



# County of Lehigh 2016 Budget

PROPOSED

August 31, 2015

## **Proposed 2016 Budget Headlines**

- **No tax increase—millage remains at 3.75**
- **2015 budgeted deficit (\$3.2 million) eliminated**
- **The 2016 budgeted deficit is \$4.8 million, driven by tax cuts and funded from reserves**
- **Stabilization/“Rainy Day” Fund balance at year-end (\$20.2 million) is above GFOA’s recommended level**

## **How Did We Do It?**

- Total employee commitment to meeting needs with greater efficiency
  - Aided by Priority Based Budget results
- Continuation of hiring “frost”
- \$2.3 Million better close out for 2014
- \$1.3 Million projected better close out for 2015

## **Points Worth Noting**

- Total spending (\$382.5 Million) is up \$15.4 million (4.2%)
  - Human Services +\$11.1 million—primarily Health Choices
  - Cedarbrook +\$6.1 million (Capital Improvements)
- County tax dollar spending (\$111.0 Million) is up \$3.6 million (3.3%)
- Capital spending assumes issuance of a \$40 million bond
  - \$25 million directed to Cedarbrook Allentown renovations
  - \$9.8 million in projects will be tabled if a bond isn't issued
- Contribution to pension fund is \$11.5 million
  - Potential risk area if market continues to underperform

