



Citizen Summary

Centre County Government

**2013
Tentative Budget**

2013 Budget Message

Establishing a budget is more than setting appropriations and revenues, it is piecing together the many components of our government in a way that reflects our principles and meets the expectations of those we serve. Our 2013 Tentative Budget addresses current fiscal and economic realities while setting in motion a multi-year transformation of County Government. We seek to reform and improve service delivery by carefully analyzing all that we do and find ways to do it better. While this has been and remains an ongoing process, to achieve our goal we must think and act differently than we have before.

President Ronald Reagan said, "status quo, you know, is Latin for 'the mess we're in'." The dictionary defines it as the "existing state or condition."

In either case, we find ourselves dissatisfied with the status quo. Continued economic strife, resulting in far too many unemployed and underemployed, seems insurmountable. Our businesses struggle, farmers work harder, families confront new difficulties, and government at every level is, in many ways, outmoded, outdated and overwhelmed by the complexities of the day.

The public expects government to work together. At all levels of government, partisanship, point scoring and personal attacks have poisoned the public discourse. Everyone must understand sacrifice is necessary and accept that we are "all in this together."

Together, we seek new opportunity and demand improvements in the way government functions. We work to create a stronger economy for our residents, employees, small businesses and farmers. We want a better quality of life, clearer sense of place, and improved character of community for those who live, work and raise their families here.

I am certain we have the ability to define the future of our county, invigorate and inspire the best in us, and, without doubt or hesitation, reinvent government.

With all this in mind, I present to you the 2013 Tentative Budget and offer with firm resolve and absolute clarity, this simple message - ***Governmental status quo is unacceptable and 2013 is "year one" in our multi-year effort to transform the way we do business.***

Transformation is the process of changing composition or structure.

Government cannot be all things to all people. Centre County Government can and must identify core functions and provide them well. By applying basic decision-making principles, we can work towards eliminating inefficiencies while improving service delivery, resetting expectations, establishing clear outcomes, infusing competition and measuring performance.

By employing the process we have outlined we not only establish fiscal stability in 2013, but attempt to ensure prudent financial stewardship in the years that follow. In so doing, we strike a balance. A balance between revenues and expenses, a balance between expectations and outcomes, and a balance between the services needed and desired with our taxpayer's ability to pay.

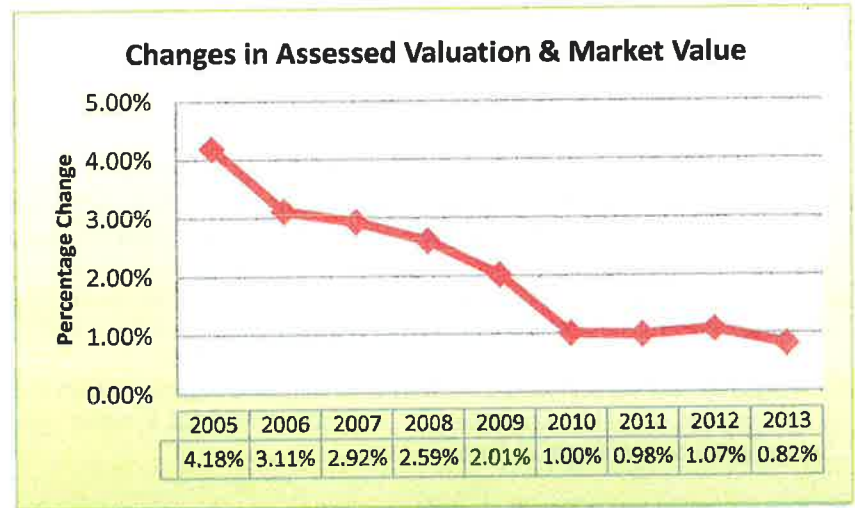
Our **focus** is on the most efficient delivery of core county services, balancing the expectations of our residents while limiting the burden on our taxpayers. We have been inclusive by considering and including in our analysis and development internal and external stakeholders who contribute to and are impacted by the decisions we make – from departments to officials; from government entities to non-profit organizations; and, most importantly, the public at large. We have applied common sense and logic, thoroughly researching issues and applying fact-based assessment in directing our actions. Lastly, in all things we sought to review and determine the fairness of our decisions.

2013 Budget Message

Economic Outlook and a \$4.4 Million Gap

Centre County Government faced an initial projected budget gap of \$4.4 million, while at the same time indicators show our local economy continues to be challenged:

- The County's assessment growth continues to decline, down .82% growth from last year and 3.36% from 2008, which equates to \$17.8 million, due to the downturn in the residential and commercial construction market, and overall decline in home values.
- State unemployment remains high at a year-to-date of 8.2 percent compared to the 2007 annual average of 4.4 percent prior to the economic downturn;
- Centre County has been fortunate in remaining one of the counties with an unemployment rate of 6% and lower.



