

November 23, 2011

The majority Commissioners have presented a balanced budget of \$91,542,547 for 2012, which includes a 37.5% tax increase. Moody's recent downgrade to Ba3 from Ba1 was the result of a significant and rapid deterioration in the county's financial position following several years of persistent operating deficits. Moody's stressed the County's rating downgrade is due to insufficient information, a history of delayed financial reporting and inaccurate estimates and inability of the county to verify cash balances. The downgrade has resulted in the PNC Bank exercising certain rights in order to protect its lending institution from the loan made to the County that will presumably require the payment of significantly higher interest rates and other costs such as the \$30,000 forbearance fee.

I share Moody's concern that the County continues to delay getting financial information to the public and has a troubling history in the financial area. The absence of financial accountability raises the public's concern that additional tax increases may be subject to a financial reporting system that lacks the confidence of Moody's, and the general public. As evident by the lack of a commitment letter, with the terms of the loan to be reviewed by the public. Interest rates and terms of repayment were not made available to us prior to the adoption of the 21 million dollar borrowing.

We have overspent by \$250,000 for various projects. The county has also sold most of its remaining assets. For instance, the county sold the nursing home which significantly contributed to the often-touted 32% reduction in workforce. Not discussed nearly as often is the loss of \$22 million in annual revenue from the nursing home which, if run properly, could have alleviated some of the burden placed on the taxpayers of Lackawanna County by the current majority commissioners. The majority has also hired 109 new full time employees since 2008.

I commend the majority for starting to address the unfunded pensions. I believe a retirement package buy out would save additional monies moving forward.

I disagree with their account that we cannot cut anything else. Departments can be consolidated. Increase the salaries to the existing workers and eliminate Director positions. Eliminate the Lobbyists. Locate grants available through our Congressmen and Senators and utilize grant writers on staff.

It is now too late to avoid the tax increase or to go back in time to correct decisions the majority has made. We must implement new ideas, think outside the box and make tough decisions going forward. We are behind the eight ball and have borrowed 21 million and will increase taxes by 37.5%.

Also, I firmly believe the tax increase could have been avoided if tougher cuts to mid management and smarter spending decisions could have been made. Without an effort to increase revenue and reduce more spending, I cannot support this tax increase.

Attached are some cost/spending reductions.

Respectfully,



Bruce A. Smallacombe, Lackawanna County Minority Commissioner

Savings

Consolidation of Row Offices will	\$132,348 (Elected Officials)
decrease staff and cost of leases	????
Eliminate Exterminators'-use as needed	\$27,000 (last year alone)
Eliminate Life Insurance for all employees	\$133,813
Bid our Insurance & Professional Services	\$????
Eliminate Lobbyists	\$120,000
Eliminate Intergovernmental Affairs	\$62,000 + benefits
Eliminate Deputy of Community Affairs	\$17,000 + benefits
Eliminate Park Supervisor	\$36,000 + benefits
Eliminate Bldg and Grounds Manager (Parks)	\$47,287 + benefits
Eliminate Recycling Manager	\$45,186 + benefits
Eliminate Deputy Treasurer Position	\$48,928 + benefits
Eliminate Community Outreach Manager	\$47,287 + benefits
Merge Purchasing & Revenue and Finance Departments	\$56,942 + benefits.
Merge Trolley and Visitor Center Directors.	Savings would be \$46,456 + benefits.
Discontinue Benefits for Solicitors.	
Audits to be done every four years instead of two.	
Various Expense reductions throughout budget- i.e. dues and subscriptions, travel, professional services consultants etc....	\$592, 0003.

This is a minimum total savings of **\$1,378,664.**