CITY OF HAZLETON

DEPARTMENT OF ADMINISTRATION

40 N. CHURCH STREET HAZLETON, PENNSYLVANIA 18201
(570) 459-4961
FAX: (570) 501-7135

CITY OF HAZLETON

2019 BUDGET PROPOSAL

NOVEMBER 14TH, 2018
As the City of Hazleton continues to work towards financial stability through the ACT 47 program, the 2019 budget was prepared with plan compliance in mind. The budget seeks to address continued financial issues that have plagued the city and to prevent any further development of a growing deficit within the city. The city continues to be plagued by stagnant or following revenues and a declining total assessed property value, which has declined approximately 5% over the previous 5 years. Also, in accordance with the ACT 47 plan, this budget calls for no additional hired positions though the city was able to obtain grants that would allow for additional personnel and may continue to apply for such grants. The overall proposed tax increase is .33 mils with .17 mils to the GF and .16 mils to the Debt Servicing fund, .10 mils to cover a recalculation of debt servicing mils at the proper collection rate and .06 mils to cover a potential 2018 lease revenue Note for the city.

**GENERAL FUND REVENUES**

**REAL ESTATE TAXES**

The city’s total assessed value again declined slightly to a total of $968,852,900. The total assessed value has declined approximately 5% over the previous 5 years. Due to this continued decline and increased operating expenses, the general fund budget calls for an increase of .17 mils to a total of 4.63 mils. This general fund increase represents a 3.8% increase in GF real estate taxes. The median assessed value of a home in the city is $75,000. An increase of .17 mils represents a $12.75 increase.

Delinquent taxes are collected through the county’s agent, Northeast Revenue. 2018 budgeted figure of $570,000 for this collection will likely experience a shortfall resulting in a retraction in budgeted revenue for 2019 to $487,000, a decrease of $83,000.

**SPECIAL AND 511 TAXES**

Line items for the majority of these taxes remain largely unchanged with the largest change affecting the earned income tax rate. In accordance with the city’s ACT 47 plan, the EIT resident tax rate would be increased by 0.4% (pending final adoption) and an additional 0.4% reassigned to general fund from the ACT 205 fund. This represents a major increase to this revenue line of $3,040,000. The majority of these funds will be transferred back to the ACT 205 fund in order to ensure that the city is able to pay the minimum municipal obligation for its pension. However, it will allow the city to have better control over its cash position, especially later in the calendar year.

The city will also complete an audit for its mercantile tax, however, mercantile tax is trending toward a significant shortfall in 2018 and therefore any increase brought by an audit will be offset by a retraction in projected revenue. Over all, the mercantile tax is budgeted for a $40,000, or 6.7%, increase.

**LICENSES AND PERMITS**

The 2019 budget calls for an increase of $96,482 in license and permit revenue or an increase of about 14% over the previous year. The major drivers include increased
revenue for building and alteration permits and a projected RFP for towing services in the city of Hazleton.

REMAINING REVENUE

Remaining revenue sources in the city’s budget remain largely static without an increase from 2018 budgeted figures.

GENERAL FUND EXPENSES

Major cost drivers across all departments include health insurance costs, which will rise 11.1% in 2019. Total health insurance costs across all departments total $1,914,912 and an 11.1% increase represents a total cost increase of $212,555. The total operating expenses for the general fund after factoring out the transfer back to the ACT 205 account total $10,736,005. An increase of $236,510 from the total 2018 expenses or an increase of 2.25%.

COUNCIL AND CLERK

Council line item expenses remain unchanged from 2018. City clerk calls for an increase of $10,305 or 18%. The majority of this cost increase is in increased advertising costs for running legal ads as necessary. Council and clerk budget represents 1.2% of general fund expenditures.

EXECUTIVE

Executive budget calls for an increase of $8,358 or 7% from 2018 figures. The executive budget represents 1.2% of general fund expenditures.

FINANCIAL ADMINISTRATION DEPARTMENT

The total financial administration budget in 2019 decreases by $37,567 to a total of $307,545. This decrease of 11% can be attributed to lower salaries, reduction in number of employees requiring healthcare benefits and insurance savings. The Financial Administration department represents 2.9% of general fund expenses.

BUILDINGS AND GROUNDS MAINTENANCE

Buildings and ground maintenance costs are projected to decrease $7,904 or -3%. Buildings and grounds maintenance represents 3.4% of general fund expenses.

POLICE

Budgeted police cost increases in 2019 are $4,866,880. This represents an increase of 7% from 2018 figures and consists primarily of increased health insurance costs and projected increases to salaries. The police budget represents 45.5% of general fund expenditures.
FIRE DEPARTMENT

Budgeted Fire Department increases in 2019 total $67,163 or 3%. The increases are attributed to increased overtime projections, salaries and longevity. The Fire Department budget represents 20.6% of general fund expenditures.

PARKING AND CODE ENFORCEMENT

Collectively, these two department’s expenses will remain largely flat in 2019. The parking budget has an increase of $24,653 while the Code department budget a reduction of $22,537. Collectively these two departments represent $594,916.00 or a total of 5.5% of the city’s general fund expenses.

PUBLIC WORKS AND PUBLIC WORKS GARAGE

The public works budget calls for an increase of $46,230 or 4% while the garage budget calls for an increase of $8,274 or a 3% increase. Collectively the Public Works and Garage Budget account for $1,738,067 of the city’s expenditure budget or 16.2% of the city’s expenditures.

OTHER EXPENSES AND CONSIDERATIONS

Legal costs, engineering costs, tax collection costs are marginal to decreases in total budget with tax collection costs being a direct reflection of what the city expects to collect. Increased revenue collection means increased tax collection costs. As mentioned previously, the city will transfer out revenue to the ACT 205 fund by the end of the year in the amount of $2,965,744 making the “true” operating budget of the city $10,736,005. A total cost increase of 2.25%

TAX BILL ANALYSIS

The Median home value in the city is $75,000. With a total projected millage in 2019 of 6.18 mils, a median tax bill for a city taxpayer would be $463.50. This bill is broken down into three separate funds as follows:

Recreation - .09 mils which would be $6.95.

Debt Servicing – 1.46 mils which would be $109.39.
Further breaking down Debt servicing as follows:
$39.38 to the city’s 05 GO Note
$58.30 to the city’s 15 Lease Revenue Note
$7.22 to the city’s 17 State Emergency Note
$4.48 to the city’s 18 Lease Revenue Note (pending passage)

General Fund – 4.63 mils which would be $347.16
Further breaking down GF as follows:
$18.40 to council/clerk/executive/administration
$11.80 to buildings and grounds
$157.96 to Police Department
$71.51 to Fire Department
$19.09 to Parking/Code Departments
$56.24 to Public Works/Garage
$12.16 to all other city expenses (engineering/legal/tax collection)