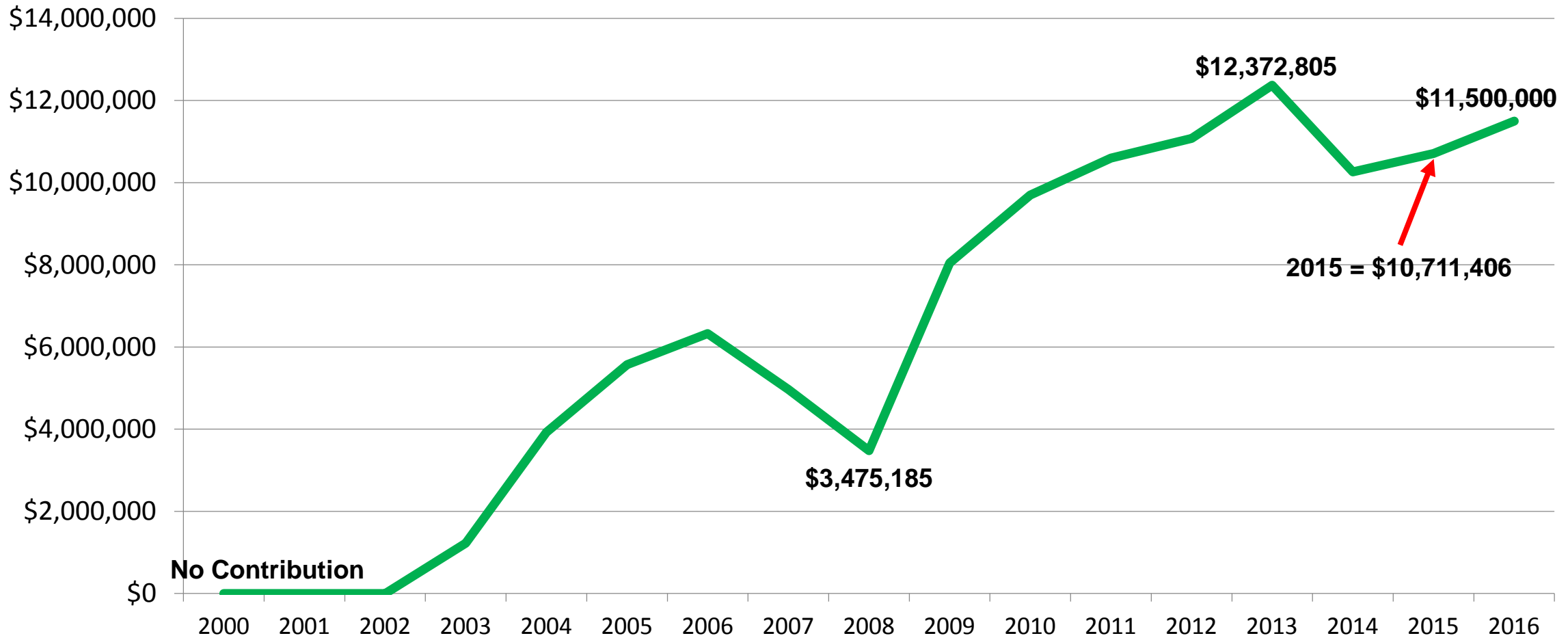
## **Proposed \$40 Million Bond**

- General obligation bond funds have been exhausted
  - Last issue was 2007 Courthouse bond
- County's rating is high (Moody's=Aa1) and rates are low
- Opportunity to borrow with no impact on taxes
  - Debt extended one year
- Critical needs are for Cedarbrook (\$25 million), ERP and the Old Courthouse

## **County Pension Fund Contribution**

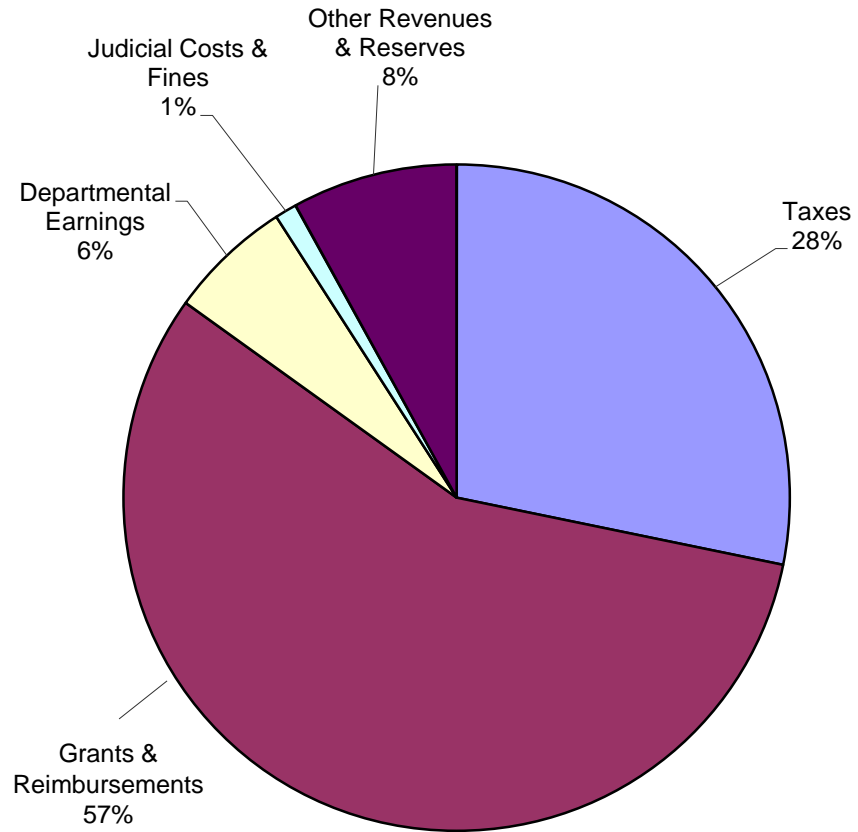
➤ 2015 Contribution = \$10,711,406; 2016 Contribution = \$11,500,000

