



Commissioners:

**Vincent T. DiFilippo**

**Jim Hertzler**

**Gary Eichelberger**

Chief Clerk:

**Lawrence Thomas**

Director of Finance:

**Dana L. Best**

# **October 2016 Financial Analysis Committee Presentation**

# Financial Analysis Committee Presentation Overview

- County Highlights
- Current Year Status & Year End Projections
  - Based on 8/31/16
- 4 Year Forecasting
- Data is presented from the focal point of the General Fund
- Fund balance in the presentation is general fund unassigned fund balance plus the assigned future budgetary requirement.

# County Highlights

- Refinanced bond, saving the County \$2.1 million
- No County real estate tax increase in 2015, 2016 and 2017
- 2017 medical premium rates decreased 2.4% or \$315,000 countywide
- Public Safety began implementation of Silent Dispatch with a go live in late 2016
  - Automate operations by reducing the number of calls and radio exchanges requiring human interaction

# County Highlights

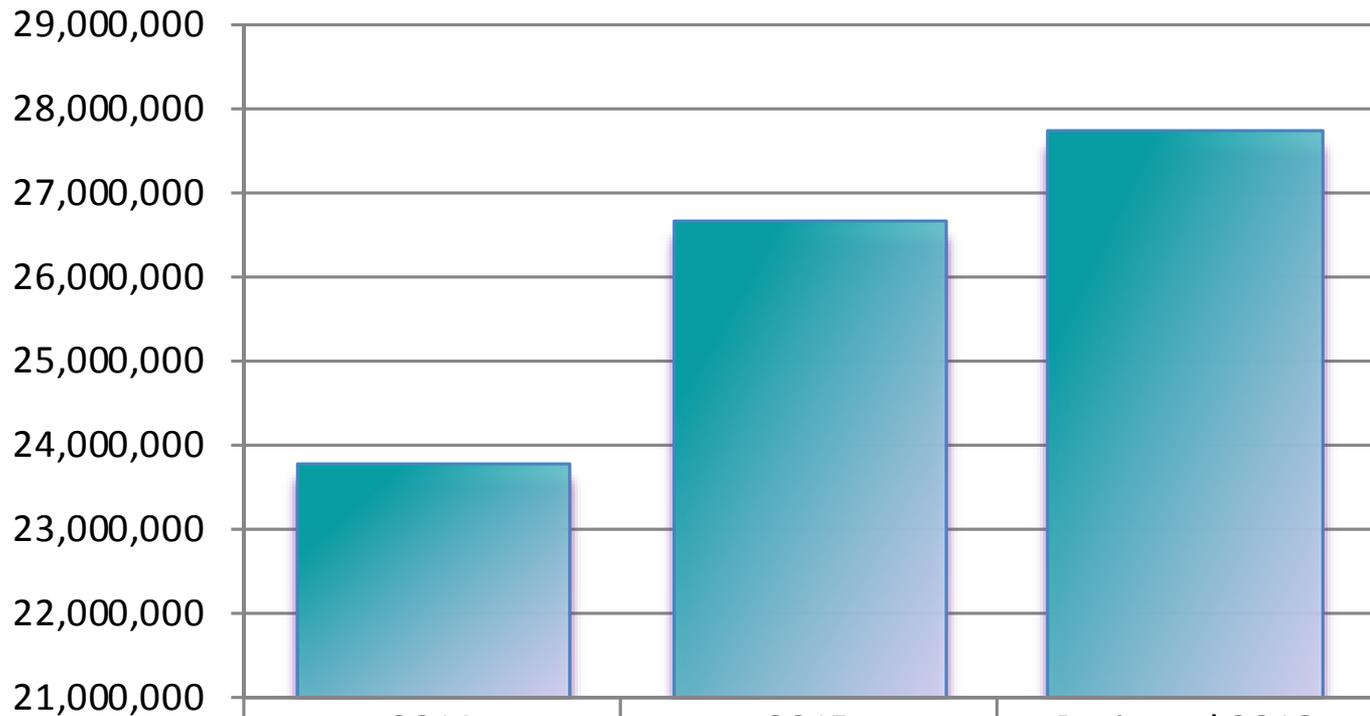
- Sheriff's office – the County video/audio surveillance and duress alarm security systems will be upgraded and completed by the end of 2016
- Merit based compensation
  - Implemented in 2016
  - Incentivizes superior performance
- Uniform 911 surcharge revenue increasing
- CNRC IGT
- Five dollar vehicle registration
  - Bridge replacements are primarily being funded by the new \$5 fee



# 2016 General Fund Recap

# 2016 General Fund Recap

## Unassigned Fund Balance



	2014	2015	Projected 2016
Unassigned Fund Balance	23,780,885	26,672,683	27,752,043
Number of Days	117	128	133

# 2016 General Fund Status

	Projected 2016 (Apr 2016)	Projected 2016 (Aug 2016)	Favorable (Unfavorable)	Percentage Change
<i>Real Estate Taxes</i>	51,199,769	51,397,055	197,286	0.39%
<i>All Other Revenue</i>	23,429,541	23,623,348	193,807	0.83%
<b>Total General Fund Revenue</b>	<b>74,629,310</b>	<b>75,020,403</b>	<b>391,093</b>	<b>0.52%</b>
<b>Total General Fund Expenses</b>	<b>73,224,810</b>	<b>73,941,043</b>	<b>(716,233)</b>	<b>(0.98%)</b>
<i>Salary</i>	27,657,062	28,124,900	(467,838)	(1.69%)
<i>Benefit</i>	11,430,937	11,494,571	(63,634)	(0.56%)
<i>Operating</i>	20,931,166	21,101,302	(170,136)	(0.81%)
<i>Subsidy</i>	6,379,561	6,315,627	63,934	1.00%
<i>Capital</i>	1,386,212	1,386,212	0	0.00%
<i>Transfers / Debt</i>	5,439,872	5,518,431	(78,559)	(1.44%)
<b>Projected Unassigned Fund Balance</b>	<b>28,077,182</b>	<b>27,752,043</b>	<b>(325,139)</b>	<b>-1.16%</b>

# 2016 General Fund Status

	Actuals 2015	Projected 2016	Favorable (Unfavorable)	Percentage Change
<i>Real Estate Taxes</i>	50,742,477	51,397,055	654,578	1.29%
<i>All Other Revenue</i>	21,586,361	23,623,348	2,036,987	9.44%
<b>Total General Fund Revenue</b>	<b>72,328,838</b>	<b>75,020,403</b>	<b>2,691,565</b>	<b>3.72%</b>
<b>Total General Fund Expenses</b>	<b>69,147,998</b>	<b>73,941,043</b>	<b>(4,793,045)</b>	<b>(6.93%)</b>
<i>Salary</i>	26,624,943	28,124,900	(1,499,957)	(5.63%)
<i>Benefit</i>	10,496,636	11,494,571	(997,935)	(9.51%)
<i>Operating</i>	17,879,778	21,101,302	(3,221,524)	(18.02%)
<i>Subsidy</i>	7,728,718	6,315,627	1,413,091	18.28%
<i>Capital</i>	1,523,310	1,386,212	137,098	9.00%
<i>Transfers / Debt</i>	4,894,613	5,518,431	(623,818)	(12.75%)
<i>Additional Impacts</i>		0	0	0.00%
<b>Unassigned Fund Balance</b>	<b>26,672,683</b>	<b>27,752,043</b>		

# 2016 General Fund Recap

2016 year end fund balance is projected at \$27,752,043 which is 133 days of budgeted General Fund operating expense.  
(Recommended fund balance of 100 days)

