

Operating and Capital Budgets



Budget Hearing
November 13, 2008

The County of Chester

Strong Fiscal Position Despite Challenging Times
Bond Rating: Affirmed Aaa Bond Rating



NEW YORK, July 23, 2008 -- Moody's Investors Service has assigned a Aaa rating with a stable outlook to Chester County's (PA) \$20.615 million General Obligation Bonds, Series of 2008. Concurrently, Moody's has affirmed the Aaa rating and stable outlook on the county's \$257.4 million of outstanding general obligation debt, including the current offering. The Series of 2008 Bonds are secured by the county's general obligation, unlimited tax pledge.

- **SOLID FINANCIAL OPERATIONS SUPPORTED BY STRONG FISCAL POLICY**
- **SIZEABLE AND DIVERSE TAX BASE**
- **STRONG WEALTH CHARACTERISTICS**
- **DEBT BURDEN EXPECTED TO REMAIN MANAGEABLE**

The County of Chester

Budget Objective

Preserve Quality of Life in a Cost Effective Manner

In Depth: America's Best Places To Raise A Family

Zack O'Malley Greenburg

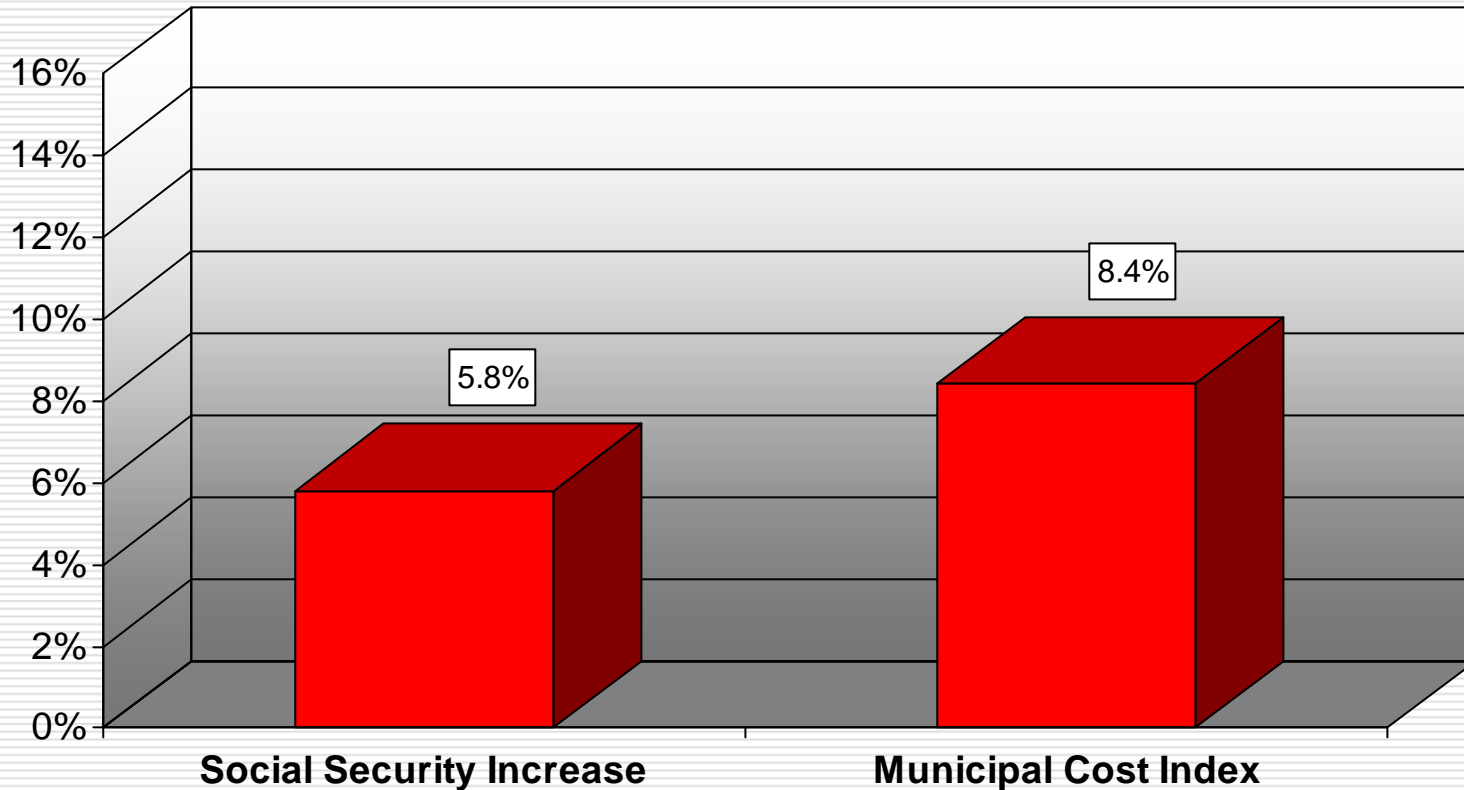


10. Chester County, Pa.

Population: 482,112

The County of Chester

Tax Supported Fund Budgets - Draft
SSN and MCI Index Changes



October 2007 to October 2008

Average Annual Social Security Increase for Retired Workers = \$756.00 4

The County of Chester

Operating Budget – Initial and Draft Budgets Expenditure Issues

- Security Staff Costs for Justice Center: +\$600,000
- Employer Pension Fund Contributions: +\$2,900,000
- Strategic Plan Initiative: +\$800,000
- Full Year Operating Costs for Justice Center: +\$1,700,000
- Prisoners Health Care Costs: +\$1,000,000
- Health Care Costs: -\$1,400,000
- Department Reorganizations: -\$965,000
- Positions Eliminated: -161
- Reduction in Funding for Capital Reserve: -\$1,000,000

