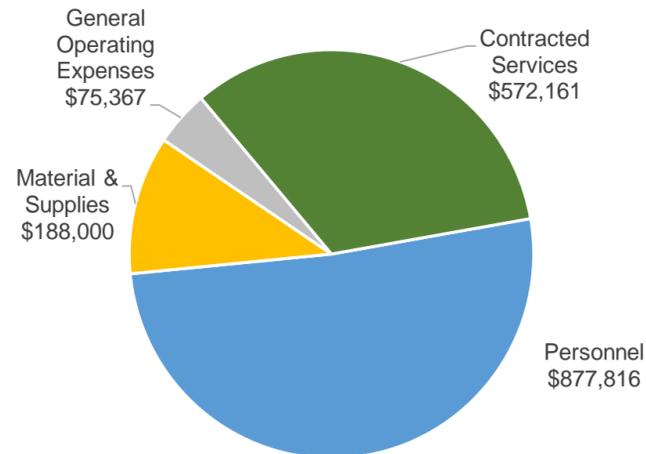
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth (%)
Salaries	985,724	949,738	912,501	874,053	826,190	877,816	-4.3%	6.2%
Overtime	443	126	0	260	775	0	15.0%	-100.0%
Other Cash Compensation	4,440	13,901	16,888	2,583	7,956	0	15.7%	-100.0%
Contracted Services	338,530	347,194	340,360	470,486	449,357	572,161	7.3%	27.3%
Material & Supplies	179,565	223,615	215,998	210,990	199,852	462,200	2.7%	131.3%
Utilities	62,277	59,960	60,048	58,994	55,903	59,460	-2.7%	6.4%
General Operating Expenses	6,184	11,107	6,893	6,329	9,101	13,980	10.1%	53.6%
Maintenance & Repairs	18,401	18,930	2,222	8,782	2,887	1,927	-37.1%	-33.3%
Reimbursement - Act 13	0	0	0	0	0	(274,200)	N/A	N/A
Management Information	\$1,595,562	\$1,624,571	\$1,554,910	\$1,632,478	\$1,552,020	\$1,713,344	-0.7%	10.4%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Materials and supplies includes Act 13 reimbursement.

Staffing

The Table of Distribution and Authorization separates MIS positions into three categories. **Information Systems** is the Director and an administrative support position. **Networking and Systems** includes the Deputy Director, seven technical support positions, four programming positions and an Operations Coordinator. The County has reduced headcount in this area since 2013. **Systems Support** includes the Systems Support Manager, two cross-trained employees assigned to printing, one assigned to the mail room and one assigned to records retention. Voter Services also reports to MIS but its positions are reported separately. All positions are full-time.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Information Systems	2	2	2	2	2	2	0	0
Networking and Systems	17	17	16	14	14	13	-4	-1
Systems Support	5	5	5	5	5	5	0	0
Management Information	24	24	23	21	21	20	-4	-1

CENTRAL TELEPHONE (1111)

The County budgets its hardware and maintenance costs for telephones in this separate budgetary unit

General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth (%)
Central telephone	\$36,313	\$45,136	\$25,101	\$6,488	\$37,730	\$37,750	1.0%	0.1%

MIS - SYSTEMS SUPPORT (MULTIPLE DEPTS)

In addition to its technology-related functions, Management Information Services (MIS) also oversees the County's mail room, in-house printing operation, records retention and voter registration. The County's expenditures on the first three areas are shown below. The expenditures on Voter Registration are presented separately.

MAIL SERVICES (DEPT 1112)

The only significant expenditure charged to this unit is one employee's salary. The Mail Room has one employee who is cross trained to support other areas, such as printing and records retention. The County allocates money for postage within individual departments' budgets.

General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	32,627	33,724	32,142	32,785	33,481	34,455	0.6%	2.9%
Overtime	0	0	0	46	0	0	N/A	N/A
Other Cash Compensation	1,000	1,000	402	0	0	0	-100.0%	N/A
Other Personnel Expenses	600	0	0	126	0	0	-100.0%	N/A
Contracted Services	6,356	3,903	5,854	5,806	5,916	6,500	-1.8%	9.9%
Material & Supplies	219	256	263	170	228	250	1.0%	9.8%
General Operating Expenditures	835	905	1,017	981	994	1,080	4.5%	8.6%
Mail services	\$41,637	\$39,788	\$39,678	\$39,914	\$40,619	\$42,285	-0.6%	4.1%

* CAGR stands for compound annual growth rate

PRINTING/MICROFILMING (DEPT 1113)

The County has two employees assigned to in-house printing and microfilming. They are cross trained to support other areas as needed.

General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	75,175	71,164	58,063	62,750	66,414	71,680	-3.1%	7.9%
Overtime	0	29	0	254	0	0	N/A	N/A
Other Cash Compensation	351	0	1,276	923	0	0	-100.0%	N/A
Other Personnel Expenses	338	3,723	600	600	0	0	-100.0%	N/A
Contracted Services	8,709	5,908	3,468	5,970	11,165	8,000	6.4%	-28.3%
Material & Supplies	188	309	326	132	587	1,600	32.9%	172.6%
Utilities	82	51	64	0	0	10	-100.0%	N/A
General Operating Expenditures	0	0	0	(10)	318	0	N/A	-100.0%
Printing/Microfilming	\$84,844	\$81,183	\$63,797	\$70,620	\$78,484	\$81,290	-1.9%	3.6%

RECORD RETENTION (DEPT 1114)

The County has one employee assigned to records retention. The County receives a reimbursement recorded under general operating expenditures that offsets most of these costs. The Register of Wills/Recorder of Deeds has records retention duties related to those documents and the Prothonotary handles records for court proceedings.

General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	40,029	41,773	37,056	37,797	38,599	39,722	-0.9%	2.9%
Other Cash Compensation	0	0	1,463	1,000	0	0	N/A	N/A
Other Personnel Expenses	0	651	0	0	297	0	N/A	-100.0%
Contracted Services	2,290	2,285	256	19	0	0	-92.1%	-100.0%
Material & Supplies	616	1,373	30,122	6,717	811	1,700	7.1%	109.5%
General Operating Expenditures	(40,283)	(34,059)	(63,159)	(39,469)	(36,691)	(34,200)	-2.3%	-6.8%
Record retention	\$2,651	\$12,022	\$5,737	\$6,063	\$3,016	\$7,222	3.3%	139.5%

VOTER REGISTRATION (DEPT 1040)

Voter Services is responsible for conducting elections and administering associated processes, such as voter registration, campaign finance record management and polling location oversight. This unit reports to the Director of Management Information through the Systems Support Manager.

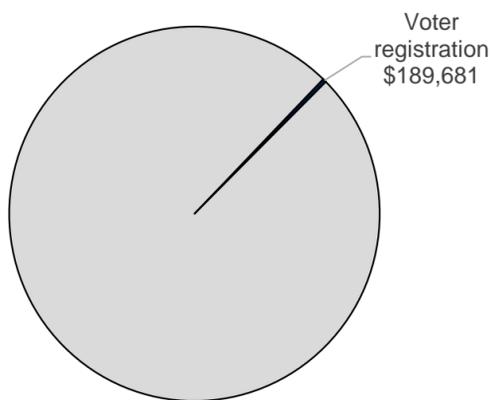
Financial activity

Most of the unit's expenditures are on employee salaries, which have grown since 2015. The County uses a separate budgetary unit called "Conduct of Elections" to record its payments to election workers (see below).

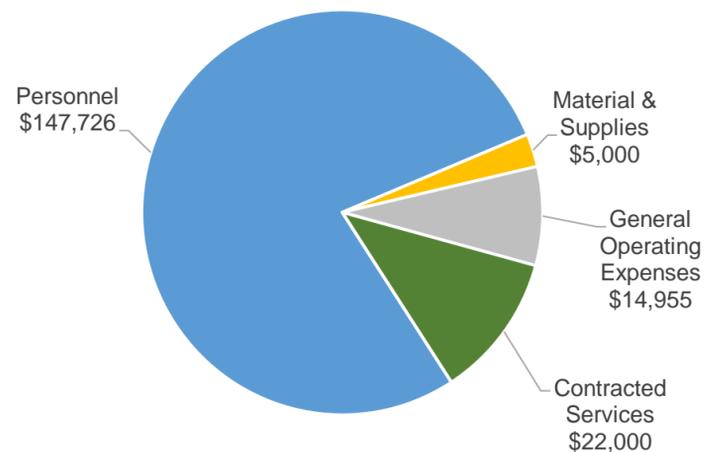
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	127,957	145,513	118,596	131,108	142,146	145,526	2.7%	2.4%
Overtime	1,416	1,687	1,382	4,340	2,189	2,200	11.5%	0.5%
Other Cash Compensation	2,269	2,000	5,063	831	600	0	-28.3%	N/A
Contracted Services	20,889	23,169	21,386	21,325	22,033	22,000	1.3%	-0.1%
Material & Supplies	3,248	4,183	1,810	4,122	31,248	5,000	76.1%	-84.0%
Utilities	162	172	155	194	190	225	4.2%	18.2%
General Operating Expenses	13,433	13,770	12,492	16,423	13,997	14,730	1.0%	5.2%
Maintenance & Repairs	45	0	25	70	79	0	15.2%	-100.0%
Voter registration	\$169,419	\$190,495	\$160,909	\$178,413	\$212,482	\$189,681	5.8%	-10.7%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Voter Registration office has four full-time positions -- the Director, Assistant Director and two Clerks -- and one part-time position.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Voter Registration	5	5	5	5	5	5	0	0

CONDUCT OF ELECTIONS (DEPT 1041)

The largest item in this budgetary unit is the County's payments to election workers at each of the 86 polling locations used during primary and general elections. Those payments are recorded under general operating expenses (\$138,000 in 2018).

General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	1,123	0	0	5,348	0	0	-100.0%	N/A
Overtime	3,742	4,307	6,966	4,742	4,768	6,000	6.2%	25.8%
Contracted Services	4,300	4,300	4,300	4,300	4,300	4,800	0.0%	11.6%
Material & Supplies	8,073	9,508	8,367	12,879	6,061	10,000	-6.9%	65.0%
Utilities	162	172	155	194	190	225	4.2%	18.2%
General Operating Expenses	128,029	125,262	125,074	134,275	134,226	155,405	1.2%	15.8%
Conduct of Elections	\$145,428	\$143,550	\$144,862	\$161,738	\$149,546	\$176,430	0.7%	18.0%

PUBLIC DEFENDER (DEPT 2060)

The Public Defenders Office is constitutionally responsible for representing individuals in legal matters who cannot afford private representation. The Office represents clients in a variety of cases including felonies, misdemeanors, parole violation hearings and mental health involuntary commitment hearings. The Office does not handle family court matters (e.g. divorce, custody, child support) or traffic violations unless there is an associated prison sentence or landlord/tenant disputes.

Financial activity

The Office generates a small amount of fee revenue but, by definition, its services are intended for those who are unable to pay for them.

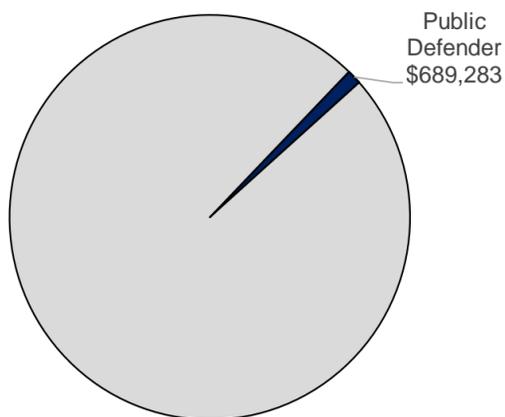
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	3,536	2,625	6,549	7,950	5,622	9,000	12.3%	60.1%
Public Defender	\$3,536	\$2,625	\$6,549	\$7,950	\$5,622	\$9,000	12.3%	60.1%

The largest expenditure is for salaries, which has grown by three percent per year on average since 2013. The other largest expenditure is for contracted legal services budgeted at \$85,000 in 2018.

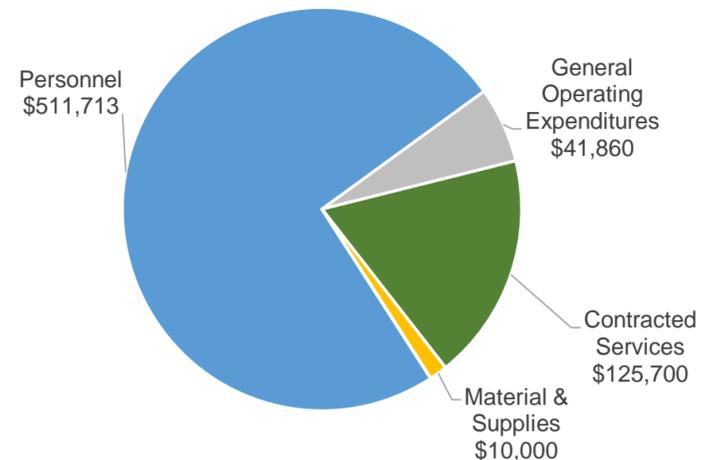
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	454,435	476,232	493,419	507,307	511,267	508,213	3.0%	-0.6%
Overtime	859	484	1,601	2,306	1,111	1,500	6.6%	35.0%
Other Cash Compensation	4,000	7,083	6,046	4,648	9,500	2,000	24.1%	-78.9%
Contracted Services	105,064	108,741	106,912	129,759	118,426	125,700	3.0%	6.1%
Material & Supplies	12,157	10,159	12,140	10,853	13,294	10,000	2.3%	-24.8%
Utilities	364	363	340	481	481	410	7.2%	-14.7%
General Operating Expenditures	34,014	48,227	46,408	40,157	27,014	41,450	-5.6%	53.4%
Maintenance and Repairs	0	0	11	10	7	10	-5.6%	53.4%
Public Defender	\$610,893	\$651,290	\$666,877	\$695,521	\$681,100	\$689,283	2.8%	1.2%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Public Defenders Office has 11 employees, 1 of which is part-time. Positions in the office include the Chief Public Defender, six Assistant Public Defenders, three paralegals and an Administrative Assistant. The Department reduced a full-time position in 2016.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Public Defender	10	12	12	11	11	11	1	0

DOMESTIC RELATIONS (DEPT 2050)

The Domestic Relations Office is a division of the Lycoming County Court System responsible for assisting custodial parents and guardians in providing basic necessities for their children through establishing and enforcing financial and medical support orders. The Office also helps non-paying or underpaying parents seeking financial means to support their children and the Office administers spousal support.

Financial activity

Most of the Office's revenues come from the federal grant associated with Title IV-D of the Social Security Act (\$1.0 million budgeted in 2018).

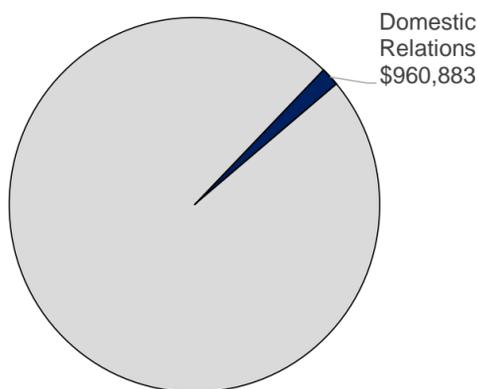
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Intergovernmental Revenue	932,739	966,774	1,002,840	1,016,888	924,063	1,005,251	-0.2%	8.8%
Fee Income	10,078	11,302	11,916	9,921	10,189	10,200	0.3%	0.1%
Miscellaneous Revenues	392	284	398	1,054	410	500	1.1%	22.0%
Domestic Relations	\$943,209	\$978,360	\$1,015,154	\$1,027,863	\$934,662	\$1,015,951	-0.2%	8.7%

Most General Fund departmental expenditures are for employee salaries, which have decreased between 2013 and 2017 due to vacancies in their budgeted positions. The 2018 budget incorporates the 2.5 percent hourly wage increase provided to Domestic Relations Officers in the current collective bargaining agreement. The most significant allocation under general operating expenditures is for postage.

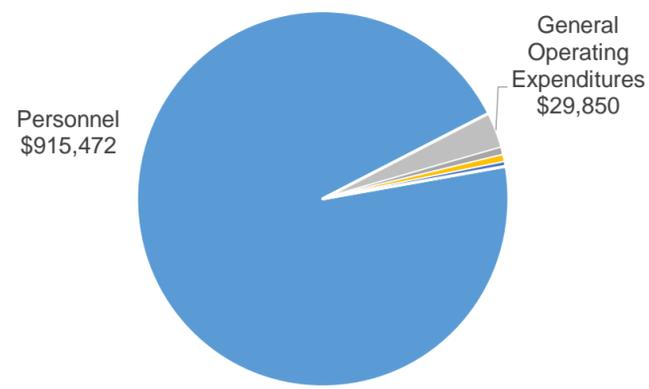
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	975,179	932,156	876,682	878,352	879,431	910,472	-2.6%	3.5%
Other Cash Compensation	6,912	19,534	20,257	8,057	14,391	5,000	20.1%	-65.3%
Contracted Services	7,995	7,885	9,512	5,577	6,708	6,240	-4.3%	-7.0%
Material & Supplies	7,325	7,451	9,278	6,567	7,351	5,917	0.1%	-19.5%
Utilities	2,471	2,273	2,153	1,948	2,249	2,350	-2.3%	4.5%
General Operating Expenditures	20,013	18,761	31,938	31,017	26,616	27,500	7.4%	3.3%
Maintenance and Repairs	2,571	3,599	1,937	2,118	3,105	3,404	4.8%	9.6%
Domestic Relations	\$1,022,466	\$991,660	\$951,757	\$933,636	\$939,852	\$960,883	-2.1%	2.2%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Other fund activity: The County has a separate Domestic Relations Fund where it receives a portion of the Commonwealth's incentive-based federal funding for child support enforcement. The County primarily uses this money for departmental security in 2018 (\$120,000).

Staffing

The Domestic Relations office has 21 full-time employees and 1 part-time employee. The positions include the Director, Deputy, 8 Court Officers, 9 clerks, a Fiscal Data Supervisor, and 2 Detectives. The Department eliminated paralegal and clerk positions and reclassified additional clerks in 2018.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Domestic Relations	25	25	25	25	25	22	0	-3

COURTS (DEPT 2090)

Lycoming County's courts system is part of the Unified Judicial System of Pennsylvania, so it is jointly funded by the Commonwealth and County governments. The highest court at the County level is the Lycoming County Court of Common Pleas which has four judges including the President Judge. There is a vacancy in one of the judicial positions that will be filled in January 2020, bringing the total number of judges to five. The Court of Common Pleas handles all major criminal and civil cases; those involving family law matters (e.g. divorce, alimony, child custody, protection from abuse); and appeals from the District Court level.

The judges are supported by the Court Administrator who helps oversee and support all aspects of court operations, including Domestic Relations, Adult Probation, Juvenile Probation and the Magisterial District Justices. In addition to the four current-term judgeships there are three senior (retired) judgeships, administrative staff and clerical staff.

Financial activity

There are several court costs and fines related to Lycoming court system, but most of those revenues are recorded in other parts of the budget, such as Adult Probation, Juvenile Probation and Central Processing. The Central Collections Office, which is separate from the courts, collects these revenues on behalf of the court system. The revenue shown below is mostly the Commonwealth's reimbursement for court costs (\$230,000 in 2018), which have dropped since 2015.

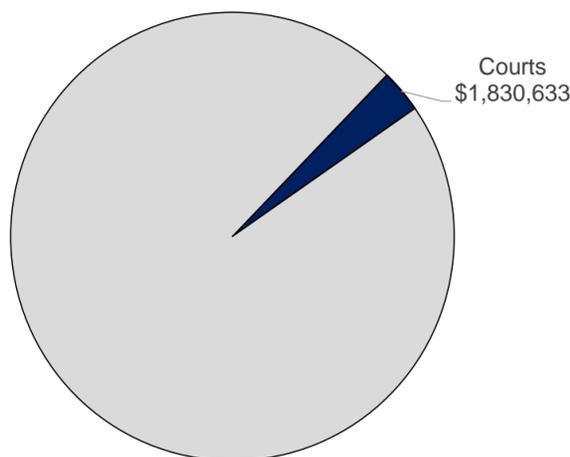
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	388,571	381,732	402,941	290,524	288,991	268,500	-7.1%	-7.1%
Miscellaneous Revenues	0	0	2,750	0	1,570	0	N/A	-100.0%
Courts	\$388,571	\$381,732	\$405,691	\$290,524	\$290,561	\$268,500	-7.0%	-7.6%

Most General Fund departmental expenditures are for employee salaries, which have been steady since 2013. The largest expenditure under contracted services is for Conflict Attorneys (\$162,000 in 2018). For general operating expenditures, the most significant expenditures are for jury fees (\$94,000 in 2018) and court appointed counsel in criminal cases (\$89,000). The allocation for general operating expenditures also included \$76,000 for the Law Library until 2018 (see more below).

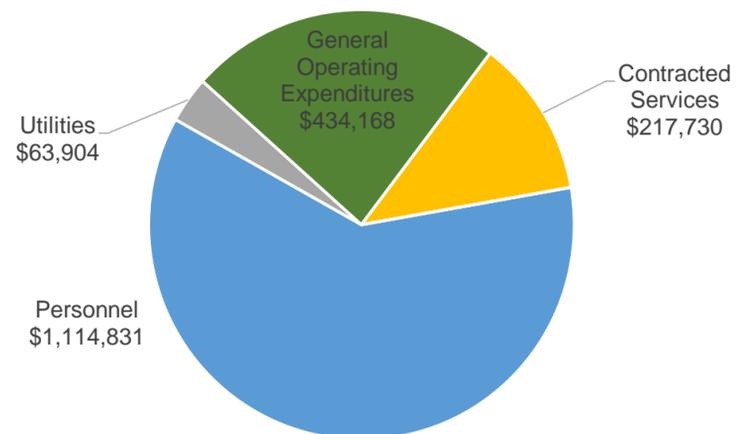
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	1,110,401	1,105,051	1,106,218	1,129,105	1,151,404	1,112,001	0.9%	-3.4%
Overtime	4,375	5,089	4,317	3,857	3,513	2,830	-5.3%	-19.4%
Other Cash Compensation	19,205	11,615	24,014	7,773	6,281	0	-24.4%	-100.0%
General Operating Expenditures	299,768	368,559	326,563	395,228	452,256	434,168	10.8%	-4.0%
Contracted Services	201,027	198,122	215,099	193,570	195,157	217,730	-0.7%	11.6%
Material & Supplies	77,290	58,754	61,549	79,189	111,421	63,090	9.6%	-43.4%
Utilities	1,020	1,050	733	765	804	814	-5.8%	1.2%
Maintenance and Repairs	0	0	26	17	7	0	N/A	-100.0%
Courts	\$1,713,086	\$1,748,240	\$1,738,519	\$1,809,504	\$1,920,843	\$1,830,633	2.9%	-4.7%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Courts have 26 full-time and 24 part-time positions. The County eliminated two part-time positions and added a full-time position in 2018.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Other Cash Compensation	50	51	51	51	51	50	1	-1

LAW LIBRARY (DEPT 2080)

The County recorded the Law Library's expenditures on books and periodicals within the Court's budget until 2018. They are now recorded in this separate unit.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Law Library	\$0	\$0	\$0	\$0	\$533	\$76,000	N/A	N/A

Act 198 (DEPT 3041)

Pennsylvania Act 198 of 2002 establishes the Substance Abuse Education and Demand Reduction Fund administered by the Pennsylvania Commission on Crime and Delinquency. According to Act 198, anyone convicted of a substance abuse violation must pay \$100 in addition to any other existing court cost and fines, plus another \$200 in cases where the offender has a high blood alcohol content. Half of the court costs collected under this Act remain with Lycoming County and the rest are remitted to the Commonwealth's Fund. The revenues and expenditures associated with this program are shown below.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Act 198 Revenues	46,062	45,988	46,210	45,768	43,596	45,500	-1.4%	4.4%
Act 198 Expenditures	61,875	63,125	94,372	99,300	49,661	70,000	-5.3%	41.0%

DISTRICT JUDGES (DEPTS 2120-2125)

Lycoming County has six Magisterial District Courts with three in Williamsport and one each in Jersey Shore, Montoursville and Muncy. District Judges (DJs) hear less serious criminal and civil cases (where the damages do not exceed \$12,000), conduct preliminary arraignments and hearings; and adjudicate traffic cases. The County has a separate budget for each DJ, which are combined in this summary.

