



Borough Manager 2024 Budget Presentation

September 19, 2023



October Committee Meetings – Budget agenda items

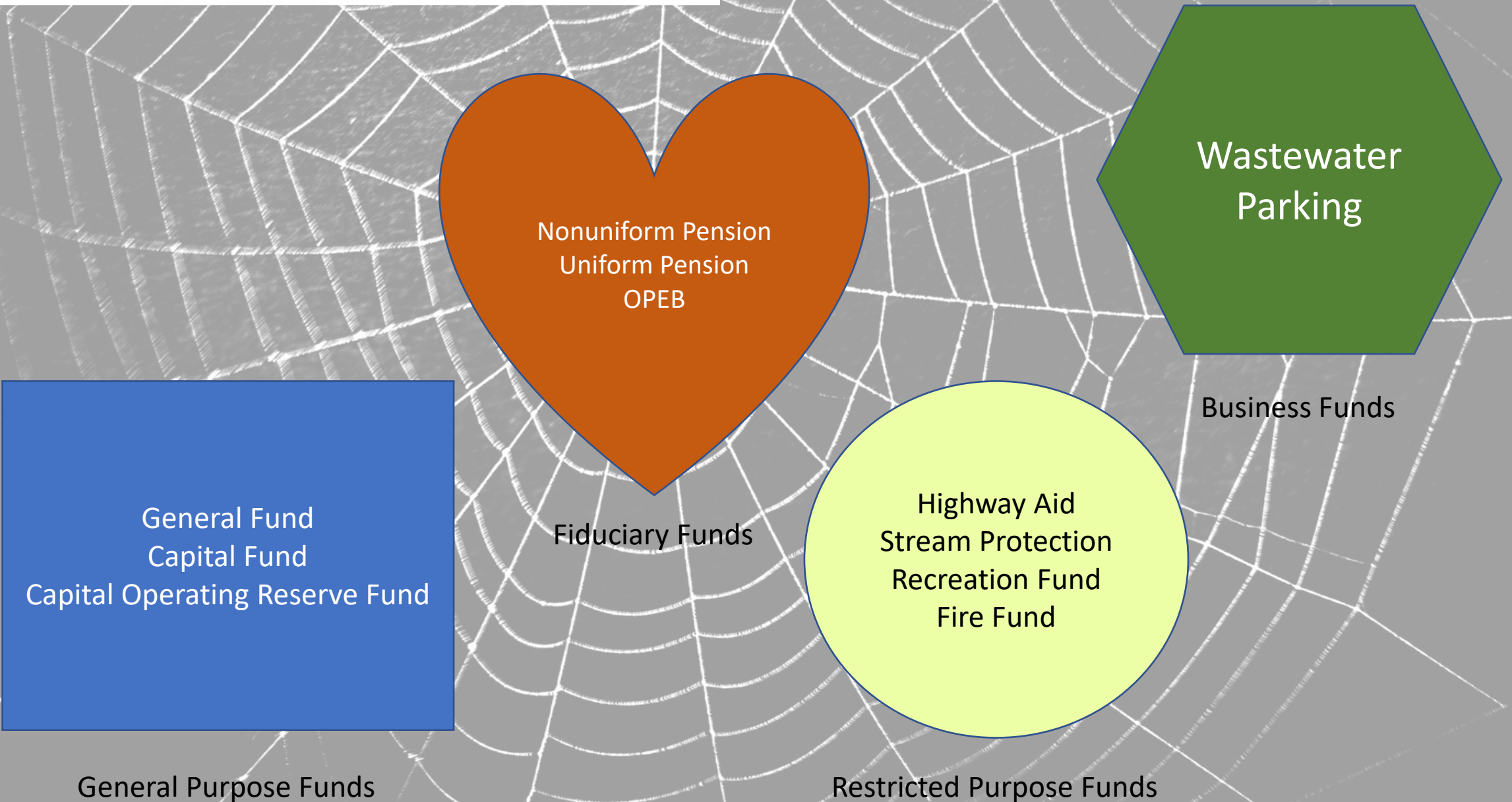
October Worksession – Revised preliminary budget presentation

October Business Meeting – Motion to advertise and schedule a hearing on the budget. Adopt preliminary budget.