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Tax Supported Fund Budgets - Draft Millage Allocation

Millage Allocation

<u>Fund</u>	<u>Mills</u>	<u>Change in Millage</u>
General Fund	2.992 mills	.214 mills
Parks & Recreation Fund	0.156 mills	.000 mills
Library Fund	0.190 mills	.000 mills
Debt Service Fund	<u>0.680 mills</u>	<u>.000 mills</u>
Total	4.018 mills	.214 mills

Average Increase in Taxes = \$41.48

Based on Property with Market Value = \$374,925 (Assessed Value = \$193,836)

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Operating Budget – Revisions: November 12, 2008
Budget Adjustments

- Revenue
 - Assessed Value Assumption
 - Reduced from 1.5% increase to 1.3% increase
- Operating Costs
 - Annual Required Pension Contribution
 - Revision to Estimate Per Actuary: +1,800,000

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Operating Budget – Revisions November 12, 2008
Revenue Issues

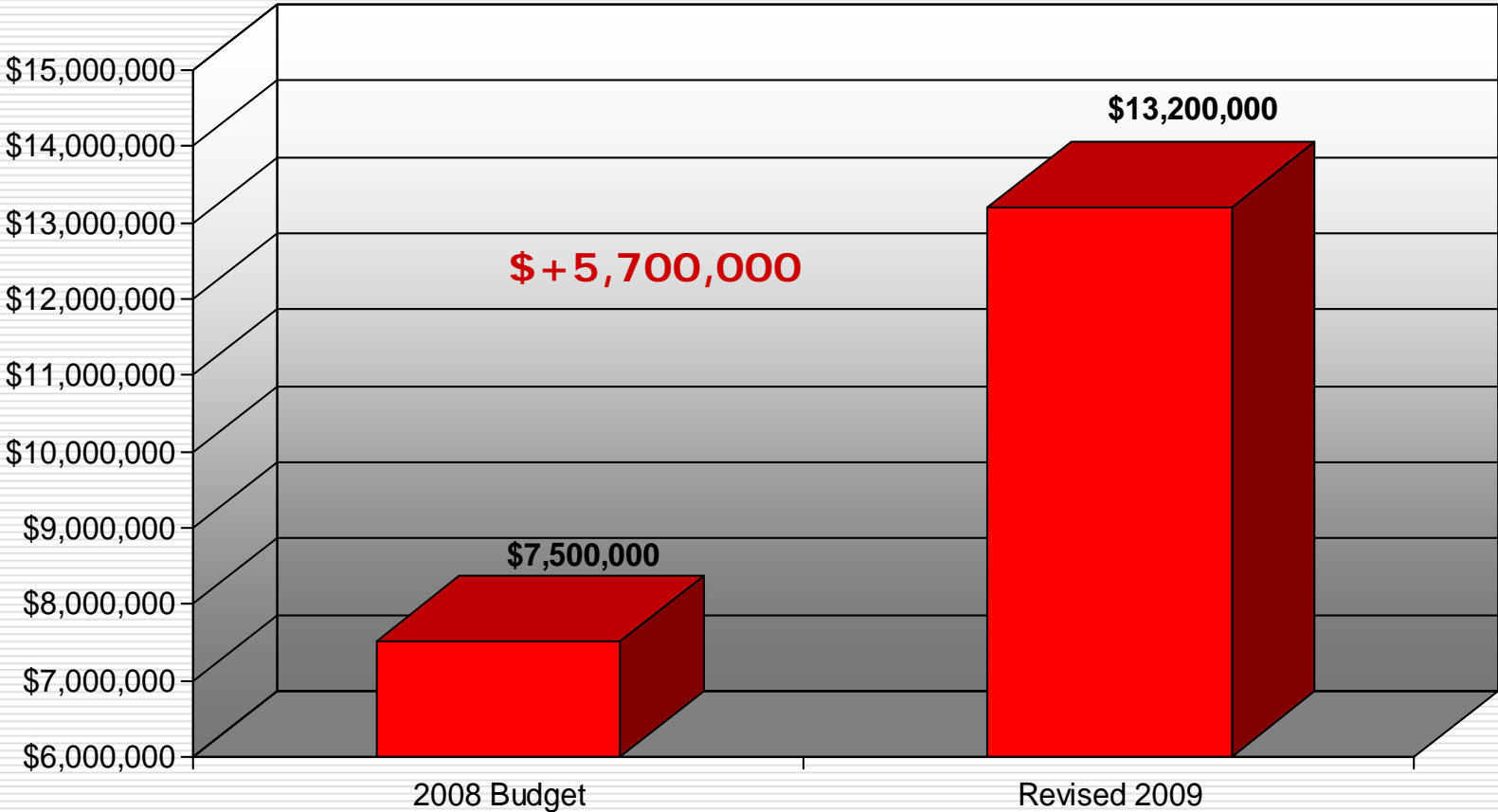
Real Estate Revenue Growth Has Slowed Further