Financial activity

The DJs levy charges to cover a portion of the cost of operations. Unlike other parts of the court system that use the Central Collections Office, the DJs collect court costs and fines on their own.

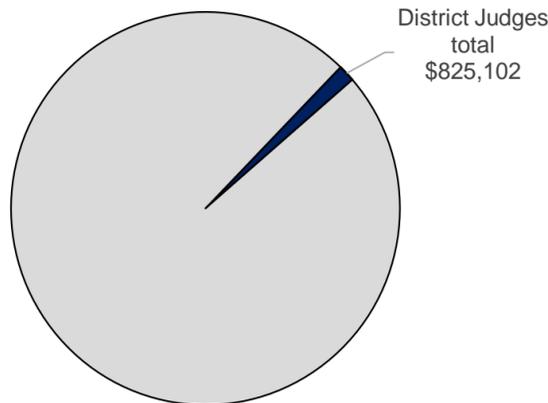
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	461,727	402,288	399,691	408,466	421,062	396,000	-2.3%	-6.0%
Intergovernmental	7,931	5,411	0	0	0	0	-100.0%	N/A
District Judges total	\$469,658	\$407,699	\$399,691	\$408,466	\$421,062	\$396,000	-2.7%	-6.0%

Most General Fund expenditures are for salaries, which have stayed relatively flat along with the total headcount. The general operating expenditures category includes building rent (\$81,000 for three DJs in 2018) and postage (\$58,000 for all six).

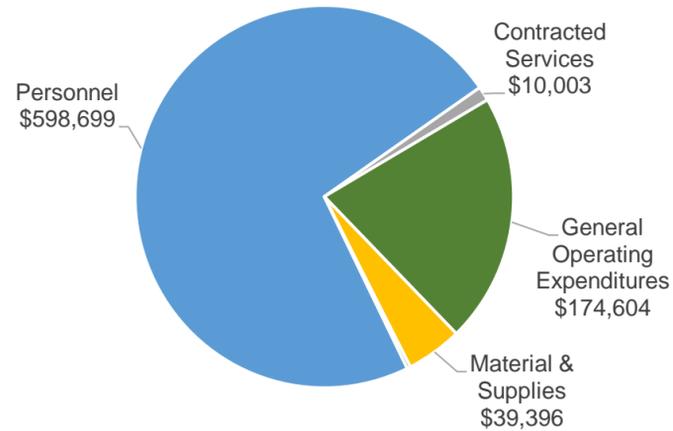
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	599,116	609,824	583,254	584,186	574,379	594,449	-1.0%	3.5%
Overtime	0	716	0	15	4,841	250	N/A	-94.8%
Other Cash Compensation	6,961	8,175	23,715	7,980	8,599	4,000	5.4%	-53.5%
General Operating Expenditures	139,343	140,306	106,228	114,758	143,664	149,234	0.8%	3.9%
Material & Supplies	43,985	45,194	39,085	37,156	30,749	39,396	-8.6%	28.1%
Utilities	27,255	31,455	23,089	22,571	22,075	25,370	-5.1%	14.9%
Contracted Services	8,064	9,884	6,039	5,674	10,644	10,003	7.2%	-6.0%
Maintenance and Repairs	7,623	6,058	1,768	586	1,439	2,400	-34.1%	66.8%
District Judges total	\$832,347	\$851,611	\$783,178	\$772,926	\$796,389	\$825,102	-1.1%	3.6%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The District Judges have a combined total of 18 full-time positions, including the Judges themselves and their support staff.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
District Judges total	18	18	18	18	18	18	0	0

CENTRAL PROCESSING CENTER (DEPT 3045)

The Central Processing Center is a regional resource where local police departments and State police can drop off arrestees for booking. Center staff collect fingerprints and digital photographs which are then sent to the Commonwealth's criminal database.

Financial activity

The County charges fees to people processed at the Center to cover the cost of operations. The Center started operations in 2013 so 2014 is the first full year of financial activity. Fees revenues have increased each year the Center has been in operation.

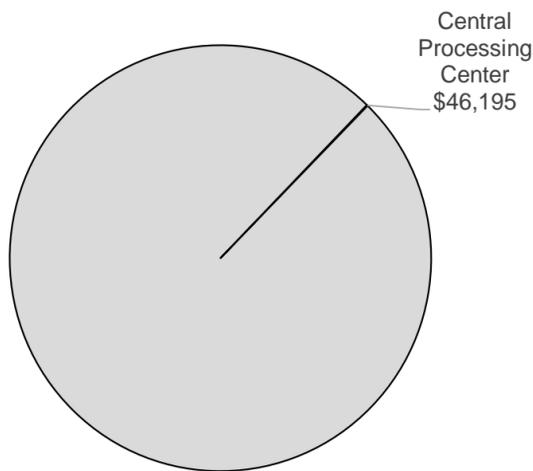
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	95,402	192,370	226,371	235,126	249,413	250,000	27.2%	0.2%
Central Processing Center	\$95,402	\$192,370	\$226,371	\$235,126	\$249,413	\$250,000	27.2%	0.2%

The Center has minimal expenditures from the General Fund, which are mostly wages for the part-time employees and maintenance for the equipment.

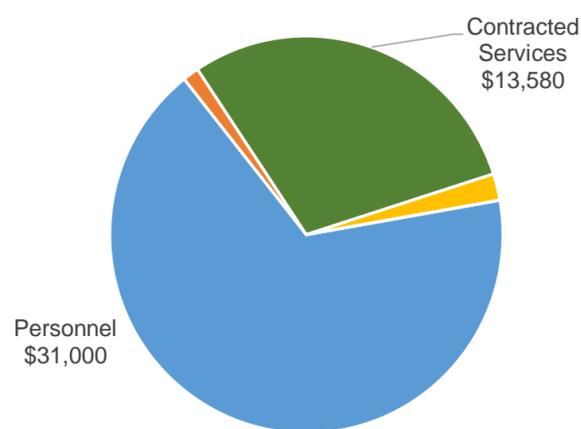
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	25,259	28,340	30,377	31,722	32,562	31,000	6.6%	-4.8%
Contracted Services	6,888	11,961	10,990	10,300	10,380	13,580	10.8%	30.8%
Material & Supplies	1,560	1,324	991	1,259	982	1,000	-10.9%	1.8%
General Operating Expenditures	1,376	0	230	16	18	615	-66.2%	3316.7%
Central Processing Center	\$35,083	\$41,625	\$42,588	\$43,297	\$43,942	\$46,195	5.8%	5.1%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Central Processing Center has seven employees, all of whom are employed on a part-time basis.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Central Processing Center	6	6	6	6	6	7	0	1

ADULT PROBATION (DEPT 3010)

The Adult Probation Office (APO) integrates correctional programming with community supervision to rehabilitation offenders and protect the neighborhoods where they live. APO also provides tools to local courts to guide their sentencing decisions. APO uses in-house detention, electronic monitoring and GPS monitoring as alternatives to incarceration. Lycoming County also has a Mental Health Court, Drug Court and Driving Under the Influence (DUI) Court where offenders agree to participate in enhanced supervision with mental health or substance abuse treatment to avoid or reduce jail time.

Financial activity

APO's largest single source of revenue is monthly supervision fees paid by offenders placed on probation according to Pennsylvania Act 35 of 1991. The revenue from these fees is split between the County (\$300,000 budgeted in 2018) and the Commonwealth. A portion of the Commonwealth fees come back to the County (\$250,000 recorded under intergovernmental revenue). The County also receives a Commonwealth grant to support the APO (\$162,000) and charges program costs to offenders using electronic monitoring, in-house detention, etc. APO revenues have slightly declined since 2013.

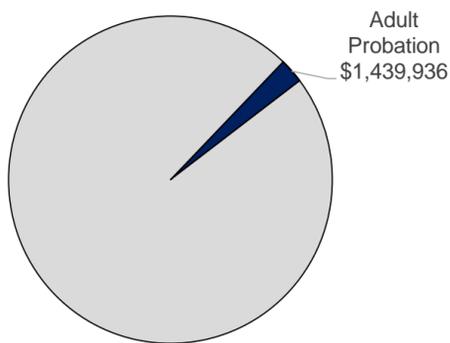
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Court costs and fines	383,470	394,242	390,525	408,879	405,084	415,000	1.4%	2.4%
Intergovernmental Revenue	551,422	559,137	517,805	489,146	505,500	478,780	-2.2%	-5.3%
Miscellaneous Revenues	550	0	641	0	0	0	-100.0%	N/A
Adult Probation	\$935,442	\$953,379	\$908,971	\$898,025	\$910,584	\$893,780	-0.7%	-1.8%

Most of the APO expenditures are for employee salaries, which have increased along with the total number of positions since 2013. The County also added \$40,000 in salaries supported by a Pennsylvania Commission on Crime and Delinquency (PCCD) grant in 2015. General operating expenditures dropped in 2016 when a different PCCD grant expired. The 2018 budget incorporates the 2.5 percent hourly wage increase provided to Probation Officers in the current collective bargaining agreement.

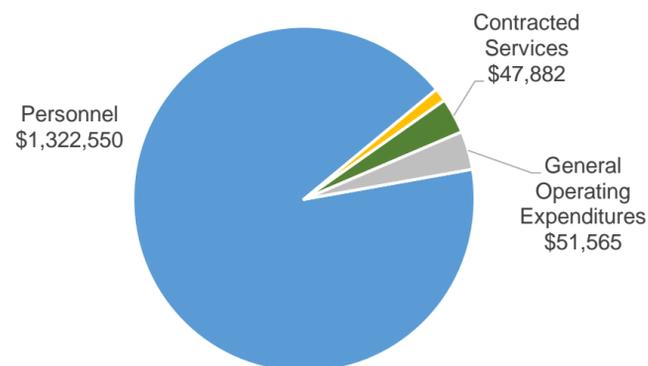
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	1,031,433	1,098,817	1,137,301	1,186,461	1,246,377	1,300,550	4.8%	4.3%
Overtime	4,265	4,091	3,580	12,043	6,121	8,000	9.5%	30.7%
Other Cash Compensation	11,784	25,286	31,175	21,459	20,570	14,000	14.9%	-31.9%
Contracted Services	33,450	58,486	43,008	40,442	48,895	47,882	10.0%	-2.1%
General Operating Expenditures	63,959	65,918	58,148	15,113	13,453	47,065	-32.3%	249.9%
Maintenance & Repairs	8,278	7,725	4,840	9,908	8,687	9,500	1.2%	9.4%
Material & Supplies	4,807	12,930	32,912	16,396	7,637	8,439	12.3%	10.5%
Utilities	7,280	8,021	8,856	5,188	4,620	4,500	-10.7%	-2.6%
Adult Probation	\$1,165,255	\$1,281,273	\$1,319,820	\$1,307,009	\$1,356,359	\$1,439,936	3.9%	6.2%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

APO has 27 full-time positions. The County added three positions in 2014 and two more in 2017.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Adult Probation	22	25	25	25	27	27	5	0

RE-ENTRY CENTER (DEPT 3015)

In 2014 Lycoming County signed a contract with GEO Re-Entry Services, LLC for the operation of a Re-Entry Services Center (RSC). The RSC provides treatment and case management services for non-violent adult probationers and parolees with the goal of reducing the chance of recidivism. Under the new contract signed in 2018, the County pays a monthly fixed amount for the first 100 participants plus a daily charge for additional participants.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Re-Entry Center	\$0	\$73,920	\$810,944	\$810,922	\$848,449	\$700,000	N/A	-17.5%

JUVENILE PROBATION (FUND 0050)

The Juvenile Probation Office (JPO) monitors delinquent youth and provides services to reduce juvenile crime in Lycoming County and lower the chance of recidivism. JPO connects youth with drug and alcohol rehabilitation programs, residential placement programs and community based programs. JPO's approach is guided by the Commonwealth's focus on "balanced and restorative justice" which emphasizes community protection, victim restoration and competency development for offenders.

Financial activity

The JPO receives most of its revenue from federal and Commonwealth governmental aid. The federal government provides a grant through Temporary Assistance for Needy Families (TANF), which is budgeted for \$267,000 in 2018. The County also receives federal support under Title IV-E and IV-B of the Social Security Act (\$267,000 in 2018). Most of the Commonwealth support comes Act 148 funds that reimburse the County for a portion of its expenditures related to day treatment, counseling, foster care and detention. Those Act 148 funds account for \$1.8 million in 2018.

Because the JPO technically has its own fund, the difference between the JPO's expenditures and its revenues is covered by a General Fund subsidy. The subsidy usually ranges from \$1 million to \$2 million. The 2018 subsidy looks smaller because of a late budget amendment that placed \$1.5 million in Act 13 gas impact revenue in that fund (see below).

Juvenile Probation Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Intergovernmental Revenue	1,902,033	2,263,937	2,433,756	2,684,093	2,307,729	2,615,140	5.0%	13.3%
General Fund Subsidy	1,951,506	1,758,095	2,352,187	1,611,955	1,510,526	114,125	-6.2%	N/A
Fee Income	130,338	82,708	94,050	54,841	39,144	82,600	-26.0%	111.0%
Miscellaneous Revenues	0	0	9,229	0	90	0	N/A	N/A
JPO	\$3,983,878	\$4,104,741	\$4,889,223	\$4,350,889	\$3,857,490	\$2,811,865	-0.8%	-27.1%

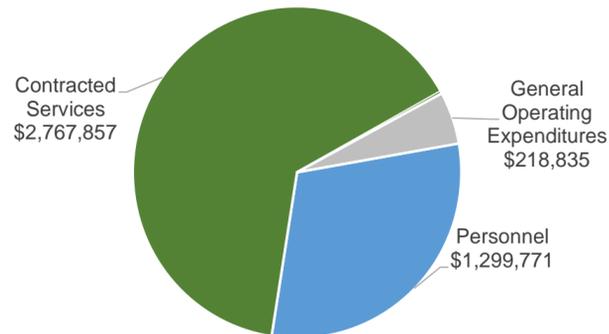
The JPO allocates most of its budget for juvenile placement, which are grouped under contracted services. After peaking at \$3.3 million in 2015, the County's expenditures on placement has dropped each of the last two years and is budgeted for \$2.7 million in 2018. JPO salary expenditures have declined since 2013. The JPO Fund pays the General Fund for employee fringe benefits (\$436,000 in 2018) and indirect costs (\$138,000), which are shown in general operating expenditures.

The aforementioned apparent one-time allocation of \$1.5 million in Act 13 gas impact fee revenue (booked as a negative expenditure) drives expenditures in that category negative in 2018. In reality that gas impact fee revenue will likely support departments other than the JPO.

Juvenile Probation Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	878,230	888,809	834,223	835,999	819,636	852,603	-1.7%	4.0%
Overtime	6,827	7,164	2,872	2,953	5,610	4,199	-4.8%	-25.1%
Other Cash Compensation	10,368	11,760	20,754	12,204	8,712	7,350	-4.3%	-15.6%
Fringe Benefits	432,368	538,349	481,079	477,348	399,296	435,619	-2.0%	9.1%
Contracted Services	2,454,872	2,462,769	3,344,487	2,797,611	2,437,591	2,767,857	-0.2%	13.5%
Material & Supplies	5,441	6,606	6,098	6,255	5,560	7,476	0.5%	34.5%
Utilities	1,181	1,168	3,112	2,280	2,666	2,755	22.6%	3.3%
Maintenance & Repairs	5,099	3,918	2,592	1,596	2,442	2,350	-16.8%	-3.8%
General Operating Expenditures	189,492	184,197	194,007	214,643	175,977	(1,268,344)	-1.8%	-820.7%
JPO	\$3,983,878	\$4,104,741	\$4,889,223	\$4,350,889	\$3,857,490	\$2,811,865	-0.8%	-27.1%

* CAGR stands for compound annual growth rate

2018 Budget by Category



Expenditures do not include the \$1.5 million reimbursement from Act 13 gas impact fee revenue.

Staffing

The JPO has 16 full-time positions.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
JPO	17	16	16	16	16	16	-1	0

PRISON (DEPT 3020)

Located in Williamsport, the Lycoming County Prison detains prisoners in a safe and secure environment as directed by the Courts. Opened in 1986, the Prison can house up to 150 inmates with separate units for minimum, medium and maximum security. Prison staff provide treatment, including medical care, and rehabilitative services.

Financial activity

Lycoming County receives payment from other jurisdictions, including the federal government, when their inmates are detained at the Prison. The 2018 budget anticipates \$150,000 in payments for non-County inmates (grouped under fees), though actual receipts in 2017 were only \$42,000. The Prison's court costs and fines are related to supervised bail and DUI offenses. Miscellaneous revenues related to telephone usage dropped from \$79,000 in 2014 to \$18,000 in 2017.

General Fund Revenues	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Fee Income	266,941	264,937	292,675	296,321	373,670	440,000	8.8%	17.8%
Court Costs and Fines	110,862	114,534	118,153	117,641	112,921	120,000	0.5%	6.3%
Intergovernmental Revenue	28,431	10,849	33,194	27,520	22,840	25,100	-5.3%	9.9%
Miscellaneous Revenues	77,759	80,458	79,453	69,342	17,935	16,893	-30.7%	-5.8%
Prison	\$483,993	\$470,779	\$523,475	\$510,824	\$527,366	\$601,993	2.2%	14.2%

Most General Fund departmental expenditures are for employee salaries, which have increased since 2013. Salary spending increased across all categories of staff over this period (treatment, corrections, registered nurses, bail/relief, etc.). Overtime payments were relatively flat from 2013 through 2017.

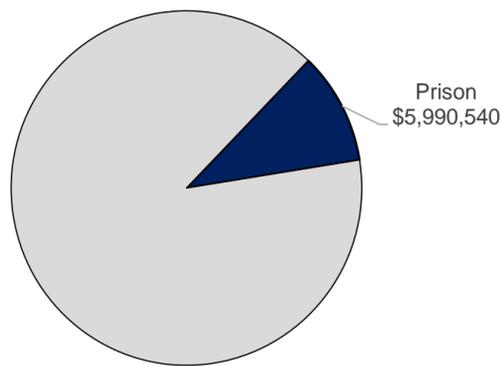
The County's spending on contracted services at the Prison increased in 2014 because of higher spending on inmate medical care and electronic monitoring and then increased again in 2017 because of additional expenditures on drug and alcohol treatment. The Prison uses the majority of its material and supplies budget for inmates' food (\$317,000 in 2018) and prescriptions (\$175,000).

While Lycoming County receives revenue when other jurisdictions send their inmates to the Prison, the opposite is also true. The County incurs additional expenditures when it sends inmates to other facilities. Grouped under general operating expenditures in the table below, those costs rose from \$167,000 in 2013 to \$644,000 in 2015 and then declined to \$293,000 in 2017. Programs and initiatives like work release, electronic monitoring and the drug court are intended to divert low-risk offenders away from the Prison and alleviate the need to send inmates to other jurisdictions.

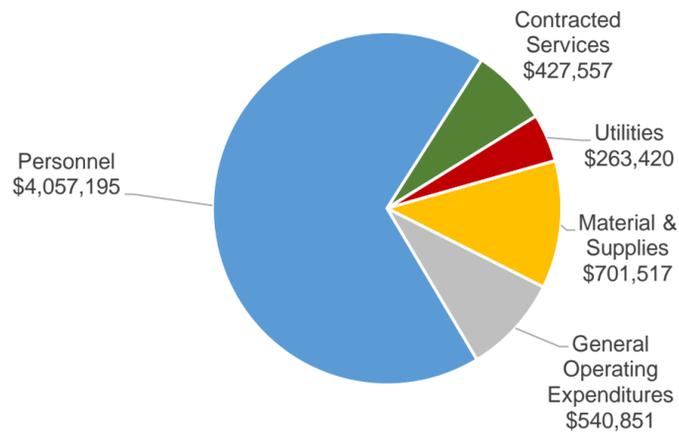
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	3,140,784	3,255,924	3,317,663	3,361,865	3,434,129	3,698,976	2.3%	7.7%
Overtime	261,396	266,501	247,809	266,480	263,438	289,523	0.2%	9.9%
Other Cash Compensation	67,609	64,646	95,376	75,584	82,669	68,696	5.2%	-16.9%
Material & Supplies	592,961	613,351	634,737	608,086	521,099	701,517	-3.2%	34.6%
General Operating Expenditures	268,906	577,057	709,496	416,557	375,778	539,851	8.7%	43.7%
Contracted Services	266,547	357,861	340,915	319,565	383,825	427,557	9.5%	11.4%
Utilities	295,931	296,623	291,154	272,958	279,481	263,420	-1.4%	-5.7%
Maintenance and Repairs	2,482	426	455	136	1,054	1,000	-19.3%	-5.1%
Prison	\$4,896,615	\$5,432,388	\$5,637,605	\$5,321,231	\$5,341,473	\$5,990,540	2.2%	12.2%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Prison has 89 full-time employees including supervisory staff, treatment staff, correctional officers, registered nurses, bail/release program staff and a three-person maintenance crew.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Prison	87	88	88	89	90	89	3	-1

PRE-RELEASE CENTER (DEPT 3030)

The Pre-Release Center (PRC) is a community corrections treatment program for offenders operated in accordance with Pennsylvania and County law. Although the PRC is affiliated with the County Prison, the PRC has a separate location at the Lysock Complex. It houses up to 105 males and 32 females for work release or work crew. Offenders at the PRC can participate in work release programs; life skills training; community service activities; and drug and treatment counseling. Participants are charged for room, board, and other expenses.

Financial activity

As noted above the PRC generates some fee revenues but those have declined each year since 2015. In prior years the largest fee revenue was related to inmates' use of telephones, but those fees dropped from \$39,000 in 2013 to \$7,000 in 2017.

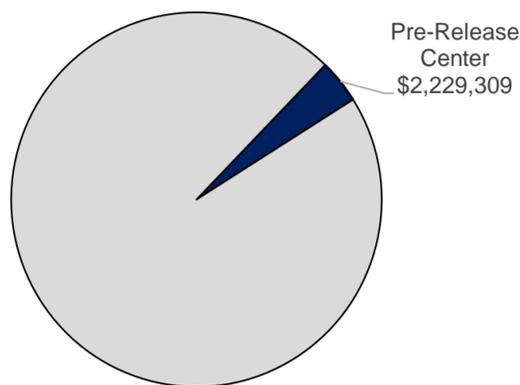
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	118,207	115,385	126,717	98,856	71,346	65,600	-11.9%	-8.1%
Intergovernmental Revenue	14,246	5,891	2,061	4,634	813	0	-51.1%	-100.0%
Miscellaneous Revenues	1,514	520	136	111	78	300	-52.4%	284.6%
Pre-Release Center	\$133,967	\$121,796	\$128,914	\$103,601	\$72,237	\$65,900	-14.3%	-8.8%

Most General Fund departmental expenditures are for employee salaries, which have been increasing since 2013. Spending on correctional staff salaries dipped in 2017 but the budget anticipates spending will resume its prior growth, which creates the 7.7 percent year-over-year growth. Apart from salaries, the Pre-Release Center's largest expenditure is on food (grouped within material and supplies), which totaled \$220,000 in 2018. The County eliminated the expenditure on external laundry services (\$68,000 in 2013) which reduced spending on contracted services.