Expenses – Overall increasing \$4,793,045 – 6.9%

- Salaries increasing \$1,499,960 - 5.6%
  - Gallagher impact
    - ½ year County
    - Sheriff Association
  - Merit Based Compensation
  - COLA
- Benefits increasing \$997,935 – 9.5%
  - Medical increasing \$602,700 – 10.5%
  - Retirement increasing \$245,400 -13.5%

\*Comparison between 2015 actuals and 2016 projections

# 2016 General Fund Recap

Expenses – Overall increasing \$4,793,045 – 6.9%

- Operating increasing \$3,221,520 – 18.0%
  - CNRC IGT payment \$3,074,770
- Subsidies decreasing \$1,413,090 - 18.3%
  - 911 decreasing \$1,728,350 – 83%
  - Children & Youth increasing \$161,860 – 5%
- Capital decreasing \$137,100 - 9%
- Transfers / Debt increasing \$623,820 - 12.8%
  - 2011 proceeds used to pay debt service in May 2015 - \$583,740

# 2016 General Fund Recap

2016 year end fund balance is projected \$27,752,043 which is 133 days of budgeted General Fund operating expense. (Recommended fund balance of 100 days)

Revenue – Overall increasing \$2,691,565 – 3.7%

- Real Estate Tax Revenue increasing \$654,580 – 1.3%
- Other Revenue increasing \$2,036,990 – 9.4%
  - CNRC Transfer-In increasing \$3,074,770 – 100%
  - Court of Common Pleas Grant decreasing \$142,800 – 34%
  - Shippensburg Library Keystone Grant decreasing due to completion \$500,000 (One-time grant with revenue and expense)
  - Proceeds from Long-Term Debt decreasing \$238,230
    - Pictometry



# 2017 General Fund Budget

# 2017 General Fund Status

	Preliminary Budget 2017	Projected 2017	Favorable (Unfavorable)	Percentage Change
<i>Real Estate Taxes</i>	52,174,168	52,174,168	0	0.00%
<i>All Other Revenue</i>	24,246,045	23,903,654	(342,391)	(1.41%)
<b>Total General Fund Revenue</b>	<b>76,420,213</b>	<b>76,077,822</b>	<b>(342,391)</b>	<b>(0.45%)</b>
<b>Total General Fund Expenses</b>	<b>79,048,621</b>	<b>76,676,474</b>	<b>2,372,147</b>	<b>3.00%</b>
<i>Salary</i>	28,938,446	28,832,862	105,584	0.36%
<i>Benefit</i>	11,663,394	11,609,238	54,156	0.46%
<i>Operating</i>	25,099,536	21,761,611	3,337,925	13.30%
<i>Subsidy</i>	6,588,762	7,061,289	(472,527)	(7.17%)
<i>Capital</i>	2,080,812	2,633,803	(552,991)	(26.58%)
<i>Transfers / Debt</i>	4,677,671	4,677,671	0	0.00%
<i>Additional Impacts</i>		100,000	(100,000)	0.00%
<b>2017 Unassigned Fund Balance</b>	<b>25,123,635</b>	<b>27,153,391</b>		
<b>Break-even Percentage</b>	<b>5.00%</b>	<b>1.00%</b>		

# 2017 General Fund Status

2017 year end fund balance is projected at \$27,153,391 which is 124 days of budgeted General Fund operating expense. (Recommended fund balance of 100 days which equates to \$21,972,000).

## Projected Expenses

- Salaries increasing \$707,960 - 2.51%
  - Merit Based Compensation
- Benefits increasing \$114,670 - 1%
  - Medical decreasing 2.4%
  - Retirement increasing 7.3%
- Operating Expense increasing of \$660,310 - 3.1%
- Subsidies increasing \$745,660 – 11.8%
- Capital increasing \$1,247,590 - 90%
  - VOIP - \$1,000,000
  - Kronos countywide - \$230,000
- Transfers / Debt decreasing \$840,760 - 15.2%

# 2017 General Fund Status

2017 year end fund balance is projected at \$27,153,391 which is 124 days of budgeted General Fund operating expense. (Recommended fund balance of 100 days which equates to \$21,972,000).

## Projected Revenues

- Real Estate Tax Revenue increasing \$777,100 - 1.5%
- Other Revenue increases \$280,300 - 1.2%

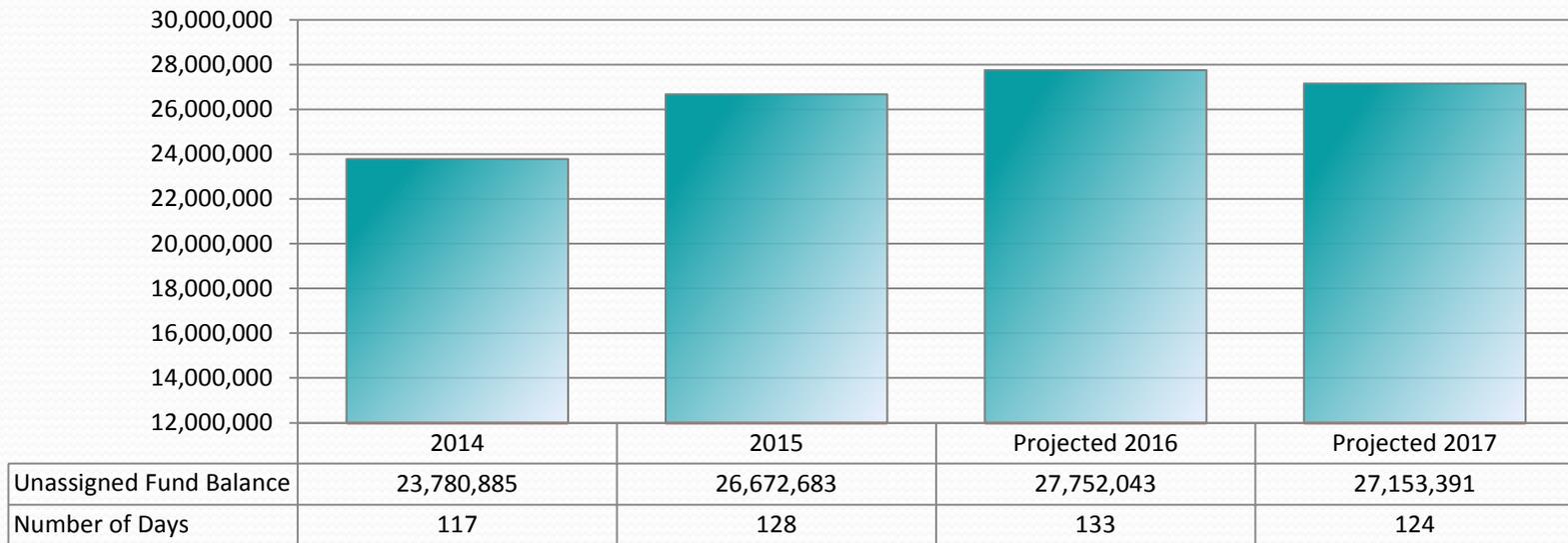
# 2017 General Fund Status

2017 year end fund balance is projected at \$27,153,391 which is 124 days of budgeted General Fund operating expense. (Recommended fund balance of 100 days which equates to \$21,972,000).