Unemployment Rates by County in Pennsylvania, September 2012



- Client caseloads in the Social Service Departments have increased while state funding has continued to decline;
- State funding cuts continue to be one of the highest concerns. With the economy being as it is, more people are in need of assistance;
- The County Pension Law, Act 96 of 1971, requires counties to pay an **Annual Retirement Contribution** into the employees' retirement annually. This is referred to as the "ARC payment". In 2013 the payment totals \$3.9 million, an increase of \$900,000 from this year and up \$1.7 million since 2008;
- County cost for health insurance is at \$6.3 million. By going back out to bid and working diligently with our Broker, we managed to bring our health insurance in with a 9.5% reduction while continuing to offer the same coverage. However over the next two years we are expected to see a 24% increase or \$1.5 million;

2013 Budget Message

- Based on the changes we face with DPW for 2013 and the years to come, Centre Crest Nursing Home is expected to run a deficit this year and in 2013 of \$1 million each. Pending what happens at the Federal and State levels, we could be looking at a potential cut in Medicare rates, which would impact our deficit further.
- Foreclosures were at 117 through October of this year; this is an increase in foreclosures compared to last year's 102. We are seeing an average of 8 to 10 foreclosures per month;
- The Correctional Facility will be losing thirty-four (34) state inmates that we have been housing, which equates to a loss of \$800,000 in revenue.

We confront our challenges with a wide range of cost containments, spending reductions and proposals to restructure entire components of County Government.

Indeed the times are difficult and the path ahead riddles with uncertainty.

The Fund Balance

As you know, the County ended 2011 with an audited unassigned general fund balance of \$7.5 million, a decrease from the 2010-year end audited unassigned fund balance, which was \$8.3 million. This number must be viewed in the context of the total \$79.8 million proposed operating budget, the current fiscal picture and economic climate, as well as other fiscal challenges, which will affect fund balance now, next year, and beyond.

The projected remaining fund balance of \$5.9 million is 17 percent of the County's General Fund \$34.5 million proposed budget, remaining above the recommended ten to fifteen percent range for fund balance as a percent of budget. We will be vigilant in maintaining and rebuilding reserves to weather the impact of increased costs for state and federal funding cuts, rising energy costs, utilities, and debt service to maintain the County's assets and infrastructure.

Centre County Government continues to demonstrate very strong credit worthiness, as confirmed when Moody's Investors Service raised our bond rating in July 2011 to AA from AA-. Moody has qualified its rating for Centre County Government with a "stable" outlook. This was significant and saved \$140,000 of additional cost in our bond for the 911 Upgrade.

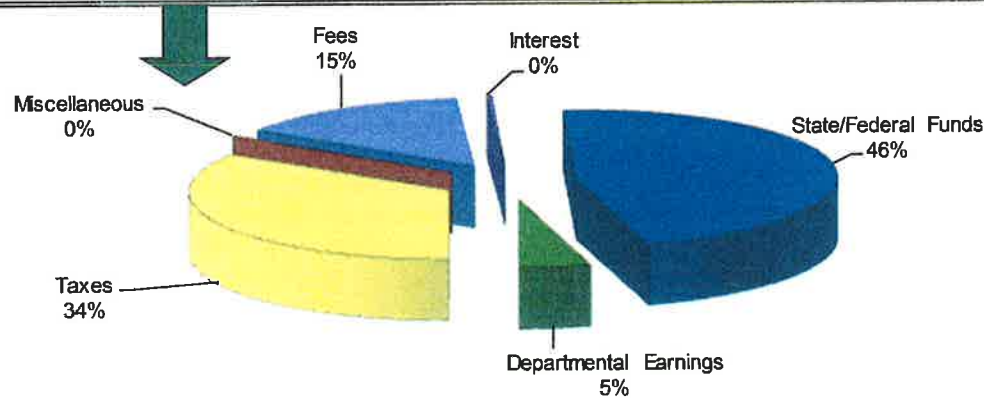
Depleting the fund balance to fill the budget gap is a one-time solution and only serves to push aside problems rather than addressing them. The 2013 proposed budget strikes the appropriate balance in the application of fund balance to provide the fiscal stability our taxpayers deserve.

Respectfully Submitted,
Denise L. Elbell, Director
Financial Management/Deputy Administrator

REVENUES

SUMMARY REVENUE BY SOURCE

	2013 Budget	2012 Projected	2012 Budget	2011 Actual	2010 Actual	2009 Actual	2008 Actual
Taxes	27,071,431	26,879,988	26,812,488	26,827,332	26,966,613	22,075,595	21,788,797
Miscellaneous	125,977	27,702,091	109,201	10,249,452	5,778,545	330,733	255,905
Fees	11,592,929	13,827,255	11,489,980	11,752,427	12,896,725	12,229,946	11,449,399
Interest	247,446	302,808	293,423	310,623	334,618	348,719	724,048
State/Federal Funds	36,760,011	37,397,845	38,050,458	36,981,977	37,500,520	41,777,422	47,683,002
Departmental Earnings	3,501,848	8,127,344	3,190,511	3,252,031	3,196,303	2,603,486	2,275,934
Balance Carried Forward	8,046,953	844,328	2,218,455	1,799,128	82,624	685,829	2,667,278
Total Revenue	87,346,595	115,081,659	82,164,516	91,172,971	86,755,948	80,051,732	86,844,362



NOTE: This chart does not include the balance carried forward accounts.