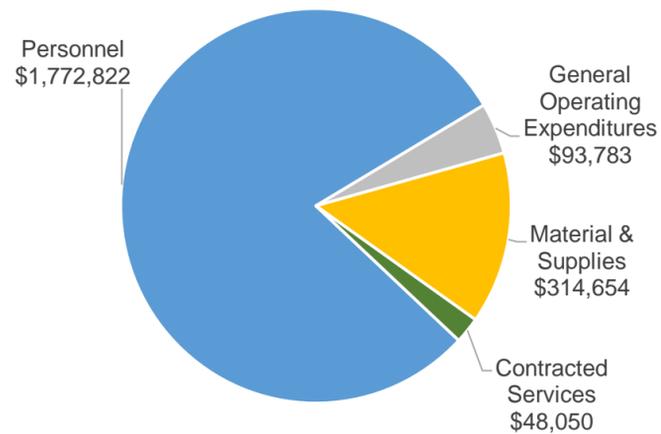
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	1,490,663	1,540,167	1,586,081	1,619,421	1,555,113	1,674,121	1.1%	7.7%
Overtime	77,475	83,337	87,317	79,286	84,562	83,901	2.2%	-0.8%
Other Cash Compensation	26,136	30,863	32,980	21,857	33,313	14,800	6.3%	-55.6%
Material & Supplies	264,845	279,882	294,264	296,095	281,304	314,654	1.5%	11.9%
General Operating Expenditures	87,544	79,770	73,072	66,340	99,682	73,685	3.3%	-26.1%
Contracted Services	126,664	139,881	76,726	64,457	68,920	48,050	-14.1%	-30.3%
Maintenance and Repairs	28,151	26,312	18,648	16,467	17,957	17,250	-10.6%	-3.9%
Utilities	3,400	3,325	3,065	2,450	2,770	2,848	-5.0%	2.8%
Pre-Release Center	\$2,104,878	\$2,183,537	\$2,172,153	\$2,166,373	\$2,143,621	\$2,229,309	0.5%	4.0%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Pre-Release Center has 43 employees including correctional officers, work crew foremen and staff assigned to administration and treatment.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Pre-Release Center	42	42	42	43	43	43	1	0

COMMUNICATIONS CENTER (DEPT 3070)

The Lycoming County 911 Center provides a communication system for receiving emergency calls from anyone in Lycoming and Sullivan Counties and dispatching the appropriate police, fire, ambulance, paramedic and Emergency Management Agency (EMA) personnel. The 911 system has five radio consoles that dispatch from seven transmitter locations. The primary location for the 911 Center is in Montoursville and there is a backup location with more limited capacity. The Center is one of four units within the County's Department of Public Safety.

Financial activity

The majority of the revenue shown below is fee revenue from Sullivan County, which also uses the 911 center. Lycoming County has a separate fund where it receives phone surcharge revenue according to fees set by Commonwealth law. The County then transfers that revenue to the General Fund and records those reimbursements as negative expenditures in the table below.

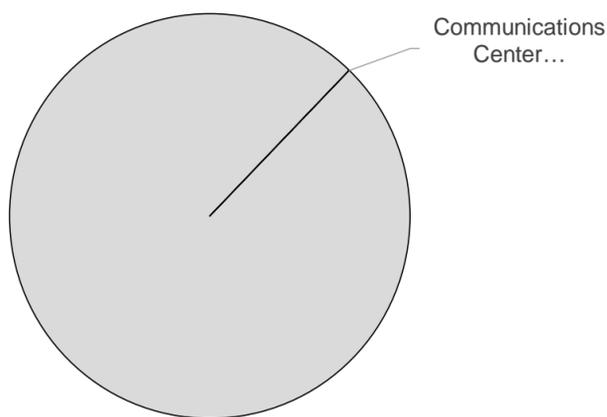
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	66,103	56,503	58,764	61,136	63,602	66,887	-1.0%	5.2%
Miscellaneous Revenue	2,514	4,124	1,779	3,702	4,137	0	13.3%	-100.0%
Communications Center	\$68,617	\$60,627	\$60,543	\$64,838	\$67,739	\$66,887	-0.3%	-1.3%

Most the Center's expenditures from the General Fund are for salaries, which have grown as personnel numbers have grown (see table below). Contractual service expenditures are mostly related to maintaining and repairing the system. Most of the utility expenditures are for the system's phones (\$133,000 in 2018). The E911 surcharge revenues have covered most of the Center's expenditures since the Commonwealth increased those surcharges in 2015.

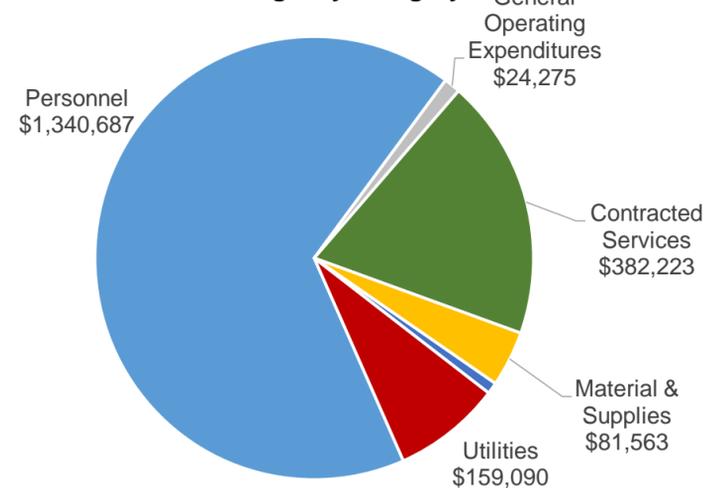
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	985,616	1,023,869	1,040,388	1,130,829	1,159,307	1,205,789	4.1%	4.0%
Overtime	108,177	103,122	97,112	109,807	137,108	107,270	6.1%	-21.8%
Other Cash Compensation	22,312	37,019	36,604	28,625	42,440	27,628	17.4%	-34.9%
Contracted Services	292,826	309,388	282,764	284,096	265,070	382,223	-2.5%	44.2%
Material & Supplies	150,928	16,725	59,721	3,878	8,170	81,563	-51.8%	898.3%
Utilities	157,913	154,051	157,955	155,923	156,215	159,090	-0.3%	1.8%
General Operating Expenditures	26,964	34,299	20,186	18,922	24,046	24,275	-2.8%	1.0%
Maintenance and Repairs	20,598	42,256	11,552	14,819	22,036	16,817	1.7%	-23.7%
Reimbursements -- 911 surcharges	(1,100,801)	(777,619)	(1,645,739)	(1,071,764)	(1,783,941)	(2,000,720)	12.8%	12.2%
Communications Center	\$664,534	\$943,111	\$60,542	\$675,135	\$30,452	\$3,935	-53.7%	-87.1%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



These are the gross allocations without the 911 reimbursement.

Other fund activity: The County has a separate 911 Phone Tariff Fund where it receives the phone surcharge revenue that funds the 911 Center. For 2018 the County budgets \$2.6 million in revenue and \$1.7 million in expenditures (mostly the subsidies to the General Fund).

Staffing

The Communications Center has 25 full-time positions including the supervisory staff; telecommunication staff (i.e. call takers and dispatch operators); staff who specialize in training, project management and computer automated dispatch (CAD); and staff who specialize in GIS and 911 address identification. The GIS and 911 address identification positions were moved into the Center in 2015. The County eliminated a temporary position in 2018.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Communications Center	27	27	30	30	31	30	4	-1

EMERGENCY MANAGEMENT (DEPT 3071)

Emergency Management is responsible for mobilizing governmental and volunteer service organizations in the case of an emergency. The EMA plans and coordinates with federal, state and municipal agencies such as the National Weather Service, Integrated Flood Warning and Observation System (IFLOWS), Pennsylvania Emergency Management Agency (PEMA) and other local and state agencies and communicates with the public. The EMA is one of four units within the County's Department of Public Safety.

Financial activity

Most of the Department's revenue comes from a federal Emergency Management Agency (EMA) grant (\$134,000 in 2018).

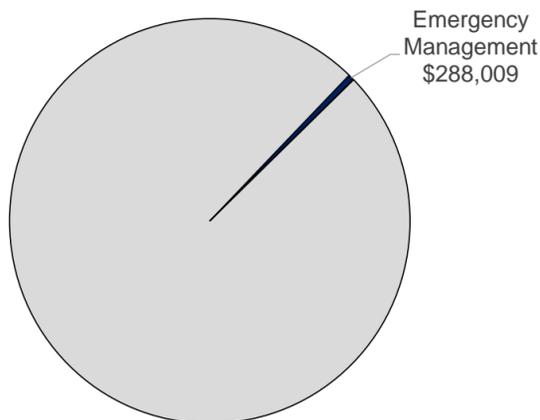
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Fee Income	0	0	0	0	0	1,200	N/A	N/A
Intergovernmental Revenue	110,723	118,325	121,255	55	253,777	134,406	23.0%	-47.0%
Miscellaneous Revenue	36,000	36,000	36,000	28,000	20,000	20,000	-13.7%	0.0%
Emergency Management	\$146,723	\$154,325	\$157,255	\$28,055	\$273,777	\$155,606	16.9%	-43.2%

Most General Fund departmental expenditures are for salaries which have grown slightly since 2013. The Agency also contracts for flash flood coordination services at between \$5,500 - \$9,000 annually and spends around \$7,000 per year on a paging service.

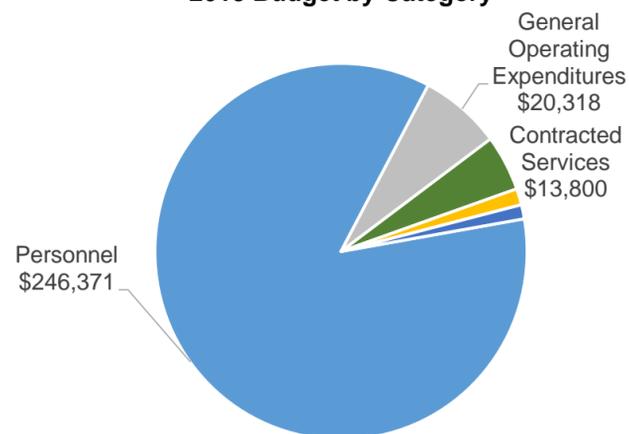
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	216,395	221,993	220,907	226,417	242,407	245,371	2.9%	1.2%
Other Cash Compensation	1,660	660	3,407	17,996	1,698	1,000	0.6%	-41.1%
Contracted Services	12,782	11,442	13,183	9,012	11,860	13,800	-1.9%	16.4%
Material & Supplies	17,943	1,745	727	9,297	1,346	4,000	-47.7%	197.2%
Utilities	14,319	13,927	13,348	12,801	12,650	12,900	-3.1%	2.0%
General Operating Expenditures	5,941	6,077	5,237	6,834	6,094	7,418	0.6%	21.7%
Maintenance and Repairs	3,989	1,802	1,305	1,476	1,593	3,520	-20.5%	121.0%
Emergency Management	\$273,029	\$257,646	\$258,114	\$283,833	\$277,648	\$288,009	0.4%	3.7%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Other fund activity: The County has a separate EMA fund with a very small budget (\$6,000 in 2018).

Staffing

The EMA has five positions: the Manager/Coordinator; a Training Supervisor; an Alternative Energy Response Coordinator who specializes in issues related to natural gas extraction and windfarms; an Administrative Assistant and a Clerk.

	2013	2014	2015	2016	2017	2018	2013-17	2018
	Budget	Budget	Budget	Budget	Budget	Budget	Change	Growth
Emergency Management	5	4	5	5	5	5	0	0

EMERGENCY MEDICAL SERVICES (DEPT 3073)

Lycoming County has one of 14 regional emergency medical service (EMS) councils that handle certification, ambulance licensure, data collection and training on behalf of the Pennsylvania Department of Health. Lycoming shares the regional council with Tioga and Sullivan Counties. EMS is one of four units within the County's Department of Public Safety.

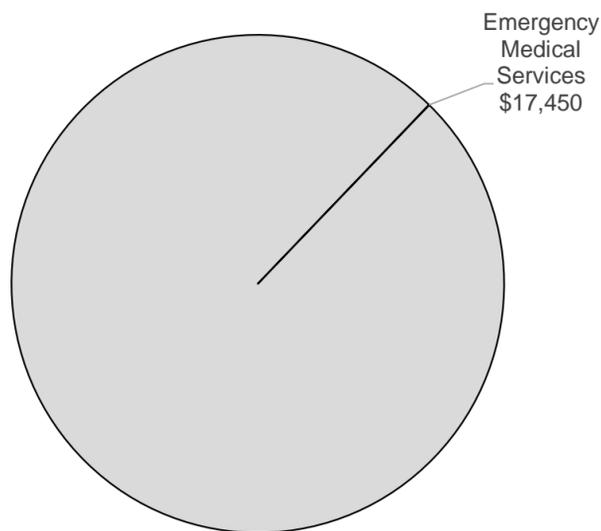
Financial activity

The largest expenditure is for salaries, which has grown since 2013. Most of the salaries are reimbursed through the State EMS contract in the general operating expenditure line.

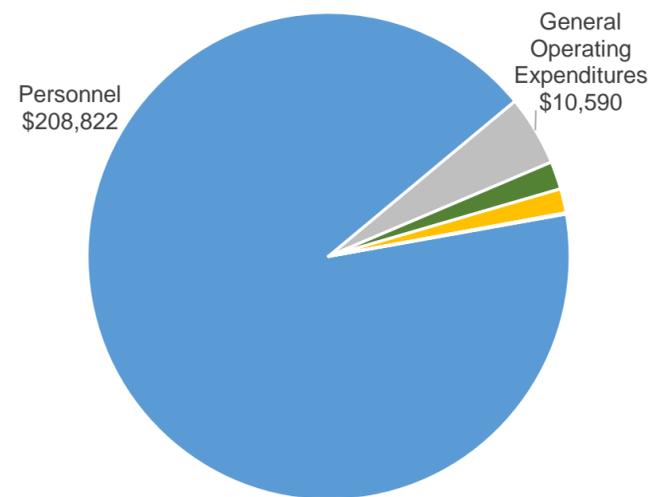
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	179,749	197,143	196,442	200,638	206,877	207,822	3.6%	0.5%
Other Cash Compensation	1,260	398	3,510	1,060	1,098	1,000	-3.4%	-8.9%
Fringe Benefits	2,988	0	0	0	0	0	-100.0%	N/A
Contracted Services	2,823	5,186	4,154	1,710	2,364	4,200	-4.3%	77.7%
Material & Supplies	6,441	7,295	1,762	2,387	4,915	3,638	-6.5%	-26.0%
Utilities	4,956	5,444	5,191	5,359	5,305	5,480	1.7%	3.3%
General Operating Expenditures	6,658	8,609	5,077	4,915	3,341	5,110	-15.8%	53.0%
Maintenance and Repairs	12	145	0	0	0	200	-100.0%	N/A
Reimbursement - State EMS contract	(182,607)	(200,787)	(201,629)	(205,913)	(211,483)	(210,000)	3.7%	-0.7%
Emergency Medical Services	\$22,280	\$23,432	\$14,507	\$10,156	\$12,417	\$17,450	-13.6%	40.5%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



These are the gross allocations without the PA EMS reimbursement.

Other fund activity: The County has a separate EMS Council Fund where it receives the Commonwealth EMS grant revenue and then transfers it to the General Fund where it reimburses salary expenditures.

Staffing

EMS has four positions -- the Program Manager who also serves as the Regional Council Director; an Education/Training Coordinator; a position focused on licensure and quality assurance and a Clerk who also supports the County's Hazardous Materials unit.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Emergency Medical Services	4	2	4	4	4	4	0	0

HAZARDOUS MATERIALS (DEPT 3074)

The Hazardous Materials unit is focused on ensuring compliance with the federal and Commonwealth regulations through training, planning and public information. There are 93 facilities in Lycoming County that have a site specific emergency plan related to these materials. Haz-mat is one of four within the County's Department of Public Safety.

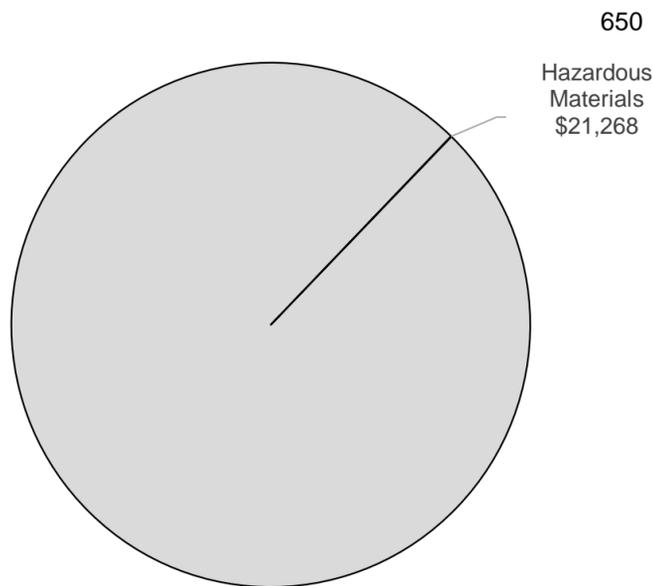
Financial activity

The most significant expenditure is for salaries, which have stayed steady since 2014. Most departmental expenditures are reimbursed from Commonwealth grants or fees collected in a separate Haz-Mat fund.

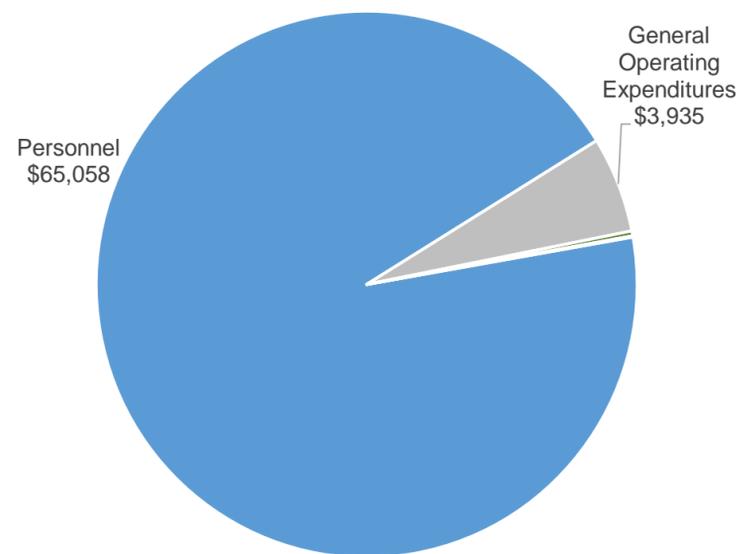
General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Salaries	91,926	62,374	63,117	60,013	63,839	65,058	-8.7%	1.9%
Other Cash Compensation	10,867	60	1,002	60	60	0	-72.7%	-100.0%
Contracted Services	162	336	238	121	83	200	-15.3%	140.0%
Material & Supplies	1,904	137	41	149	71	50	-56.0%	-29.6%
Utilities	2,936	2,955	2,601	2,475	2,560	2,740	-3.4%	7.0%
General Operating Expenditures	1,034	1,544	1,219	1,132	1,118	1,195	2.0%	6.9%
Reimbursements	(70,228)	(50,698)	(23,689)	(3,867)	(52,147)	(47,975)	-7.2%	-8.0%
Hazardous Materials	\$38,601	\$16,708	\$44,528	\$60,083	\$15,585	\$21,268	-20.3%	36.5%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



These are the gross allocations without the reimbursement.

Other fund activity: The County has a separate Hazardous Materials Fund where it receives the Commonwealth grant and program fee revenues and then transfers that money to the General Fund where it is recorded as a reimbursement.

Staffing

Haz-Mat has one full-time and one part-time position.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
Hazardous Materials	2	2	2	2	2	2	0	0

CONSERVATION AND DEVELOPMENT (MULTIPLE DEPTS)

The County has three units focused on agriculture and conservation, which are co-located on County Farm Road in Montoursville.

COUNTY FARM (DEPT 7020)

The Farm generates some revenue from selling livestock and other agricultural products as shown below.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Intergovernmental	375	403	403	403	403	403	1.8%	0.0%
Sale of County Property	74,404	65,206	61,946	57,937	44,784	0	-11.9%	-100.0%
County Farm	\$74,779	\$65,609	\$62,349	\$58,340	\$45,187	\$403	-11.8%	-99.1%

The County Farm expenses are mostly for farm and livestock supplies, and building maintenance and repairs.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Other Cash Compensation	0	0	214	0	0	0	N/A	N/A
Material & Supplies	32,548	30,572	32,356	28,498	26,612	34,000	-4.9%	27.8%
Utilities	3,928	4,703	4,435	3,657	4,397	4,900	2.9%	11.4%
General Operating Expenditures	28,803	31,589	35,217	18,470	19,338	33,694	-9.5%	74.2%
Maintenance and Repairs	8,934	9,017	7,668	14,889	6,870	66,750	-6.4%	871.6%
County Farm	\$74,214	\$75,880	\$79,889	\$65,515	\$57,218	\$139,344	-6.3%	143.5%

* CAGR stands for compound annual growth rate

COOPERATIVE EXTENSION (DEPT 7030)

Jointly funded by Lycoming County and Penn State University, the Cooperative Extension offers training resources and support for agriculture, horticulture, forestry, nutrition and related topics. The Extension offers Master Gardener and 4-H programs. The County's share of expenditures are mostly to support the salaries for three employees at the Extension.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	100,468	87,197	87,889	91,137	92,295	98,073	-2.1%	6.3%
Overtime	4,290	4,445	3,185	3,972	1,967	4,000	-17.7%	103.3%
Other Cash Compensation	600	6,867	1,099	2,694	0	0	-100.0%	N/A
Contracted Services	23,272	23,723	25,206	21,378	20,412	23,100	-3.2%	13.2%
Material & Supplies	4,777	3,843	3,202	3,843	2,259	3,800	-17.1%	68.2%
Utilities	1,160	1,226	1,129	1,244	1,305	1,300	3.0%	-0.4%
General Operating Expenditures	14,451	16,396	15,015	13,616	12,075	14,608	-4.4%	21.0%
Maintenance and Repairs	8	97	227	150	0	150	-100.0%	N/A
Cooperative Extension	\$149,025	\$143,794	\$136,951	\$138,034	\$130,314	\$145,031	-3.3%	11.3%

CONSERVATION DISTRICT (DEPT 7040)

The Conservation District is a subdivision of Commonwealth government that develops and implements technical, educational and financial assistance programs for the conservation of natural resources. Reimbursements cover the majority of the District's recurring expenditures, which are mostly related to employee salaries. The District did emergency watershed protection work in 2013, 2014 and 2017 that elevated general operating expenditures. The District also received federal and state grants to offset those costs.

General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Salaries	288,068	305,426	305,181	309,998	321,629	326,394	2.8%	1.5%
Overtime	133	0	0	0	74	0	-13.7%	-100.0%
Other Cash Compensation	2,030	502	4,674	1,641	4,125	0	19.4%	-100.0%
General Operating Expenditures	121,857	65,857	9,361	9,893	204,842	7,485	13.9%	-96.3%
Contracted Services	4,874	4,782	5,518	5,542	8,321	6,600	14.3%	-20.7%
Maintenance and Repairs	2,505	762	824	598	1,295	1,000	-15.2%	-22.8%
Utilities	856	1,106	885	999	1,061	900	5.5%	-15.2%
Material & Supplies	670	871	519	589	417	500	-11.2%	20.0%
Reimbursements	(231,726)	(270,129)	(252,489)	(237,936)	(277,803)	(330,620)	4.6%	19.0%
Conservation District	\$189,268	\$109,178	\$74,473	\$91,325	\$263,960	\$12,259	8.7%	-95.4%

Other fund activity

The County has small special revenue funds for farm easements (\$28,000 in 2018) and nutrient trading (\$31,000 in 2018).

Staffing

The County Farm has one part-time position after eliminating a second part-time position in 2015. The County funds three positions at the Cooperative Extension and Penn State University funds others not shown in the table below. The Conservation District has eight positions -- seven full-time and a part-time position added in 2017.

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2013-17 Change	2018 Growth
County Farm	2	2	2	1	1	1	-1	0
Cooperative Extension	3	3	3	3	3	3	0	0
Conservation District	7	7	7	7	8	8	1	0

CHILDREN AND YOUTH (DEPT 5010)

Lycoming and Clinton counties have jointly contracted with the Lycoming-Clinton Joinder for management of its child protective services and mental health/intellectual disability programs. The Joinder is a non-profit organization managed by a Board comprised of the Commissioners from Lycoming and Clinton counties. Staff are employed by the Joinder and the County pays the Joinder directly for the services it provides, including the County's match contribution.

The Joinder investigates reports of child abuse and neglect, provides out-of-home placement services for children removed from their homes, and has prevention services to support reunification. The Joinder also recruits and trains foster parents, pre-adoptive and adoptive parents, and permanent legal custodians.

Financial activity

The County receives revenue from federal and state sources as reimbursement for its expenditures which are then passed through to the Joinder. Whether the reimbursement is state or federal depends on whether the child served and the placement method meet certain eligibility requirements. The majority of revenues are received through State Act 148 funds, which have a corresponding local (county) share, depending on the program or type of expense. These revenues increased as the number of placements and the cost of programs has increased. Federal Title IV-E revenues have declined historically, but are projected to grow in 2018 as the number of placements has increased. Other state funds have been increasing as the result of state special grant funding.