## Fund Balance

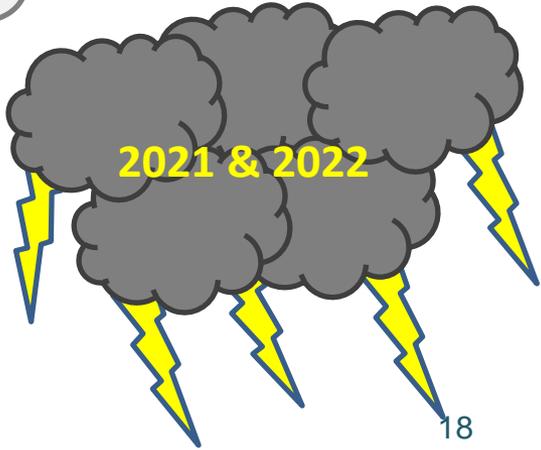
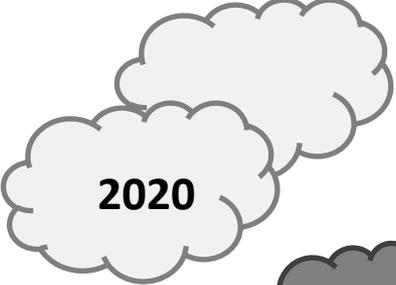
- Decreasing \$598,652 which is 9 days or 6.7% reduction in days

### Unassigned Fund Balance





# Major Capital Projects

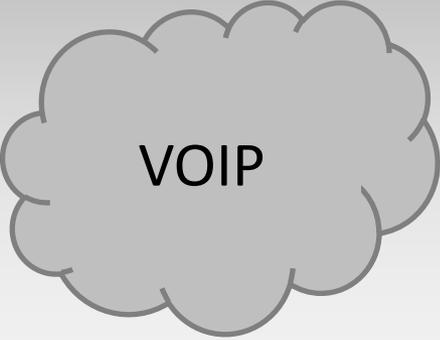


- 911 Radios and Infrastructure \$40-80 million
- Voting Machines - \$4 Million
- 7<sup>th</sup> Common Pleas Judge
- VOIP - \$1 Million
- Kronos – \$230,000
- Library Support
- Farmland Preservation
- CNRC Infrastructure

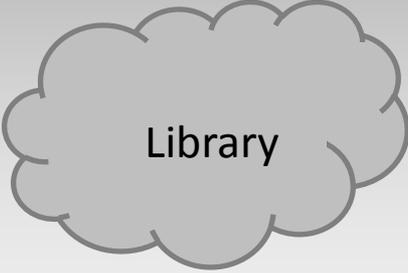




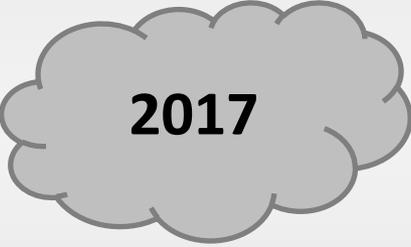
Kronos



VOIP



Library



**2017**



Farmland  
Preservation



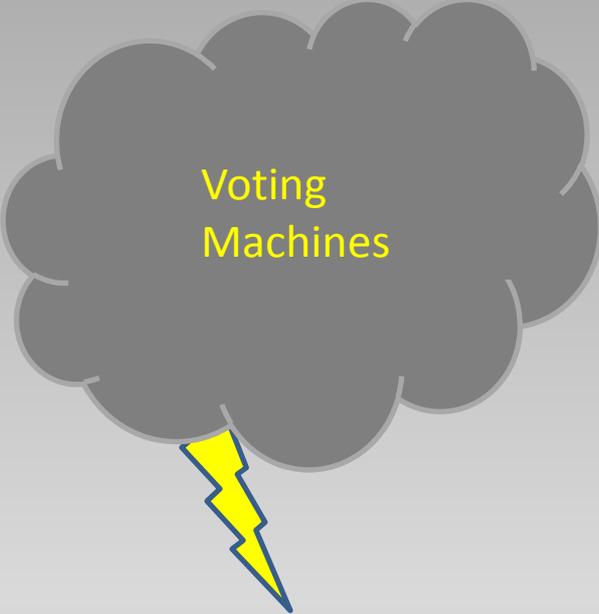
Radios

Library

**2018**

Farmland  
Preservation

Radios



Voting  
Machines



Library



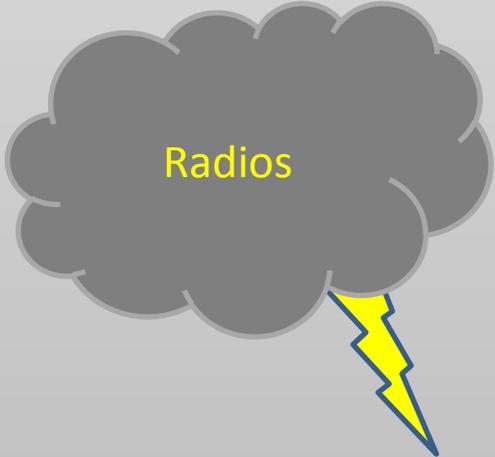
7<sup>th</sup> Common  
Pleas Judge



2019



Farmland  
Preservation



Radios

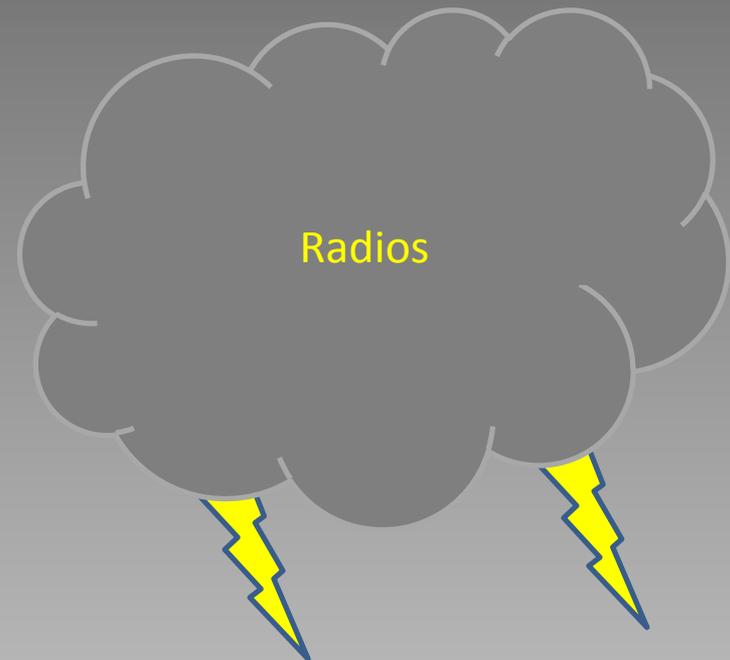
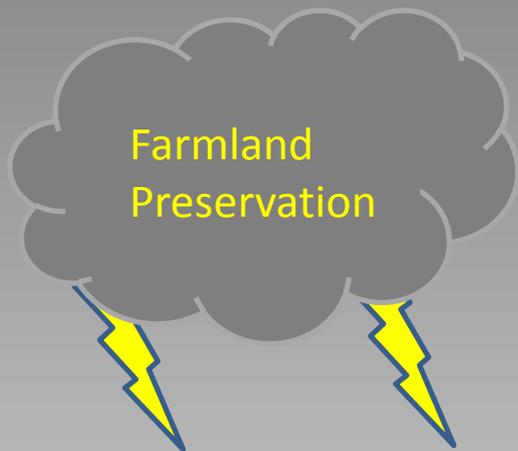
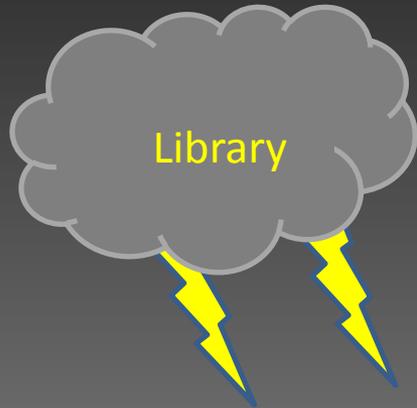
7<sup>th</sup> Common  
Pleas Judge

