



The County of Lackawanna's 2015 Budget Message

Financial Policies of Lackawanna County in 2015

In 2015, the Lackawanna County Administration will continue to follow a conservative fiscal policy, which includes demonstrating fiscal responsibility, restraint, and management when facing the County's financial challenges.

This Administration will continue its focus on streamlining County government by investigating avenues to increase fees where possible, reducing non-personnel related expenses, and reducing personnel-related expenses to whatever extent possible without impairing County services.

Personnel-related expenses (i.e. wages and healthcare) comprise 59.9 percent of the County's general fund budget. This Administration has been pursuing the implementation of a comprehensive health insurance benefit plan that could realize an increased efficiency in management-related expenses.

Important Features of the Budget

- The 2015 General Fund Budget includes no tax increase.
- Factors that impacted the 2015 Budget included additional Federal and State staffing mandates at the County Prison and the continuing challenge of escalating personnel-related expenses associated with the Affordable Care Act.
- The County is renewing its commitment to Economic Development in the 2015 Budget. Beginning in 2013, the County introduced programs such as the nationally recognized SBA Loan Fee Waiver Program, the Community Reinvestment Program, and the Permit Fee Waiver Program – all of which were intended to encourage the creation of private-sector, family-sustaining jobs while stimulating economic growth in Lackawanna County. The 2015 Budget renews funding for these programs.
- The 2015 Budget provides resources for an annual surveillance fee imposed by a bond insurer. In 2005, as a condition of past borrowings, a surveillance fee was implemented by a bond insurance company in the event of a lapse in the County's Investment Grade Rating. Due to the sins of past practices by the Cordaro-Munchak administration, this fee will be assessed until we are able to restore our investment grade rating. Eliminating the surveillance fee continues to be one of this Administration's top priorities.
- By completing its 2011, 2012 and 2013 financial audits in a timely fashion under the terms of its bond indentures, the County generated a modest operating surplus during 2012 and a significant surplus in 2013, which resulted in an accumulated fund balance totaling \$6,302,468 as of December 31, 2013. The County anticipates another moderate surplus during 2014 with a projected fund balance of \$8,434,957 as of December 31, 2014. In 2015, the County is projecting a slightly lower fund balance. The expected accumulated fund balance at December 31, 2015 will amount to an estimated 6.9 percent of the County's annual Budget. That is viewed positively

in the eyes of the rating agencies. However, the estimate for 2015 is not guaranteed because of unexpected expenses that may arise at any time.

- As another indicator of financial stability, the County's pension fund was funded at more than 80% as of the most recent valuation date.

Summary of County Debt Position

- Through a concerted effort of restructuring debt, beginning in 2008 and continuing through 2014, the County has managed to convert a risk-laden Debt Portfolio into a more conservative portfolio by the end of 2014. The County has eliminated four of five SWAPS that were part of the Debt Portfolio in the beginning of 2008 and converted all but approximately \$45 million of County debt into a fixed-rate mode.
- The County's annual debt service for 2015 will be \$19.7 million, without any significant increase in debt since 2007.

Reasons for Major Financial Policy, Expenditure & Revenue Changes from the 2014 Budget

- Human Services continue to be a hallmark of the services offered by County government. During 2014, the County was selected by the State to participate in a pilot Human Services Block Grant Program, which will enable the County to direct Human Services funding towards the most effective programs, enhancing the services provided. In addition to the Human Services Programs, Emergency Response, the Court System, Corrections, and other vital functions performed by the County government will comprise the majority of the County's 2015 expenditures. The Courts and Corrections alone comprise 40.21% of the County's total anticipated 2015 expenditures.

Budget Overviews

- The 2015 General Fund Budget totals \$104,059,537, which includes a Fund Balance of \$8,434,957. The 2015 Capital Budget totals \$5,715,116, which includes \$1,250,000 in infrastructure improvement funds to be transferred from the general fund. The 2015 Debt Service Fund totals \$19,678,552, and the 2015 Special Purpose Funds Budget totals \$46,426,697. The total of all County funds' budgets is \$175,879,902.

This Budget Message is respectfully submitted this 15th day of October 2014 pursuant to Section 1.12-1203 of the Lackawanna County Home Rule Charter.



Jim Wansacz, Chairman
Board of Commissioners



Corey D. O'Brien, Vice-Chairman
Board of Commissioners

The 2015 Budget

NO TAX INCREASE

Economic Development

- Strengthened our commitment to funding economic development initiatives such as a nationally recognized SBA Loan Fee Waiver Program, the Wireless Initiative, and the Permit Fee Waiver Program. In addition, we have prioritized our bridge network by replacing 3-4 bridges per year.

Improving Quality of Life

- The Community Re-Invest Program, the County Park System, and our Arts & Culture programs enhance the quality of life for all residents, and provide our children with exciting educational and recreational opportunities.

Savings for the Future

- By completing audits on time and building a fund balance the past three years, we are moving in a favorable direction in the eyes of the Rating Agencies. In addition, the Pension Fund is funded at approximately 80% and energy-saving upgrades to the Prison will save money in future budgets.

Strengthening Human Services

- The Human Services area is the hallmark of the services offered by County government and in 2015 will utilize the Human Services Block Grant to better direct funding to the services and programs that require the most attention.