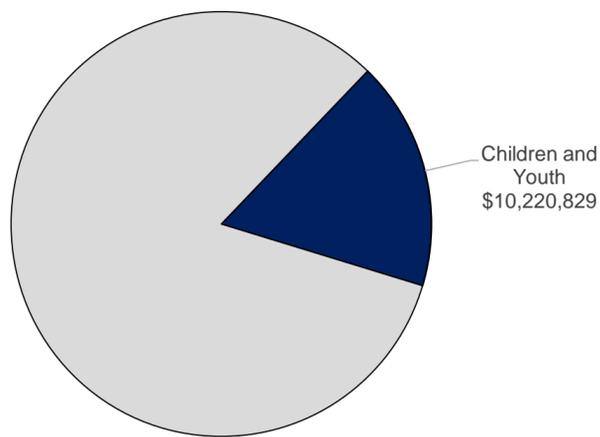
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Revenues	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
Intergovernmental Revenue - Federal Title IV-E Grant	1,548,188	1,424,249	1,259,250	1,323,448	1,238,359	1,266,082	-5.4%	2.2%
Intergovernmental Revenue - Other Federal Funds	266,816	184,781	202,147	191,170	193,400	193,001	-7.7%	-0.2%
Intergovernmental Revenue - State 148	3,535,685	6,116,603	4,909,513	5,479,618	4,783,036	5,672,960	7.8%	18.6%
Intergovernmental Revenue - Other State Funds	275,393	373,203	419,331	517,554	934,963	1,463,786	35.7%	56.6%
Children and Youth	\$5,626,082	\$8,098,836	\$6,790,241	\$7,511,790	\$7,149,758	\$8,595,829	6.2%	20.2%

The County lists two significant expenditures for these services. The largest is a pass-through of the intergovernmental revenues to the Joinder as reimbursement for their programming expenses. The costs of these expenditures has grown from \$5.6 million in 2013 to \$8.5 million in 2018 in conjunction with the growth in placements and program costs. The County match is the County's portion of the program expenses not covered by federal and state sources. In conjunction with the overall growth in programs, the County's match has increased every year since 2013.

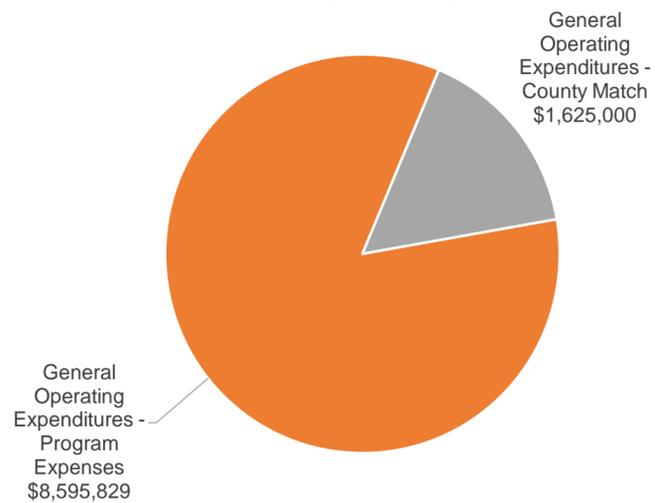
General Fund	2013	2014	2015	2016	2017	2018	2013-17	2018
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted	CAGR*	Growth
General Operating Expenditures - Program Expenses	5,626,082	8,098,837	6,790,241	7,514,283	7,149,758	8,595,829	6.2%	20.2%
General Operating Expenditures - County Match	1,183,780	1,271,766	1,408,066	1,390,353	1,452,434	1,625,000	5.2%	11.9%
Children and Youth	\$6,809,863	\$9,370,602	\$8,198,308	\$8,904,636	\$8,602,192	\$10,220,829	6.0%	18.8%

* CAGR stands for compound annual growth rate

2018 General Fund Budget Share



2018 Budget by Category



Staffing

The Joinder reports 74 employees who technically work for that separate organization, but are mostly funded by pass-through revenue or matching contributions from Lycoming and Clinton Counties. The Joinder's staffing levels dropped from 88 positions in 2015 to 76 in 2016.

OUTSIDE AGENCIES (9050)

The County sends payments to a variety of local and county organizations, which are coded as Outside Agency expenditures. The largest payment goes to the Lycoming County Library System (\$1.2 million in 2018 including passed-through intergovernmental revenue). The Lycoming County Airport, River Valley Transit and mental health/intellectual disability programming receive smaller contributions. The County also gives the Lycoming County Visitors Bureau the revenue received from the County's hotel occupancy tax, collected by the Treasurer's office. Those payments are listed as General Operating Expenditures.

Note: The County's payment to the Lycoming-Clinton Joinder for child protective services is addressed separately.

General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
Outside Agencies	1,698,909	1,810,567	1,721,798	1,782,093	1,828,984	1,872,692	1.9%	2.4%
General Operating Expenditures	769,634	627,484	0	0	965,976	1,152,000	5.8%	19.3%
Outside Agencies	\$2,468,544	\$2,438,051	\$1,721,798	\$1,782,093	\$2,794,961	\$3,024,692	3.2%	8.2%

CONTINGENCY (1094)

The County budget includes a contingency as a buffer against unexpected revenue shortfalls or necessary expenditures. The County will generally allocate money here as a contingency and then record any expenditures covered by the contingency in the appropriate department's budget. So it is not unusual for the County to record less spending than it budgets. The 2018 budgeted number represents items the Commissioners are considering funding in the next year.

General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted	2013-17 CAGR*	2018 Growth
General Operating Expenditures	48,071	5,025	43,770	0	0	788,569	-100.0%	N/A
Contingency	\$48,071	\$5,025	\$43,770	\$0	\$0	\$788,569	-100.0%	N/A

* CAGR stands for compound annual growth rate

Fiscal Discipline

As described at length in the Financial Condition Assessment, Lycoming County government has struggled to balance its budget. The County ran deficits each year from 2013 through 2017 in the primary fund used to pay for County government operations. The 2018 budget shows a \$3.0 million surplus, but that is primarily the result of \$3.3 million in one-time events that will not recur beyond 2018. If the County takes no further corrective action, it will restart its streak of annual operating deficits in 2019 and those deficits will grow in the future.

Baseline Projection (\$ Millions)

	2018	2019	2020	2021	2022	2023
	Budget	Projected	Projected	Projected	Projected	Projected
Total Revenues	\$64.4	\$64.7	\$65.2	\$65.7	\$66.1	\$66.5
Total Expenditures	\$61.3	\$65.6	\$67.1	\$68.5	\$70.1	\$71.5
Surplus / (Deficit)	\$3.0	(\$0.9)	(\$1.9)	(\$2.8)	(\$4.0)	(\$5.0)

Achieving structural balance, where recurring revenues cover recurring expenditures, was one of the Board’s primary reasons for developing this multi-year plan. To do so the County will have to overcome the dynamic that drives its budget out of balance. Lycoming County government is heavily dependent on the real estate tax to fund operations, and real estate tax revenues have not grown except when the tax rate itself does. Meanwhile the County’s operating expenditures, which are primarily employee compensation, will grow as employees receive wage increases and the cost of employee health insurance rises. So there is a fundamental imbalance between the costs of providing service and the revenues available to cover those costs.

The Board of Commissioners’ goal is to balance the budget while maintaining County government’s reserves, minimizing tax increases and avoiding service cuts.

Our mission is to create a fiscal guide for Lycoming County for the next five years which complies with all federal and state mandates and maintains a balanced budget and financial reserves while ensuring that future Boards of Commissioners are able to seize economic opportunities and provide excellent services without placing an undue burden on tax payers.

Given the degree to which Lycoming County depends on one stagnant form of revenue to fund a wide range of services, many of which are mandated by federal or state law, it is unlikely that Lycoming County will adopt a structurally balanced budget for the next five years without doing some level of tax increase or headcount reductions.

This chapter provides initiatives to expand the menu of options that County government has to balance its budget beyond those crude measures.

We open with an initiative related to the County’s tax base, then offer recommendations related to revenue collection and then move on to expenditures.

FD01 Track the impact that County Planning has on the County’s financial performance and tax base improvement and use that to guide staffing decisions

Responsible parties Commissioners; County Administrator; Fiscal Services; Assessment Planning and Community Development Department

Progress measures See below

According to the County's Tables of Distribution and Authorization, PCD had 21 authorized full-time positions and two part-time positions in 2018¹. The number of authorized PCD positions has dropped each year since 2015. This document breaks PCD into three units – Planning and Community Development, Geographic Information Systems (GIS) and Development Services as presented below².

Authorized PCD Positions (Full and Part-time)

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
Planning and Community Development	11	12	12	13	13	12
Geographic Information Systems (GIS)	15	15	15	7	7	7
Development Services	5	5	5	5	4	4
Total	31	32	32	25	24	23

The biggest drop occurred in 2016 when the County moved assessment functions out of PCD (recorded above as part of GIS) and into Central Collections/Tax Claim. Aside from this restructuring, PCD management noted that County has also eliminated one position each for Environmental Planning, MS4 Planning³ and GIS and a part-time administrative support position since 2016.

PCD staff note that some of these positions are funded by external sources so they do not draw on the County's limited real estate tax revenue. The County's budget does not list the number of positions in each unit and the Tables of Authorization and Distribution do not list the funds associated with the positions. But the budget and financial documents do list the revenues and the expenditures associated with PCD's activities by fund so there is at least an initial measure of how much PCD recovers its own costs within the General Fund.

PCD Revenues and Expenditures (General Fund Only)

	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted
General Fund revenues	\$157,365	\$120,546	\$124,297	\$181,715	\$156,559	\$143,920
General Fund expenditures	\$2,261,433	\$1,489,743	\$1,343,559	\$2,237,259	\$346,851	\$1,330,555
Cost recovery rate	7%	8%	9%	8%	45%	11%

The Department's expenditures were unusually high in 2016 because of a \$1 million project charged to PCD that year and then unusually low in 2017 when the County recorded a \$1 million reimbursement from the Act 13 natural gas impact fee fund for that same project. PCD's cost recovery rate is generally around 10 percent as presented in the County's financial documents.

PCD staff provide documents that tell a different story. A brief prepared by the PCD Director notes that the Department's total budget in 2017 was \$7.4 million and \$5 million of those costs (or 68 percent) were covered by grants or other external funding stories. There are similar numbers for the 2018 budget (74 percent cost recovery).

¹ Effective January 2019, PCD will have 19 authorized full-time and three authorized part-time positions. PCD staff noted during our review that the County's Table is incorrect and report six positions in GIS for 2016, 2017 and 2018.

² PCD has a different organizational chart with five units as discussed later.

³ Municipal separate storm sewer system planning

PCD staff also note that there are several positions that are funded fully by outside sources. They note that the Uniform Parcel Index (UPI) related fee revenues recorded in the budget for the Recorder of Wills and Register of Deeds really relate to the work performed by PCD's Office of Land Records. They also note that all salaries and fringe benefit costs for PCD's transportation positions are covered by outside grants, though that is not clear from the budget presentation.

One very important difference is that PCD tracks its financial activity across all funds while the budget (and this document by extension) focuses mostly on the General Fund. So it is possible for both presentations to be factually correct but tell two different stories.

The problem is that there shouldn't be two separate stories. They should both be part of one, larger accurate picture of what PCD's spends and generates in revenue so that the Board, PCD, Fiscal Services and all other parties understand the Department's full range of financial activity. We recommend two actions:

- Fiscal Services and PCD management should discuss where revenues generated by PCD activities are tracked in the budget so there is a shared understanding why the County's budget and financial documents show such a much lower cost recovery rate than PCD describes. It may also be that some revenues credited to other departments should be moved to PCD
- Similarly Fiscal Services and PCD management should discuss which expenditures are charged to PCD in the General Fund and why. Based on the level of detail available in the budget, it appears that all PCD staff salaries are charged to the General Fund, which suggests they are all funded by general fund resources (primarily the real estate tax).

How does PCD compare to other counties?

The Board of Commissioners requested that we review the staffing levels for PCD in comparison to the staffing levels in other comparably sized counties. Benchmarking on its own is seldom useful as a prescriptive exercise where you use comparative data alone to determine the number of positions a government should have. But it is valuable for identifying where a county differs from others and then using that information to discuss the critical factors that drive those differences.

We reviewed PCD's staffing levels in comparison to two other Fifth Class counties, Adams and Lebanon⁴. We relied mostly on publicly available documents supplemented by follow up correspondence where that public information was not sufficient.

According to the number of authorized positions PCD is significantly larger than its peer departments. PCD has 23 positions⁵ compared to 16 in Adams County and 12 in Lebanon County. To facilitate conversation we have tried to group positions in Adams and Lebanon County according to the same categories that Lycoming uses in its Table of Authorization and Distribution.

⁴ We also reviewed Lawrence County and Northumberland County, which are fifth class counties. Lawrence County has a significantly smaller staff (five positions) than the others discussed here. Northumberland County has a Planning Commission and a separate GIS department with two positions.

⁵ This number drops to 22 positions with six in GIS including PCD's correction to the Table of Authorization and Distribution.

Planning Department Staffing Levels, Select 5th Class Counties

	Planning & CD	GIS	Development Services	Total
Lycoming	12	7	4	23
Adams	13	3	0	16
Lebanon	8	**	4	12

** Lebanon County GIS has two positions in a separate department from planning.*

Even with a small number of comparisons, a top line comparison of staffing levels can be misleading. There are a number of reasons that one department may be larger than the other:

- **Organizational differences:** One department may be bigger than another because the County government organizes its functions differently. For example, Lebanon County’s planning department will naturally have fewer positions than Lycoming PCD because GIS is a separate unit there. Lycoming has also grouped functions related to land records under GIS and therefore under PCD. The same may be true of PCD’s Office of Land Records since other counties assign cartography functions to Assessment. PCD staff noted that years ago a prior Board of Commissioners decided to form a relatively small number of larger departments and, since then, grouping multiple functions under PCD provides greater efficiency.
- **Mission differences:** Similarly Lycoming PCD is bigger than the other two departments because it has a wider range of services assigned to the Planning Department. Lycoming and Lebanon assign zoning functions to their Planning Departments. Adams County’s Office of Planning and Development serves as the zoning officer for a very small number of municipalities so there is not any position in that unit specifically assigned to zoning. Lycoming’s Metropolitan Planning Organization (MPO) for transportation planning is housed at PCD, just as it is in Lebanon County. Adams County does not have this function. Lycoming PCD has also provided strategic support to its municipalities that use regional service delivery models, like the West Branch Regional Authority that provides sanitary sewer service to Montgomery Borough, Muncy Borough, Clinton Township and Muncy Creek Township.
- **Service demand differences:** PCD staff noted that their headcount is higher than other planning departments because they perform a wide range of community development and infrastructure planning services that set the stage for economic development activity throughout the County. They note the lack of planning and zoning capacity at the municipal government level and their efforts to fill that void. They also note that Lycoming County does not have an active Redevelopment Authority, a Community Development Corporation (CDC) or an economic development planning agency. The Adams County Economic Development Corporation works with the Adams County Office of Planning and Development on an economic development strategy. The Lebanon Valley Economic Development Corporation works with the County Planning Department on land use issues related to economic development.

A comparison of position titles gives a better sense for how these factors drive each department’s staffing levels. Please note that the following table lists the budgeted positions and does not account for vacancies. It is also possible that actual job duties differ between two positions with similar names.

Planning Department Position Titles

Lycoming County PCD	Adams County (ACOPD)	Lebanon County (LCPD)
Director Deputy Director/Planning Community Development Lead Planner Community and Economic Development Planner Hazard Reduction Planner	Director Assistant Director/ Comprehensive Planning Manager Principal Planner Senior Planner - Conservation Senior Planner - Environmental Services	Executive Director Assistant Director Subdivision Planner Sewage Administrator Sewage Module Review Specialist and Sewage Management Program Coordinator
P/T Asst. Community and Economic Development Planner Transportation Supervisor Transportation Planner Transportation Asst. Planner Administrative Support Supervisor Clerk IV Clerk IV	Comprehensive Planner - Economic/ Community Development Comprehensive Planner - Design/ Cultural Comprehensive Planner - Generalist Rural Resources Manager Senior Planner - Rural Development Information Coordinator 1 Information Coordinator 2 Grants Coordinator	Transportation Planner Land Use/ Transportation Planner Secretary Building Code Official Building Code Administrator Zoning Administrator Zoning Officer
Supervisor Zoning Administrator SALDO Administrator Zoning Officer	GIS Manager Senior GIS Specialist GIS Analyst	GIS Coordinator – Separate Dept GIS Webmaster – Separate Dept
Deputy Director GIS Supervisor GIS Analyst Land Records Cartographer Asst. Land Records Cartographer Land Records Database Coordinator		

While we recognize the limitations of this type of high level benchmarking analysis, it does highlight the differences between PCD and the peer departments elsewhere. That said, we encourage the Board not to focus on this relatively simplistic comparison and the bottom line number of staff as an indication that PCD is too large.

Instead we encourage County leadership, including PCD management, to focus on the questions that were implied in the Commissioners’ request for this analysis and then directly stated later – What kind of Planning Department should Lycoming County have? What is the return on investment that the Board expects?

What is PCD's mission?

Even after accounting for all the caveats noted above, the comparisons to Adams and Lebanon counties show that it would be possible for Lycoming County to have a smaller Planning and Community Development department. That possibility is even more apparent when the even smaller units in Lawrence and Northumberland County are added to the comparison. But the question is whether that is *desirable* or, put differently, what type of planning department the Board of Commissioners and the community wants.

PCD staff stated that prior Boards of Commissioners emphasized regional service delivery as a means for multiple small municipalities to efficiently provide quality services, and those Boards were supportive of PCD's role in helping communities identify, develop and implement regional solutions. PCD still emphasizes its role as a facilitator and support for regional service delivery in its mission. If the current Board wants PCD to reduce its work in this area or only provide this support for regionalization when the County can cover its costs for doing so, that should be discussed.

Similarly PCD management points out that they have more staff because they are filling roles played by other organizations in other counties, whether it is at the County or local government level. Put differently, PCD is Lycoming County government's primary means to help grow the stagnant real estate tax base that funds the rest of County government.

Lycoming County's leaders may decide that growing the tax base is not a core function for County government itself and that it should be left to the private sector. From that perspective, the County government would then focus mostly on the expenditure side of the financial equation (cost control and reductions) and not take an active role in the revenue side, other than ensuring efficient, effective collection.

Within the confines of Pennsylvania law, it is hard to envision a path for Lycoming County government to achieve long-term financial stability if the real estate tax base remains stagnant. The County cannot enact another tax with more frequent growth on its own, like a sales or income tax. Like almost all other Pennsylvania counties, Lycoming is heavily dependent on the real estate tax and those revenues have to grow. Otherwise the mathematical reality is that the Board would have to make repeated expenditure cuts or real estate tax increases to balance the budget.

County leadership could also decide that County government should play a proactive role in facilitating tax base development, but PCD is not the right vehicle to do so. The County could consider establishing a more active Redevelopment Authority and give PCD a more limited scope of work. The County would have to explicitly decide which of PCD's services will be discontinued, unless it is committed to increasing its headcount overall. Setting up that body would be a long-term strategy and would not likely help close the County government's projected deficit in the short term, but it is an option.

We encourage the County Board of Commissioners to discuss these fundamental questions and determine what the appropriate mission is for County government as a whole and then PCD in particular related to tax base development.

What's the County's return on investment?

During the departmental reviews PCD staff provided two helpful documents that explain how the Department views itself. The first was an organizational chart showing each position listed under one of five functions – Administrative Support, Development Services, GIS, Planning and Transportation. This is a more meaningful description of PCD's position distribution than the Table of Distribution and Authorization provides.

The second document was a 2016 memo from the PCD Director to the Board of Commissioners listing PCD's projects, tasks and responsibilities. PCD's extensive list of activities range from updating the County's comprehensive land use plan (adopted in June 2018); overseeing GIS functions; reviewing municipal zoning amendments; managing the Supportive Housing program; and administering the

Williamsport Area Transportation Study (WATS), a transportation planning program funded by federal and state grants.

PCD staff also work on several projects related to economic development including managing a U.S. Environmental Protection Agency grant for brownfield remediation and administering many other federal and state grants. Departmental staff serve as the liaison to the Chamber of Commerce and the Lycoming County Water Sewer Authority and manage the Liquid Fuels money that fund road work.

This memo explains PCD’s activity level, but it does not directly answer the Commissioners’ critical underlying question which was raised repeatedly during our process – What is County government’s return on investment (ROI) for all of this work?

Because Pennsylvania law limits county governments’ taxing authority to the real estate tax, the most important ROI from the narrow perspective of County government itself is real estate development. That does not mean job growth, improving quality of life or other objectives are unimportant and frequently they are tied to real estate development. But the fiscal reality is that Lycoming County government needs real estate tax base development to fund its daily operations, including PCD itself. If the County is committed to using PCD as its primary vehicle for spurring economic development, then it is appropriate to track PCD’s impact on tax base development.

We recommend that PCD track and share the impact of their work on the County’s tax base. PCD staff pointed to a levy certification project that provides flood protection and reduces the need for property owners to purchase a higher level of insurance coverage. That project protects assessed value of property, which can be estimated and shared to show the financial value of PCD’s work.

Other projects offer opportunities to grow the tax base. PCD point to their partnership with several organizations to install public sewer and water infrastructure along the Montoursville-to-Muncy corridor and their work with PennDOT to install interstate ramps so that area would benefit from development related to the natural gas industry. PCD reports the following growth in assessed values for four properties as a result of the development that PCDs work facilitated.

Project	Assessed Value	
	Pre-Development	Post Development
1. Marcellus Energy Park	\$ 79,610.00	\$ 5,097,860.00
2. The Crossings	\$ 4,500,060.00	\$ 22,076,470.00
3. Blaise Alexander	\$ 638,400.00	\$ 8,538,480.00
4. Timberend Property	\$ 1,039,460.00	\$ 4,694,440.00
	\$ 6,257,530.00	\$ 40,407,250.00

Secondarily, we recommend that PCD create a list of performance measures that focus on this ROI concept. Performance measures should provide a quantified answer to questions how well PCD is doing its work and how effectively that work contributes to the desired return, which in this case is additional assessed value of taxable properties. PCD should caveat these performance measures with the recognition that the planning department plays a part in economic development but doesn’t fully control it. There will be some projects that they review and approve but do not occur or do not have the impact initially projected. Those limitations do not preclude the importance of thinking about return on investment.

Potential performance measures include:

- Number/type of applications submitted for County review, value of potential projects, time to complete review process and projected time for project completion

- Number of parcels with building improvements and assessed taxable value of those improvements⁶
- Number/size of grant funded projects and the amount of costs covered by those grants that would otherwise be covered by the General Fund

FD02 Evaluate opportunities to improve current year tax collection

Responsible parties Commissioners, Central Collections

Progress measures Increased current year real estate tax collection rate

The County's Central Collections Office (CCO) collects current year real estate tax revenues for County government and for 24 municipalities and school districts that do not have their own independent collector⁷. The County's collection rate for current year taxes – the amount of money collected as a percentage of total tax bills – has hovered around 92 percent since 2012. Lycoming's performance is similar to some Fifth Class counties and lower than others.

Current Year Collection Rate – Fifth Class Counties

	Lycoming	Adams	Lawrence	Lebanon	Northumberland
2012	91.1%	95.8%	91.0%	99.8%	91.7%
2013	92.5%	96.1%	91.2%	99.9%	91.7%
2014	92.7%	96.5%	91.1%	N/A	92.9%
2015	93.0%	96.0%	94.1%	100.3%	92.3%
2016	92.6%	96.3%	N/A	99.4%	N/A
Average	92.4%	96.2%	91.8%	99.8%	92.2%

Comparing Lycoming County to others in the region yields the same conclusion – Lycoming's performance is not unusually low, but it is lower than some other places.

Current Year Collection Rate – Nearby Counties⁸

	Lycoming	Centre	Clinton	Columbia	Northumberland
2012	91.1%	97.7%	90.4%	92.3%	91.7%
2013	92.5%	98.0%	92.2%	93.2%	91.7%
2014	92.7%	98.1%	92.4%	93.5%	92.9%
2015	93.0%	98.2%	92.2%	98.6%	92.3%
2016	92.6%	98.3%	92.1%	N/A	N/A
Average	92.4%	98.1%	91.9%	94.4%	92.2%

Pennsylvania counties collect real estate tax in accordance with Commonwealth law, which establishes a tax claim (or delinquent tax collection) process that can run several years before past due accounts are collected. So Pennsylvania counties may eventually collect close to 100 percent of the amount due, but the final percentage points may not arrive for years. As of 2016 Lycoming County had collected close to

⁶ This data would likely come from the Assessment Office but can be discussed within the context of tax base growth

⁷ The other 27 municipalities have their own locally elected tax collectors.