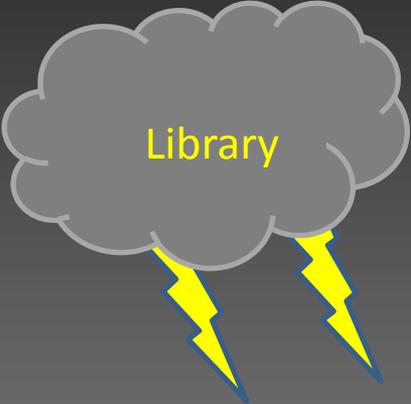
Library

**2020**

Farmland  
Preservation

Radios





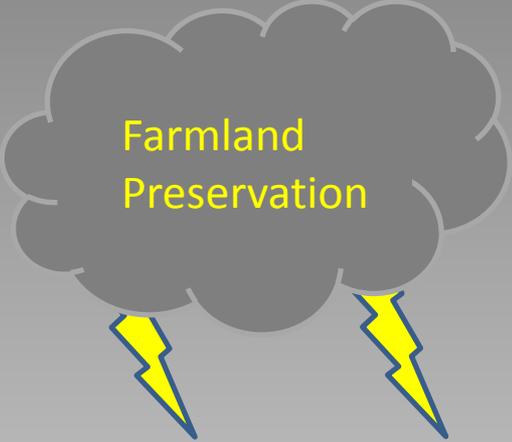
Library



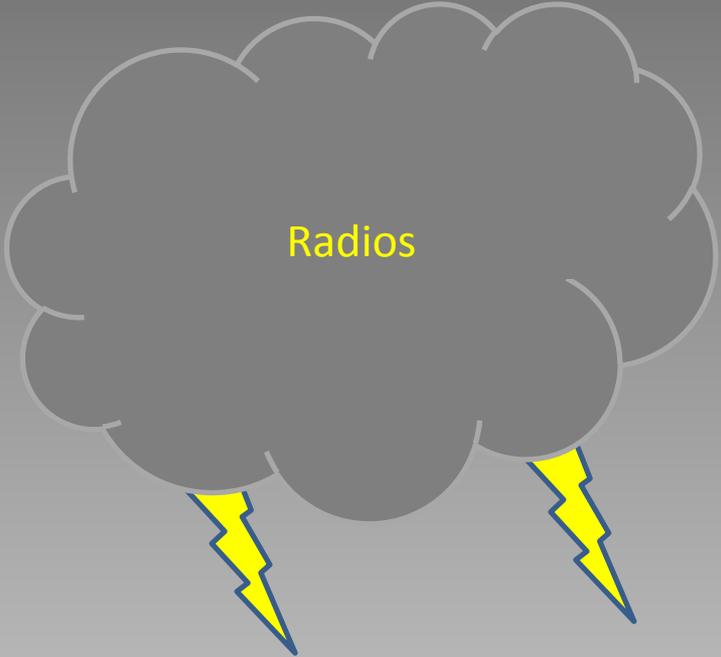
7<sup>th</sup> Common  
Pleas Judge



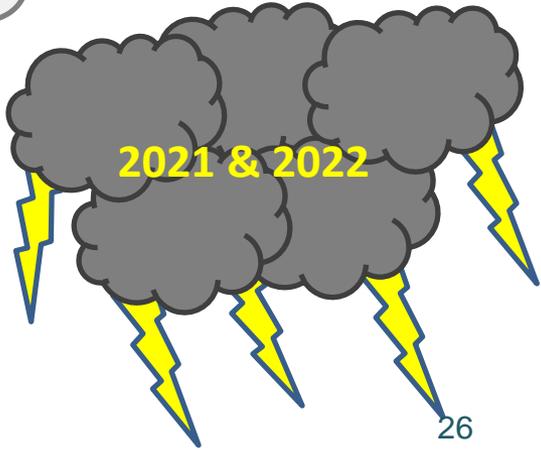
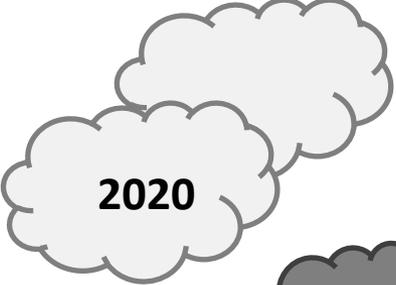
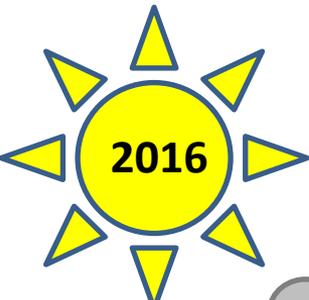
2022



Farmland  
Preservation



Radios



- 911 Radios and Infrastructure \$40-80 million
- Voting Machines - \$4 Million
- 7<sup>th</sup> Common Pleas Judge
- VOIP - \$1 Million
- Kronos – \$230,000
- Library Support
- Farmland Preservation
- CNRC Infrastructure

# Cost Drivers

## Merit Based Compensation Formula

### 2016 to be paid in 2017

- June CPI – 1%
- Fund Balance over 100 days - \$5,758,229 or 1.51%
- Anchor is 2.51%

Year	General Fund Salary	CPI (June - June)	Budgeted Fund Balance	Fund Balance from 100 Days (100 Days - Prior Yr FB)	FB Gain Share 5% (FB change X 5% / 2015 GF Salary)	Percentage Salary Increase (CPI % + FB gain share %)
2016	\$ 19,067,218	1.00%	\$ 20,884,023	\$ 5,758,229	1.51%	2.51%
2017			\$ 21,972,000			

### 2017 to be paid in 2018

- 100 days of Fund Balance is 21,972,000

# Revenue Drivers

## 2017 General Fund Budget

### Millage Rate History

2007	2.285 County millage (4% increase)
2008	2.285 County millage (0% increase)
2009	2.399 County millage (5% increase)
2010	2.399 County millage (0% increase)
2011	1.902 County millage (0% increase) *
2012	1.902 County millage (0% increase)
2013	2.131 County millage (12% increase)
2014	2.195 County millage (3% increase)
2015	2.195 County millage (0% increase)
2016	2.195 County millage (0% increase)
2017	<b>2.195 County millage (0% increase)</b>