<u>Year</u>	<u>Assessed Value</u>	<u>% Change</u>
2002	30,513,507,469	4.26%
2003	31,693,743,806	3.87%
2004	32,716,410,768	3.23%
2005	33,683,285,430	2.96%
2006	34,602,482,856	2.73%
2007	35,406,090,668	2.32%
2008	36,093,713,372	1.94%
2009	36,562,931,646	1.30%

-\$209,561

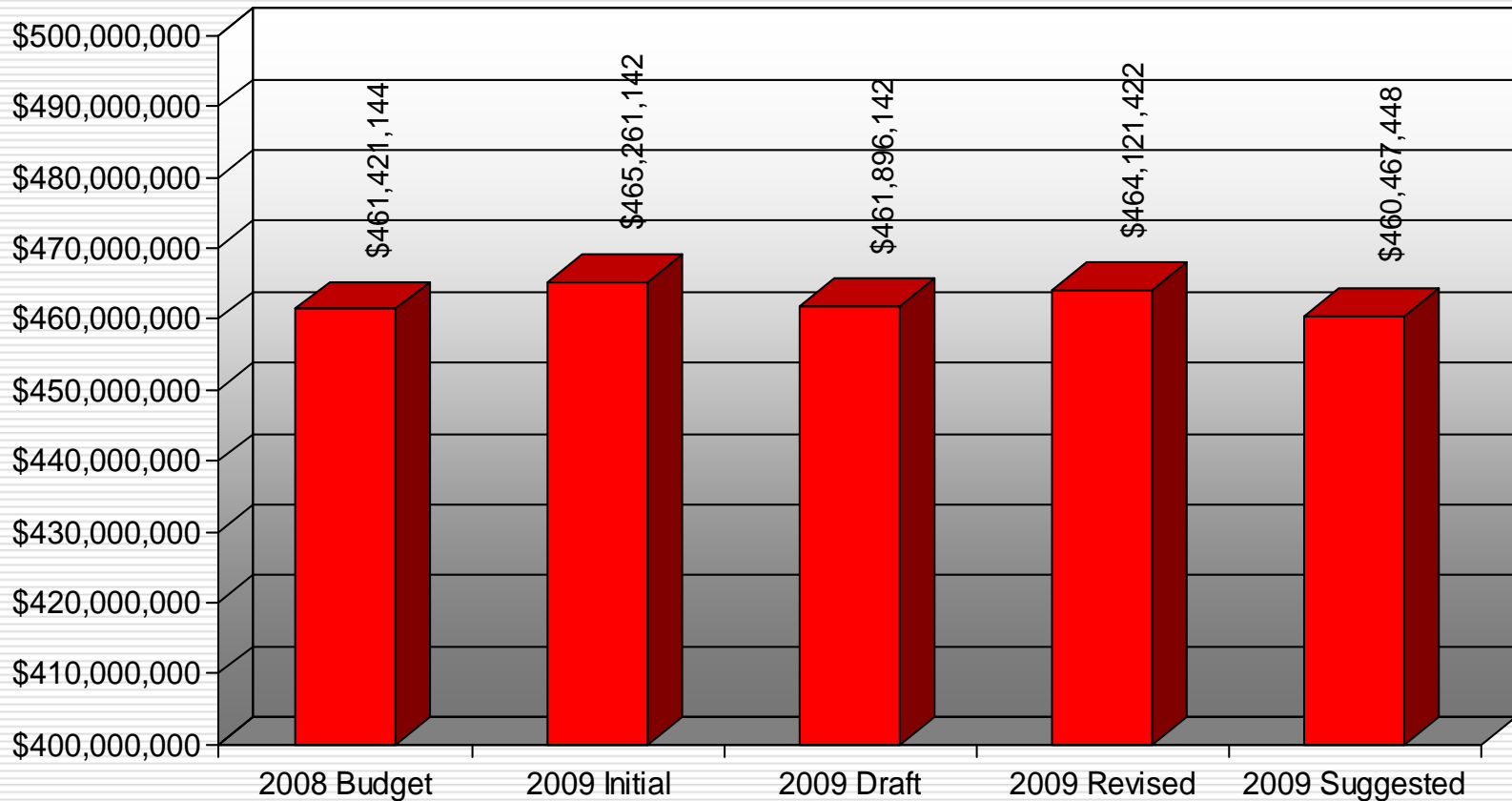
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Operating Budget
Pension Fund – Annual Required Contribution



