

Our investments in the arts, culture and education are paying off. The Munchak –Cordaro Administration believes that job growth follows the arts, culture and education in today’s service-based economy. In this regard, we have renewed our commitment to education by fully funding the award winning Lackawanna County library system, reversing layoffs and severe cutbacks which had occurred during the previous administration. We also embarked on an exciting journey by instituting a Culture & Education fee which now supports the Scranton Cultural Center and the Everhart Museum, two critical cultural institutions which were struggling just to survive (before our actions). This fee also fosters new artistic endeavors including the development of a cultural plan for Lackawanna County, the enticement of Arts Space, which will create a virtual artists’ colony in the City of Scranton. We also provided mini-grants to artists and artistic groups who can now help us express our better selves. For 2006, we will begin the Mural Arts program to beautify Scranton’s gateway and eventually, all areas of Lackawanna County.

After a difficult, but very productive year, we can now begin to enjoy the fruits of difficult decisions and the painful recovery Lackawanna County has been forced to endure. Despite this, 2006 is not without new problems and challenges. The Munchak-Cordaro team vowed to respect and communicate with our workforce. To that end, in 2005, our Administration settled four different union contracts without rancor, or resort to arbitration or strike. We commend the unions and our employees for working with us. Unfortunately, personnel costs beyond our control, including health insurance and worker’s compensation continue to explode, adding millions to our annual expenses. A dramatic increase in utilities and liability insurance, even with major and continuing cost containment, have forced us to increase our General Fund Budget by five percent (5%) to a total of \$101,271,277. This spending plan is augmented by a Capital Budget of \$44,447,094 primarily aimed at the long term and long overdue projects outlined earlier in this message.

There is good news to report, however. While we continue to be vigilant in managing County government, restraining spending across the board, there will be no cuts in spending for our Library, and there will be a continued effort to promote education, the arts and culture with the dedicated Library Tax, as well as the popular and pivotal Arts & Culture Fee.

When we bit the bullet last year, it was done in the context of a long term plan to restore Lackawanna County's fiscal health. Part of this plan was a program of tax cuts aimed at General Fund Tax millage. We know people are hurting from taxation at all levels as well as the very health care and energy costs the County is absorbing. Therefore, for 2006, the Munchak-Cordaro program calls for a 5% tax cut in General and Capital Fund taxes to 38.598 mills creating a reduction of over 2 mills.

With the help and support of the citizens, employees and vendors of Lackawanna County, we hope to continue this process for years to come. So soon after facing down insolvency, this won't be without challenges and threats, but we believe we are on the road to recovery. This tax cut will take place even as we continue and expand on programs and services needed to meet critical needs, from our court system, to our children, seniors and neediest residents.

In addition, we will begin the critical process of tax reassessment, a long overdue, multi-year, multi-million dollar task which promises tax fairness to all. The Munchak-Cordaro administration also declared that we would bring voting technology into the 21<sup>st</sup> Century and 2006 will see the culmination of that effort. 2005 was a critical year for restoring faith in the Lackawanna County Prison and our Administration has worked hard to turn a scandal and a laughingstock into a first-rate facility.

In 2005, we launched our new web presence, which serves as an important source of information and is beginning to provide a new way to do business with Lackawanna County. Soon, residents and others will be able to transact any business they have; from a title search to buying a Red Barons ticket – on our new and ever-improving site. 2005 saw momentum growing for “Lackawanna Wonderful” our new branding and image campaign, along with enhanced creativity and buying power, created by our Council on Marketing, which is consolidating and coordinating all of the County's marketing efforts.

We believe 2006 is the start of a turnaround for Lackawanna County government and a continuation of great things for the County as a whole.

The Munchak-Cordaro team is prepared to provide leadership to make our future brighter. 2005 proved change can happen. 2006 and beyond will show that those same changes will work for the people of Lackawanna County.