\* Reassessment Year

# Revenue Drivers

## Taxable Assessed Value

### Growth in Taxable Assessed Value / Building Permits

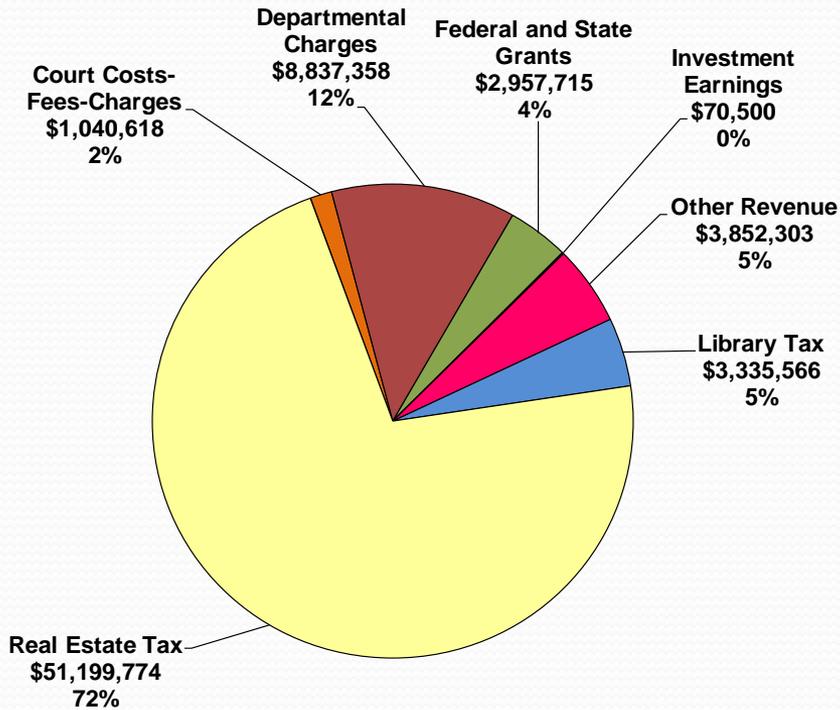


	1996	1997	1998	1999	2000	2002	2003	2004	2006	2007	2008	2009	2010	2012	2013	2014	2015
TAV Growth	1.73%	1.55%	2.03%	2.18%	2.06%	2.52%	1.91%	2.61%	2.76%	3.07%	2.56%	2.33%	2.03%	1.09%	1.13%	1.25%	1.51%
Building Permits					1,204	1,726	1,622	1,476	1,416	1,639	1,324	818	913	1,165	1,189	965	995

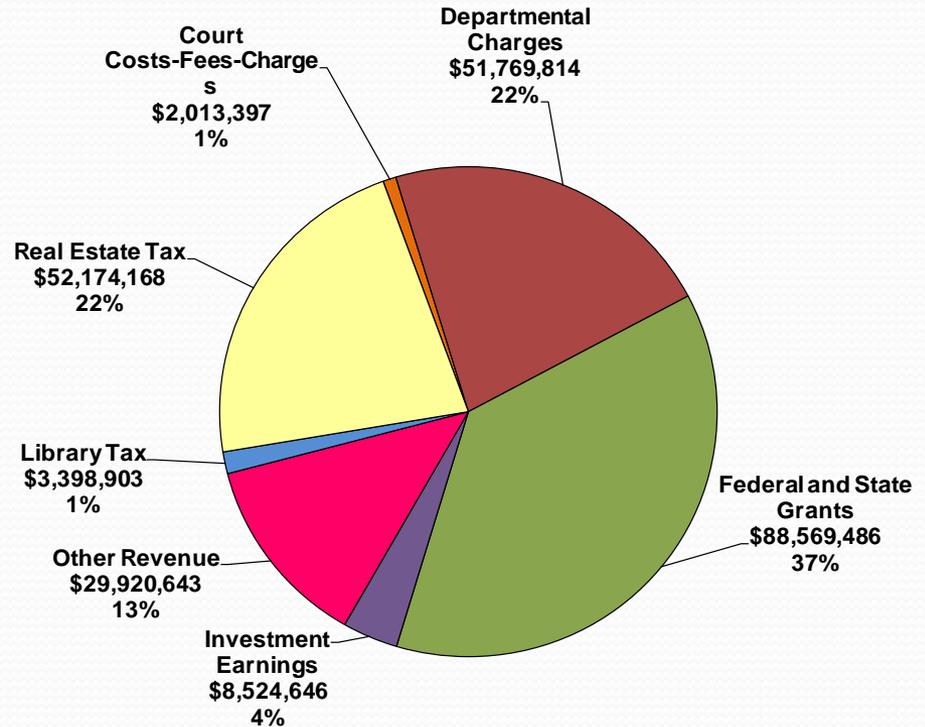
Note: 2001, 2005 and 2011 were removed due to reassessment years

# Revenue Comparison – 2017 Budget

## General Fund Revenue



## Total County Revenue





# **General Fund 2016 Thru 2020 Projections**

# Major Adjustments since Last Projections

## 911 Uniform funding

- In the April projections the assumption was that 911 will remain fully funded through the projection period
- In August after reviewing the 2017 budget submission and 5 year capital plan, 911 will need subsidy for any capital projects not related to the radio project. Beginning in 2018 the radio project will be funded by bond proceeds.

## Debt Service Changes

2016	(93,000)
2017	(751,000)
2018	38,000
2019	(538,000)
2020	(1,042,000)

- Current projections do not include estimates for timing and financing of projects on slide eighteen but they will have an impact on future projections
- **This assumes aggressive management of cost drivers**

# 2016 Thru 2020 General Fund Projections

	Projected 2016	0.0% Projected 2017	0.0% Projected 2018	0.0% Projected 2019	0.0% Projected 2020
<i>Real Estate Taxes</i>	51,397,055	52,174,168	52,800,259	53,433,862	54,075,068
<i>All Other Revenue</i>	23,623,348	23,903,654	24,202,848	24,477,769	24,956,443
<b>Total General Fund Revenue</b>	<b>75,020,403</b>	<b>76,077,822</b>	<b>77,003,107</b>	<b>77,911,631</b>	<b>79,031,511</b>
<b>Total General Fund Expenses</b>	<b>73,941,043</b>	<b>76,676,474</b>	<b>78,646,842</b>	<b>83,680,553</b>	<b>80,555,116</b>
<i>Salary</i>	28,124,900	28,832,862	29,530,811	30,251,001	31,089,860
<i>Benefit</i>	11,494,571	11,609,238	12,578,601	13,463,446	14,441,627
<i>Operating</i>	21,101,302	21,761,611	22,048,039	22,240,342	22,548,128
<i>Subsidy</i>	6,315,627	7,061,289	7,213,383	7,771,920	7,913,768
<i>Capital</i>	1,386,212	2,633,803	1,395,916	1,395,916	1,395,916
<i>Transfers / Debt</i>	5,518,431	4,677,671	4,715,092	3,757,928	2,715,817
<b><u>Additional Impacts</u></b>					
<i>Election Machines</i>		0	0	4,000,000	
<i>IMTO Projects</i>		0	400,000	500,000	400,000
<i>911 Projects (Non-Bond) - Subsidy</i>		0	515,000	50,000	50,000
<i>Children &amp; Youth</i>		???	???	???	???
<i>Library</i>		100,000	250,000	250,000	
<b>Unassigned Fund Balance</b>	<b>27,752,043</b>	<b>27,153,391</b>	<b>25,509,656</b>	<b>19,740,734</b>	<b>18,217,129</b>