➤ 88% funded



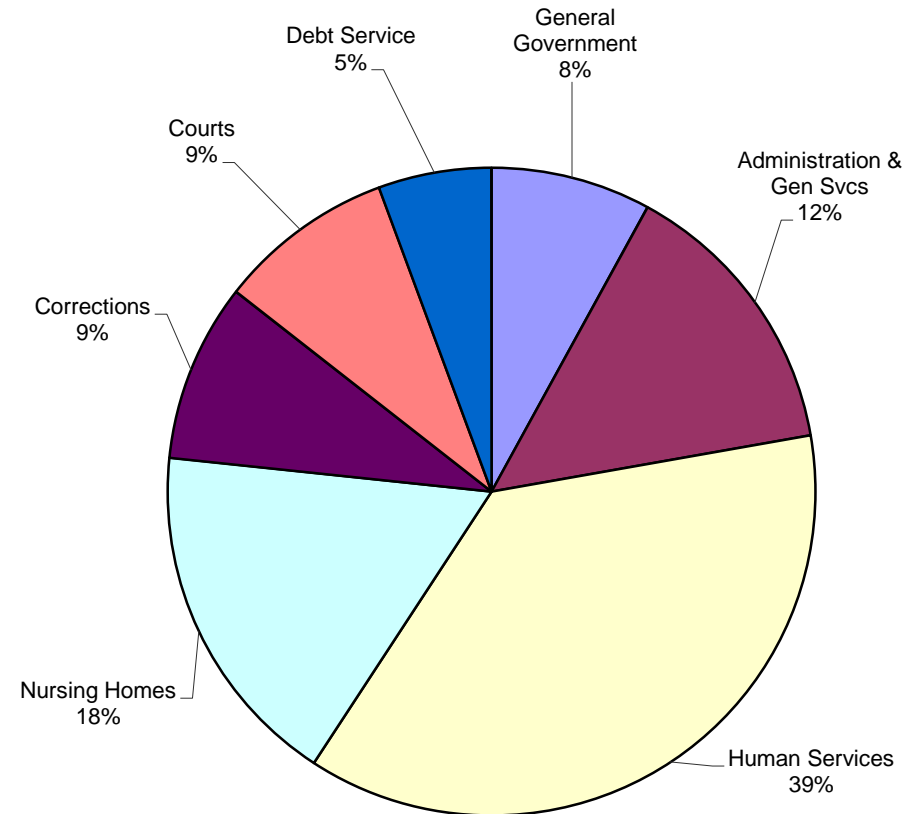
# COUNTY OF LEHIGH

**2016 Proposed Budget  
Revenues**



**Total Revenues: \$382,500,415**

**2016 Proposed Budget  
Expenditures**



**Total Expenditures: \$382,500,415**

## Lehigh County Proposed 2016 Taxes in Context

	County Taxes in Detail	Cents / \$1 Co. Taxes
<b>Law &amp; Order</b>		
Courts	27,785,437	25.02
Corrections	27,503,297	24.77
District Attorney	6,376,843	5.74
Sheriff	5,198,992	4.68
Public Defender	2,421,748	2.18
Coroner	2,310,514	2.08
Emergency Management	1,396,315	1.26
911 Center	1,058,106	0.95
	<b>74,051,252</b>	<b>66.68</b>
<b>Other Elected Officials</b>		
Controller	707,396	0.64
Commissioners	549,564	0.49
County Executive	181,598	0.16
	<b>1,438,558</b>	<b>1.29</b>
<b>Debt Service</b>	<b>15,846,594</b>	<b>14.27</b>

<b>Quality of Life</b>		
Voter's Registration	1,062,449	0.96
Parks & Trails	1,150,887	1.04
LANTA / Joint Planning	1,058,616	0.95
AG Extension	301,721	0.27
Conservation / AG Land	231,350	0.21
Community & Economic Dev.	462,158	0.42
Coca Cola Park	81,001	0.07
Veterans Affairs	388,049	0.35
	<b>4,736,231</b>	<b>4.27</b>
<b>Human Services</b>	<b>5,849,473</b>	<b>5.27</b>
<b>Capital Projects</b>	<b>1,993,630</b>	<b>1.80</b>
<b>Nursing Homes</b>	<b>3,741,585</b>	<b>3.37</b>
<b>Pension Contributions</b>	<b>4,373,377</b>	<b>3.94</b>
<b>Retiree Healthcare</b>	<b>9,020,250</b>	<b>8.12</b>
<b>All Other Functions</b>	<b>(10,019,174)</b>	<b>(9.01)</b>
<b>Subtotal</b>	<b>111,031,776</b>	<b>100.00</b>
<b>Fund Balance + Stabilization</b>	<b>(6,054,452)</b>	
<b>Totals</b>	<b>104,977,324</b>	<b>100.00</b>