⁸ Data was not available for Bradford, Montour, Potter, Sullivan, Susquehanna or Tioga counties. Union County, which is much smaller than Lycoming, reports a 94.9 percent current year collection rate for 2012 through 2014.

100 percent of its tax bill for 2008 through 2010; 96 to 98 percent for 2011 through 2014; and lesser amounts for 2015 and 2016 where the delinquent collection process had not fully run its course.

Comparing Lycoming County’s performance on total tax collection (current year plus prior year) is difficult because Lycoming reports its collection performance differently than most other counties. Lycoming County reports the total amount of revenue collected for a particular year, regardless of when it was received. So the most recent audit shows the County collected 92.5 percent of the total amount due for 2013 during that year and then another 5.2 percent in all subsequent years for a total collection rate of 97.6 percent⁹. Other counties usually report the total amount collected in a year, regardless of when the amount was due. For example, Clinton County collected 102.5 percent of the amount it billed in that year, once you add current year collections and the amounts collected from all other years before 2013. The question then is whether it is possible for Lycoming County to get to its 100 percent collection rate sooner than it is now.

Again, Lycoming County does not have complete discretion over how it collects real estate taxes. It cannot ignore the portions of Pennsylvania law that give property owners multiple chances to pay their delinquent accounts. But it is fair to consider whether Lycoming could boost its current year collection rate higher than the 92.4 percent that it averaged from 2012 through 2016 and get closer to the collection rates of places like Adams or Columbia counties.

Instead of trying to determine the reasons for Lycoming’s standing relative to other counties, we encourage the Board and Tax Claim Office to review the tax delinquency data from recent years to see if there are trends in which types of properties are delinquent most often. We have conducted similar analysis at the municipal level elsewhere and the analysis showed trends that informed the local leaders’ decisions related to the parts of the collection process that they could control.

FD03 Use Act 13 natural gas impact fee revenues for capital projects

Responsible parties Board of Commissioners, County Administrator, Fiscal Services
Progress measures See below

As described in the Financial Condition Assessment, Lycoming County receives natural gas impact fee revenue from the Pennsylvania Public Utility Commission according to Act 13 of 2012. Through 2017 the County has used most of these annual allocations for public works related activities. The County also usually uses less revenue than it receives each year. So the Act 13 Fund accumulated a \$13.2 million balance at the end of 2017.

Act 13 Gas Impact Fund (\$ Millions)

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual
Act 13 Revenues	\$4.5	\$5.3	\$5.0	\$3.9	\$3.4
Act 13 Expenditures	\$1.0	\$3.4	\$3.3	\$1.9	\$3.2
Difference	\$3.5	\$1.9	\$1.8	\$2.0	\$0.2
Fund balance	\$7.3	\$9.2	\$10.9	\$13.0	\$13.2

⁹ 2017 Comprehensive Annual Financial Report, page 186.

The 2018 budget departs from this trend in two ways. The County anticipates spending \$6.5 million this year versus \$3.3 million in revenues, which would drop the fund balance to \$9.9 million entering 2019. The County also expects to use \$1.4 million to fund daily operations in 2018¹⁰.

The County has flexibility to use the Act 13 revenue for 13 different purposes that range from capital improvements to daily functions of County government. However, if the County continues to use this revenue to fund ongoing operations and these revenues continue to decline, then eventually the County will have another hole in its budget.

Instead the County should use the Act 13 revenues to fund capital projects that do not already have another revenue source in the General Fund. This enables the County to advance strategic initiatives and stay ahead of infrastructure maintenance needs without issuing as much new debt as would otherwise be necessary.

This would also close part of the deficit in the baseline projection where we assume the County will spend \$2.2 million a year on capital projects but only transfer \$1.8 million in Act 13 revenues into the General Fund after 2018¹¹. If the General Fund has capital projects that are ineligible for reimbursement under Act 13 and do not have their own funding source, the County could then use a portion of the Act 13 revenues for operations to offset the General Fund's contribution to capital projects, essentially using Act 13 funds to "make the General Fund whole." That way the Act 13 revenues cover most of the capital project costs, leaving the General Fund resources for operations.

Expenditures

Like other Pennsylvania counties, Lycoming County allocates a large portion of its budget to its criminal justice system. The courts, prison and associated units accounted for 30.5 percent of the County's total general fund expenditures in 2013 and 33.2 percent in 2017¹². These departments generate a small amount of revenue relative to their costs so they mostly rely on the County's real estate tax revenue for support. If the County is going to bring expenditure growth into balance with revenue growth, its cost control measures will have to include the criminal justice system. We start this section with four cost control recommendations related to the criminal justice system and then close with one related to the County's expenditures on health and human services.

FD04 Consider shared staffing arrangements

Responsible parties	Multiple (see below)
Progress measures	Reduced personnel expenditures relative to baseline projection

One option for reducing expenditures without reducing services is to use a shared staffing arrangement where employees who are primarily assigned to one unit can be flexibly deployed to another to help handle surges in workload there. This reduces the overall pressure to staff each unit at the level necessary to handle its individual peak workload.

A more extensive approach to shared staffing would involve merging two units into one with potential efficiencies at the top of both units. Centre County uses one Probation and Parole Department to handle adult and juvenile probation with one Director leading the unit. Under this model, there is a single Department Head assigned to the Probation Office as a whole, with the equivalent of a Division Director

¹⁰ The operational subsidy appears in the 2018 budget as a \$1.4 million reimbursement to the Juvenile Probation Fund. It is likely that the actual use will extend beyond the Juvenile Probation Office.

¹¹ The \$2.2 million in projected capital project spending for 2019 through 2023 is close to the historical average. The \$1.8 million in projected Act 13 transfer to the General Fund is the amount that the County transferred in 2018 minus the \$1.4 million used for operations and the \$1.0 million allocated for the Route 15 water/sewer extension project.

¹² These percentages use the data as presented in the County's financial records and do not include fringe benefit costs for the associated employees or capital costs. Please see the Departmental Overview section for more context on these calculations.

under the Department Head for each division. We recommend Lycoming County explore opportunities for consolidation or cross-training among management or among clerical staff, where common considerations and services would allow. In particular:

- The County should explore the joint APO/JPO model used in Centre County to see if there are any opportunities to adapt elements of that in Lycoming
- Those same agencies, along with the Domestic Relations Office, should explore the possibility of shared clerical staff, which may allow for more equal workloads among the staff. The fact that these agencies are subject to differing funding mechanisms (Title IV, the state/County Needs Based Budget, etc.) may present some challenges to a shared staffing arrangements, but consideration of the option and discussion of possible ways to overcome those obstacles should be pursued.

The Court administration and department leadership have expressed concerns about the viability of these two concepts. As an independent branch of government, the Pennsylvania Constitution and the County Code recognize the independent authority of the Court to hire, fire, and supervise employees working in Court-related offices such as Adult Probation, Juvenile Probation, and Domestic Relations, among others. As such, any recommendation made related to those offices cannot be implemented without the agreement of the Court.

The Court's authority over implementation, however, does not preclude the County's exploration of these options, information-gathering efforts, and/or presentation of such options to the Court for consideration. As such, the County, in cooperation with the Court, should seek to at least investigate and examine the feasibility of these and other re-organizational options as suggested.

This shared staffing concept should also be applied to other parts of County government. Pennsylvania county governments are fragmented by nature with multiple elected officials each independently managing their units. Lycoming County also has administrative staff assigned specifically to units like PCD and Management Information Services (MIS), which is not commonly the case for peer departments in other counties¹³. With the understanding that each office has its own specialized processes and not all administrative staff are interchangeable, the County should review opportunities to share and consolidate staff across offices.

FD05 Explore contracted services

Responsible parties	County Administrator, Prison, Facility Maintenance
Progress measures	Establish a schedule in which all services are reviewed periodically and then report the findings from that review to the Board of Commissioners and Prison Board

Many County functions must be carried out by experienced, expert personnel. For instance, the County is constitutionally mandated to provide medical care to inmates within the County Prison, thus requiring the services of nurses and physicians. The routine maintenance of County buildings often necessitate the expertise of trade professionals such as plumbers, electricians, etc. Oftentimes, Counties are able to perform these functions by hiring trained personnel as County employees. However, the long-term costs of such options from an employee benefits perspective can be significant, and the attraction and retention of such professionals can be more challenging for counties.

In some circumstances, counties have turned to outside entities to provide some of these services under service contracts, finding that they can achieve economic and administrative efficiencies under such contracts. For instance, hiring an outside entity to provide prison medical services can sometimes reduce

¹³ Please see FD01 for the list of positions in PCD and IT01 for the list of positions in MIS.

County costs through bulk purchases of supplies and equipment for use by multiple facilities as opposed to a single facility; access to specialty physicians who could not normally be recruited to work directly for the County because of pay or amount of work, whereas a private contractor can hire one specialist to serve multiple facilities; and flat funding agreements with the vendor that prevents additional costs to the County even if the need for medical services increases during a contract period.

Counties who have explored the privatization of certain governmental functions have done so in a number of different areas, including prison medical services; prison inmate commissary services; prison food services; and prison maintenance services. Lycoming County already follows this approach for the re-entry services center run by GEO Reentry Services.

The County should explore options for privatization of certain County services. Not all such outsourced services will result in operational or fiscal efficiencies. In some cases the County may already be operating in the most efficient and cost-effective manner. However, without at least exploring the possibility of outsourced services, potentially through a request for proposal (RFP), the County may miss the opportunity to reduce costs and/or improve services. Moreover, even if outsourcing of certain functions does not make sense currently from a cost or administrative perspective, the County should be periodically reviewing these options based on changed circumstances. It may be that in the future, savings become significant enough that outsourcing becomes more desirable.

While we view the prison as the most likely candidate for efficiency through outsourcing, the County should apply the same principal to other departments, periodically reviewing the costs and benefits of using an external provider for work currently provided in-house.

If the County does explore outsourcing of certain kinds of services, it is imperative that due consideration be given to the potential labor impact of such a decision. Many of the County's bargaining agreements contain language which would require negotiation with the applicable bargaining units before bargaining-unit work can be subcontracted. The costs and impact of those negotiations, as well as the impact to County employees generally, would be an important consideration in the County's overall evaluation of the desirability and impact of outsourcing. However, we have seen outsourcing agreements which require vendors to offer employment at comparable wages and benefits to current County employees performing those functions as part of the transition to contracted services.

FD06 Continue use of constables for light duty activities in Sheriff's Office

Responsible parties	Sheriff
Progress measures	Hours of work provided by constables and cost of that work

Currently, the Sheriff's Office is using Constables for certain services within the authority of the Office, including transporting inmates between the Prison and the Courthouse, as well as for warrant service activities. Although several Counties have been moving toward systems which reduce the reliance on Constables for these duties, including Berks and Lancaster Counties, that does not appear to be an option in Lycoming County. In Lycoming County, however, it is apparent from communications with the Sheriff's Office and County and Court offices reliant on the Sheriff's Office for security, that the security needs of the County and Courts are not currently being met under the existing structure and would be extremely taxed if Deputies were expected to also be performing the functions now delegated to the Constables.

The County should continue to utilize constable services for those functions that can be tasked out such as warrant service and inmate transports. However, the County is encouraged to monitor its expenditures for constable services, and potentially explore the Constable policies and procedures implemented in other Counties that provide a framework for a positive ongoing relationship between the County and its Constables. Examples are available from Adams, Allegheny, Berks, Chester, Monroe, York, and other counties.

FD07 Consider changes to County’s policies regarding uniform and equipment stipends and replacement

Responsible parties	Multiple (see below)
Progress measures	Comparison of costs between current program and alternative approaches

Several departments and offices within the County require that employees wear certain clothing or uniforms in the course and scope of their employment. In addition, several such offices require the County to provide certain specialty equipment for use in the performance of job duties. These offices include the Prison, Sheriff’s Office, Adult Probation and Parole, and Juvenile Probation and Parole. In requiring the use of such clothing and equipment, the County has several different policies and procedures regarding how these items will be obtained by or for employees. For instance:

- Under the terms of the collective bargaining agreement for the County Prison, the County is obligated to provide all new employees with five shirts, five pants, one belt and one pair of shoes upon hire. In subsequent years, employees will receive up to four new pants and four new shirts; if they elect to receive less than that amount, employees are entitled to receive an amount equal to the money saved in the purchase of said clothing to be used in reimbursement for the purchase of handcuffs, handcuff holders, duty gloves, duty belt, protective vest, flashlight and flashlight holder. However, the employer is also obligated to replace any portion of this uniform in the event of work-related wear and tear reasonably necessitates replacement¹⁴.
- The provisions of the contract with the Lycoming County Probation Officers and Domestic Relations Employees Association requires that the County provide “all equipment necessary to safely and effectively perform their duties”. However, each employee is also provided with an annual reimbursement of \$150.00 for “job related equipment and clothing not otherwise provided”, which reimbursement is issued on submission of receipts for such items¹⁵.
- Pursuant to the newly-signed agreement covering the Sheriff’s Office, all employees are provided a clothing allowance to cover the cost of their uniforms.

These varying provisions are not the most efficient to administrate or fund, and could result in the County incurring more cost than necessary.

For instance, under the Prison CBA, it is theoretically possible that an employee could decline to receive any new shirts in a calendar year, instead taking the cost of new shirts as a reimbursement for the purchase of new handcuffs, holders, gloves, etc., in February. However, having done so, two of the employee’s shirts then need to be replaced by the County in March due to “normal” wear and tear. Such a circumstance means that the County was providing more than it should have had the employee selected the new shirts at the beginning of the year.

Moreover, in terms of equipment, it is likely that if the County purchased flashlights, handcuffs, etc., in bulk for all employees, they would likely receive a better price on the equipment – and potentially keep extras on hand in the event that replacements were necessary – than would be obtainable by an employee seeking a single set of handcuffs. In short, the County is potentially reimbursing employees more than it would cost the entity to purchase County-wide.

Numerous Counties in the Commonwealth outfit employees with uniforms using vendor contracts under which the vendor supplies the uniform, launders/dry-cleans them on a regular basis, and monitors them

¹⁴ Article XXXIV of 2015-2017 collective bargaining agreement between the County and AFSCME-represented prison employees.

¹⁵ Article 16 of the 2017 – 2021 collective bargaining agreement between the County and the Lycoming County Probation Officers and Domestic Relations Officers Association

for replacement due to wear and tear, etc. The County should explore whether it would be more cost-efficient to administer a uniform program for affected departments in this fashion than as currently provided in the various collective bargaining agreements. If the County were to pursue such a vendor relationship, it would need to bargain the uniform changes into the contracts, either mid-term or as part of any successor contracts.

Similarly, the County should conduct an inventory of position-specific equipment like handcuffs, flashlights, etc., and explore the potential cost of providing these items to all affected employees as a bulk purchase. These purchase costs should be compared to the County's annual reimbursement costs for similar equipment, to determine if a bulk purchase with a rolling replacement program would either reduce its annual spend and/or eliminate the budgeting uncertainty/risk associated with the reimbursement program. In the event the County elected to pursue a bulk purchase, the County would need to bargain the equipment changes in to the contracts, either mid-term or as part of any successor contracts.

FD08 Incorporate more detail regarding Children and Youth Services into County budget

Responsible parties Fiscal Services, Joinder

Progress measures More detailed revenue and expenditure information in budget

Lycoming and Clinton counties contract with a non-profit organization, the Lycoming-Clinton Joinder, to act on their behalf as the county Children and Youth (Lycoming County only) and Mental Health and Intellectual Disabilities (MHID) agency. Under the terms of this relationship, the Joinder provides all of the services and programs that a typical County Health and Human Service agency would provide. The Joinder is managed by a Board of the Commissioners from Lycoming and Clinton counties and its staff are employed by the Joinder.

The Joinder's services include investigations of child abuse and neglect, assessments for children and families in need of support services, casework services for children and families, and placement services, including foster care, adoption, and residential treatment services.

As described in the Departmental Overview, expenditures on these services is a large and growing portion of the County's budget, rising from 12.5 percent of total General Fund expenditures in 2013 to 15.6 percent in 2017. This was more than the County spends on any other service area except for its courts system.

The unique arrangement between the County and Joinder is mirrored in the financial arrangement. County Fiscal Services receives grants-in-aid and reimbursements as revenue and passes it through to the Joinder as an expenditure. The County also makes its own matching contribution which rose from \$1.2 million in 2013 to \$1.5 million in 2017 (or 4.5 percent a year). According to the County's 2018 budget, these two line items – Program Expenses (the revenue pass-through) and the County Match are the only expenditures listed in the County budget for Children and Youth.

Lycoming County Children and Youth Departmental Expenditures 2013 – 2018

General Fund Expenditures	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Budgeted
Program Expenses	5,626,082	8,098,837	6,790,241	7,514,283	7,149,758	8,595,829
County Match	1,183,780	1,271,766	1,408,066	1,390,353	1,452,434	1,625,000
Children and Youth	\$6,809,863	\$9,370,602	\$8,198,308	\$8,904,636	\$8,602,192	\$10,220,829

During our analysis, the Joinder staff were very responsive and transparent and we have no reason to doubt their work. County staff also noted repeatedly that they trust the Joinder. That said, the County needs to include more detailed line items on revenues and expenditures into their budget to identify what services they are paying the Joinder to provide, either directly, or as a pass-through. At a minimum, the Children and Youth departmental budget should identify the major funding sources and whether those are federal, state, or local. On the expenditure side, the budget should include the significant expenditure categories, such as Joinder staff salaries and wages, expenditures for placement services, as well as expenditures on programs as well as the County match. The Lycoming-Clinton Joinder currently has more detailed information for both revenues and expenditures, but that information is not currently included in the County budget document. Given the amount that Children and Youth services comprise of the County's operating budget, it is essential that the budget be a valuable tool for decision-makers to use in reviewing and understanding the department.

We also recommend that the County work with the Joinder to design a more detailed report that can be shared and discussed periodically with the Commissioners containing information that ideally could also be incorporated into the County's budget. This report should also include data on the factors that drive this financial activity, such as the number of in-home and out of home placements.¹⁶ The Joinder does already provide detailed placement information to the Commissioners when it meets with them throughout the year. However, because that information is not linked to what is in the budget, it is difficult for leadership to understand the link between operations and financial activity. It would also allow the County Commissioners, County Fiscal Services, and the Joinder to have more detailed and meaningful discussions around the services provided and the costs of those services than it currently does, particularly in terms of understanding the sources of the County's matching contribution.

In addition, Fiscal Services and the Joinder should work together to reconcile their revenues and expenditures on a quarterly basis. This reconciliation should include differences in cash and accrual accounting, as well as any differences in the timing of budgets, as well as how and when revenues and expenditures are recorded, both of which may be set through statute or other regulations. The County records revenues and expenditures when they are actually received or spent while the Joinder records revenues and expenditures when money is earned or the liability incurred. While both are acceptable accounting methods, given the nature of children and youth funding, where reimbursement may not occur immediately, the accrual method can provide a more realistic idea of revenues and expenditures over a long period of time, which can be helpful for making future projections.

The reconciliation process between the County and Joinder will also need to account for the fact that the Joinder uses a different fiscal year cycle than the County does. Reconciling these differences on a regular and established basis will allow for greater clarity between Fiscal Services and the Joinder, which will make incorporating more detail into the budget easier.

This reconciliation process and incorporating it into the County's budget will take time for both County Fiscal Services and Joinder staff. But it should help the County gain a better understanding over this large and critical part of its budget.

¹⁶ The Joinder does not use either the Youth Development Center (YDC) or Youth Forestry Camp (YFC) facilities for dependent youth. These placements are only used for delinquent youth through the Juvenile Probation office.

FD09 Designate a portion of the County’s unassigned fund balance as a contingency for employee health insurance costs

Responsible parties Board of Commissioners, Fiscal Services, Human Resources

Progress measures Smaller budget-to-actual variance in health insurance expenditures

As described in the Financial Condition Assessment, Lycoming County has a tradition of very conservative budgeting. Each year from 2013 through 2016 the County spent at least \$5 million less than budgeted. The average budget-to-actual variance for that four-year period was \$5.7 million (or 9.6 percent). In 2017 the budget-to-actual variance was \$10.4 million (or 16.4 percent).

Some variance between budgeted and actual results is common, particularly for governments like Lycoming County that budget the full cost of every position for a full year, instead of trying to account for position vacancies throughout the year.

The variance may also be a byproduct of the budget calendar’s length. Department heads may build additional amounts into their budget requests because of uncertainty how the final budget adopted in December will compare to the request they submitted months earlier. The variance may also partly be a byproduct of the County’s decentralized budgeting approach, where each department has an incentive to build informal contingencies into their budget, instead of having a larger centrally budgeted contingency line item. We provide recommendations to improve the budget process in the Departmental Overview section.

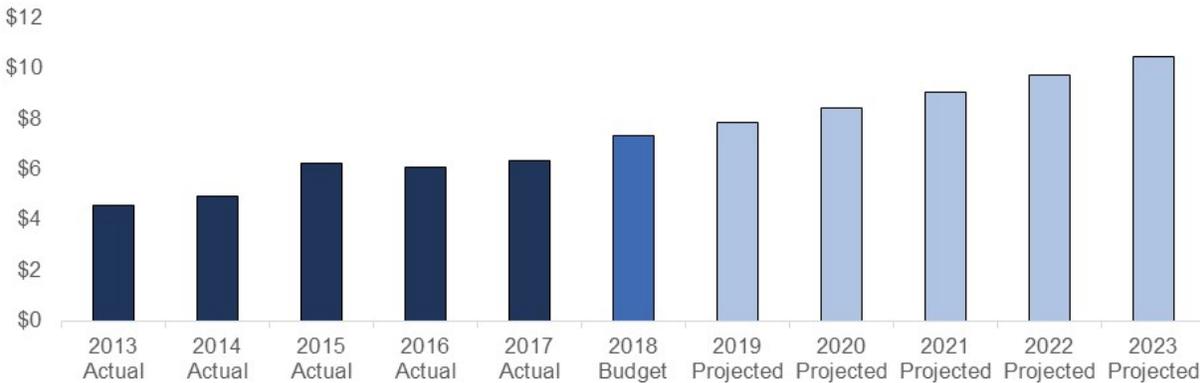
Even accounting for these factors Lycoming’s budget-to-actual variances are still large and concentrated in a few areas. One of those areas is fringe benefits (i.e. employee health insurance) where the County budgeted \$1.9 million more than it spent in 2017, \$1.1 million more in 2016 and \$1.3 million more in 2015. The County has recently moved to a self-insured arrangement so it expects more volatility in claim costs which creates even more incentive to budget conservatively.

Meanwhile the County’s audits show a large fund balance, which is an accounting measure of the resources available at the end of one year (or very early in the next) to pay for the next year’s expenditures.

The Government Finance Officers Association (GFOA) recommends that governments like Lycoming County have an “unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.” Lycoming’s unrestricted fund balance at the end of 2017 was \$24.9 million (\$1.0 million assigned plus \$23.9 million unassigned), which was 46.5 percent of the County’s General Fund operating expenditures in 2017 – well above the GFOA threshold.

The County should consider using some of this unassigned fund balance as a contingency to cover employee health insurance costs so it can budget less conservatively on an annual basis. Designating a portion of the reserve as a contingency for health insurance claims would reduce the pressure to allocate large amounts to fringe benefits in the budget as a contingency in case claim costs are higher than expected. It would also help offset one of the key expenditure drivers for the County’s projected deficit – an 8 percent annual increase in health insurance costs applied to the County’s \$7.2 million budget allocation for 2018.

Baseline Projection – General Fund Health Insurance Expenditures (\$ Millions)



The 2018 budget allocation is understandably conservative given the uncertainty around the new self-insurance arrangement. But there are better ways to guard against that uncertainty in a way that provides a contingency to cover claims costs without overstating the County's budget needs each year.

The same principal applies at a smaller level to workers' compensation where the County budgeted \$500,000 for 2018 and has spent \$388,000 on average for 2013 through 2017. Just as with health insurance, a small number of high cost claims can cause the County to spend more than budgeted. But the County has reserves available in its General Fund to serve as a contingency. We also recommend that the County review whether it would be more cost effective to use a part of its unassigned balance to retire prior year claims instead of paying them out on an ongoing basis.