# Assumptions in the Projections

## ***Projections are based on current trends***

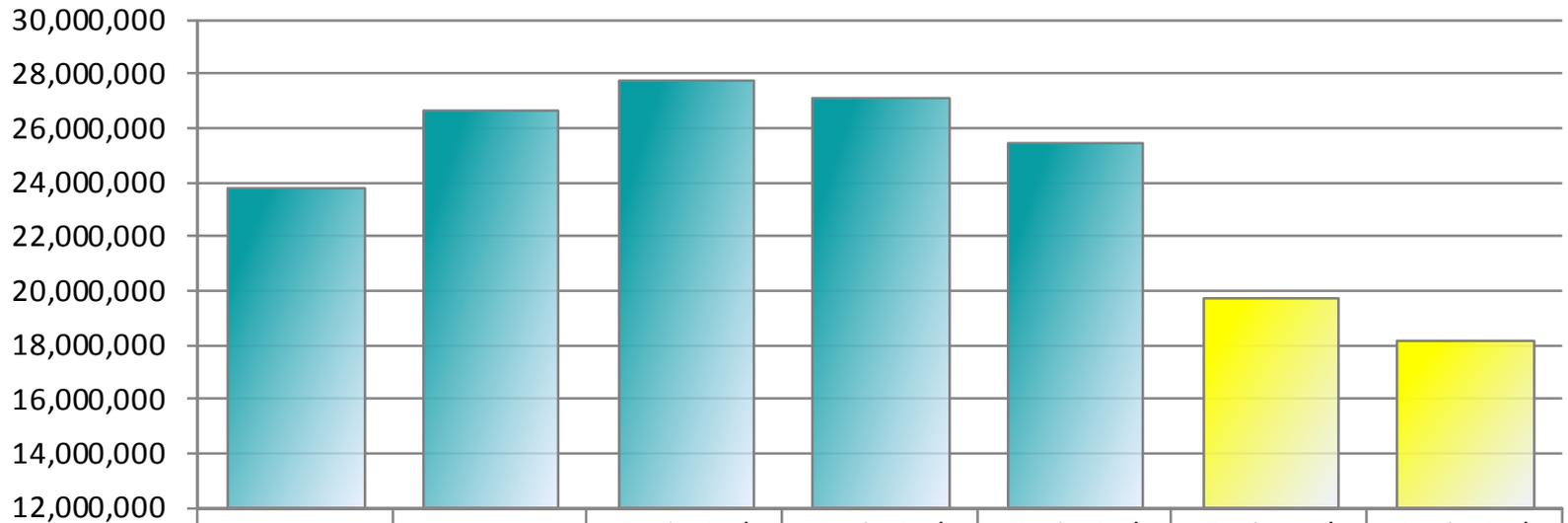
- Salaries - 2.5% average yearly increase
  - Union contracts
  - Merit Based Compensation
  - Overtime
- Benefits - 7.3% average yearly increase
- Operating Expenses - 1.3% average yearly increase
- Subsidy - 2% average yearly increase
  - Exception is 2019 with 911 new bond principal/interest payment 7.7% increase
- Capital is projected at the same level each year

## ***911 Radio Project Assumptions – Pending BoC Approval***

- \$6 million bond in mid to late 2018 with first payment in 2019
  - Estimated bond principal and interest \$420,000
- New bond in late 2020 with the first payment in 2021

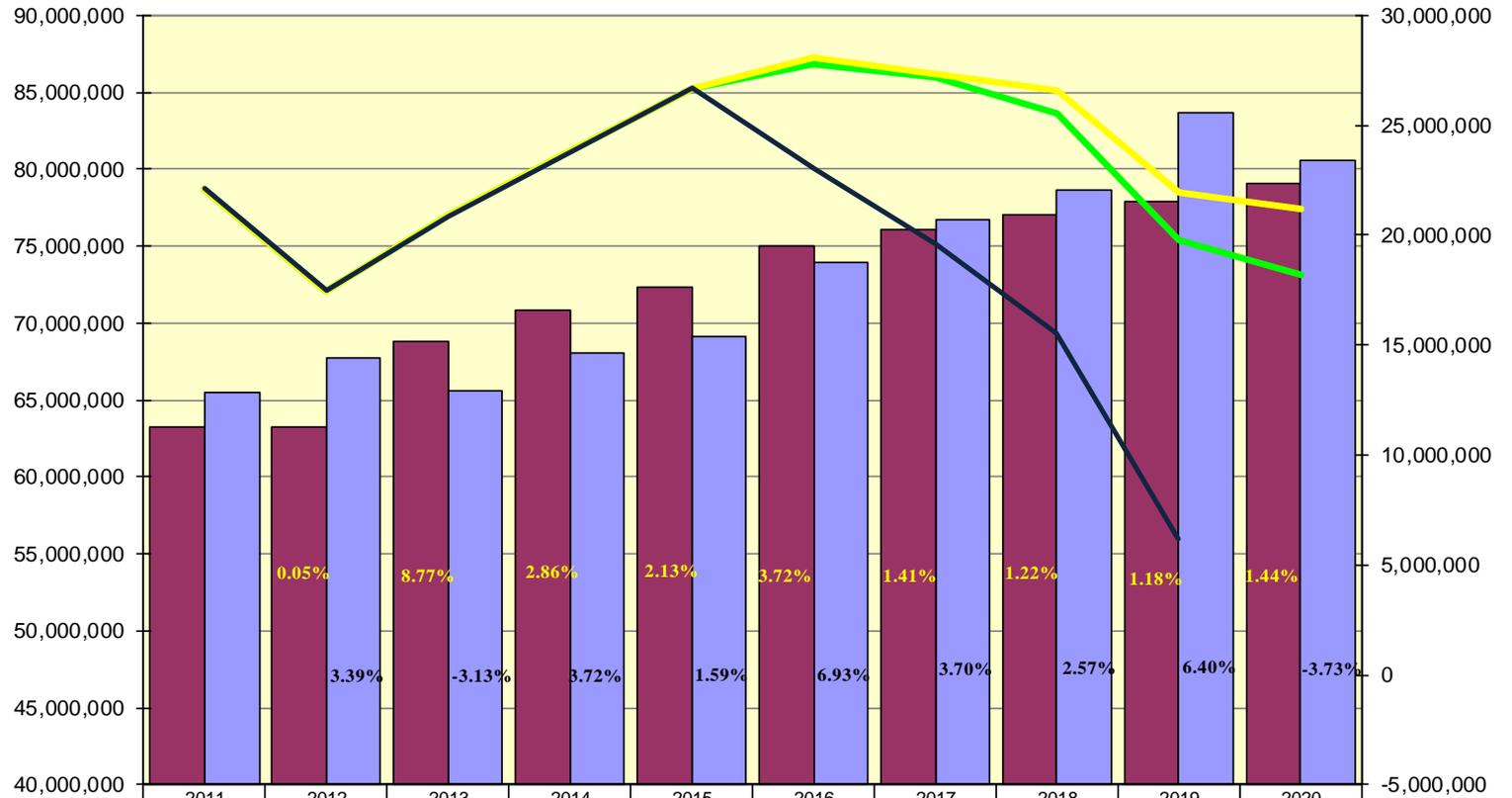
# General Fund Projections

## Unassigned Fund Balance



	2014	2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
Unassigned Fund Balance	23,780,885	26,672,683	27,752,043	27,153,391	25,509,656	19,740,734	18,217,129
Number of Days	117	128	133	124	116	90	83

# 2011 Thru 2020 General Fund Actuals and Projections



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	63,263,893	63,298,421	68,850,103	70,816,932	72,328,838	75,020,403	76,077,822	77,003,107	77,911,631	79,031,511
Expense	65,532,831	67,752,454	65,629,703	68,067,927	69,147,998	73,941,043	76,676,474	78,646,842	83,680,553	80,555,116
Revenue Change	0.00%	0.05%	8.77%	2.86%	2.13%	3.72%	1.41%	1.22%	1.18%	1.44%
Expense Change	0.00%	3.39%	-3.13%	3.72%	1.59%	6.93%	3.70%	2.57%	6.40%	-3.73%
Fund Balance (Aug 2016 Projection)	22,105,345	17,452,962	20,879,841	23,780,885	26,672,683	27,752,043	27,153,391	25,509,656	19,740,734	18,217,129
Fund Balance (Apr 2016 Projection)	22,105,345	17,452,962	20,879,841	23,780,885	26,672,683	28,077,182	27,324,628	26,581,450	21,969,709	21,213,029
Fund Balance (Aug 2015 Projection)	22,105,345	17,452,962	20,879,841	23,780,885	26,672,683	23,008,141	19,611,496	15,554,620	6,218,618	