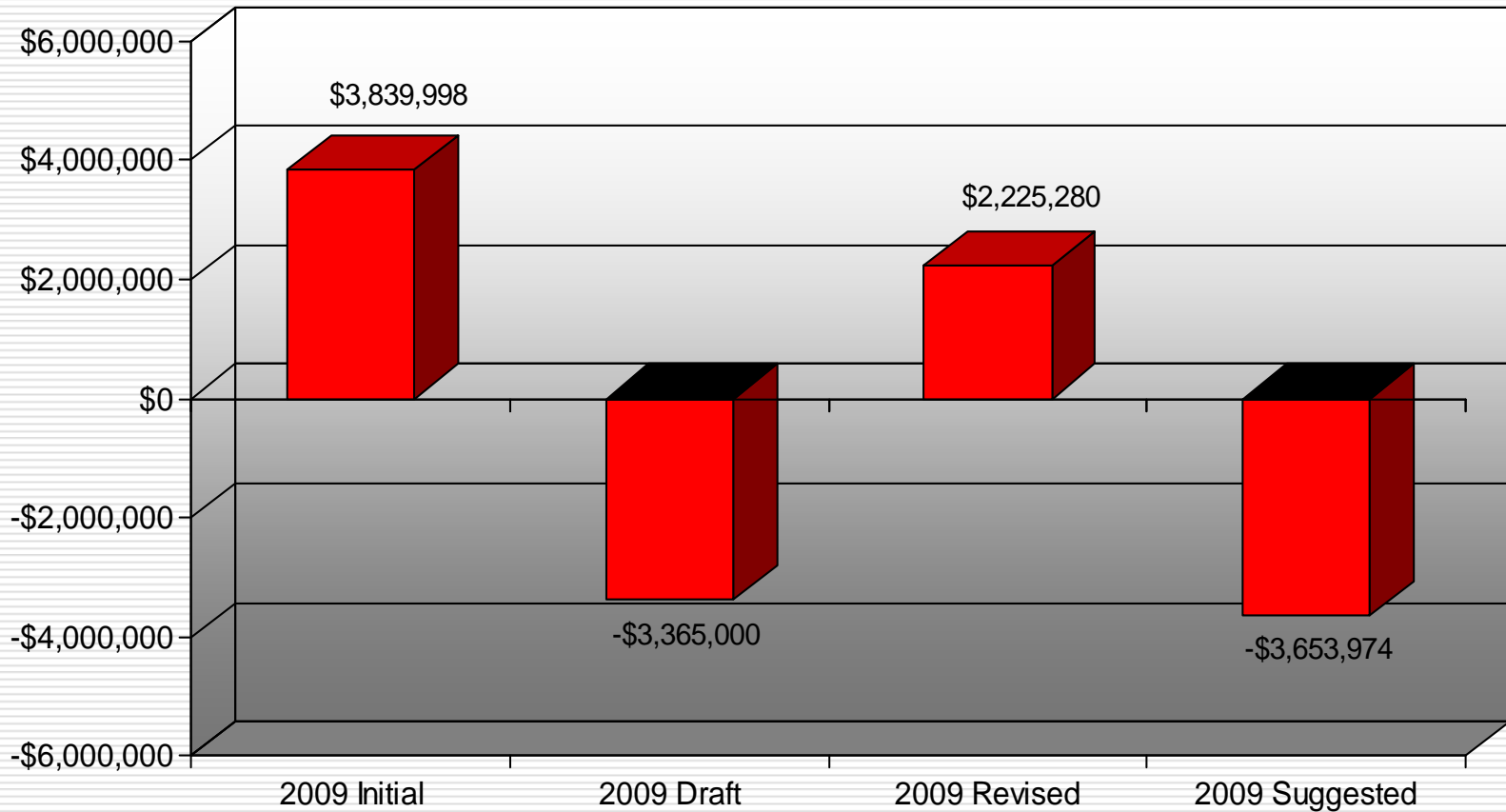
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Operating Budget Budget Development