Other opportunities

- **New financial management software:** Lycoming County uses eFinancePlus as its software package for accounting, budgeting and related functions. Fiscal Services, which is the primary user of the software, spoke positively about the software package. Other departments, like the Controller's Office and Treasurer's Office, had a negative take on it. Our interaction with eFinancePLUS was limited to the data provided for our multi-year projection process. We were surprised to learn from Fiscal Services that the program, at least as Lycoming County is using it, could not export the general ledger data to an Excel spreadsheet, which is unusual. We received the data in a Portable Document Format (PDF) and then converted it to Excel which added time to the data analysis process.

Fiscal Services has since started to research whether another software package will better meet the County's needs and has reached out to other governments for recommendations through the Pennsylvania GFOA's peer-sharing program. We commend Fiscal Services for going through this evaluation. If the County seeks and receives a second phase of EIP grant funding, the County could use that funding to purchase or implement the software.

- **Utilize pictometry:** The County should consider purchasing pictometry software that, when coupled with aerial imaging, would help identify property improvements more efficiently than traditional methods in a large county with lots of rural communities. The aerial image could serve several purposes, like improving emergency response planning, but the primary financial benefit would be capturing property improvements that have not been identified so they can be added to the tax rolls. Even if the value of property improvements added to the tax rolls does not cover the cost of pictometry right away, the resulting tax revenue will recur in the future.
- **Increase investment earnings:** The County receives investment earnings from cash deposited in the General Fund and elsewhere. Investment earnings dropped from \$403,000 in 2013 to \$249,000 in 2017. The County is working with an outside party to identify opportunities to get

larger returns, such as more actively investing the cash balance in the Act 13 Fund. Rising interest rates should also help boost earnings. County management set an investment earnings revenue target of \$750,000 for 2019, which is more than triple the \$225,000 in the 2018 budget.

- **Increase fees charged for services:** Many County departments and row offices charge fees to recover at least part of the cost of services they provide. From 2014 through 2017, total General Fund revenues from these fees was relatively flat at \$3.5 million per year. If the cost of service rises and the revenues intended to cover these costs don't, then a growing share of the costs shift to the city's real estate tax base.

A few department leaders and row officers cited opportunities to raise their fees so a larger percentage of the cost of service is charged to the person or organization that receives the service. The Treasurer suggested increasing the fee charged to customers for replacement dog tag licenses (currently \$1.50). When a dog tag needs to be replaced, staff members must manually create a replacement tag using a hammer, which takes a significant amount of time.

Adult Probation recommended increasing the charge on its Act 35 supervision fee imposed on offenders supervised by the department¹⁷. The current fee amount (\$40.00 per offender) has not been updated since the 1990s. According to the department, the typical fee charged in other fourth and fifth class counties is \$50.00. The County's President Judge has discretion to review and authorize fee increases.

- **Discuss change in enforcement for delinquent court costs and fines:** In addition to its tax collection duties, the Central Collections Office also collects outstanding court costs and fines. During departmental interviews the CCO Director noted that the County judiciary is less inclined to use a third-party to collect these delinquent accounts. There may be sound policy reasons to change the enforcement approach, but the mathematical reality is that the County will become at least marginally more dependent on the real estate tax to fund Court operations.

If the County Administrator and CCO Director have not already done so, we recommend they meet with the Court Administrator and the County President Judge to discuss this change and its financial impact to date. We also recommend those parties coordinate with Fiscal Services because the change in enforcement policy could impact the figures Fiscal Services uses in important financial documents.

As described in the Financial Condition Assessment, the County includes uncollected court costs and fines in its tally for "accounts receivable," which is part of the fund balance figure that appears in the County's budget and year-end financial report. Fund balance is an accounting measure of the resources available at the end of one year (or very early in the next) to pay for the next year's expenditures.

The \$30.4 million in year-end fund balance for 2017 includes \$7.0 million in accounts receivable, which Fiscal Services describes as mostly court cost and fines, net of an allowance for "doubtful accounts" that the County doesn't reasonably expect to receive.

The amount of accounts receivable has grown from \$4.7 million in 2013 to \$6.3 million in 2016 to \$7.0 million in 2017. If the County has changed its approach to collecting these "receivables," then amount of "doubtful accounts" may be higher than before and the fund balance may be overstating the money that the County can reasonably expect to receive.

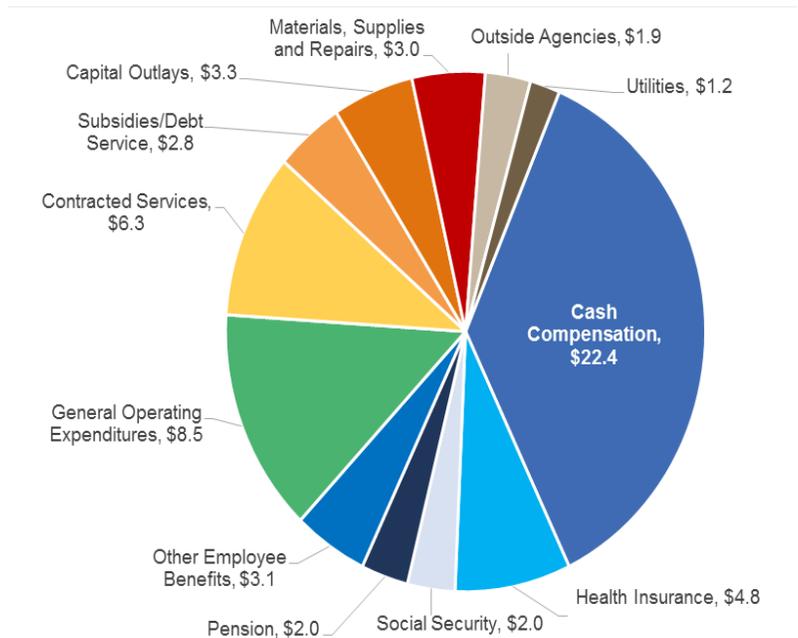
¹⁷ Central Collections, which is responsible for collecting this fee, raises a valid concern that the County will only realize higher revenues from fee increases if it is able to successfully collect the fee. If the probation fee increases and collection rates slip, then there is less net financial benefit to the County.

Human Capital Investment

Lycoming County government spends the majority of its budget on its employees. Personnel costs, including the County's contribution to the cost of employee health insurance, pensions and other fringe benefits, accounted for 56 percent of total General Fund expenditures in 2017. The pie chart below shows the budgeted allocation for 2018.

The concentration of spending on County personnel would be even higher without the County's unique arrangement with the Lycoming-Clinton Joinder that provides child protective services. In most Pennsylvania Counties the employees handling these duties would work for County government itself. In Lycoming County they work for the Joinder and then the County provides much of the funding for their compensation by transferring money from the federal and Commonwealth governments and making its own contribution.

It is not unusual for County governments to spend the majority of their budget on their employees because those employees often are the most important part of the services that County government provides.



As a result, trends in personnel spending are critical to the County's financial performance. The County's ability to balance its budget depends in large part on its ability to keep the growth in employee compensation in line with the growth in the revenues available to pay for that compensation. The two primary variables that determine the expenditure side of that equation are the number of employees the County has and the amount it pays to each one. The Financial Condition Assessment discusses these variables in detail.

But personnel spending is not just a financial variable. Lycoming County's ability to deliver services to its residents depends on having the right number of employees, the right type of employees and the right training for those employees. It includes concepts that are linked to financial performance and integral to operational performance but harder to quantify on a financial ledger such as recruitment, hiring, retention and professional development.

The Commissioners recognize that their employees represent more than an expenditure category. The Board's mission for this Plan speaks directly to that point.

*Our mission is to create a fiscal guide for Lycoming County for the next five years which complies with all federal and state mandates and maintains a balanced budget and financial reserves while ensuring that future Boards of Commissioners are able to seize economic opportunities and provide excellent services without placing an undue burden on tax payers. **We want to develop a work environment which prioritizes and rewards innovative practices of fiscal discipline, human capital investment, and performance-based services.***

The first two initiatives in this section focus on this concept of “rewarding innovative practices” and incentivizing exceptional performance.

HC01 Improve employee evaluation process

Responsible parties Director of Administration; Human Resources

Progress measures See below

Before the County can reward employees’ strong performance, it first has to have clear guidelines for what constitutes the baseline level of expected performance and a mechanism for fairly evaluating employees’ performance relative to that baseline. We heard two themes related to employee performance evaluation in many of our meetings with Department heads, row officers, supervisors and employees:

- Employee morale is low, with individuals feeling like they are always being asked to do more with less and not being recognized for that work.
- There is general dissatisfaction with the employee evaluation process at the County, especially since it is not clear whether or how the County uses the completed evaluations.

Some interview participants commented that supervisors have little incentive to be honest and thorough in the evaluations because there is no tangible benefit if employees receive a good evaluation versus a poor one. If supervisors feel that the evaluations are unimportant, that will likely lead to lower quality work on the evaluations themselves.

Just as supervisors lack incentive to conduct thorough and accurate evaluations under these circumstances, employees may lack incentive to exceed performance standards if there is no tangible reward for doing so. There is risk that the morale of top performers will drop, as will their performance. Eventually, top performers may leave County government for better opportunities elsewhere, creating additional expenses for the County in terms of recruitment and training.

From a preventative standpoint, effective employee performance evaluations provide the means for County government to identify an employee’s poor performance and communicate that to the employee so it can be corrected. When deficient performance continues, the evaluation process should result in a performance improvement plan that gives the employees the opportunity to correct those issues before they lead to more significant remediation. Failing that, employee evaluations provide the evidence on which employment terminations for performance reasons are based. It could have significant impacts for the County if it an employee was terminated for performance reasons that were not substantiated by annual evaluations.

Interview participants suggested that the evaluation form itself is part of the problem. Lycoming County Human Resources should consult with some of their counterparts across the Commonwealth and obtain their evaluation forms for comparison purposes. These peer counties may also have insight on other ways to improve the mechanics of the employee review process.

The County should also consider updating its job descriptions to reflect changes in duties, technology and other developments. Updated job descriptions provide clarity on employee duties; create efficiency where rigid readings of old job descriptions limit managers from deploying their workers effectively; and can be the basis for determining the baseline level of expected performance during employee evaluation.

The County should improve the evaluation process for the reasons mentioned above. The benefits of doing so are even greater if the County provides a tangible incentive for strong employee performance. That’s the basis for the next initiative.

HC02 Consider performance based incentives

Responsible parties Commissioners; County Administrator; Human Resources

Progress measures See below

For most employees, Lycoming County uses a stepped salary schedule in which employees can theoretically receive two types of wage increases. Employees can receive “step increases,” which are often based on tenure though there may also be a modest element of performance consideration (i.e. an employee moves from Step B to Step C in their third year if their performance is satisfactory). Employees can also receive “across-the-board” salary increases (sometimes also referred to as cost-of-living increases) where value of each step in the schedule rises, usually as a percentage of their current salary. To use a ladder analogy, the step increases represent the employee moving from one rung to the next and across-the-board raises represent the entire ladder rising. Eventually employees would reach the top step and only be eligible for across-the-board wage increases.

Human Resources management noted that over time the County has changed the structure of its salary schedule by extending the number of steps from eight to 20 and reducing the value of each step. The County has also reduced the frequency with which employees receive step increases. There is no longer a guarantee that employees will receive a step or an across-the-board increase in a particular year, though the County has generally provided one or the other.

As one Commissioner noted, County government’s revenues do not grow fast enough for the County to afford two kinds of employee wage increases each year, unless both are small enough that the aggregate impact is manageable. County government gets most of its revenue from the real estate tax which has been stagnant absent tax rate increases.

The County was able to keep growth in employee cash compensation across all employees paid from the General Fund at 1.9 percent per year from 2013 through 2017¹. The baseline projection assumes 2.5 percent annual growth in salaries for all employees in all years, including non-union employees and employees whose collective bargaining agreement expires over the next five years. This assumption takes the recently negotiated wage increase pattern for three collective bargaining units and applies it across all employees and all years.

There is value to providing “across-the-board” salary increases to all employees, though again the level of those increases has to fit within the resources available to pay for them. We encourage the County leaders and employees to consider a structure in which the County provides a lower level of base salary increases – say 2.0 or 2.25 percent per year – and then uses the difference up to the 2.5 percent in the baseline for performance based compensation.

The County should explore a performance-based compensation plan that provides either one-time bonuses or additional percentage increases that are tied to annual performance evaluations. Such a program will require thoughtfulness from the Commissioners and the Director of Administration on how to define strong performance and then oversight from County Human Resources to ensure those standards are applied fairly and consistently across all employees. Under the Director of Administration’s guidance, Human Resources should review the performance incentive plans implemented in other Counties and recommend an adapted version for the Board’s consideration. Spurred by a similar recommendation in its EIP Plan, Cumberland County established a merit-based compensation system for its non-union employees in 2016.² That change was part of a bigger effort to restructure compensation that included a

¹ This growth rate covers all employees, so it would be impacted by changes in headcount, attrition and position vacancies from 2013 through 2017.

² For more information please see the following -- <https://www.ccpa.net/4248/Compensation-System-Overview>

benchmarking study of employee compensation levels, wage increases to bring some employees up to market rates, wage freezes for employees whose salary was above market rates and a voluntary separation plan.

A more modest variation on this concept is a “gain sharing” program that incentivizes employees to identify and successfully execute changes that reduce expenditures, with the resultant savings split between County government and the employees involved. As an example Montgomery County, Maryland has a “Rewarding Excellence” Program where employees receive a bonus when savings are realized³.

The County could also consider rewards programs where the incentives for strong performance are not always increased cash compensation. The County could offer increased leave time or prepaid gift cards. These types of reward programs are less formal than a fully developed pay-for-performance structure and the reward triggers can be changed annually to fit the County’s changing resources and goals. To avoid the perception of favoritism and gain employee buy-in, the reward program should have clearly stated criteria for reward recipient selection and an inclusive committee for reviewing reward candidates. This would also encourage ingenuity and buy-in from employees.

Other Counties use non-financial recognition programs to acknowledge employees for going “above and beyond” their job requirements. For instance, recognition for employees who are community “good Samaritans” or who complete irregular big projects like reassessments can help to improve morale even when there is not a monetary component to the recognition. For example, Lancaster County regularly recognizes “star” employees at its Board of Commissioners meetings, sometimes providing Commendations and Resolutions recognizing their achievements and publishing them in the monthly employee newsletter. Lycoming County has some elements of this concept with its Job Well Done and Time off Awards, but they are reportedly not used uniformly throughout the organization.

HC03 Consider compensation study for strategic priorities

Responsible parties	Director of Administration; Human Resources
Progress measures	See below

As noted above, Cumberland County hired an external subject matter expert to conduct a benchmarking review of its non-union employee salaries, comparing them to levels in public sector and non-profit organizations. The County used that analysis to design its merit-based system and to inform adjustments to its employee salary levels. According to the description on the County’s website, employees below the minimum salary were brought up to that level. Employees over the minimum received no adjustment and employees over the maximum in their salary range had their salaries frozen.

The County could use any subsequent phases of EIP funding to hire a consultant to conduct a survey comparing its employee compensation levels to those of comparable organizations. Cumberland County determined that comparable organizations meant other public sector and non-profit organizations. Some employees interviewed during our process suggested that the relevant point of comparison for their positions is other organizations drawing from the same local labor market. This latter point may be particularly useful where Lycoming County is competing with several local organizations for the same talent pool, like information technology or nursing.

This compensation study should account for and quantify differences in the cost to the employer of fringe benefits. The true, full cost of an employee extends beyond his or her cash compensation to include the

³ For more information please see the following -- <https://www.montgomerycountymd.gov/HR/gainsharing/Gainsharing.html>

cost of their health insurance, their employee pension or retirement plan and other fringe benefits. The cost of health insurance should be evaluated both in terms of the overall cost of the health plan (a useful measure if one plan offers better coverage than another) and how those costs are shared between County government as the employer and the employee through premium contributions, copayments, co-insurance, etc.

Some comparisons go a step farther and catalog differences in work schedules, levels and types of leave offered or the number of paid holidays. Though employees may not always think of these items as having a dollar value cost, they definitely impact County government's productivity and staffing level needs.

Bringing the pieces together

When we wrote Cumberland County's Early Intervention Plan in 2013, we found some of the same trends driving that County's budget out of balance as exist in Lycoming County. General Fund revenues (primarily the real estate tax) were similarly flat absent tax rate increases and compensation costs were growing at a higher rate. Cumberland had a stepped salary structure for its non-union employees and wage increases were 3 percent versus the 2.5 percent assumption for Lycoming County.

Similar to this engagement, the County Commissioners were interested in tools other than tax increases to address this structural imbalance and we suggested the County consider moving from its stepped schedule to pay-for-performance. Cumberland County made that change, but did so carefully after years of preparation. The County began the benchmarking study in July 2014, had its Salary Board approve the compensation system in June 2015 and then put it in place beginning in 2016.

The County took even more time to build the capacity in its budget so it could afford the change. The County's website notes, "The financial space needed to allow this adjustment to be budget neutral was created over the last 3 – 4 years as a result of the County's efforts to lower costs in the face of flat or marginally increased revenues."

Cumberland's experience is not intended to serve as a step-by-step model for Lycoming to follow. Cumberland County had some advantages that Lycoming does not, including a growing population trend and a higher credit rating. But it does provide a relatively recent, real world example of how one county responded to the same challenging dynamic that Lycoming faces.

For Lycoming County we recommend the following first steps:

- According to the employees interviewed during our process, the County needs to improve its employee evaluation process. This is true for the risk management reasons noted above, even if the County does not pursue any merit-based compensation structure. That should be the priority for 2019.
- The County should also use 2019 to discuss whether there is interest in adopting an element of merit-based compensation and, if so, whether the basic approach suggested above is viable – providing employees with the certainty of regular cost-of-living adjustments at a lower level (e.g. 2.0 versus 2.5 percent base increases) and then using part of the difference to fund some form of merit-based compensation.
- If the County is interested in doing the compensation study, we recommend focusing on a small number of positions as strategic priorities since financial realities limit the County's ability to adjust compensation across the entire workforce. To identify those priorities we recommend that the County first review its data to make an objective determination on where the County has demonstrated difficulty recruiting and retaining employees; then consider whether there are alternatives to trying to build that staff capacity in-house; and then proceed with the salary study

on a small number of positions where the County is willing to consider increasing compensation, if that is the conclusion reached through the survey process.

HC04 Continue to negotiate fair collective bargaining agreements

Responsible parties	Commissioners; County Administrator, County Solicitor, Human Resources
Progress measures	See below

While most of the County’s employees are not in a collective bargaining unit, there is a growing number who are unionized within the criminal justice and court system. During the EIP process, members of the project team met with union representatives and reviewed the current County contracts to evaluate potential cost-drivers.

In our opinion the County to date has done a good job of negotiating for fair wage and benefit packages, and must similarly continue to do so. In addition, the County must continue to bargain in a way that ensures the maximum amount of operational flexibility is maintained. In future bargaining, the County should focus on the following goals for its union employees:

- Reasonable year over year wage increases for employees that are in line with bargaining trends across the Commonwealth;
- Shared employer-employee obligations in healthcare and benefits; and
- Flexible language regarding benefits that would allow the County to make changes as necessitated by economic considerations.

Even in fiscally distressed municipalities, it is not unusual to see significant raises and locked-in, wholly-government funded benefits that prevent the municipality from being able to avoid double-digit benefit premium increases. While there are areas where Lycoming’s collective bargaining agreements can be tightened to ensure that the County does not experience extreme budget impacts from retirements, etc., the absence of skewed contract language on the bulleted points has helped the County manage its costs.

Through our review we did note some provisions that the County should revisit during its next round of collective bargaining. The table below gives a few examples.

Sample Provisions Flagged for County Review

Union	Contract Provisions
APO/DRO/JPO	Employees guaranteed a minimum of 3 hours pay if called into work outside their regular schedule, 2 hours is more typical.
Detectives	Employer required to fund an 8 percent contribution to the employee’s pension for 6 months in the event the employee is injured off the job and is unable to work
District Attorney/Public Defender	Licensing and Education (County pays for 16 CLE Credits annually, Pennsylvania requires only 12); Severance benefits for employees of up to 6 weeks even in terminated for legitimate performance or disciplinary reasons

Prison	County provides a monetary bonus to employees for not using their sick days by giving them additional days of pay without reducing sick time balances. Employees guaranteed a minimum of 3 hours pay if called into work outside their regular schedule, 2 hours is more typical.
Sheriff Deputies	Automatic increases to the on-call compensation at a rate of \$25 per year for each year of the agreement

Other Opportunities

- **Update Policies and Procedures:** County staff cited the need to update the policies that guide employee behavior in areas like social media or policies regarding hiring. With a large and diffuse workforce, and a growing number of unions, it is useful to have clearly written, easily accessible policies to provide uniform professional standards across the organization.
- **Training for Senior Staff:** Some County staff requested additional supervisory training and support beyond what is currently offered by the County’s HR department. The County Commissioners Association of Pennsylvania offers additional leadership training through its Center for Excellence in County Leadership program.⁴ The program runs over several days that focus on communication, leadership skills and management. While the program is open to County Commissioners and Administrators, department heads may apply if a written letter of support is supplied by a Commissioner.

⁴ <https://www.pacounties.org/ME/Pages/CELProgram.aspx>

Facility Management

The County's municipal operations are located across seven main properties: Executive Plaza, Third Street Plaza, the Lycoming County Courthouse and the County Prison in Williamsport; the Lysock Complex and Pre-Release Center in Montoursville; and the Route 405 Property in Muncy. The County is also responsible for the operation of the landfill located in Montgomery.

The elected and appointed officials interviewed throughout this process understood the importance of investing in the facilities and equipment used by County employees on a daily basis, but the County's heavy reliance on real estate taxes which have been historically flat limits the amount that can be spent on system repairs and facility improvements.

At the beginning of this process the Board also acknowledged that the County owns more space than it needs across three properties in downtown Williamsport that house the following functions:

- **County Courthouse (48 West Third Street):** Adult Probation, Court Administrator, District Attorney, Domestic Relations, Juvenile Probation, Prothonotary, Public Defender, Register and Recorder, and Sheriff
- **Executive Plaza (330 Pine Street):** Commissioners' Office, Controller, Coroner, Fiscal Services, Human Resources, Planning and Community Development, Procurement, and Veterans Affairs
- **Third Street Plaza (33 West Third Street):** Assessment, Central Collections, MIS, Treasurer, and Voters Services



The County has a mix of space that it occupies, space that it rents to other organizations and vacant space in the Executive Plaza and the Third Street Plaza as shown in the table below. The County purchased the Third Street Plaza with the expectation that the Lycoming-Clinton Joinder would move into the facility. That did not happen and County government now occupies parts of the first floor, the entire fifth floor and the entire sixth floor, though much of the space on the sixth floor is empty or underutilized meeting space. The Third Street Plaza is also the host site for critical space and technology related to the County's public safety system.

Executive Plaza	Square Feet
Rental	4,600
Vacant	7,200
County occupied	31,000
Total	42,800
Third Street Plaza	Square Feet
Rental	52,800
Vacant	19,000
County occupied	80,200
Total	152,000

The Board has been considering whether it should sell the Executive Plaza and consolidate the offices at that site into Third Street Plaza or vice versa. For timing reasons described below the Board should make this decision in 2019. This will reduce the County's facility maintenance workload, alleviate the need for County taxpayers to make future capital investments in both facilities, and, depending on any building sale proceeds, provide money that can be invested into higher priority needs.

FM01 Consolidate County functions and sell either the Executive Plaza or Third Street Plaza

Responsible parties	Commissioners; Director of Administration; County Facilities; Procurement ¹
Progress measures	Reduced County expenditures on facility maintenance

The County incurs expenditures to maintain the Executive and Third Street Plazas and receives rental income from other tenants who also use these spaces. The County's financial records show the following financial activity related to these facilities.