The category "Taxes" includes not only Real Estate Taxes, but also the Hotel Tax. The estimated amount of hotel tax collection for 2013 is \$1,400,000. Prior Years Actuals do not include all balance carried forward accounts, as the actual difference between revenues and expenses will reduce the fund balance associated with that account in the financial system.

Miscellaneous category is unusually high for 2011 & 2012 due to refinancing of bond issue from prior years.

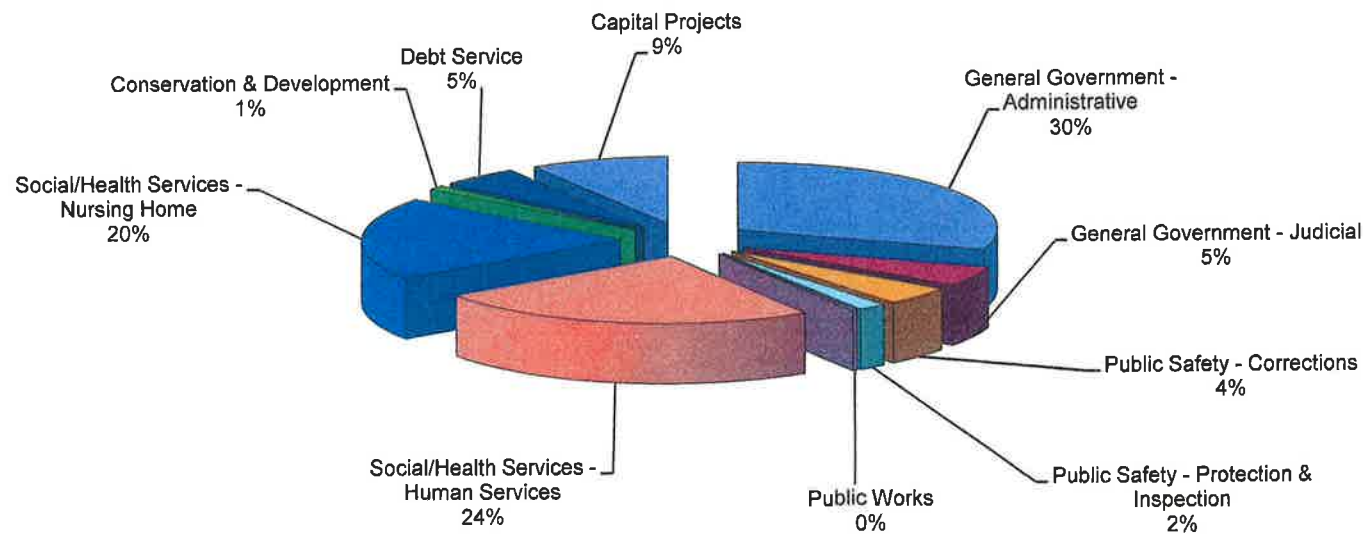
Departmental Earnings is also high for 2012 due to \$4 million in contributions received for the 911 upgrade.

Balance Forward is high for 2013 due to the bond issue proceeds carried over from 2012.