## **The Cost of “Law & Order”**

**67¢** of 2016 tax dollar spending

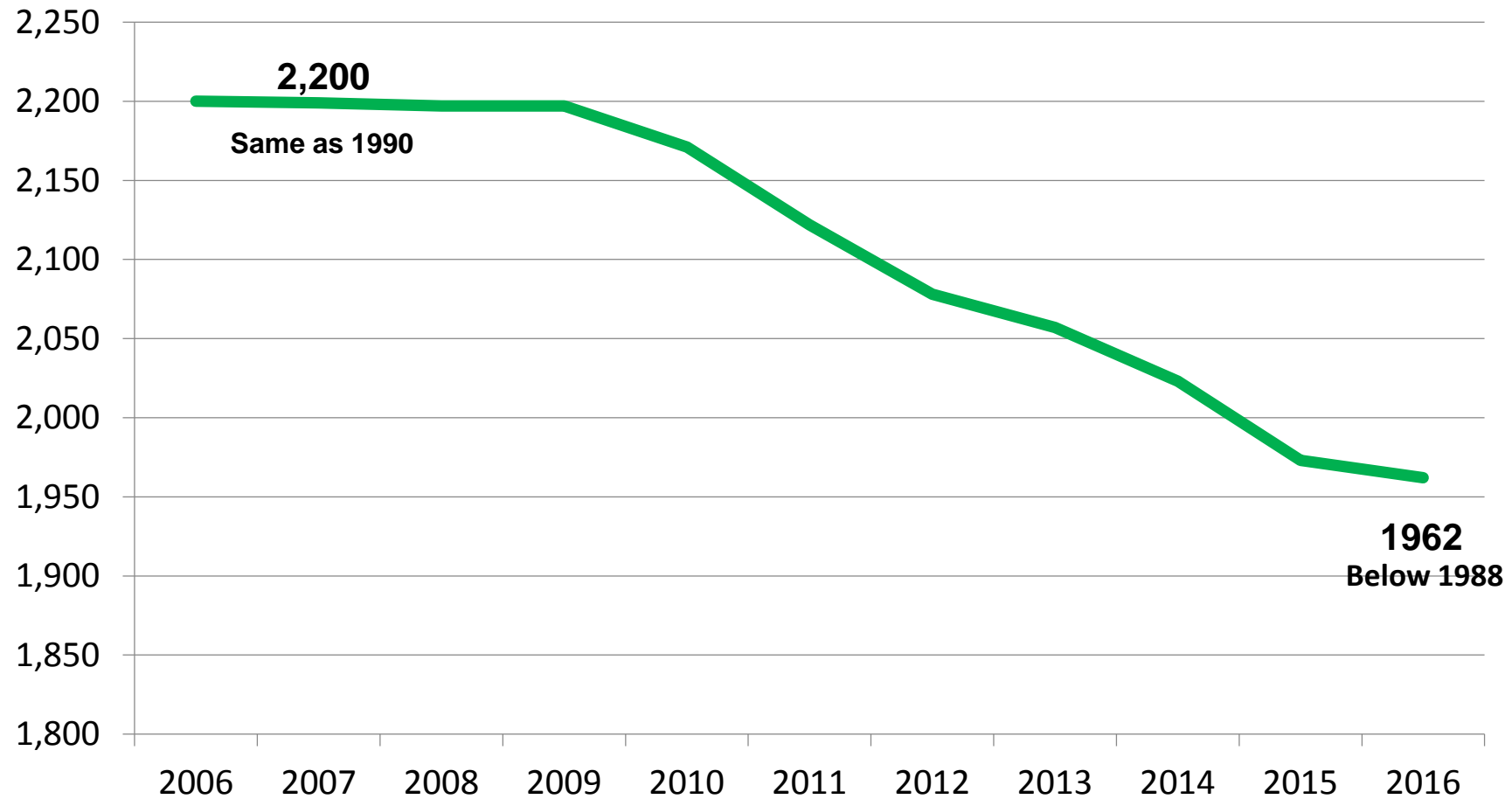
	<b>2016 Tax Dollars</b>	<b>Cost per Day</b>
Corrections	\$27,503,297	\$75,352
Courts	27,785,437	76,124
District Attorney	6,376,843	17,471
Sheriff	5,198,992	14,244
911/EMS/Public Safety	2,454,421	6,724
Public Defender	2,421,748	6,635
Coroner	2,310,514	6,330
<b>Total</b>	<b>\$74,051,252</b>	<b>\$202,880</b>

## **Personnel Notes**

- Headcount reduced by 11 to 1,962
  - 8<sup>th</sup> consecutive year of reductions
  - Below 1988 levels despite average population growth of 1% per year since then
- Wage increases of 2.5% budgeted for non-union employees
  - Many saw take-home pay decline in 2015
- Union increases reflect expected contract/arbitration awards
  - Three expired contracts still under negotiation and one expiring at year-end
- Healthcare costs flat versus 2015 despite 29% increase in retiree healthcare costs
  - No increase in payroll deductions for active employees

