

FINANCE MEETING

FINANCIAL ANALYSIS COMMITTEE PRESENTATION

October 1, 2014

The Cumberland County Financial Analysis Committee Presentation was held on Wednesday, October 1, 2014, at 1:30 p.m., Commissioners' Hearing Room, Courthouse, Carlisle, PA. **Present:** Commissioners Barbara Cross, Jim Hertzler and Gary Eichelberger; Larry Thomas, Chief Clerk; Sandy Moyle, Deputy Chief Clerk/Meetings Manager; Dana Best, Tammy Bender and Ron Snow; Heather Ilgenfritz, Communications Team Manager; Daniel Walmer, The Sentinel.

Chief Clerk Thomas welcomed all of the attendees to the finance meeting.

PFM Recommendations: Chief Clerk Thomas said a PFM review was conducted with recommendations completed with regard to the budget.

FAC Presentation: Dana Best and members of the Finance Department presented their October 2014 Financial Analysis Committee Presentation to the Board of Commissioners and Chief Clerk Thomas (see attached). This projection is for 2014 through the end of this year, and budget trends for future planning through the year 2018.

The 2013 General Fund balance was \$20,879,841. The 2014 projected General Fund balance is \$22,666,917. This 2014 projection shows an increase of \$1.8 million and 101 days of operating expense.

Ms. Best discussed the facts that the COLA adjustment, the 2013 and 2014 freezing of employees' step increases, increased fees, the gainsharing program and changes to the medical benefits has temporarily reversed the downward budget trend in 2013 and 2014. She stated there must be continued reduction of expenditures to sustain a healthy General Fund balance.

Projected Expenses: Ms. Best spoke about the 2014 General Fund Recap. The projected expenses are as follows:

- Salaries increased by 1%
- Benefits decreased by 1.4%
- Operating expenses increased 7.5%
- Subsidies decreased .5%
- Capital decreased 5%

Projected Revenues: Ms. Best spoke about the 2014 Projected Revenues:

- Real Estate Taxes increased 4.1%
- Other Revenue decreased 6.7% (Per Capita Tax elimination and Indirect Cost Plan Allocation)

Overtime: The projected savings of overtime costs in 2014 is \$45,000. The overtime savings in 2013 was \$24,000.

Performance-based Pay System: This system will be implemented and begin to take effect in the 2016 Budget.

Comparative Tax Rate: Cumberland County was compared with nine benchmark counties. Cumberland County had the lowest 2013 Property Tax per capita of \$201 dollars.

2015 General Fund Status: The projected General Fund Balance is \$21,011,392 which is 101 days of budgeted General Fund operating expense.

Ms. Best said that the projected expenses in 2015 include a \$1.8 million increase in the County's subsidy for 9-1-1 services. This increase results from approximately \$600,000 in rising costs and about \$1.2 million in eliminated one-time funding sources the County used in 2014.

The 2015 employee salaries are expected to rise by 2 percent, benefits by 7.5 percent and operating expenses by 1.2 percent.

Future Projections through 2018:

Commissioner Cross spoke about the State subsidy for 9-1-1 services as well as the implemented child protection laws on Cumberland County Children and Youth. There are many question marks about what the needs of the General Fund will be. The Children and Youth Services subsidy can significantly impact it.

Commissioner Eichelberger stated there are unknowns as well as projected budget deficits. These are reasons to stay focused on reducing costs.

It was noted that the Election machines must be evaluated each year. The new machines will be phased in. There was a brief discussion regarding the funding needed for the new machines. Funding has already been approved for replacement batteries for the Election machines.

Cost-Savings Opportunities: Chief Clerk Thomas spoke about cost-saving opportunities such as reducing costs in the Criminal Justice area. He also noted cost-containment for Capital Area Transit and other transit services. He noted that a more expanded gain sharing program would also create potential savings.

Commissioner Hertzler stated that there is smart growth occurring within the County. Cumberland County is faring better than other counties in Pennsylvania.

Commissioner Hertzler stated that at the September 25, 2014, Tri-County Regional Planning Commission Executive Committee meeting, action was taken on their 2015 budget. The Tri-County Region is Perry, Dauphin and Cumberland Counties. He would like to request that the Tri-County Regional Planning Commission attend a Commissioners' Board meeting to present their 2015 Budget to the Board. Commissioner Hertzler stated this would be beneficial for the Commissioners to be aware of the Tri-County Regional Planning Commission's budgetary needs.

Respectfully submitted,

Laurie J. Mazarella
Administrative Coordinator