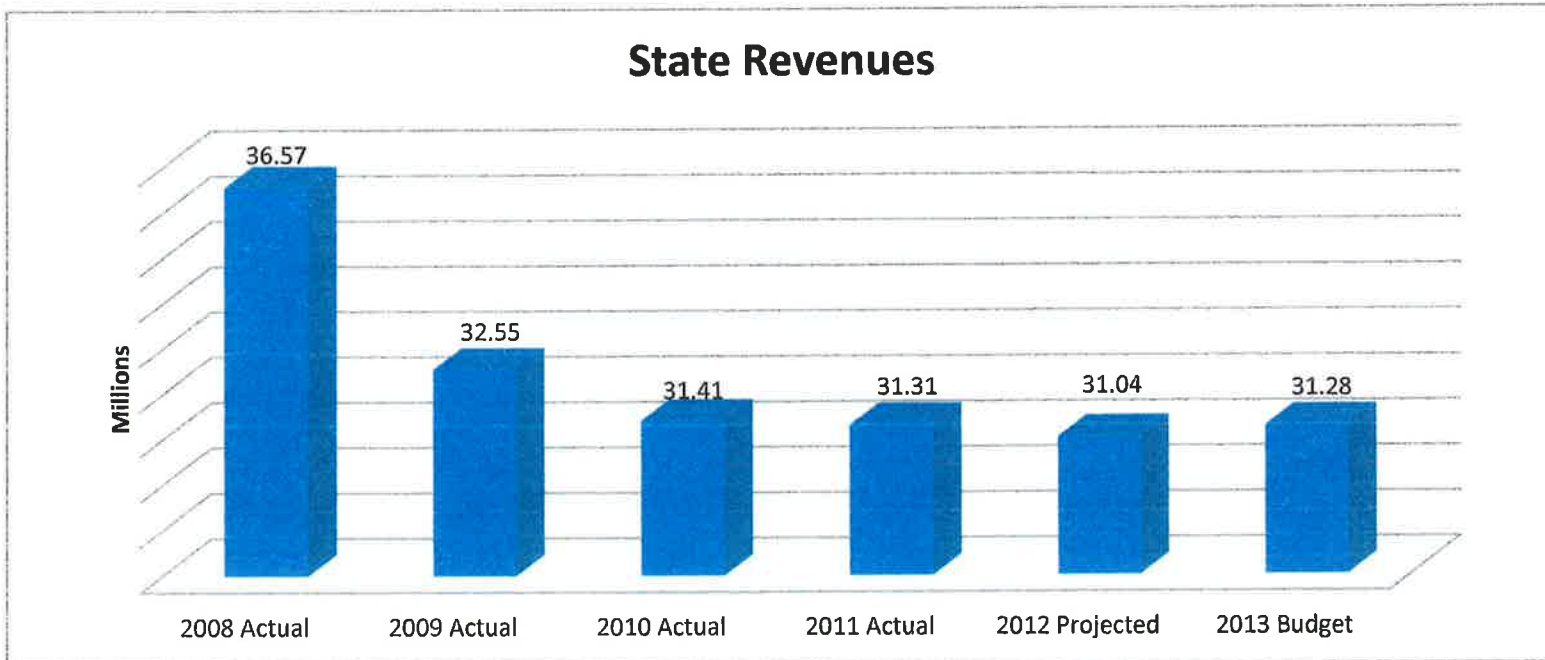
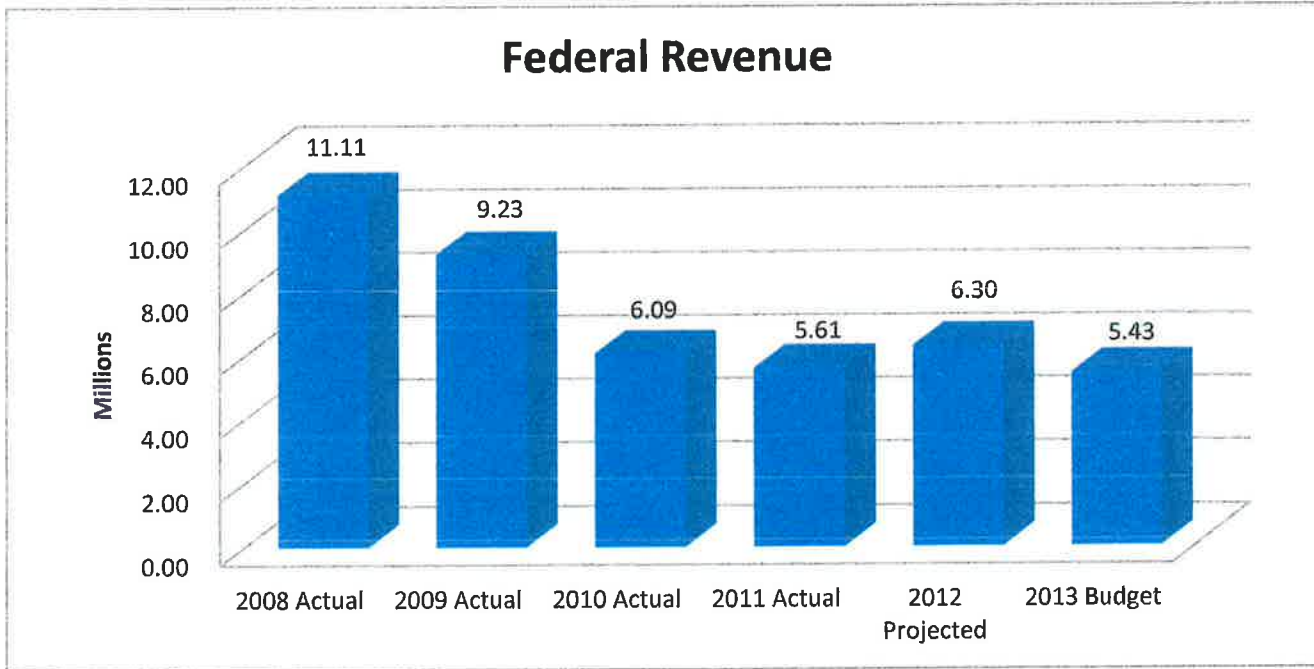
REVENUES

SUMMARY REVENUE BY FUNCTION

	Revenues
General Government - Administrative	26,457,154
General Government - Judicial	4,141,768
Public Safety - Corrections	3,782,313
Public Safety - Protection & Inspection	1,519,003
Public Works	251,300
Social/Health Services - Human Services	21,085,520
Social/Health Services - Nursing Home	17,459,260
Conservation & Development	905,248
Debt Service	4,231,461
Capital Projects	7,513,567
	<u>87,346,595</u>