November Business Meeting – Hearing on the Budget

November Business Meeting – Eligible for adoption by Council

Government Fund Accounting



Government Fund Accounting

- Cash basis except for 2 days a year.
- General Operations
- Business Type – Parking and Sewer
- Restricted purposes
- Fiduciary – Pensions and OPEB



2024 Operating and Capital Budgets

As of today...

Balanced funds with no changes in fees or taxes = Parking, Liquid fuels, Stream Protection.

Not Balanced = General Fund and Wastewater

Borough does not budget Fiduciary fund activity.

No activity in Park and Recreation Fund – Balance of ~\$45,000

Proposed increase in Fire Fund of ~ 11% year 1 and ~3% years 2-5

2023 Operating and Capital Budgets

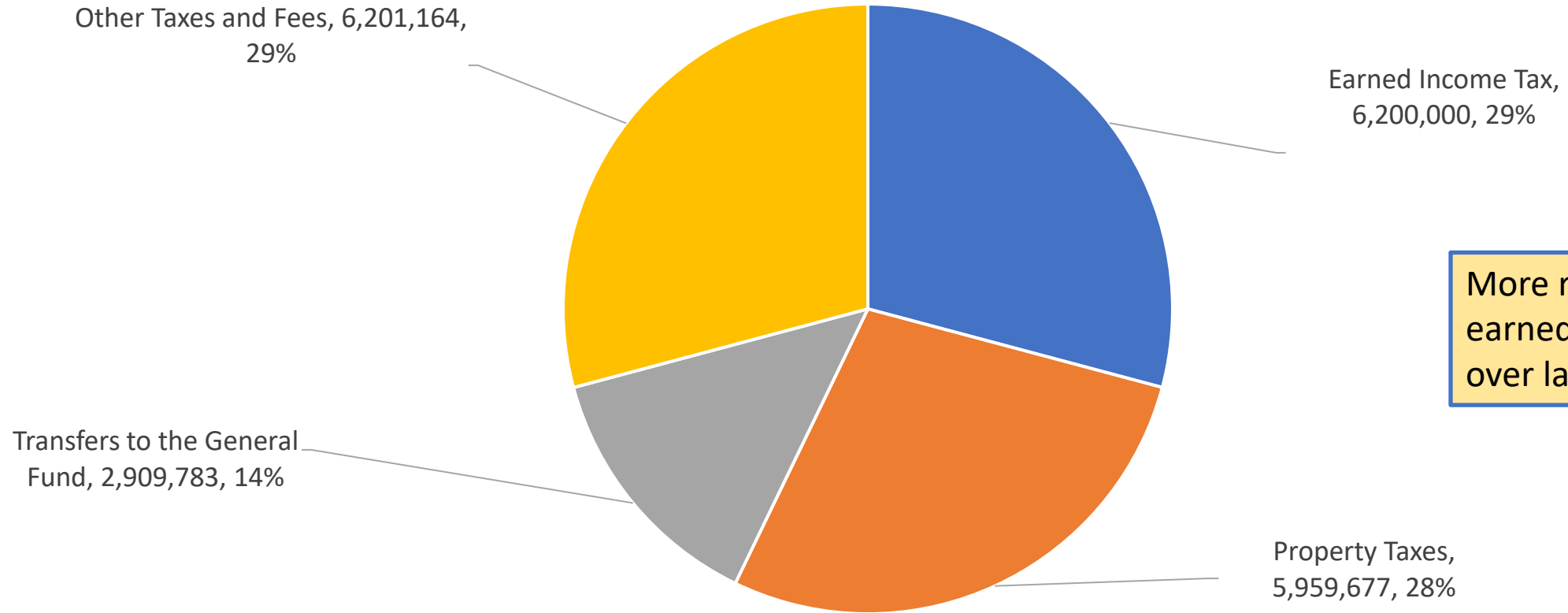
As of today...

