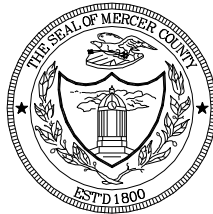


**BOARD OF COMMISSIONERS**

Matthew B. McConnell, Chairman  
Scott Boyd  
Timothy M. McGonigle



**FINANCE OFFICE**

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**COUNTY OF MERCER**

**BUDGET for 2019**

Adopted by the Board of Commissioners, Thursday, December 6, 2018

Submitted by John F. Logan, Fiscal Administrator

For the General Fund, this budget is balanced, covering normal operating cost increases without an increase in taxes. Challenges remain in other funds, particularly to pay for bridge repair and replacement projects and the state requirement to self-fund a new voting system.

General Fund cost increases will come from several areas: (a) net 2% average increase across all functions for operating expenses, (b) the County share of costs to support mandated expansion of our Children and Youth Services programs, and (c) contingencies to cover our exposure to reduced funding from state and federal governments for shared programs.

We provide pay rate increases of 2% to non-union employees and are meeting similar obligations with those bargaining units with labor agreements in effect. Our benefit cost rates have remained stable, such that we do not have cost increases in health care, retirement, or workers compensation insurance. Maintaining good working relationships with all employees makes the County more effective in delivering services to our citizens.

Diligent attention to delivering County services have enabled most of our elected officials and department heads to limit operating cost increases, and we thank them for their good management. Although we deliver services through functional silos focused on our numerous programs, their cooperation with cost control and reporting has been excellent.

Community Development Block Grant: The large increase in CDBG expense reflects consolidation by the state of county and municipal funding for administrative convenience, not an increase in the overall impact to our county. These projects improve housing rehabilitation, handicap accommodation, and infrastructure.

Capital Projects: Bridge repair and replacement projects will be a major challenge in 2019 and continuing for the next 8-10 years. We have 30 bridges built 50 years ago with open-grate decks. Winter road salt has accelerated the normal corrosion process on those decks and supporting beams, such that we have moved them forward in our replacement calendar. We have asked PennDOT to co-fund the annual \$4 million cost and to support a program of pre-designed concrete replacements. Beyond 2019, finding the funding for bridge replacement will be a major task each year.

Voting system replacement has been mandated by the state, with our share of the federal reimbursement estimated at only 4% of the cost. We are in the early stages of evaluating vendors for this unfunded mandate. We continue to focus on protecting County buildings through regular maintenance. One building could get a new roof in 2019, and some safety and access projects will be completed.

The good news in this budget is that the Commissioners are keeping the same tax rates. In 2017 and 2018, real estate millage was decreased, saving our taxpayers over \$1,000,000. Total County millage remains at 23.65.

We have updated November's Proposed Budget by a number of minor edits received from our elected officials and department heads. Such participation helps us make this budget a reliable tool for financial management of service delivery in 2019.