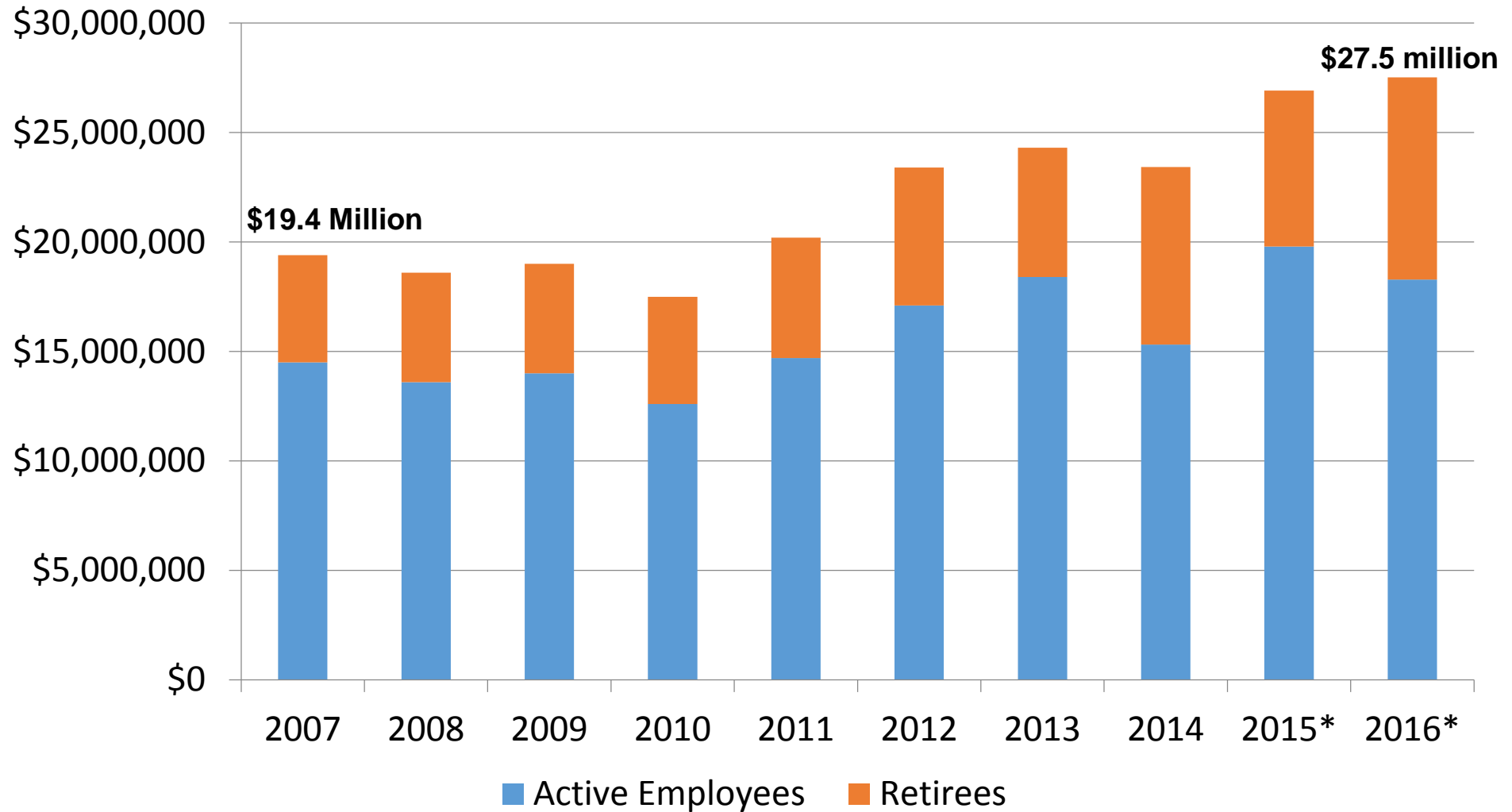
## **County Personnel Count**

Another overall decline while adding 10 positions to “Law & Order”