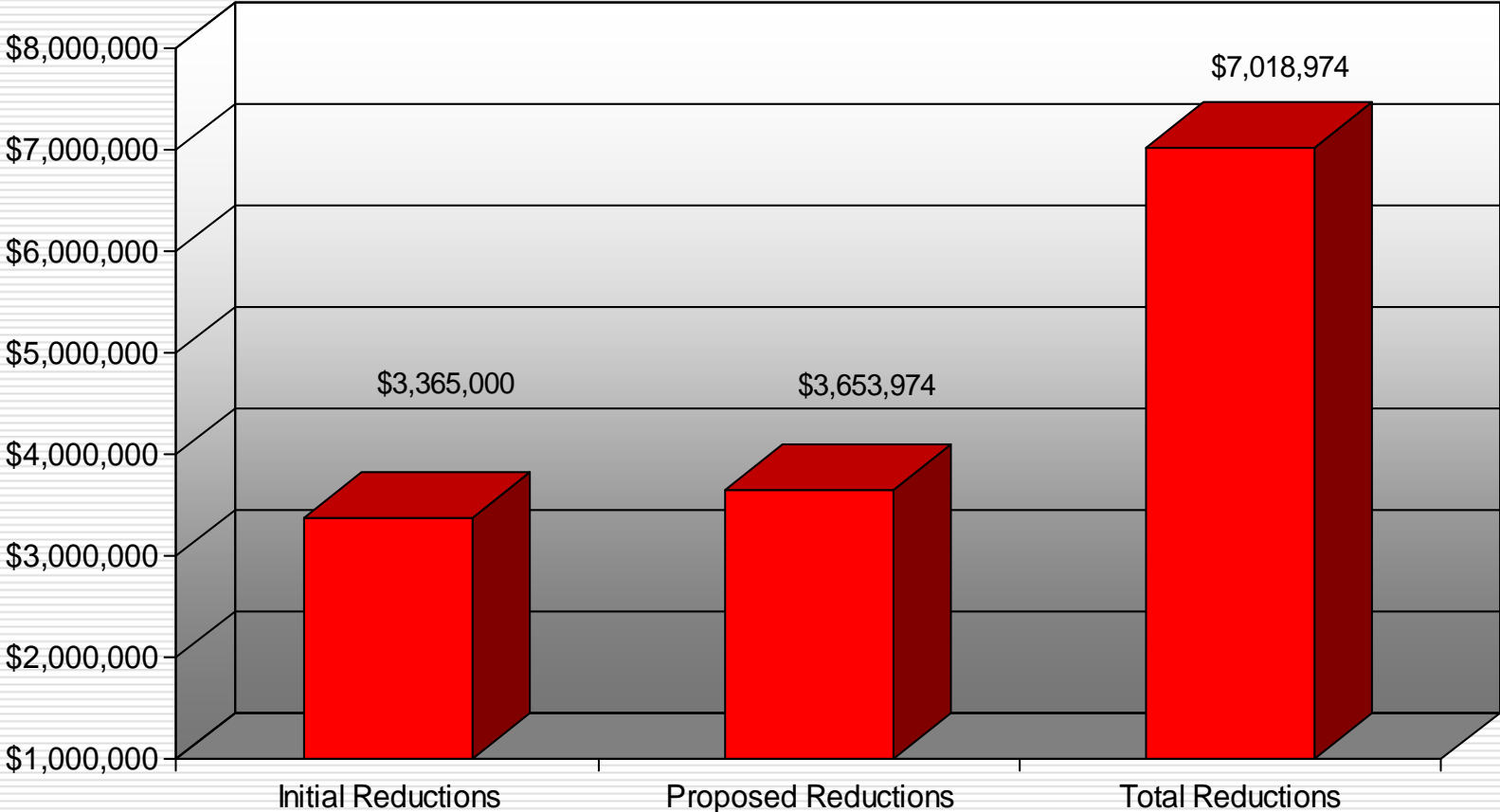
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Operating Budget Budget Development



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Operating Budget Budget Development



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Operating Budget Millage Rate Impact

<u>Reduction</u>	<u>Mill Value</u>	<u>Mill Rate</u>	<u>Average Assessed Value</u>	<u>Average Tax Reduction</u>
\$500,000	\$35,475,481	0.00001410	\$193,836	\$2.73
\$1,000,000	\$35,475,481	0.00002820	\$193,836	\$5.47
\$1,500,000	\$35,475,481	0.00004230	\$193,836	\$8.20
\$2,000,000	\$35,475,481	0.00005640	\$193,836	\$10.93
\$2,500,000	\$35,475,481	0.00007050	\$193,836	\$13.67
\$3,000,000	\$35,475,481	0.00008460	\$193,836	\$16.40
\$3,500,000	\$35,475,481	0.00009870	\$193,836	\$19.13
\$4,000,000	\$35,475,481	0.00011280	\$193,836	\$21.86
\$4,500,000	\$35,475,481	0.00012680	\$193,836	\$24.58
\$5,000,000	\$35,475,481	0.00014090	\$193,836	\$27.31
\$5,500,000	\$35,475,481	0.00015500	\$193,836	\$30.04
\$6,000,000	\$35,475,481	0.00016910	\$193,836	\$32.78
\$6,500,000	\$35,475,481	0.00018320	\$193,836	\$35.51
\$7,000,000	\$35,475,481	0.00019730	\$193,836	\$38.24
\$7,500,000	\$35,475,481	0.00021140	\$193,836	\$40.98
\$8,000,000	\$35,475,481	0.00022550	\$193,836	\$43.71
\$8,500,000	\$35,475,481	0.00023960	\$193,836	\$46.44
\$9,000,000	\$35,475,481	0.00025370	\$193,836	\$49.18
\$9,500,000	\$35,475,481	0.00026780	\$193,836	\$51.91
\$10,000,000	\$35,475,481	0.00028190	\$193,836	\$54.64

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Operating Budget – Recommended Budget



Except for Legally Obligated Contributions to Pension Fund

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Operating Budget - Recommended
Reductions

Proposed Additional Reductions: \$3,653,974

- Eliminate all new positions and reclassifications in draft budget
- No increase in Departmental Budgets
 - General Government
 - Judicial
 - Public Safety
 - Corrections
 - Human Services
 - Conservation and Development

