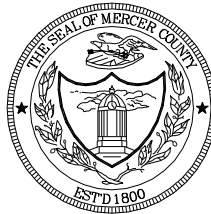


BOARD OF COMMISSIONERS

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**FINANCE OFFICE**

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COUNTY OF MERCER**BUDGET for 2020**

As Adopted by the Commissioners, Thursday, December 5, 2019

Submitted by John F. Logan, Fiscal Administrator

In 2019 we had to draw \$1,023,743 from capital reserves to purchase the mandated new voting system, with the anticipation of substantial state reimbursement. New legislation provides the possibility that we will receive that reimbursement (the stated target is 60%). However, until funds are received, we could be constrained from other necessary projects.

There is good news in this budget. Once again, the Commissioners do not believe a tax increase is needed for the coming year. Total County millage remains at 23.65 for the second year, reflecting the Commissioners' intention to manage costs and hold the line on taxes.

Normal challenges have been met in the 2020 budget: we will have increases in operating costs, bridge repair and replacement projects, and placement costs within Children and Youth Services.

General Fund cost increases will come from several areas: (a) net 2-3% increase across all functions for pay and operating expenses, (b) the County share of costs for 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 2.25% to non-union employees and are meeting similar obligations with those bargaining units with labor agreements in effect. Our benefit cost rates have remained relatively stable, such that we have cost increases only in health care (2-4%). Maintaining good working relationships with all employees makes the County more effective in delivering services to our citizens.

Diligent attention has 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.

Mental Health and Developmental Services increases \$3.2 million to implement regionally the state obligation to provide forensic beds formerly available to our citizens referred to Torrance State Hospital near Pittsburgh. While they wait for a court disposition, the program focuses on restoration, treatment, and housing options for individuals with mental health needs. Through our contract, Mercer County Behavioral Health Commission, Inc., will administer the program in cooperation with eight other counties in southwestern PA.

Capital Projects: Bridge repair and replacement projects will be a major challenge in 2020 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. PennDOT has agreed to share the \$4 million cost in 2020 and to accept pre-designed concrete replacements. Beyond 2020, finding the funding for bridge replacement will be a major task each year.

The cost of other projects depends on final design: roof repair and new HVAC units for Penn State Extension, secure entrance for the courthouse, and upgrade of the accounting software. We have implemented a fleet management system for County vehicles so that trade-in cycles are monitored to minimize maintenance costs.