General Fund is out of balance by (\$557,290) ~3%

Sewer Fund is out of balance by (\$420,997) ~8%

At same time in 2022, General Fund was out of balance by (\$250,656) ~1.2%

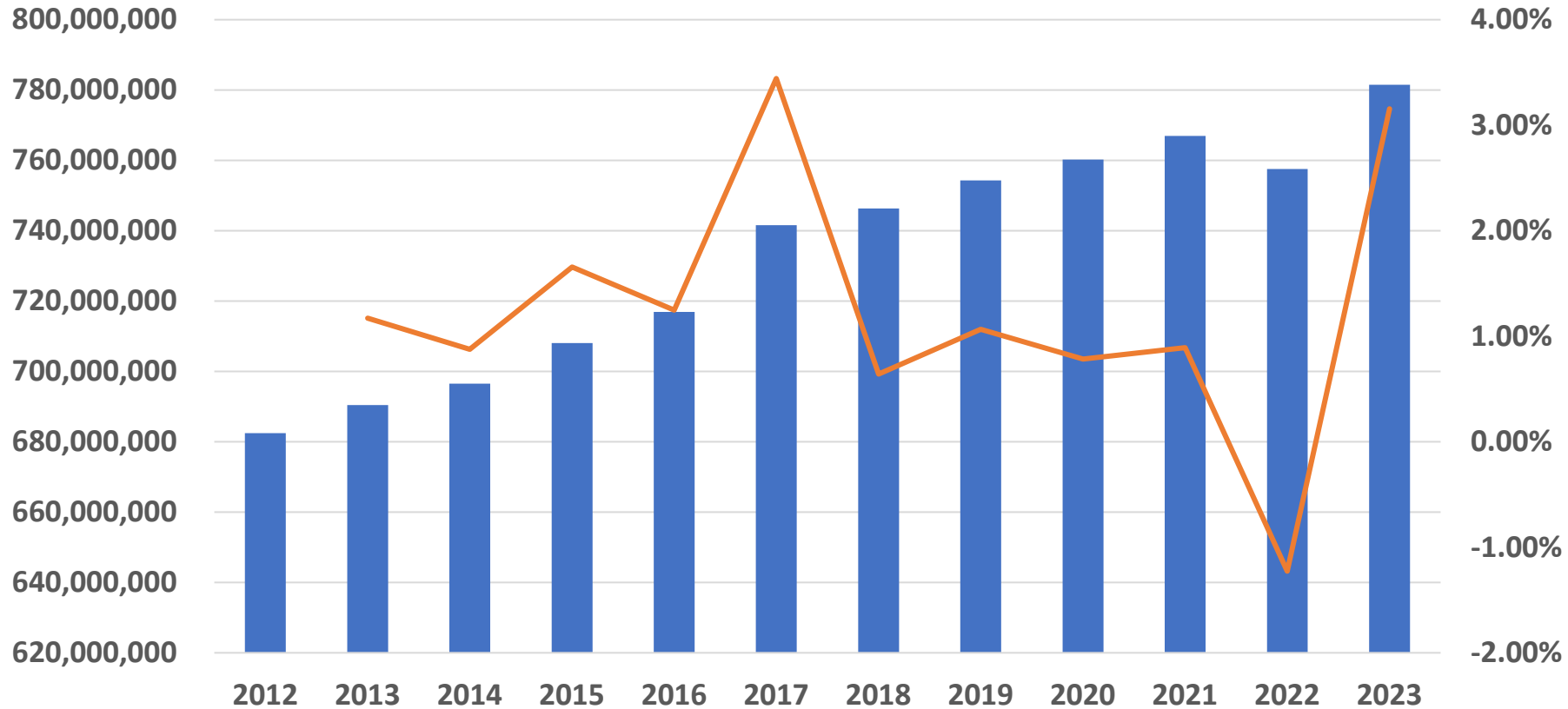
2024 Proposed General Fund Revenue Share