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Operating Budget Budget Reduction Strategies

Budget Reduction Strategies

- Reduction in Positions (In addition to Previous 161)
- Freeze Hiring to Vacant Positions
- No Exceeds Expectations
- Eliminate Out of Region Travel
- Freeze Executive Compensation
- Reduce Operating Budgets
- Reduce Overtime for Non-Safety Related Positions
- Reduce Contingency Based on Increased Budget Controls
- Increase Precision Budgeting

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Operating Budget – Recommended New Positions to Enhance Services

New Positions

(Minimized Based on Priority Need and Benefit)

- Law Enforcement Liaison – intermediary between law enforcement and emergency services agencies within Chester County.
- Two Adult Probation positions to meet the needs of the growing population.
- Library Assistant II to meet the growing needs of the Chester County Library.
- Maintenance/Construction Technician to assist with the maintenance of County owned bridges and to help with the development of the Chester County Jail.
- Support staff position in Clerk of Superior Court to assist with the project.
- Part-time support staff in the District Attorney's office to assist with the increase in case loads.
- Part-time support staff position in the Health Department to assist with the increase in volume of work.
- Part-time Public Health Educator to assist with Lyme Disease education.

The County of Chester

Tax Supported Fund Budgets - Recommended Millage Allocation

Fund	Mills	Change in Millage Rate
General Fund	2.939 mills	0.161 mills
Parks & Recreation Fund	0.156 mills	0.000 mills
Library Fund	0.190 mills	0.000 mills
Debt Service Fund	0.680 mills	0.000 mills
Total	3.965 mills	0.161 mills

Average Increase in Taxes = \$31.21

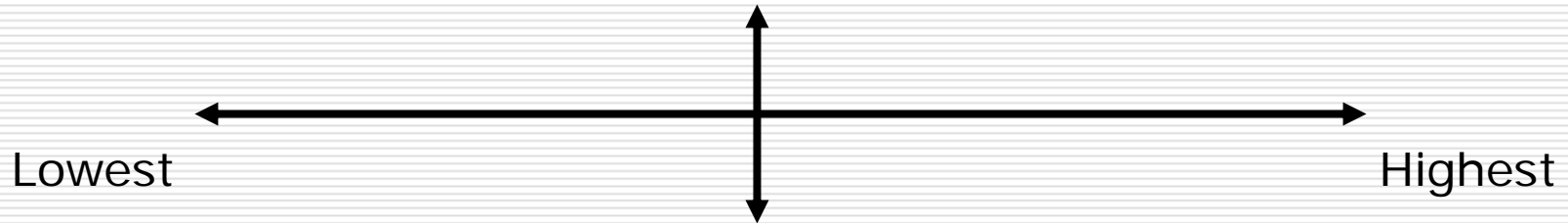
Based on Property with Market Value = \$374,925 (Assessed Value = \$193,836)

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Tax Rate Analysis – Recommended
Tax Impact on Median Assessed and Market Value