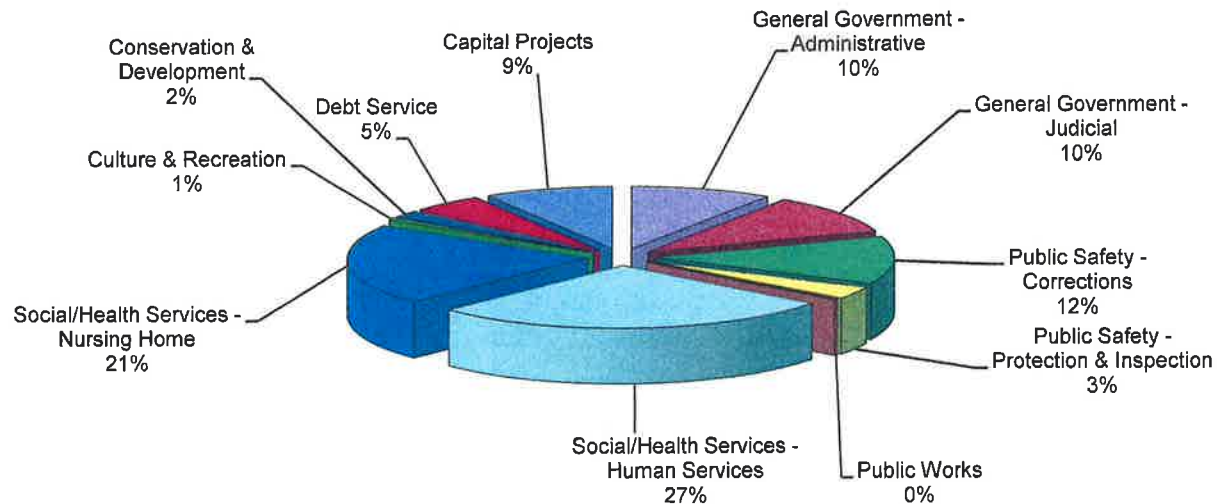
REVENUES



EXPENSES

SUMMARY EXPENSES BY FUNCTION

General Government - Administrative	8,378,012
General Government - Judicial	8,993,015
Public Safety - Corrections	10,676,191
Public Safety - Protection & Inspection	2,812,256
Public Works	251,300
Social/Health Services - Human Services	23,752,554
Social/Health Services - Nursing Home	18,454,145
Culture & Recreation	545,731
Conservation & Development	1,738,365
Debt Service	4,231,461
Capital Projects	<u>7,513,567</u>
	<u>87,346,595</u>