More reliant on earned income growth over last 2 years

■ Earned Income Tax ■ Property Taxes ■ Transfers to the General Fund ■ Other Taxes and Fees

Total Assessed Value - Taxable Property



Taxable = 67%

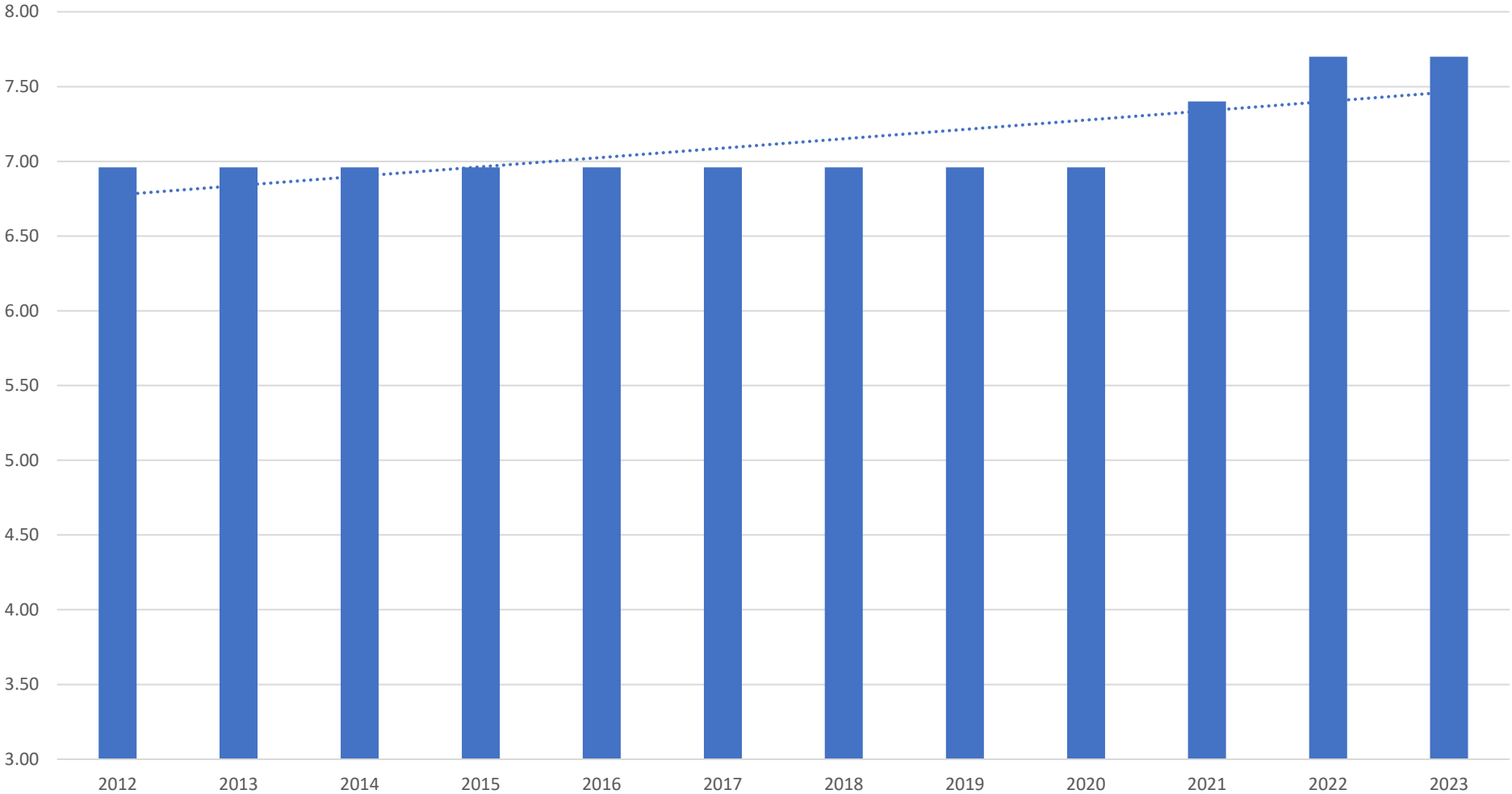
Annual growth
Average ~\$9m

Big projects in
2015 and 2017,
more coming
in next 5 years

ORGANIC GROWTH OF ~\$70,000 per year at current tax rate

Millage Tax Rate

$$y = 0.0625x + 6.7136$$



Determine the trendline

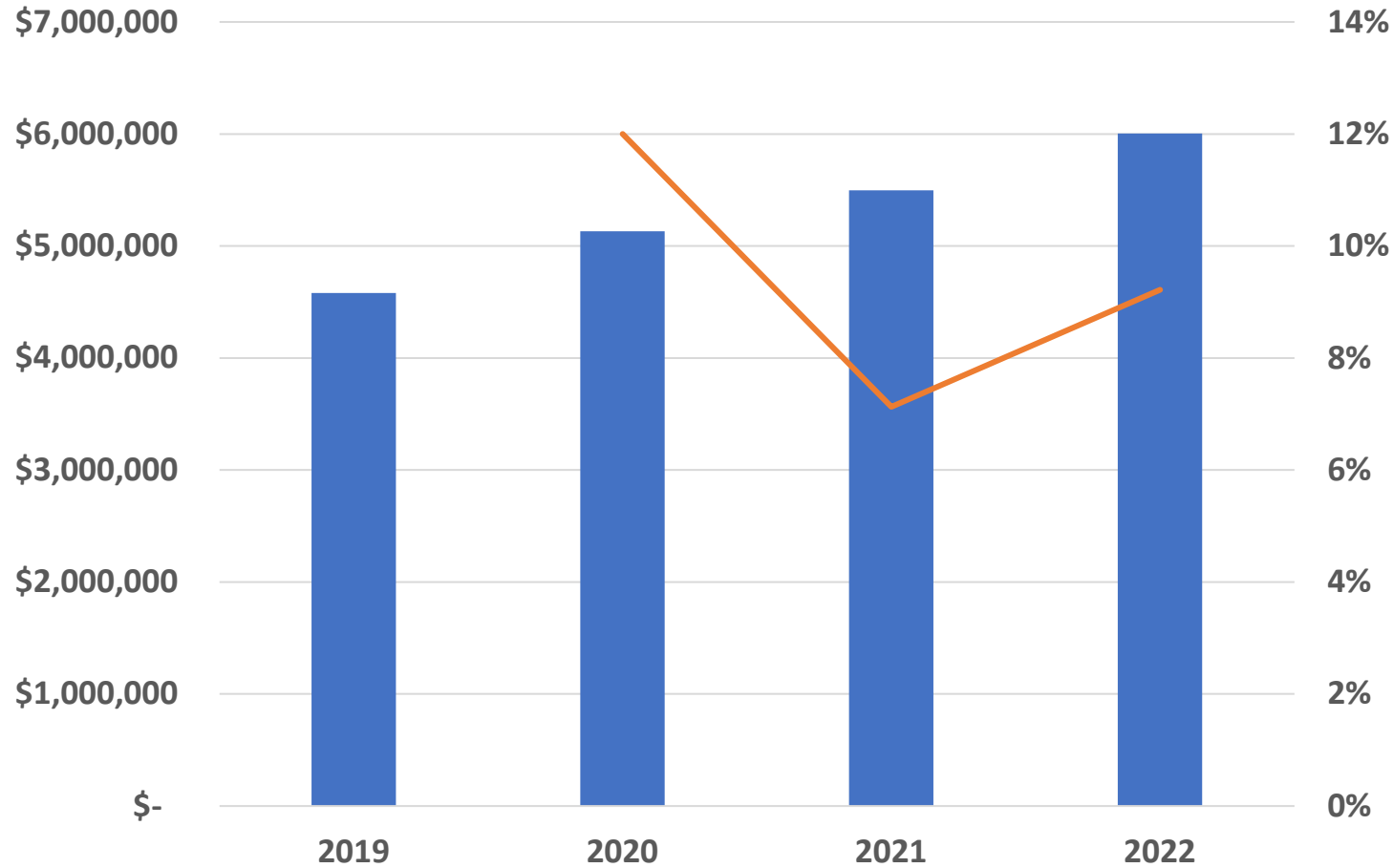