Median Tax Increase = \$26.80

Median Market Value = \$321,992



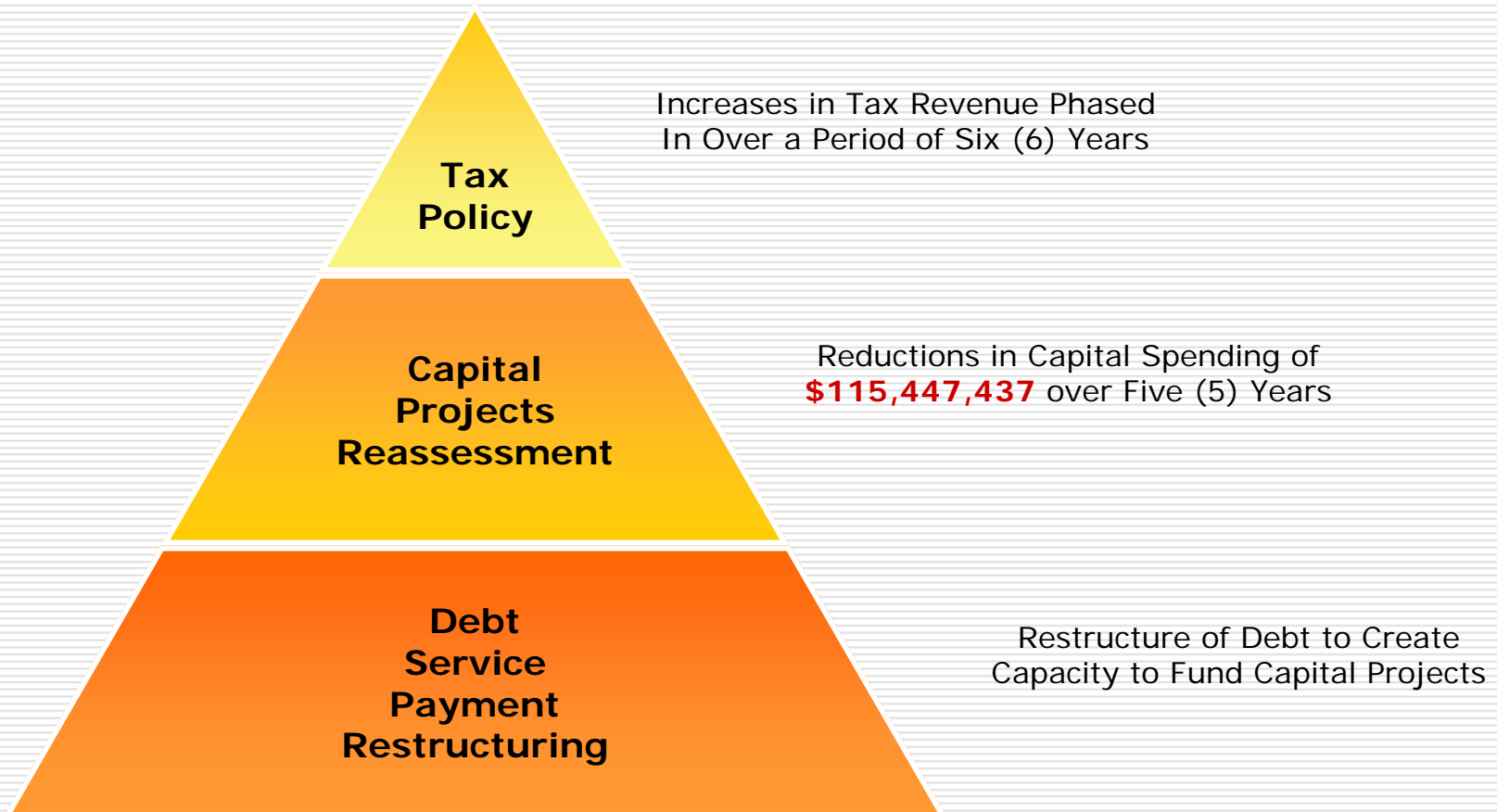
Median Assessed Value = \$166,470

The ***median*** is the middle of a distribution
Half of the homes are below and Half of the homes are above

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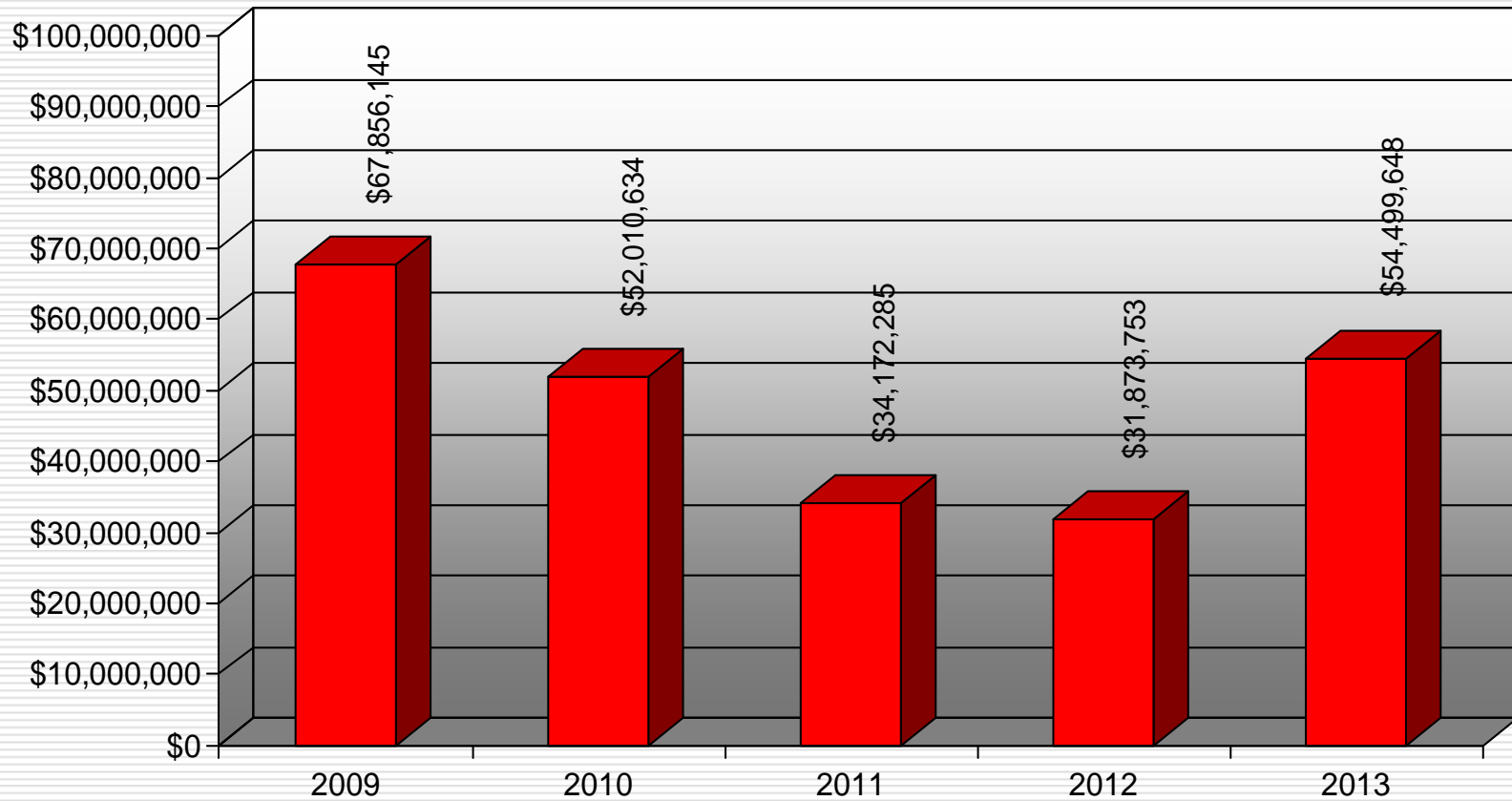
Debt Service Fund