General Fund Operating Revenues and Expenditures²

	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Revenues	\$187,526	\$153,527	\$144,349	\$129,958	\$63,356
Expenditures	\$247,501	\$261,667	\$205,674	\$269,322	\$246,486
Executive Plaza net operating result	(\$59,975)	(\$108,140)	(\$61,324)	(\$139,363)	(\$183,129)
Revenues	\$950,863	\$1,024,492	\$948,019	\$932,138	\$956,142
Expenditures	\$1,350,670	\$824,599	\$758,894	\$644,765	\$574,965
Third Street Plaza net operating result	(\$399,807)	\$199,894	\$189,124	\$287,373	\$381,177

As a smaller facility, Executive Plaza costs less to maintain but also yields less in rental revenue. At the time of analysis that facility had three tenants, two of which had leases scheduled to terminate by the end of 2018. The County could reportedly move all of its operations from Third Street Plaza into Executive Plaza, but that would use all of the space in the facility, leaving none for rental income and very limited space for the County to meet any future needs of its own. In April 2018 the County received an independent assessment of the major mechanical and electrical system needs at each of its major facilities. That assessment showed very minimal needs at Executive Plaza over the next five years (\$6,000) and then \$1,854,000 in needs over a 5 – 15 year period³. The largest project would be \$800,000 to replace the building's lighting.

Third Street Plaza (TSP) is much larger and has produced a profit according to the financial figures as presented in the County's documents. Since 2014 the County has collected more in rental revenue than it has spent to maintain the building and that positive result grew from \$200,000 in 2014 to \$381,000 in 2017. That growth was driven primarily by the County's ability to reduce its expenditures on contracted services, utilities, maintenance and repairs.

¹ Procurement staff are responsible for renting the space in these facilities that County government does not use.

² As discussed elsewhere, this table understates the true cost to operate the facilities because associated employee benefit expenditures are not included here. The table also excludes capital projects that the County records separately which were minimal for Executive Plaza (\$3,000 total over five years) and limited for Third Street Plaza in recent years (\$284,000 over five years but \$13,000 total for the last two years).

³ Mechanical and Electrical Systems Assessment prepared by Barton Associates, Incorporated on April 6, 2018.

As positive as those results have been, they may not be sustainable. Between August 2017 and August 2018, Third Street lost three of its seven tenants. Santander Bank vacated its space on the first floor in August 2017, but has continued to pay the cost of their lease. This revenue, approximately \$150,000 annually, will cease at the termination of the lease in April 2019. One tenant has a lease through June 2021.

According to the external assessment of Third Street Plaza's system, the County will need to spend \$886,000 on that facility over the next five years, mostly for HVAC system work, and \$3.8 million on it over a 5-15 year period. Lighting replacement would again account for most of that cost (\$2.5 million). Though not covered by the external assessment, the County notes there may be another \$400,000 in costs related to the building's elevators.

The County should make a decision on consolidating its operations into one facility and then move forward during 2019. Indecision creates costs on both sides of the ledger. For revenues, the County will have trouble retaining its existing tenants or securing new ones for both facilities if there is uncertainty whether that space will be available for rental. On the expenditure side, the longer the County holds on to both properties, the longer it will be responsible for maintaining them and making necessary capital improvements to both facilities.

We have provided some simplified scenario analysis to project the impact of consolidation into each of the two buildings to provide a sense how each scenario would impact the County's General Fund budget.

Scenario 1: Consolidate into Executive Plaza

The 2018 budget shows the County collecting \$61,000 in rental revenue for tenants at Executive Plaza and spending \$276,000 to operate that facility. Using the assumptions incorporated in our baseline projection⁴, the County's deficit to operate Executive Plaza would grow from \$221,000 in 2019 to \$244,000 in 2023. According to the aforementioned systems assessment, the County would have to make very minor investments in those systems over this period (\$6,000 over five years or \$1,200 per year).

We assume that consolidating operations in Executive Plaza would trigger the following adjustments to the County's General Fund budget:

- No. 1: The County would move all departments operating in Third Street Plaza (80,000 square feet occupied) into Executive Plaza, which has 7,200 square feet vacant plus another 4,600 square feet in rental space. The difference between the 80,000 square feet occupied at Third Street and the 11,800 square feet available at Executive Plaza is substantial but we are accepting the observations from multiple parties that this consolidation is still possible. We assume it would require the County to use all space at Executive Plaza, eliminating the rental revenue.
- No. 2: The County allocates about \$150,000 for employee salaries to maintain Third Street Plaza. We assume the County would retain and reassign these employees, potentially to Executive Plaza. So these personnel expenditures are transferred to the budget for Executive Plaza.
- No. 3: The County allocates \$138,000 for non-personnel expenditures at Executive Plaza, mostly for items like utilities, supplies or repairs. We assume those costs would increase after consolidation since the County would use the space that is currently vacant. According to the 2018 budget, we estimate that the County spends \$3.88/square foot for these needs⁵. Multiplying

⁴ Please see the Financial Condition Assessment for more information.

⁵ According to data provided by the County, there are approximately 36,000 occupied square feet in Executive Plaza. The County budgets \$138,000 for non-personnel operating costs which equates to \$3.88 per square foot. This rough estimate does not include the County's personnel costs, nor does it account for the likelihood that some of the \$138,000 in operating costs likely already goes toward maintaining the vacant space in the building.

that figure by the amount of vacant space that the County would occupy after consolidation adds around \$28,000 in expenditures.

- No. 4: The County is currently netting a surplus from its ownership of Third Street Plaza. The rental revenues there exceed the non-personnel operating expenditures by \$354,000 in the 2018 budget. The County will lose that recurring surplus if it sells Third Street Plaza.

Here is the net impact of these adjustments when they are applied to the revenues and expenditures in our baseline projection. Retaining the personnel costs but losing the rental revenues associated with Third Street Plaza creates a larger financial deficit. Please note that this estimate does not include the one-time revenue benefit of selling Third Street Plaza or any recurring revenue benefit associated with that property becoming taxable. We also assume that the County would need to retain some space at Third Street Plaza for its sensitive technology related to public safety.

Scenario 1: County consolidates operations in Executive Plaza

	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Baseline revenues	\$60,702	\$60,702	\$60,702	\$60,702	\$60,702
Baseline expenditures	\$281,590	\$287,148	\$292,840	\$298,668	\$304,637
Baseline result	(\$220,888)	(\$226,446)	(\$232,138)	(\$237,966)	(\$243,935)
Five-year system repair costs	(\$1,200)	(\$1,200)	(\$1,200)	(\$1,200)	(\$1,200)
Adjustment 1: Rental revenues eliminated	(\$60,702)	(\$60,702)	(\$60,702)	(\$60,702)	(\$60,702)
Adjustment 2: TSP staff reassigned to EP	(\$149,663)	(\$153,405)	(\$157,240)	(\$161,171)	(\$165,200)
Adjustment 3: Cost to use vacant space	(\$28,319)	(\$28,733)	(\$29,155)	(\$29,588)	(\$30,030)
Adjustment 4: Loss of TSP surplus	(\$346,633)	(\$339,326)	(\$331,852)	(\$324,209)	(\$316,392)
Scenario result	(\$807,405)	(\$809,811)	(\$812,287)	(\$814,836)	(\$817,459)

Scenario 2: Consolidate into Third Street Plaza

The 2018 budget shows the County collecting \$905,000 in rental revenue for tenants at Third Street Plaza and spending \$697,000 to operate that facility. Using the assumptions incorporated in our baseline projection⁶, the County would have an operating surplus of \$197,000 in 2019, dropping gradually to \$151,000 in 2023 if rental revenues are flat and operating expenditures grow. This assumes the County is able to replace the tenant whose lease expires in April 2019 and generates \$150,000 a year.

According to the aforementioned systems assessment, the County would have to spend an estimated \$885,000 to repair its mechanical and electrical systems over the next five years, or \$177,000 per year during our projection period. This estimate does not include the \$400,000 for potential elevator repairs.

We assume that consolidating operations in Third Street Plaza would trigger the following adjustments to the County's General Fund budget:

⁶ Please see the Financial Condition Assessment for more information.

- No. 1: The County would move all departments operating in Executive Plaza (31,000 square feet occupied) into Third Street Plaza, which has 19,100 square feet vacant plus another 52,800 square feet in rental space. We assume the County would need to use some, but not all, of that rental space to accommodate its own operations. For now we are assuming the County would lose half of its rental income as a conservative estimate of the financial impact associated with this change in use.
- No. 2: The County allocates about \$140,000 for employee salaries to maintain Executive Plaza. We assume the County would retain and reassign these employees, potentially to Third Street Plaza. So these personnel expenditures are transferred to the budget for that facility.
- No. 3: The County allocates \$551,000 for non-personnel expenditures at Third Street Plaza, mostly for items like utilities, supplies or repairs. We assume those costs would increase after consolidation since the County would use the space that is currently vacant. According to the 2018 budget, we estimate that the County spends \$4.13/square foot for these needs⁷. Multiplying that figure by the 19,000 in vacant space that the County would occupy after consolidation adds \$80,000 in expenditures.
- No. 4: The County currently operates Executive Plaza at a deficit of \$77,000 once personnel expenditures are removed since the rental revenues do not cover the costs of operating the facility. That deficit would not exist if the County sold Executive Plaza.
- No. 5: Earlier in this report we recommended that the County use at least part of its accumulated balance in the Act 13 natural gas impact fee fund to pay for capital projects⁸. The County could potentially use a portion of that money for the mechanical and electrical system improvements needed in Third Street Plaza.

Here is the net impact of these adjustments when they are applied to the revenues and expenditures in this baseline projection. Third Street Plaza is larger than Executive Plaza so it is easier for the County to consolidate its operations there and still retain some rental revenue. It sheds the Executive Plaza which operates at a loss. Please note that this estimate does not include the one-time revenue benefit of selling Executive Plaza or any recurring revenue benefit associated with that property becoming taxable.

Scenario 2: County consolidates operations in Third Street Plaza

	2019	2020	2021	2022	2023
	Projected	Projected	Projected	Projected	Projected
Baseline revenues	\$904,804	\$904,804	\$904,804	\$904,804	\$904,804
Baseline expenditures	\$707,834	\$718,883	\$730,192	\$741,766	\$753,613
Baseline result	\$196,970	\$185,921	\$174,612	\$163,038	\$151,191
Five-year system repair costs	(\$177,000)	(\$177,000)	(\$177,000)	(\$177,000)	(\$177,000)
Adjustment 1: Rental revenues reduced	(\$452,402)	(\$452,402)	(\$452,402)	(\$452,402)	(\$452,402)

⁷ According to data provided by the County, there are approximately 133,000 occupied square feet in Third Street Plaza. The County budgets \$551,000 for non-personnel operating costs which equates to \$4.13 per square foot. This rough estimate does not include the County's personnel costs, nor does it account for the likelihood that some of the \$551,000 in operating costs likely already goes toward maintaining the vacant space in the building.

⁸ Please see the Fiscal Discipline chapter.

	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Adjustment 2: EP Staff reassigned to TSP	(\$141,458)	(\$144,969)	(\$148,568)	(\$152,258)	(\$156,039)
Adjustment 3: Cost to use vacant space	(\$79,802)	(\$80,847)	(\$81,915)	(\$83,008)	(\$84,126)
Adjustment 4: Gain from shedding EP deficit	\$79,430	\$81,477	\$83,569	\$85,709	\$87,896
Adjustment 5: Use of Act 13 revenues	\$177,000	\$177,000	\$177,000	\$177,000	\$177,000
Scenario result	(\$397,262)	(\$410,821)	(\$424,705)	(\$438,922)	(\$453,480)

The starting point for our analysis is the Board's stated priority that the County needs to reduce the amount of space it owns and uses. We have not evaluated which of these two facilities would be more attractive to a potential buyer or estimated the amount of proceeds that the County could receive from a building sale. The County should definitely discuss the first point so it can estimate the value in the second.

With that issue noted, this scenario analysis indicates that selling Executive Plaza and consolidating all operations into Third Street Plaza is a better option from the perspective of the estimated impact on the General Fund. This position corroborates the recommendation from key County staff who cite other reasons for consolidating in Third Street Plaza:

- Third Street Plaza is a larger facility and has more flexibility to accommodate the County's future space needs. If the County consolidated operations in Executive Plaza, there is a chance that the County could outgrow that facility and would then have to purchase space elsewhere.

Flexibility is important from a multi-year planning perspective. It is better for the County to have flexibility to meet its own needs and provide space to other organizations, whether that is for the purpose of sharing space with like-minded organizations (as was originally the intention regarding the Lycoming-Clinton Joinder) or renting space to other tenants. If the County is concerned about competing with private sector property owners who are trying to rent their properties, it could also consider a sale-lease back arrangement or intentionally keep its rental prices at the same level of those property holders.

- MIS staff noted that consolidating in Third Street Plaza would be better than consolidating in Executive Plaza. TSP already has the space that MIS needs to host sensitive equipment, like the communications towers on the building's roof.
- When the County issued debt to fund facility work at Third Street Plaza, it used a mix of taxable and non-taxable debt under the assumption that the building would be used for a mix of taxable purposes (like renting space to businesses) and non-taxable purposes (like housing County government). The County could consolidate its operations at TSP so that more of the building is used for non-taxable purposes, but there are problems with going the opposite direction and using more of the building for taxable purposes than the bond documents assumed.

We recommend that the relevant County staff review, discuss and refine our scenario analysis and then deliver a summary to the Board, along with a short list of next steps, so the Board can take action in the first half of 2019. The Director of Administration should lead this process since that position is responsible for executing the County's space allocation plan.

County staff should discuss the following key variables:

- The scenario analysis includes the estimated costs to repair mechanical and electrical systems at each facility. If there are other known costs for these facilities, like the elevator repairs at TSP, they should be included. As noted above the accumulated balance in the Act 13 natural gas impact fee fund provides a source to pay for these needs so the County does not need to favor the facility with the lower level of capital needs.
- We have made assumptions about how rental revenue would change after consolidation, particularly for the scenario where the County keeps Third Street Plaza. Procurement staff have more knowledge of the local commercial real estate market and should refine those assumptions so they do not overstate or understate the impact on the County's rental revenues.
- We have assumed that the County would not reduce its maintenance personnel after consolidating operations in one of these facilities. If the County did so, then the costs would be lower.
- We have made several assumptions to estimate the cost of using vacant space in each facility. These estimates may be too aggressive if the County is already spending significant money to maintain the vacant space. County Maintenance should refine these estimates.

FM02 Co-locate Central Collections and Tax Assessment Office

Responsible parties	County Buildings, Central Collections, Assessment
Progress measures	Resident convenience and potential operational savings through higher efficiency

The Central Collections Office (CCO) collects current year real estate taxes for the 24 municipalities and school districts that do not have their own independent collector⁹. CCO also collects delinquent (i.e. prior year) real estate taxes and handles criminal cost and fine collection and enforcement.

The CCO director also oversees Lycoming County's Assessment Office, which is responsible for determining the valuation of all County real estate. The Office manages the review process for tax appeals, which are heard by a separate Board of Appeals and administers the County's tax exemption and abatement programs, like "Clean and Green" and the Homestead/Farmstead exclusion.

In 2015, the Assessment Office was moved from the Planning and Community Development Department to Central Collections as part of an effort to combine both divisions under a new unit called Tax Services. As part of this reorganization, the intent was to co-locate both offices so they could cross train staff, share them, and potentially reduce headcount if the efficiency gains and workload allows that. However, the units were never moved to the same location. Central Collections is located at 48 West Third Street in Williamsport and Assessment is located at 33 West Third Street.

As the County considers consolidating its governmental operations into a single building, it should consider ways to find one space for the Tax Services unit. In addition to the potential for improved efficiency, creating a one-stop location for tax services would also be more convenient for County residents. They could ask questions about the assessments that determine their tax bills and pay their tax bills in the same place. Currently, all Central Collections staff are cross-trained so they can receive payment for taxes, fees, or fines at a single window. Consolidating the Assessment office with Central Collections would build on this convenience.

⁹ The other 27 municipalities have their own locally elected tax collectors.

Note: Facility Maintenance notes that this issue is addressed in the County's space allocation plan.

The CCO Director notes that, while consolidating tax related services would make them more efficient, that benefit would not necessarily extend to CCO's responsibilities for collecting criminal court costs and fines. One possibility that should be discussed with the President Judge and the Court Administrator is whether those court cost collection duties should move into Lycoming County's court system. The Courts are responsible for collecting these in revenues in some other Pennsylvania Fifth Class Counties, like Adams, Lawrence and Lebanon counties.

FM03 Reconfigure space in County Courthouse to facilitate consolidation and address operational issues

Responsible parties Multiple (see below)

Progress measures See below

Many of the County's departmental functions are conducted under circumstances which are potentially volatile. Individuals being served by the Domestic Relations Office, for instance, are often embroiled in contentious disputes over alimony and custody. Individuals reporting for post-sentencing supervision appointments with the Juvenile and Adult Probation Offices are potentially readjusting to life outside of prison, as well as trying to get their lives back on track, which can be difficult and fraught with potential backslides into illegal behavior. When individuals are charged with new crimes, they're entrusted into the County's care, where the County then has an obligation to ensure their safety and security against both their own behavior and that of others with whom they're being held. In particular, some of the criminal justice/court entities raised the following concerns:

Within the Sheriff's Office, the layout of the facility presents a security risk. The Office gets nearly 6,000-7,000 "walk-in" customers for things like service of process, real estate sales, and applications for licenses to carry firearms. All of these services are performed for the public in the same office as Deputies and administrators responsible for serving criminal warrants, transporting prisoners, etc. Functions which include discussion of "confidential" information should ideally not be occurring in the "public" spaces so as to avoid any security concerns that might arise out of the disclosure of confidential information.

According to the Sheriff's Office, there are only two holding cells within the Courthouse. When there are both males and females being brought into the Courthouse for hearings, the limited space is problematic and presents a security risk. In particular, males and females must be held in separate facilities as a matter of law and personal security. Generally, they should be sight and sound separated. However, the cells are in close proximity to one another, which creates a potential security issue.

Even though there are two holding cells, because there are generally significantly more males being brought in than females, this means that one of the two holding cells is holding a significant number of individuals while the other is often empty. The more people being held in a single holding cell, the more opportunities for tempers to flare, for illicit behavior to occur unnoticed, or for physical behavior to take place without the ability for either prevention or correction by Sheriff's Deputies. As such, the presence of only two holding cells creates a potential security issue.

Beyond the lack of adequate holding cells for holding males and females, the County also has an obligation under the law to hold adults separately from juveniles. For instance, even when a juvenile has been charged as an adult, the federal Prison Rape Elimination Act requires that the "youthful offender" be placed in a housing unit where he/she will not have sight, sound or physical contact with any other adult inmate. When outside of a housing unit and potential contact between a youthful offender and an adult offender could occur, direct staff supervision of the offenders is required. Because there are only two

holding cells in close proximity to one another, the sight and sound separation cannot be achieved, thus requiring direct supervision whenever a juvenile is being held. In addition, if there are already both adult males and adult females being held in the cells, there is nowhere for a youthful offender to be securely held.

Similar sight and sound issues are occurring within the Probation Offices, because juvenile offenders are in sight and sound presence of adult offenders due to the current location of the office location for each agency. It is our understanding that this may be rectified under current relocation plans for these agencies, but it is unclear when any such moves will be finalized.

Generally speaking, the location of certain offices within the various County buildings may not be in the best interests of those offices. For instance, a portion of the Adult Probation Office is located outside of the County Courthouse; it's our understanding that this is already being remedied, however. Officials also questioned the location of the Juvenile Probation Office in relation to the Family Court space as being contrary to best practices.

As the County makes some key decisions regarding its space needs, it must consider the individual security needs of the various departments, including:

- Reassessment of security needs and work flow in determining the location of offices, where there is a particular risk that volatile activity could occur as a result of the services being provided within the office;
- Within offices that are open to the public, consideration must be given to the need for confidential discussions outside of the hearing of members of the public. Options for publicly accessible spaces that are separated from those services to be conducted in private areas should be explored, particularly within the Sheriff's Office. Location and amount of space are only two factors in considering the adequacy of a particular workspace, but confidentiality and feasibility of conducting work in a given space should also be considered;
- The County should explore options for adding additional holding cells to accommodate the requirements for sight and sound separation of male and female adult offenders, as well as male and female juvenile offenders. Significant additional space may not be necessary, although having holding cell options may significantly impact the need for Deputies to provide direct supervision of offenders to the extent that different genders and ages cannot be held outside of sight and sound separation.

The County Administration is aware of these considerations and has started to take action to remedy them through its space allocation plan. For example, the Board approved a contract to purchase walls that will allow Domestic Relations to reconfigure its space in June 2018.

One additional observation – Central Processing Center

In 2013 Lycoming County converted the former Old Lycoming Township Police Department facility into the Lycoming County Central Processing Center. The Center is a regional resource where local police departments and State police can drop off arrestees for booking. Center staff collect fingerprints and digital photographs which are then sent to the Commonwealth's criminal database. The Center is open between 10 am and 2 pm daily and staffed by seven part-time employees.

Benefits provided by Central Processing Centers include:

- Eliminating the need for individual police departments to maintain their own expensive LiveScan and background processing equipment;

- Improving the timeline for submitting arrestee information to Pennsylvania's Central Repository and receiving criminal background information;
- Allowing arresting officers to drop off arrestees for fingerprinting, photographing, and background checks so then can return to their regular assignments more quickly; and
- Centralizing arraignments at the conclusion of processing.

Because Lycoming County's Center is only open four hours a day, the criminal justice community as a whole is not maximizing the benefit of this arrangement. Other centers in Pennsylvania operate on a 24/7 basis in order to truly achieve the benefits outlined above. An extended schedule would also provide additional opportunities for video arraignments, more timely admission of inmates into the County Prison, and potential opportunities for streamlining processing for particular types of cases like DUIs.

From a financial perspective the County has minimal expenditures in its General Fund to operate the Center (\$46,000 budgeted in 2018) and the fees collected from individuals processed at the Center cover those costs. Under the District Attorney's leadership, the County should consider expanding the Central Processing Center's functions into a 24/7 facility. Lycoming County officials should speak to their counterparts in other counties with 24/7 facilities, including Blair, Berks and Dauphin counties. Even if a 24/7 facility is not feasible, Lycoming County officials could consider some schedule extension, such as Lancaster County's decision to operate a central booking center overnight in connection with a duty court at the Lancaster County Prison.

Information Technology

The prior two chapters address opportunities to improve how the County uses its employees (i.e. human capital) and its facilities. This one focuses on the County’s use of information technology, which was a common topic of discussion during our departmental interviews.

The County’s Management Information Services (MIS) department¹ has primary responsibility for IT management. MIS is responsible for the hardware and software that County government uses to automate its daily functions. MIS handles the installation and maintenance of computer systems and networks, including associated contracting and purchasing for everything from USB drives to digital cameras to photocopiers. MIS ensures that the County has the computer and communication systems that it needs to carry out daily functions; manages the technical aspects of data security; and administers the policies that govern how County employees use technology.

MIS provides “help desk” support for County departments when employees need assistance using the County’s technology. The Department manages 653 front-end users of equipment², including desktop and laptop computers, tablets, cell phones, printers, photocopiers and cameras, and more than 700 Windows system user licenses.

MIS is led by a Director and a Deputy Director who oversee the traditional IT functions. A Systems Support Manager oversees other functions assigned to MIS including the County government mail room, in-house printing operation, and records retention. The County’s four-position Voter Registration unit also reports to the Systems Support Director.

The County’s Table of Distribution and Authorization shows 25 positions in 2018 divided among four units– Information Services, Networking and Systems, Systems Support and Voter Registration. All positions except one in Voter Registration are full-time.

MIS Authorized Positions

	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
Information Services	2	2	2	2	2	2
Networking and Systems	17	17	16	14	14	13
Systems Support	5	5	5	5	5	5
Voter Registration	5	5	5	5	5	5
Management Information	29	29	28	26	26	25

Information Services is comprised of the Director and an administrative support person. The **Networking and Systems** unit includes the bulk of MIS staff, including one Deputy Director, technicians, network engineers, and programmers. The **Systems Support** staff include the Systems Support Manager and staff in the mailroom, print shop, and records retention and the Systems Support Manager supervises the Voter Registration staff. MIS notes that there is a long-standing vacancy in Voter Registration that will not be filled, bringing the actual number of positions down to 24. MIS also clarifies that one of the 13 positions in Networking and Systems is a clerical position.

¹ In some documents the County refers to this unit as Information Services.

² This includes police officers in local departments who access the County’s system for criminal justice purposes.

The County has incrementally reduced the size of MIS since 2014. MIS staff note that the department's own leadership has led this reduction through its internal push for efficiency. MIS has reduced the number of programming staff and deliberately moved toward more "off-the-shelf" programs that rely more on external vendors and less on County employees for support. The more complex software programs that the County uses would require such a large amount of programming and support staff that it is not cost effective for MIS to build and support those internally. So MIS staff handle less serious problems and the vendor handles more complicated problems that do not involve an internally created program.