## **County-Paid Healthcare Costs**

> Minor overall increase in 2016 but retiree costs up 29%



\* Estimated

## Gaming Revenue

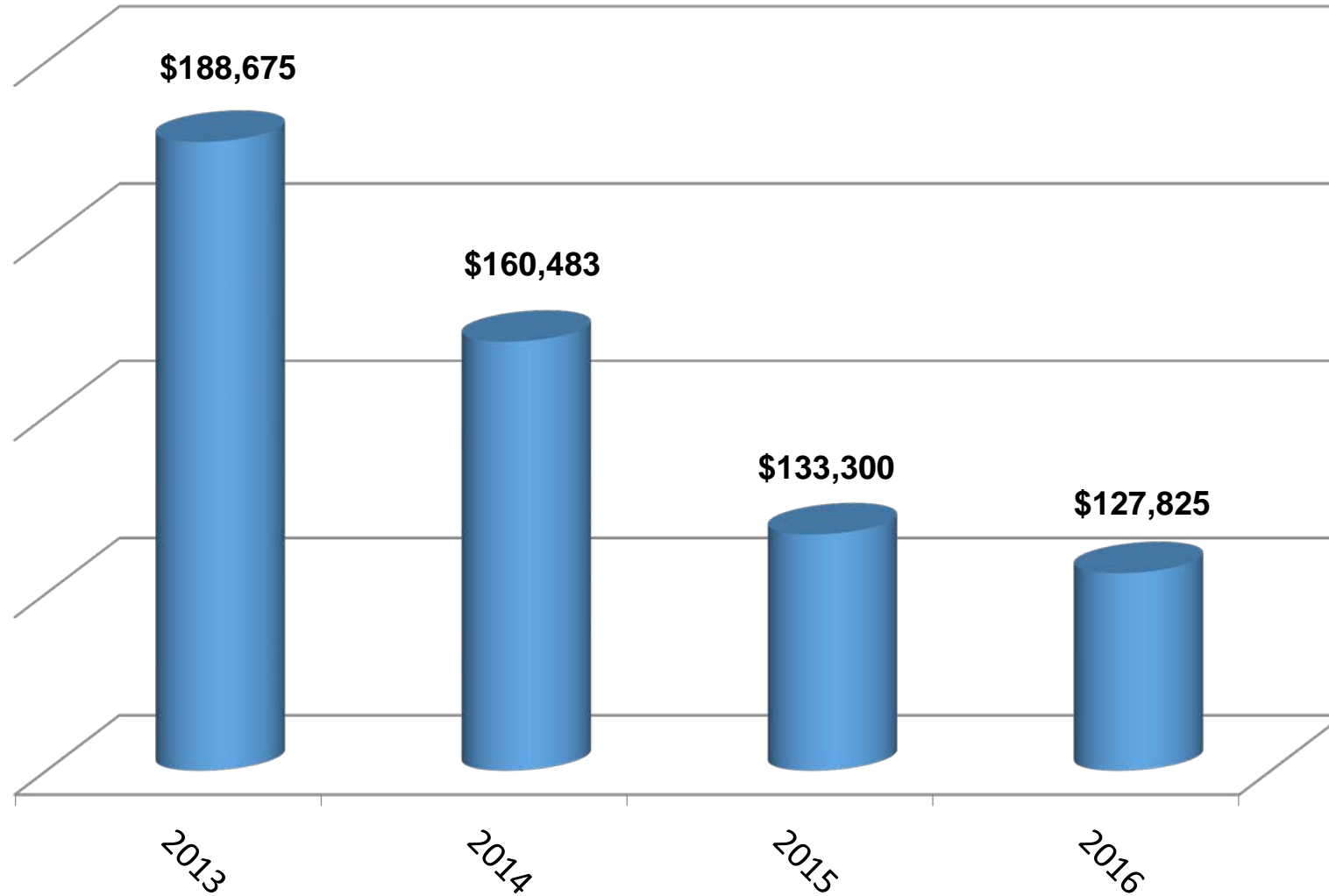
Est. 2016 Opening Balance	500,000
Est. 2016 Revenue	1,336,000
<b>Available Funds</b>	<b>\$1,836,000</b>
<b>County Funds</b>	<b>\$1,214,375</b>
• Emergency Command Center	350,000
• Cascade Truck	400,000
• Transfer to Operations	464,375
<b>Municipal Funds</b>	<b>\$621,625</b>
• Expected 2016 Usage	320,631
Remaining <b>Municipal Funds</b>	<b>\$300,994</b>