Capital Improvement Program: Capital Improvement and Capital Reserve



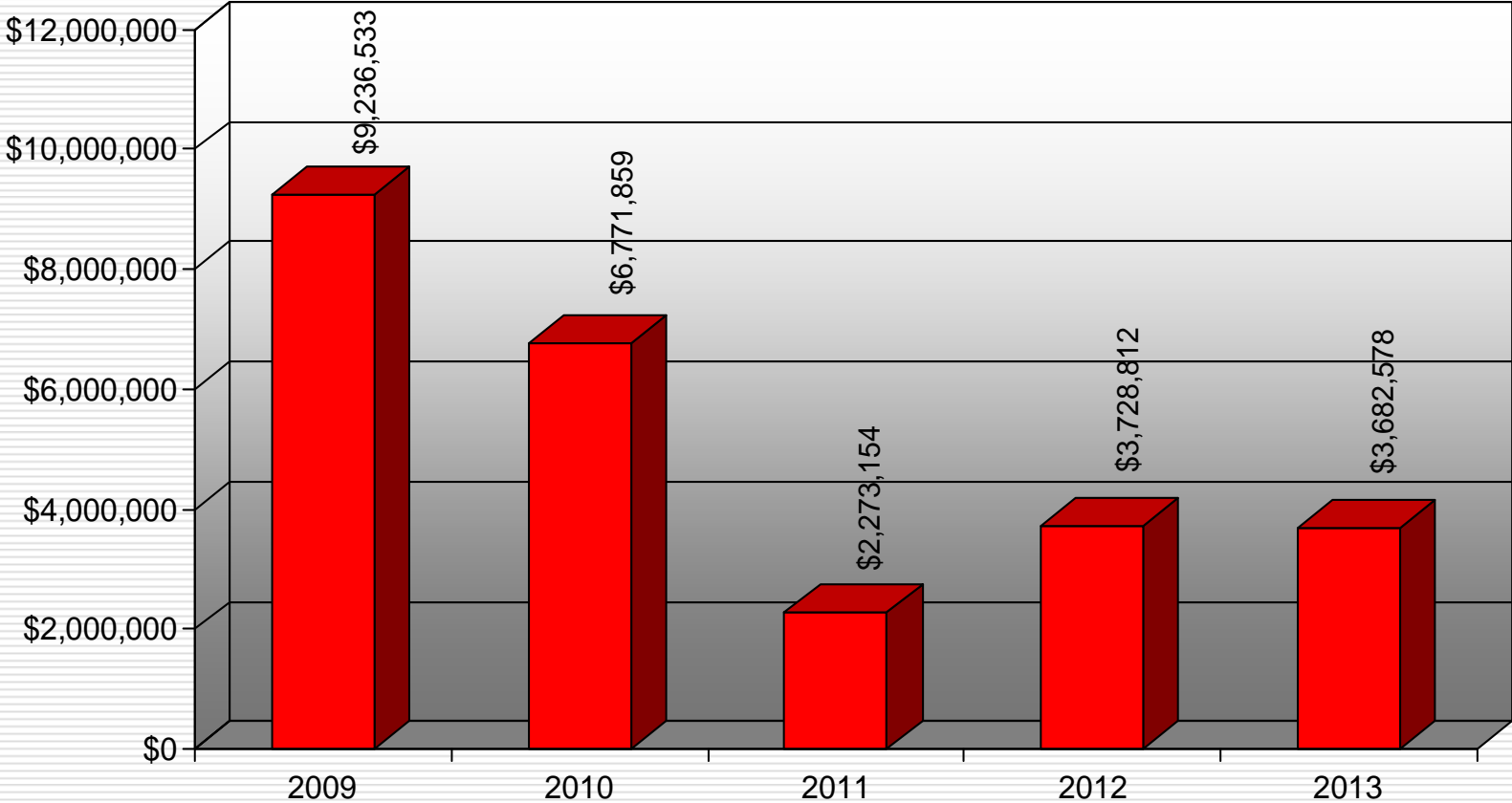
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Capital Improvement Capital Investment Program Expenditures (Bond Funded)



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Capital Reserve Fund
Capital Investment Program Expenditures



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Capital Reserve Fund
Capital Investment Program Expenditures

Total Capital Budget (Five Years) = \$240,412,465