# 2016 – 2020 Fund Balance Projections

<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>
<b><u>No Change</u></b>								
27,752,043	————	0%	27,153,391	————	0%	25,509,656	————	0%
			(598,652)			(1,643,735)		(1,523,605)
						(5,768,922)		
								18,217,129
<b><u>Break - Even</u></b>								
27,752,043	————	1%	27,675,133	————	2%	27,625,965	————	3%
								1%
								27,476,672

**Black - Fund Balance**  
1% change = 522,000

**Blue - Difference between revenue and expense**  
3% change = 1,565,000

5% change = 2,608,000

Change can be on-going change in expenses or revenues

Note: 2019 has a one-time expense for election machines

# 2016 – 2020 Fund Balance Projections

<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>
27,752,043	0%	27,153,391	0%	25,509,656	0%	19,740,734	0%	18,217,129
27,752,043	0%	27,153,391	0%	25,509,656	7%	23,481,104	0%	25,742,754
			3%	27,093,663	3%	24,578,863	0%	26,348,430
27,752,043	0%	27,153,391	2%	26,565,661	2%	22,955,467	2%	24,741,689

**Red Zone** under 15,170,000  
**Yellow Zone** between 15,170,000 and 21,671,000  
**Green Zone** over 21,671,000 to 32,819,000

1% change = 522,000

3% change = 1,565,000

5% change = 2,608,000

Note: 2019 there is a one time expense of \$4,000,000 for election machines.

# 2016 – 2020 Fund Balance Projections

<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>
<b><u>Current Assumptions</u></b>								
27,752,043	0%	27,153,391	0%	25,509,656	0%	19,740,734	0%	18,217,129
<b><u>Changes</u></b>								
27,752,043	0%	27,153,391	0%	25,509,656	-1%	19,206,395	0%	17,142,039
			-1%	24,981,653	0%	18,678,392	0%	16,614,036
			-3%	23,925,648	0%	16,553,710	0%	13,407,853
27,752,043	-1%	26,631,650	0%	24,459,912	0%	18,156,651	0%	16,092,295
27,753,043	-2%	26,109,908	0%	23,410,167	0%	16,572,567	0%	13,967,461
1% change = 522,000			3% change = 1,565,000			5% change = 2,608,000		
<b>Red Zone under 15,170,000</b>								
<b>Yellow Zone between 15,170,000 and 21,671,000</b>								
<b>Green Zone over 21,671,000 to 32,819,000</b>								

Note: 2019 there is a one time expense of \$4,000,000 for election machines.