## **Green Future Fund Balance**

<b>2016 Beginning Fund Balance</b>	<b>\$4,290,496</b>
<b>Revenues</b>	
DCNR Grant	394,560
Gas Well Impact Fees	340,000
Interest Earned	10,000
<b>Uses</b>	
Committed from Prior Years	\$2,240,496
2015 Commitments	1,454,865
Farmland Preservation	250,000
Transferred to Operating Fund	1,040,000
<b>Unassigned Balance</b>	<b>\$49,695</b>

## **“Quality of Life” Grants**

➤ Reduced for the 3<sup>rd</sup> Consecutive Year



## **Benchmarking County Taxes**

County	Median Home Value*	Median HH Income*	County Tax	Tax % of HH Income
Lehigh	\$203,000	\$54,645	\$761.25	1.39%
Northampton	\$218,100	\$59,551	\$1,177.74	1.98%
Berks	\$173,400	\$55,021	\$1,277.96	2.32%

\* Per US Census (2008-2012)

## **Campaign Promises & “Happy Meals”**

	2013	2014	2015	2016	Cumulative
Board Campaign Promises	\$14,000,000	\$14,000,000	\$14,000,000	\$14,000,000	<b>\$56,000,000</b>
Value to Avg. Taxpayer	\$89.60	\$89.60	\$89.60	\$89.60	<b>\$358.40</b>
Proposed Budget Tax Cuts	\$6,500,000	0	0	0	\$6,500,000
Board Adjustments		\$3,000,000	\$4,250,000	\$4,250,000?	\$11,500,000?
Value to Avg. Taxpayer		\$19.20	\$27.20	\$27.20	<b>\$73.60</b>
Total Tax Adjustments	\$6,500,000	\$3,000,000	\$4,250,000	\$4,250,000?	\$18,000,000
Value to Avg. Taxpayer	\$41.60	\$19.20	\$27.20	\$47.20	<b>\$115.20</b>



## **Cedarbrook Financials**

(Management Outsourced July, 2003)

	2004	2016	% Change
<b>Revenue</b>	<b>\$49,420,783</b>	<b>\$64,808,170</b>	<b>+31.1%</b>
Gross Expenses	\$51,203,076	\$68,624,775	+34.0%
<b>Profit/(Loss)</b>	<b>(\$1,782,293)</b>	<b>(\$3,816,605)</b>	<b>+114.1%</b>
Less:			
Pension Contributions	\$1,208,208	\$3,240,304	+168.2%
Retiree Healthcare	\$1,828,088	\$3,715,575	+103.2%
Debt Service	\$709,900	\$493,183	(69.5%)
<b>Controllable Expenses</b>	<b>\$47,456,880</b>	<b>\$61,175,693</b>	<b>+28.9%</b>
<b>Profit from Operations</b>	<b>\$1,963,903</b>	<b>\$3,632,477</b>	<b>+85.0%</b>
<b>Personnel Count</b>	<b>768</b>	<b>598</b>	<b>(9.1%)</b>

## **Administration Position re: Cedarbrook**

- The time to act is ***now***, not after Election Day or next year.
- The basic needs were identified over a year ago by consultants hired by the Board
- All necessary information to finalize a decision is available now.
- Priorities (in order) need to be:
  - Providing a high quality “safety net” for County seniors
  - Being fiscally responsible to County taxpayers

## **Administration Position re: Cedarbrook**

- Renovations to get to double rooms with bathrooms meets both priorities
  - New construction would cost in excess of \$80 million
  - No need to compete with private sector
- Renovations would begin with the “D” wing
  - Houses over 60% of residents
  - Would include entrance renovations
- “C” and “B” wings would follow
  - Renovation specifics could differ based on needs
- Immediate first step is an engineering/architectural study to refine costs
  - Rejected multiple times by the Board





**FEDETZ & MARTIN  
ASSOCIATES, P.C.  
ARCHITECTURE & PLANNING**