County government provides a wide range of services, many of which are technical or governed by federal and state law, so Lycoming County MIS has to manage a wide range of programs. Some of the larger programs include:

- The eFinancePLUS financial software used primarily by Fiscal Services for accounting and budgeting
- The prosecutor management system for the District Attorney. The Adult Probation Office has a similar, but separate, system.
- DEVNET software used by the Assessment Office and INFOCON County Access System used by the Central Collections Office
- Teliosoft which is used by the Sheriff's Office, Register of Wills and Courts for scheduling

There are other systems specific to the County's Communications Center (E911 dispatch), Resource Management System (i.e. the landfill) and the Lycoming County Court of Common Pleas, which is part of the Unified Judicial System of Pennsylvania. MIS management estimates that it will take a new employee up to two years to become familiar with all of the County's systems.

The Board of Commissioners asked for benchmarking analysis that compares the staffing levels for Lycoming County MIS to comparable departments in other counties on the basis of positions. Benchmarking on its own is seldom useful as a prescriptive exercise where you use comparative data alone to determine the number of positions a government should have. But it is valuable for identifying where a county is an outlier relative to others and then using that information to discuss the critical factors that drive staffing decisions.

We provide this benchmarking analysis in the first initiative along with direction on how to advance the conversation on the issues underlying the Board's questions about headcount.

IT01 Discuss the mission and appropriate staffing levels for MIS

Responsible parties Commissioners; County Administrator; MIS

Progress measures See below

Lycoming County MIS has an unusual scope of responsibilities that includes some functions not associated with information technology, like Voter Registration. For this analysis we have set aside the four positions in that unit and the five positions designated as "systems support" (e.g. mail room, print shop) to focus on the core duties related to information technology. We have included the Director and administrative support position, even though they split their time between issues related to traditional IT functions and the systems support functions.

We reviewed MIS' staffing levels in comparison to two other Fifth Class counties, Adams and Lebanon³. Please note we relied mostly on publicly available documents and attempted to gather more information via email and phone correspondence. The data we collected was supplemented by information that Lycoming County's Deputy MIS Director received through subsequent phone calls with management in Adams and Lebanon counties.

According to the number of authorized positions, Lycoming County MIS is larger than its peer departments, even without the "support" and voter registration functions. MIS has 15 positions compared to ten in Adams County and Lebanon County. The table below groups the positions into three categories.

Information Technology Department Staffing Levels, Select 5th Class Counties⁴

	Management/Admin	Programming	Technology Support	Total
Lycoming	4	4	7	15
Adams ⁵	1	0	9	10
Lebanon ⁶	2	2	6	10

Management: Lycoming has two management-level employees, a Director and Deputy Director overseeing the traditional IT functions. This matches the count in Lebanon County which also has a Director and Assistant Director. Lycoming MIS also has one administrative support person who assists in receiving and entering help desk calls into the department's work order system. No other counties reported any full time administrative support staff.

Lycoming County also has an Operations Coordinator who assists with help desk coverage when needed, such as when others are on their breaks or on vacation. This employee is the administrator for all law enforcement employees in Lycoming County (except State Police) who use Pennsylvania's Justice Network (JNET).

Programming: Lycoming has four programmers categorized above as Programming/Systems Support – two for Windows based programs and two whose primary background is AS400, but are also cross trained to work with Windows. MIS management notes that these four programming staff also provide technical support for the large software packages that are purchased "off the shelf" but still require some level of onsite support for installation, simple or immediate problem resolution, etc.

Lebanon County reported having two positions for AS400 programmers and receives some programming support from the Help Desk Support/ Operations Specialist position. Adams County does not appear to have any positions where the duties primarily involve programming.

Technology Support: Lycoming has seven employees who share technology support and help desk responsibilities: three Personal Computer (PC) Technicians, two Network Engineers, and two Senior Network Engineers.

Lebanon County has six positions with technology support functions, including one that reports to the County's 911 Communications Center. Adams County has nine full-time positions with four working on help desk functions, three handling the network, a project manager/911 Computer Automated Dispatch

³ We also reviewed staffing levels in Lawrence County, which is a fifth class county. It has a significantly smaller staff (three positions) than the others discussed here.

⁴ Employees were split based on Lycoming County's Table of Authorization and Distribution. Though not shown here, Lawrence County's three employees would fall into management (one position) and programming (two positions).

⁵ Adams County also has two paid interns as part of their staff which are not shown in this table.

⁶ The six positions shown for technology support include one position that reports to the 911 Communications Center.

(CAD) administrator and a Server and Security Administrator. Adams County also has two part-time intern positions with help desk duties.

MIS management notes that the types of expertise required for programming (which generally involves software) and the types required for technology support (which generally involves hardware) do not overlap enough that it would allow staff to move seamlessly between that workload.

A top line comparison of staffing levels can be misleading, even with a small number of departments. There are several reasons that one department may be larger than the other that do not directly speak to whether a department is over- or understaffed:

- **Organizational differences:** One department may be bigger than another because the County government has grouped more functions under that department. Lycoming County currently has IT functions centralized in MIS. Years ago that was not the case. IT staff who supported the Court system and the Department of Public Safety reported to those units. We have tried to account for those differences in our analysis. For example, we included the one IT Technician that reports to the E911 Center in the position count for Lebanon County even though that position does not report to IT.
- **Service demand differences:** Another factor that could explain the differences in size is the number and range of programs that the department manages. We intentionally used Fifth Class Counties for comparison because, by definition, they have similar resident population levels. All three Counties have the same major components of County government – a county court system, a prison system, E911 dispatch, row officers, etc. But there are still key differences between the governments. Adams and Lebanon County governments have their own Children and Youth Services departments, while Lycoming uses an external entity for these functions. Lebanon County uses the funding associated with mental health to pay for one IT Technician position and the funding associated with its Office of Aging to pay for most of another position. Meanwhile Lycoming County MIS supports a County operated landfill and Adams County does not⁷.

MIS staff correctly note that demand for service is not solely determined by the number of employees within County government. The number and type of County government facilities can also be a factor since each site requires some level of information technology support, even if it is just for basic desktop computing and network security.

Unique community features can also affect staffing levels. In Lycoming's case, Williamsport hosts the Little League World Series which brings a range of federal and state agencies involved in protecting visitors and participants in that event (e.g. FEMA, PEMA, National Weather Advisory Service). Those agencies rely on Lycoming County MIS' support during that event.

A comparison of position titles gives some sense for the factors driving each department's staffing levels. Please note that the following table lists budgeted positions, some of which may be vacant. It is also possible that actual job duties differ between two positions with similar names.

⁷ Lebanon County has a separate authority that operates the landfill servicing that region.

Information Technology Department Position Titles

Lycoming County	Adams County	Lebanon County
Director	Director	IT Director
Deputy Director	Server and Security Administrator	Assistant IT Director
Administrative Support	Project Manager/911 CAD Administrator	Programmer 1
Operations Coordinator	Network Operation Supervisor	Programmer 2
Programmer 1	Network Technician 1	Network Technician
Programmer 2	Network Technician 2	PC Technical Support 1
Programmer 3	Help Desk Supervisor	PC Technical Support 2
Programmer 4	PC Technical Support 1	PC Technical Support 3
Senior Network Engineer 1	PC Technical Support 2	PC Technical Support 4
Senior Network Engineer 2	Help Desk Support	Help Desk Support/Operations Specialist
Network Engineer 1		
Network Engineer 2		
PC Technical Support 1		
PC Technical Support 2		
PC Technical Support 3		

We recognize the limitations of this type of high level benchmarking analysis. MIS staff notes that County IT leaders who meet through the County Commissioners Association of Pennsylvania (CCAP) have tried to create a meaningful comparison of IT department staffing levels and position duties, but the large number of variables makes that comparison very difficult.

That said, [we encourage County leadership, including MIS management, to focus on the questions implied in the Commissioners' request for this analysis and then directly stated later – What kind of department should MIS be? What is the return on investment that the Board expects?](#)

What type of department should MIS be?

During another multi-year planning engagement, that government's IT Director described his department's workload in two categories – **project work** initiated by IT staff or the departments they support, including programming work to create new or better applications, and **routine tech support** including software updates, computer maintenance and help desk support. There was not a question which type of work his department would handle since both were integral to the government's ability to use technology. The question was to what extent the government would rely on its own staff to do them.

Lycoming County MIS has intentionally structured its staffing so that the employees assigned to technology support will spend some time in a support/help desk function and some time working on projects. Staff rotate between the two types of responsibilities with more junior employees doing more rotations on technology support and one employee permanently stationed at the Lysock Complex to support the Department of Public Safety and Pre-Release Center.

MIS management notes that this rotational system helps cross train the employees within the unit so they can be deployed flexibly, provides some redundancy when attrition occurs, and improves employee retention given the tedious nature of many help desk requests. The Deputy Director who oversees

technology support notes that the volume of requests increased over the term of our engagement from 30-40 requests per week to 70 requests per week and requests can spike to over 100 requests per week.

The County has considered in the past whether it would be economical to outsource help desk functions. Since the MIS staff assigned to that function also have special projects, outsourcing tech support would not have automatically led to position reductions. We also note that Adams County and Lebanon County have similar levels of staff assigned to technology support. The County should periodically revisit this discussion, especially if the salary cost of an entry level position in the labor market becomes so high that the County government cannot attract or retain employees.

Lycoming County also has more programming staff than the peer counties reviewed. MIS management noted that they continually weigh the costs and benefits of having programming capacity in house versus using external vendors and try to balance those approaches. Using internal programming staff allows customization for public sector functions that are not commonly needed in the private sector. Using external vendors is valuable when programs become too complex to rely on internal programming support or when there are readily available and affordable options in the private market. As noted earlier, Lycoming has reduced its programming staff over time and some of the remaining programming staff spend some time supporting programs designed by external software companies.

If the Board has questions about how MIS strikes this balance, we encourage the parties to discuss the pros and cons of in house-versus-external programming when the next significant programming need rises. Through its participation in CCAP, MIS may also be able to quickly survey how peer counties strike this balance for the particular need in question.

What's the County's expected return on investment in MIS?

Information technology departments are usually considered "internal services" meaning their primary customers are employees within the same organization MIS doesn't have a formal mechanism to measure the quality of its customer service, though the Director does monitor the number of open and resolved help desk requests and the time needed to resolve them.

We recommend that MIS produce periodic reports on the number and types of service requests it receives, the amount of time it takes to respond to the request and the amount of time it takes to resolve the issue to the reasonable satisfaction of the person submitting it. We also recommend that MIS institute simple anonymous, periodic surveys of customer satisfaction so the Department can track its progress in this area over time. If there is high satisfaction with the types and quality of service that MIS provides, that may mitigate some concerns about MIS' staffing levels.

Thinking about ROI more broadly, MIS management does its own evaluation of each open position to determine whether it needs to be filled, which is important, though turnover hopefully occurs rarely enough that this type of evaluation is sporadic. A strong IT department helps other departments do their job more effectively, but that does not usually have a dollar value in the budgeting sense unless there are measurable reductions in headcount or other operating expenditures.

To provide a more regular and specific ROI measure, the County could estimate the cost of executing certain projects on its own, both in terms of staff time and non-personnel expenditures; get an estimate of the cost if the County relied on external service providers; and then track how well MIS performs relative to the cost estimate and contractor quote. The County should also do the same for projects handled mostly by external providers where in-house production was a viable alternative. This would provide more regular feedback on which path is most cost effective and under what circumstances, and speak more directly to the Commissioners' interest in cost control.

IT02 Conduct technology assessment for all departments

Responsible parties	MIS
Progress measures	See below

During our departmental reviews we asked managers throughout County government whether there were any potential efficiencies or service improvements that could be gained through better use of technology. The employees we interviewed frequently raised the need to improve in two areas.

- **More reliable and more robust mobile technology:** MIS reports that about 100 of the 640 Lycoming County staff currently have access to mobile technology via laptops and other remote connectivity. The County also provides mobile phones to some employees and will reimburse others for the use of their personal phones with Commissioners' approval.

Mobile technology improves productivity for staff who do field work, such as probation officers, property assessors, or caseworkers. Mobile technology also refers to employees' ability to access the County's computer network through a secure wireless connection while they are working in the County facilities, but away from their desk. Having a more mobile workforce reduces the demand for assigned work spaces within the County's facilities, which is a timely issue since the County is considering consolidating its operations into fewer facilities⁸.

- **Reduce paper-based processes:** Paper-based processes increase the likelihood of duplicate effort, transcription errors and loss of sensitive information. They also usually lengthen a process since it is faster to share information electronically than in hard copy and increase the burden on the government for file storage and management. The County relies on paper-based processes for submitting time card and doing property assessments, to name a few areas that are more automated elsewhere.

MIS has likely heard some of the same employee frustrations and requests that we did regarding these two issues. It is also likely that at least some of the concerns raised are because of lack of compliance on the part of the technology's end user or hesitancy to use technology that is already available. We recommend MIS review the needs and opportunities in these two areas with each department head and then discuss the list of needs and obstacles with the Director of Administration, who has oversight of all departments that report to the Commissioners. For example, if the County is relying on paper for its time and attendance system – something that is automated in many other major organizations, including Pennsylvania county governments – then MIS can focus on any issues that require action on its end and the Director can focus on the issues that fall outside MIS' purview.

As another example, criminal justice staff raised the subject of video conferencing during our departmental interviews. MIS reports that the technology required to support video conferencing is already available in most court rooms, District Justice offices and other locations. In this particular case, the County has convened a special committee to discuss this issue.

We also recommend that the County use an external party to do an assessment of its technology needs and opportunities. The County Commissioners Association of Pennsylvania (CCAP) offers a very low cost technology assessment to its members⁹. According to CCAP, "The result of the assessment helps establish a baseline and plan for moving your IT organization forward and provides the ability to understand where you compare to peer counties." Lycoming County MIS is already active in CCAP's technology consortium so this is an assessment from a known and trusted source.

⁸ Please see the Facilities Management section for more information.

⁹ Please see CCAP's website for its CORE Technology Program here: <https://www.pacounties.org/TechnologyServices/Pages/CORE-Technology-Program.aspx>

Performance Management

Performance management is the process of using periodic, quantified information to measure whether and how well an organization's activities support that organization's goals. It assumes that the organization's success in achieving its goals can be measured over a defined period of time and is correlated with the level and quality of work that the organization does, which can also be quantified.

Metrics can be refined, added or changed throughout the year, but they should provide leadership with insight on the organization's effectiveness and efficiency. Guided by that information, the organization's leadership can then change its policies, practice and performance to support the organization's goals.

At the outset of the EIP process, the Commissioners identified performance measurement as one of their primary areas of interest, and included it in their overall mission for the process.

*Our mission is to create a fiscal guide for Lycoming County for the next five years which complies with all federal and state mandates and maintains a balanced budget and financial reserves while ensuring that future Boards of Commissioners are able to seize economic opportunities and provide excellent services without placing an undue burden on tax payers. We want to develop a work environment which prioritizes and rewards innovative practices of fiscal discipline, human capital investment, and **performance-based services**.*

Performance management will help Lycoming County's leaders convert their ideas from abstract concepts to tangible actions.

Using the mission statement as an example, the Board agrees that County government should provide "excellent services." The next step is to define what excellent means and how County leadership, employees and residents will know to what degree government is providing excellent services. In other words, County leaders should complete the statement "We will know that our services are becoming more excellent when this happens." The ideal performance measures are quantifiable and can be reported regularly enough throughout the year to inform management decisions. Quantified data does not mean that the County cannot use subjective criteria, but there should be consensus among the parties involved on how subjective concepts will be defined.

Performance management also influences employee behavior. That which gets measured is more likely to get done. Requiring departments to regularly report their progress provides a stronger incentive to prioritize certain activities and achieve certain goals that hopefully align with the Board's vision and goals. It also gives employees more clarity how their departments and their own performance will be evaluated.

We have recommended specific performance measurements for some initiatives in this plan so the Board and senior leadership can determine where the County is making progress and how much. For example, we recommended measures related to tax base development that will help the Board and leaders within the Planning and Community Development department evaluate to what extent that department's work is facilitating the type of development that increases County government's revenues and alleviates the need for future tax increases¹.

Performance measurement does not have to be exhaustive to be effective. As a starting point, we recommend sample performance measures for two areas that account for large portions of the County's annual expenditures – children and youth services and criminal justice.

¹ Please see initiative FD01 for more information on this measure.

PM01 Develop metrics to determine success of County Reentry Service Center

Responsible parties Courts; The Geo Group

Progress measures See below

In 2014, Lycoming County opened the Lycoming County Reentry Service Center for non-violent offenders who need structure and treatment but not incarceration in the County Jail. The program's goal in part is to reduce recidivism, which in turn will help mitigate concerns about overcrowding at the Prison.

The County contracts with The GEO Group, Incorporated which operates the Center. Their approach is designed to offer evidence-based programming with a structured combination of cognitive behavioral treatment, training and case management designed to change criminal thinking and reduce recidivism. The programs' intent is to enhance the offenders' post-conviction supervision requirements and heighten accountability, in the hopes that participants are able to avoid future criminal behavior. Services provided within the Center include life skills, GED preparation, employment readiness, parenting development and more. Re-entry participants are required to submit to daily check-ins, breathalyzer tests and random urine tests, all while completing three program phases. Participants "graduate" after participating in the program over a six month period.

There are several benefits to these types of programs that offer alternatives to incarceration, some of which are financial:

- Reducing recidivism would reduce the workload that is a factor in the County criminal justice system's expenditures on investigations, prosecutions, trials, etc.
- The current jail population is reduced by diverting non-violent offenders into more appropriate programming, which mitigates the need to potentially undertake a costly prison expansion.
- By contracting with an external provider, the expectation is that the GEO Group can provides services at the Center more cost-effectively than the County could do internally.

Although it has been reported that the Center has helped more than 200 former County prisoners transition back into the community, County personnel expressed questions about the efficacy of the program during our interviews conducted in the summer and early fall. Officials noted that details regarding the number of offenders who fail the program, as well as the long-term status of "successful" participants are unclear. Additionally, officials questioned the methodology for selecting participants, particularly whether the selected participants are the best fit for the program or whether other inmates would be a good fit are being missed.

The County and the GEO Group have discussed these concerns since we conducted our interviews. The GEO Group notes in a letter to the County that it does track report the program's activity and some its outcomes including:

- Number of participants and total days of service received
- Program attendance rates
- Risk/Needs assessment scores when the participant enters the program and exits it
- Employment rates when the participant enters the program and exits it

The GEO Group also notes that it provides many of these figures on a monthly basis through a report issued a week in advance of a relevant Subcommittee meeting so the attendees can hopefully review the report ahead of time and ask questions during the meeting.

The basic structure for performance management is in place and the monthly/annual reporting cycle is a good one. The GEO Group should be commended for providing the reports before the meeting and is also providing some useful measures of its “inputs” (how many people attend the program), its outputs (how many days of service are provided) and some outcomes (changes in risk assessment scores and employment rates). But there is still a gap between these reports and the two questions that most interest the Board related to return on investment – does this program reduce recidivism and does it save money relative to the traditional incarceration approach.

The Board is asking these questions in part because it will need to decide whether to continue this arrangement when the current contract expires at the end of 2021². If the program is not working, the nearly \$1 million dollars in costs associated with the program could be diverted to other incarceration-alternative programs or allocated to the County Prison. If the program is working, the County may want to explore expanding the program or additional incarceration-alternative programs.

We recommend that the relevant Court personnel and Director of Administration meet with the GEO Group to discuss the following potential performance measures in addition to or instead of those that GEO suggested³.

- The number of convicted individuals and first time offenders referred to the program with detail by offense category and offense level
- The number and percent of participants that graduate from the program (i.e. exit it successfully)
- The number and percent of participants that have a negative discharge, along with the reason for discharge (e.g. failure to report, failure to comply, re-arrest).
- Average length of time participating in the program for graduates and non-graduates
- Number of new connections to employment, workforce development, or education
- Recidivism post-program, as defined by:
 - Percent of participants re-arrested within 6 months and 12 months of graduating the program;
 - Percent of participants re-convicted within 6 months and 12 months of graduating the program;
 - Percent of participants re-arrested within 6 months and 12 months of date of discharge (i.e. those who do not graduate);
 - Percent of participants re-convicted within 6 months and 12 months of date of discharge (i.e. those who do not graduate).

The County should consider tracking the cost of the program per participant so that can be compared to the cost of incarceration for non-violent offenders.

² The County can extend the contract for one year twice.

³ In some cases we may be duplicating a measure GEO uses but using different language.

PM02 Develop metrics for Joinder

Responsible parties	Director of Administration; Lycoming-Clinton Joinder
Progress measures	Decrease in population in placement, Decrease in length of stay in placement, Increase in reunification of families

As mentioned in previous chapters, the County has an agreement with the Lycoming-Clinton Joinder, a quasi-governmental agency that also functions as a non-profit organization, to serve as the County's health and human services organization, which includes the departments of mental health and intellectual disability and children and youth.

On the County's behalf, the Joinder provides services and programming to children and their families and collects and monitors information on the cases they are involved with. Although the Joinder already has developed some internal performance measures that are shared regularly with the Commissioners, as part of the County's focus on performance management, the Joinder and County leadership should work together to jointly establish metrics based on priority areas for the County with regard to children and youth. Examples of these metrics are shown in the table below.

Examples of Performance Metrics for Lycoming Children and Youth Services

Children and Youth Activities	Performance Measures
Provide case management services to children in placement	Decrease average length of stay in placement; Reduce congregate care placements
Provide pre-placement (preventative) services to children and families	Decrease in the placement population
Billing state and federal government for reimbursement	Track dates of submission of provider budgets; Track length of time for state to approve budgets
Contract with agencies to provide direct services	Draft additional performance measures into the contracts

Some activities performed by a children and youth agency are mandatory, which can make developing performance metrics for that department more difficult. For example, if a child is determined legally to require removal from a household, the county agency must comply. In addition, placement can involve broader factors outside of the county agency's control, such as changes in legislation (such as the Sandusky laws) or the national opioid crisis. As a result, metrics that focus solely on the total population of children in care (while still important data points to track) will not take these factors into account. Instead, departmental metrics regarding placement counts should also focus on efforts that may be more directly related to the department's performance, such as the degree to which a child's removal from the home was prevented through the successful delivery of in-home services to the family. For example, the Joinder could track the number of families it works with on the prevention side and monitor how many of those children eventually enter placement. The Joinder already does similar work for preventative services.

Other metrics could focus on tracking the length of stay that a child is in an out of home setting and the type of out of home placement provided. Tracking the average length of time a child is in placement provides context for placement data, as it helps to distinguish how many placements are new versus existing placements. The Joinder should develop metrics around the placement settings provided to children and youth in their care. National best practice states that children should be placed in the least

restrictive setting that could meet their needs, which prioritizes foster care placements over congregate care placements such as group home or institutional settings. The Joinder should work with County leadership to develop baseline data based on its current population and then establish goals for itself which they are then measured against.

The Joinder receives reimbursement for the services it provides primarily through federal (Title IV-E) and state sources (Act 148), which, in some instances, will also require a corresponding County, or local match, all of which are sent to the Joinder via the County. Whether that reimbursement comes from state or federal sources involves a variety of factors, of which the greatest determinants are the child's eligibility and the placement eligibility of the provider, for either foster home or congregate care. As part of the Pennsylvania's process for federal Title IV-E reimbursement, providers must submit budgets for approval that help ensure that federal dollars are spent only on allowable activities. Delayed provider budget submissions or during the state's budget review process can result in longer waits for reimbursement for the County. Data around the length of time it takes for provider budgets to be submitted and approved by the state should be monitored and tracked as another potential performance measure, although it is one that the County has limited control over. This information is also useful in determining when payments are likely to be received.

The Joinder also contracts with agencies and providers to perform services and provide beds for placements. As part of this effort, the Joinder could consider writing some performance metrics into their contracts, if they do not currently do this.

As the Joinder considers which measurements to adopt and monitor, any metrics adopted should align with overall agency goals. Over time, new metrics may be added, and less relevant measurements may be eliminated. For example, any existing metrics may be forced to change with the upcoming implementation of the Federal Family First Preventative Services Act, passed in February 2018, which will fundamentally change the structure of child welfare financing. The bill allows federal Title IV-E funds to be used for preventative services for the first time beginning in October 2019.