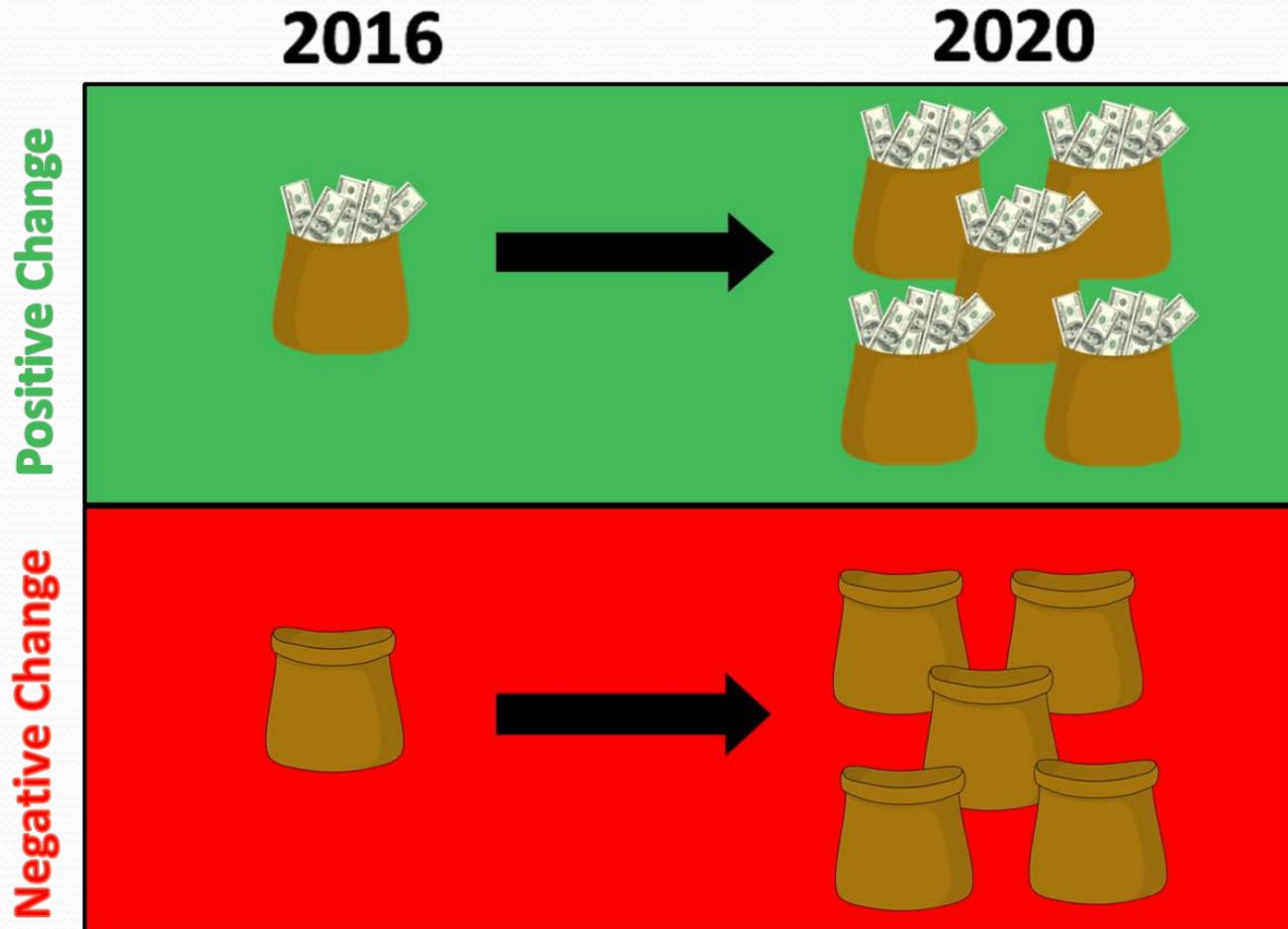


# **Impact of On-Going Changes**

## Examples of On-Going Changes

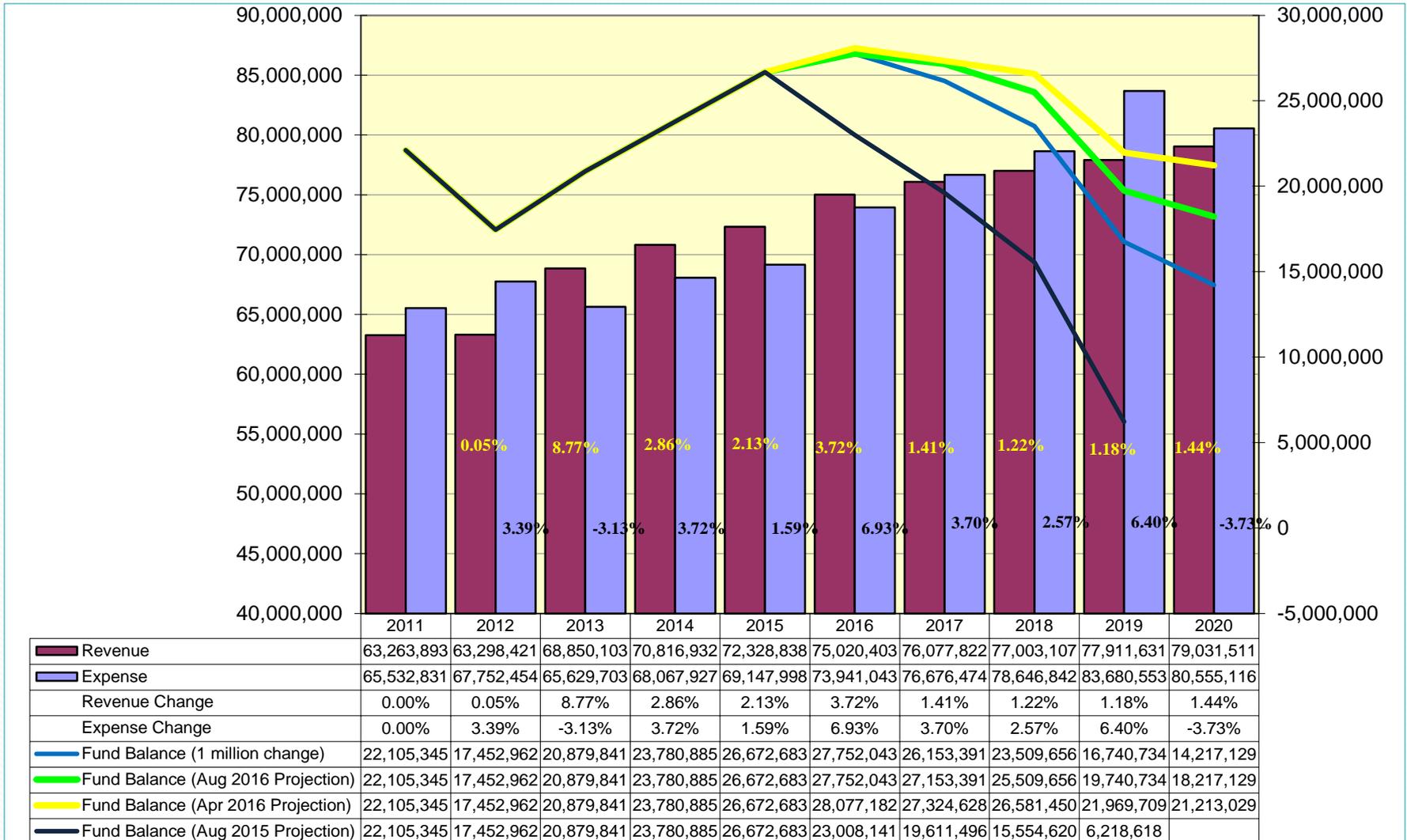
- Changes to Revenues
  - Millage
  - Departmental fees
  - Collections
- Changes to Expenses
  - Farmland Preservation
  - Debt Service for major projects
  - Subsidy to other funds
  - Grants to other organizations
  - Salaries and benefits

# Compounded Change of Addition or Reduction of On-Going Cost/Revenue



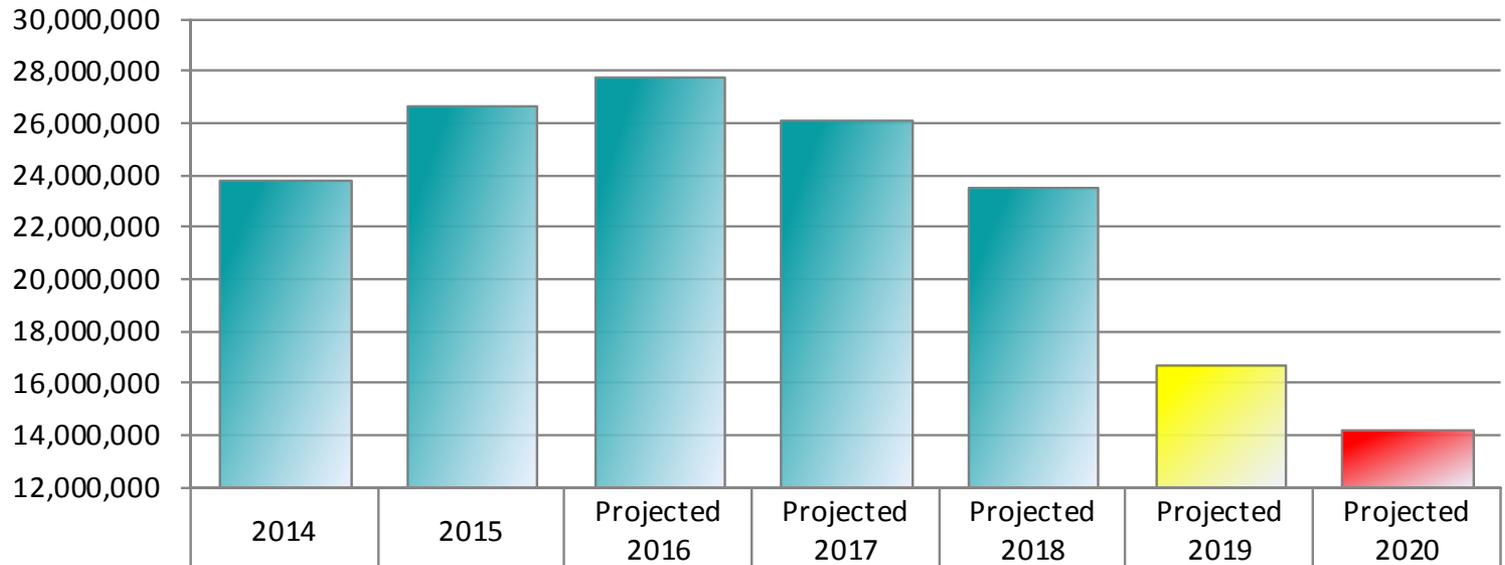
# 2011 Thru 2020 General Fund Actuals and Projections

## \$1 Million Change



# Impact of On-Going Changes

## Unassigned Fund Balance \$1 Million Change



Unassigned Fund Balance	23,780,885	26,672,683	27,752,043	26,153,391	23,509,656	16,740,734	14,217,129
Number of Days	117	128	133	119	107	76	65

# Comparative tax rate

2015

Benchmark Counties	Class	2015 Population	2015 Real Estate Tax	2015 Property Tax per capita
Dauphin	3	271,453	\$102,140,000	<b>\$376</b>
Lackawanna	3	212,719	78,403,295	<b>\$369</b>
Luzerne	3	318,829	\$114,447,790	<b>\$359</b>
Berks	3	413,691	\$136,151,892	<b>\$329</b>
Northampton	3	300,654	\$94,651,908	<b>\$315</b>
Lehigh	3	357,823	\$107,700,336	<b>\$301</b>
Chester	3	515,939	\$153,695,316	<b>\$298</b>
York	3	442,867	\$122,824,563	<b>\$277</b>
Erie	3	278,045	\$69,189,284	<b>\$249</b>
Westmoreland	3	359,320	\$81,405,681	<b>\$227</b>
Lancaster	3	536,624	\$118,053,482	<b>\$220</b>
<b>Cumberland</b>	<b>3</b>	<b>246,338</b>	<b>\$50,564,085</b>	<b>\$205</b>



Commissioners:

**Vincent T. DiFilippo**

**Jim Hertzler**

**Gary Eichelberger**

Chief Clerk:

**Lawrence Thomas**

Director of Finance:

**Dana L. Best**

# October 2016 Financial Analysis Committee Presentation

\* Presentation is available at [www.ccpa.net/finance](http://www.ccpa.net/finance)