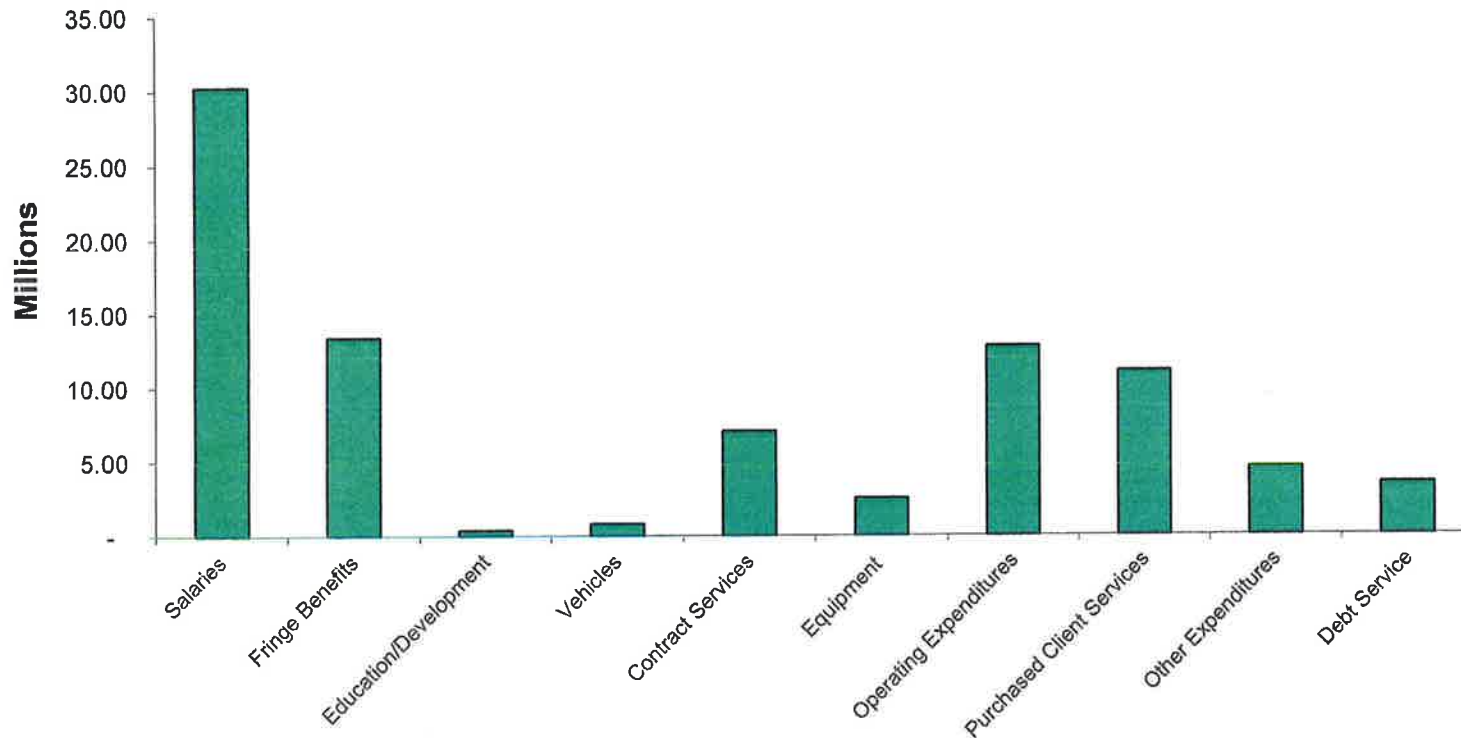


EXPENSES

SUMMARY EXPENSES BY CATEGORY

Category			
Salaries		30,253,407	35.09%
Fringe Benefits	✓	13,392,802	15.53%
Education/Development	✓	381,988	0.44%
Vehicles	✓	819,104	0.95%
Contract Services	✓	7,039,036	8.16%
Equipment	✓	2,511,517	2.91%
Operating Expenditures		12,726,539	14.76%
Purchased Client Services	✓	11,043,358	12.81%
Other Expenditures		4,585,075	5.32%
Debt Service	✓	3,470,721	4.03%
Total		86,223,548	100.00%

NOTE: The Total Expenditures number does not include the Ending Fund Balance Account (totaling \$1,123,047). The Total Expenditures number also does not include internal credits/charges or transfers from/to.



SUMMARY OF 2013 BUDGET vs. 2012 BUDGETED

LISTING BY DEPARTMENT AND FUNCTION SHOWING NET USE OF COUNTY TAX DOLLARS

	2013 Budget			2012 Amended Budget			Difference		
	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use
General Government - Administrative									
111 Commissioners	\$100	\$831,370	\$831,270	\$100	\$803,520	\$803,420	0	27,850	27,850
112 Risk Management	0	39,150	39,150	0	27,410	27,410	0	11,741	11,741
114 Human Resources	350	240,201	239,851	350	183,430	183,080	0	56,770	56,770
121 Tax Assessment	80,778	644,582	563,804	79,128	678,071	598,943	1,650	(33,489)	(35,139)
122 Tax Collection	700	159,589	158,889	700	157,759	157,059	0	1,830	1,830
123 Tax Claim	590,000	195,492	(394,508)	575,000	199,568	(375,432)	15,000	(4,076)	(19,076)
124 Treasurer	79,050	154,279	75,229	79,125	157,615	78,490	(75)	(3,336)	(3,261)
125 Controller	200	220,679	220,479	0	233,927	233,927	200	(13,248)	(13,448)
131 Elections	35,578	543,899	508,321	35,178	574,631	539,453	400	(30,732)	(31,132)
132 Public Defender	55,878	801,016	745,138	55,878	814,938	759,060	0	(13,922)	(13,922)
133 Recorder of Deeds	869,300	638,724	(230,576)	835,175	607,696	(227,479)	34,125	31,027	(3,098)
142 MIS	118,000	118,000	0	115,000	115,000	0	3,001	3,001	0
143 Records Management	0	162,249	162,249	0	148,092	148,092	0	14,157	14,157
151 Planning	131,878	730,288	598,410	131,022	729,144	598,122	856	1,144	288
155 GIS	20,000	179,367	159,367	6,000	185,568	179,568	14,000	(6,201)	(20,201)
161 Maintenance	19,722	589,781	570,059	0	478,991	478,991	19,722	110,790	91,068
191 Miscellaneous	179,000	385,390	206,390	225,840	358,680	132,840	(46,840)	26,710	73,550
197 Inventory	0	600	600	0	600	600	0	0	0
SUBTOTAL	\$2,180,534	\$6,634,657	\$4,454,123	\$2,138,496	\$6,454,639	\$4,316,144	42,039	180,017	137,979

SUMMARY OF 2013 BUDGET vs. 2012 BUDGETED

LISTING BY DEPARTMENT AND FUNCTION SHOWING NET USE OF COUNTY TAX DOLLARS

	2013 Budget			2012 Amended Budget			Difference		
	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use
General Government - Judicial									
211 Sheriff	\$363,560	\$1,310,065	\$946,505	\$453,501	\$1,306,915	\$853,414	(89,941)	3,151	93,092
212 Coroner	3,850	302,338	298,488	2,500	303,328	300,828	1,350	(991)	(2,341)
221 District Attorney	768,625	1,701,480	932,855	756,783	1,688,905	932,122	11,842	12,575	733
223 Prothonotary	502,450	703,022	200,572	471,100	702,476	231,376	31,350	545	(30,805)
224 Register of Wills	266,260	233,620	(32,640)	270,970	235,489	(35,481)	(4,710)	(1,869)	2,841
251 MDJ - State College	172,700	316,288	143,588	185,150	332,372	147,222	(12,450)	(16,083)	(3,633)
252 MDJ - Centre Region	138,550	341,229	202,679	170,750	340,713	169,963	(32,200)	517	32,717
253 MDJ - Bellefonte	136,980	356,353	219,373	149,700	354,153	204,453	(12,720)	2,200	14,920
General Government - Judicial (continued)									
254 MDJ- Philipsburg	114,293	272,279	157,986	119,599	282,036	162,437	(5,306)	(9,757)	(4,451)
256 MDJ - Centre Hall	46,800	191,177	144,377	69,500	189,500	120,000	(22,700)	1,677	24,377
257 MDJ - State College 2	108,100	306,297	198,197	151,400	307,507	156,107	(43,300)	(1,210)	42,090
271 Court Administration	687,154	1,752,917	1,065,763	642,178	1,721,036	1,078,858	44,976	31,880	(13,096)
281 Domestic Relations	832,446	1,205,950	373,504	831,313	1,209,134	377,821	1,133	(3,184)	(4,317)
SUBTOTAL	\$4,141,768	\$8,993,015	\$4,851,247	\$4,274,444	\$8,973,564	\$4,699,120	(132,676)	19,451	152,127
Public Safety - Corrections									
301 Probation	\$1,237,306	\$1,857,812	\$620,506	\$1,092,742	\$1,858,967	\$766,225	144,564	(1,156)	(145,720)
302 DUI	274,950	88,857	(186,093)	279,500	94,257	(185,243)	(4,550)	(5,400)	(850)
303 DUI Court	26,263	26,263	0	52,536	52,536	0	(26,273)	(26,273)	0
305 Juvenile Probation	22,500	464,216	441,716	22,500	613,788	591,288	0	(149,572)	(149,572)
306 Criminal Justice	140,447	325,233	184,786	330,512	512,936	182,424	(190,065)	(187,703)	2,362
333 Prison	1,717,815	7,550,778	5,832,963	1,422,830	7,383,387	5,960,557	294,985	167,391	(127,594)
334 Central Booking	363,032	363,032	0	317,000	317,000	0	46,032	46,032	0
SUBTOTAL	\$3,782,313	\$10,676,191	\$6,893,878	\$3,517,620	\$10,832,871	\$7,315,252	264,693	(156,680)	(421,373)

SUMMARY OF 2013 BUDGET vs. 2012 BUDGETED

LISTING BY DEPARTMENT AND FUNCTION SHOWING NET USE OF COUNTY TAX DOLLARS

	2013 Budget			2012 Amended Budget			Difference		
	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use
Public Safety - Protection & Inspection									
351 Emergency Services	\$97,013	\$247,134	\$150,121	\$99,705	\$246,696	\$146,991	(2,692)	438	3,130
352 Hazmat	21,160	21,160	0	24,008	24,008	0	(2,848)	(2,848)	0
353 Fire Training	0	150,980	150,980	0	122,960	122,960	0	28,020	28,020
354 Emergency Comm 911	1,332,830	2,308,012	975,181	1,823,627	2,203,716	380,089	(490,797)	104,296	595,092
361 Weights & Measues	68,000	78,970	10,970	56,000	79,730	23,730	12,000	(760)	(12,760)
380 Public Safety	0	6,000	6,000	0	6,000	6,000	0	0	0
SUBTOTAL	\$1,519,003	\$2,812,256	\$1,293,252	\$2,003,340	\$2,683,110	\$679,770	(484,337)	129,146	613,483
Public Works									
411 Liquid Fuels	\$201,300	\$201,300	\$0	\$200,500	\$200,500	\$0	800	800	0
444 Solid Waste	50,000	50,000	0	0	0	0	50,000	50,000	0
SUBTOTAL	\$251,300	\$251,300	\$0	\$200,500	\$200,500	\$0	50,800	50,800	0
Social/Health Services - Human Services									
501 Adult Services	\$516,914	\$637,687	\$120,773	\$620,792	\$868,713	\$247,921	(103,878)	(231,026)	(127,148)
511 Children & Youth	8,507,096	9,806,861	1,299,765	8,189,008	9,390,601	1,201,593	318,088	416,260	98,172
521 Aging	2,129,036	2,696,612	567,576	2,309,841	2,818,696	508,855	(180,805)	(122,083)	58,722
523 Veterans Affairs	0	124,763	124,763	0	123,867	123,867	0	896	896
531 Transportation (Paratran)	1,421,937	1,421,937	0	1,387,376	1,387,376	0	34,561	34,561	0
532 Transportation (Fleet)	5,510	5,510	0	4,250	64,250	60,000	1,260	(58,740)	(60,000)
561 Mental Health/Intel Disab	7,122,222	7,627,417	505,195	7,551,413	7,986,493	435,080	(429,191)	(359,076)	70,115
562 Drug & Alcohol	1,382,805	1,421,768	38,963	1,451,850	1,468,396	16,546	(69,045)	(46,628)	22,417
580 Human Services	0	10,000	10,000	0	10,000	10,000	0	0	0
SUBTOTAL	\$21,085,520	\$23,752,554	\$2,667,034	\$21,514,530	\$24,118,391	\$2,603,861	(429,010)	(365,837)	63,173

SUMMARY OF 2013 BUDGET vs. 2012 BUDGETED

LISTING BY DEPARTMENT AND FUNCTION SHOWING NET USE OF COUNTY TAX DOLLARS

	2013 Budget			2012 Amended Budget			Difference		
	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use
Social/Health Services - Nursing Home									
621 Centre Crest - Administration	(\$3,466,015)	\$1,744,186	\$5,210,201	(\$4,021,215)	\$1,853,008	\$5,874,223	555,200	(108,822)	(664,022)
631 Centre Crest - Dietary	47,775	1,837,977	1,790,202	51,175	1,923,428	1,872,253	(3,400)	(85,450)	(82,050)
632 Centre Crest - Housekeeping	0	885,376	885,376	0	894,927	894,927	0	(9,551)	(9,551)
633 Centre Crest - Laundry	0	506,207	506,207	0	505,785	505,785	0	422	422
634 Centre Crest - Maintenance	0	1,096,053	1,096,053	0	1,067,790	1,067,790	0	28,263	28,263
641 Centre Crest - Medical	0	117,600	117,600	0	125,000	125,000	0	(7,400)	(7,400)
642 Centre Crest - Physical Therapy	1,286,500	543,328	(743,172)	1,448,000	648,415	(799,585)	(161,500)	(105,087)	56,413
643 Centre Crest - Pharmacy	541,000	739,521	198,521	735,300	819,900	84,600	(194,300)	(80,379)	113,921
644 Centre Crest - Nursing Admin	17,512,500	2,061,796	(15,450,704)	17,908,470	2,050,344	(15,858,126)	(395,970)	11,452	407,422
645 Centre Crest - RN's	0	897,715	897,715	0	895,536	895,536	0	2,178	2,178
646 Centre Crest - LPN's	0	2,873,337	2,873,337	0	2,984,242	2,984,242	0	(110,905)	(110,905)
647 Centre Crest - Nurse Aide's	0	3,754,372	3,754,372	0	3,962,403	3,962,403	0	(208,030)	(208,030)
648 Centre Crest - Occupational Therapy	887,000	501,110	(385,890)	1,284,500	617,047	(667,453)	(397,500)	(115,937)	281,563
649 Centre Crest - Speech Therapy	650,500	251,875	(398,625)	859,500	285,038	(574,462)	(209,000)	(33,163)	175,837
651 Centre Crest - Social Services	0	141,730	141,730	0	136,119	136,119	0	5,612	5,612
653 Centre Crest - Therapeutic Recreation	0	501,962	501,962	0	505,813	505,813	0	(3,851)	(3,851)
SUBTOTAL	\$17,459,260	\$18,454,145	\$994,885	\$18,265,730	\$19,274,793	\$1,009,063	(806,470)	(820,649)	(14,179)
Culture & Recreation									
780 Culture & Rec	\$0	\$545,731	\$545,731	\$0	\$545,460	\$545,460	0	271	271
SUBTOTAL	\$0	\$545,731	\$545,731	\$0	\$545,460	\$545,460	0	271	271

SUMMARY OF 2013 BUDGET vs. 2012 BUDGETED

LISTING BY DEPARTMENT AND FUNCTION SHOWING NET USE OF COUNTY TAX DOLLARS

	2013 Budget			2012 Amended Budget			Difference		
	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use	Revenues	Expenses	Net Use
es									
129 General	\$24,276,620	\$1,743,354	(\$22,533,266)	\$25,425,228	\$1,486,908	(\$23,938,320)	(1,148,607)	256,446	1,405,053
910 Debt Service	4,231,461	4,231,461	0	3,848,190	3,848,190	0	383,271	383,271	0
SUBTOTAL	\$28,508,082	\$5,974,815	(\$22,533,266)	\$29,273,418	\$5,335,098	(\$23,938,320)	(765,336)	639,717	1,405,053
TOTAL OPERATING BUDGET	\$79,833,028	\$79,833,028	\$0	\$82,164,516	\$80,164,516	(\$2,000,000)	(2,331,487)	(331,489)	1,999,999
971 Capital Projects	\$7,513,567	\$7,513,567	\$0	\$0	\$2,000,000	\$2,000,000	7,513,567	5,513,567	(2,000,000)
TOTAL BUDGET WITH CAPITAL PROJECTS	\$87,346,595	\$87,346,595	\$0	\$82,164,516	\$82,164,516	\$0	5,182,080	5,182,078	(0)