+ .8% probably too low

8+ years of no tax rate change is not sustainable

Avoid big adjustments

Need more time

Earned Income Tax Collections and Percentage Change YoY



Determine the trendline

No change to rate without PA legislature

Growth probably not sustainable long term (9.45% AVG)

Need more time – pandemic effects

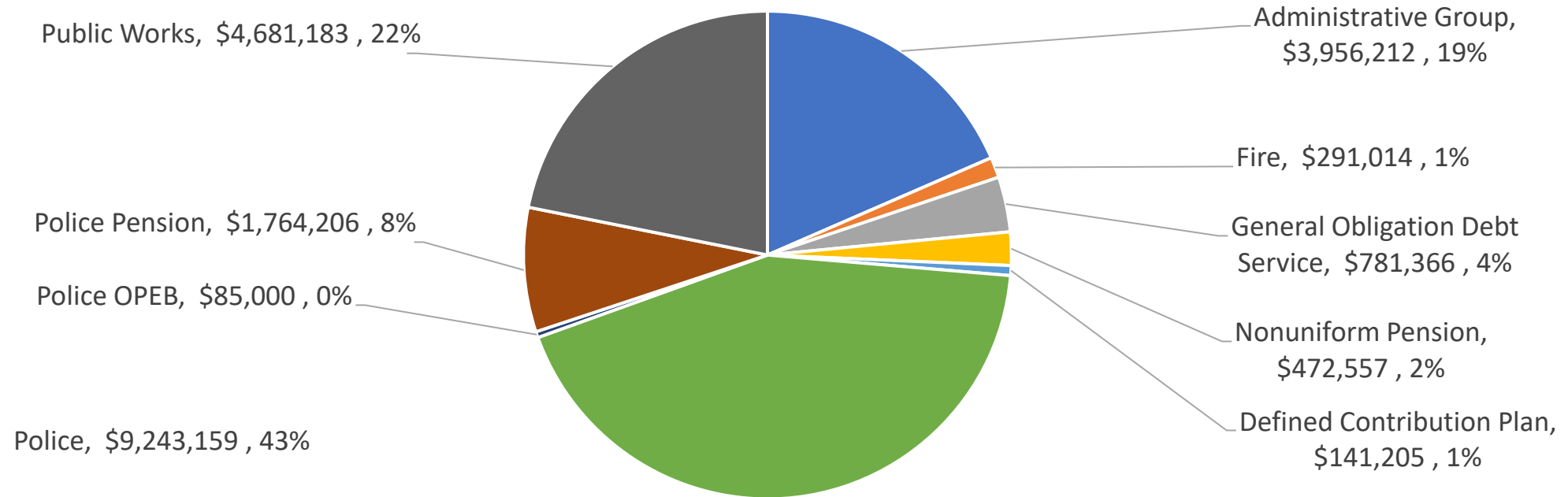
Budget \$400k+

ORGANIC GROWTH OF \$474,000 4-year average

General Fund Major Revenue Assumptions

- Real Estate tax will yield \$111,233 more revenue YoY
- EIT will yield \$400,000 more revenue YoY
- ARPA funding provided major support for capital program \$808,500 in 2023, ALL MONEY ALLOCATED

2024 Proposed Operating Budget by Types of Expenditures - General Fund



■ Administrative Group
■ Nonuniform Pension
■ Police OPEB

■ Fire
■ Defined Contribution Plan
■ Police Pension

■ General Obligation Debt Service
■ Police
■ Public Works

General Fund Major Expense Changes YoY

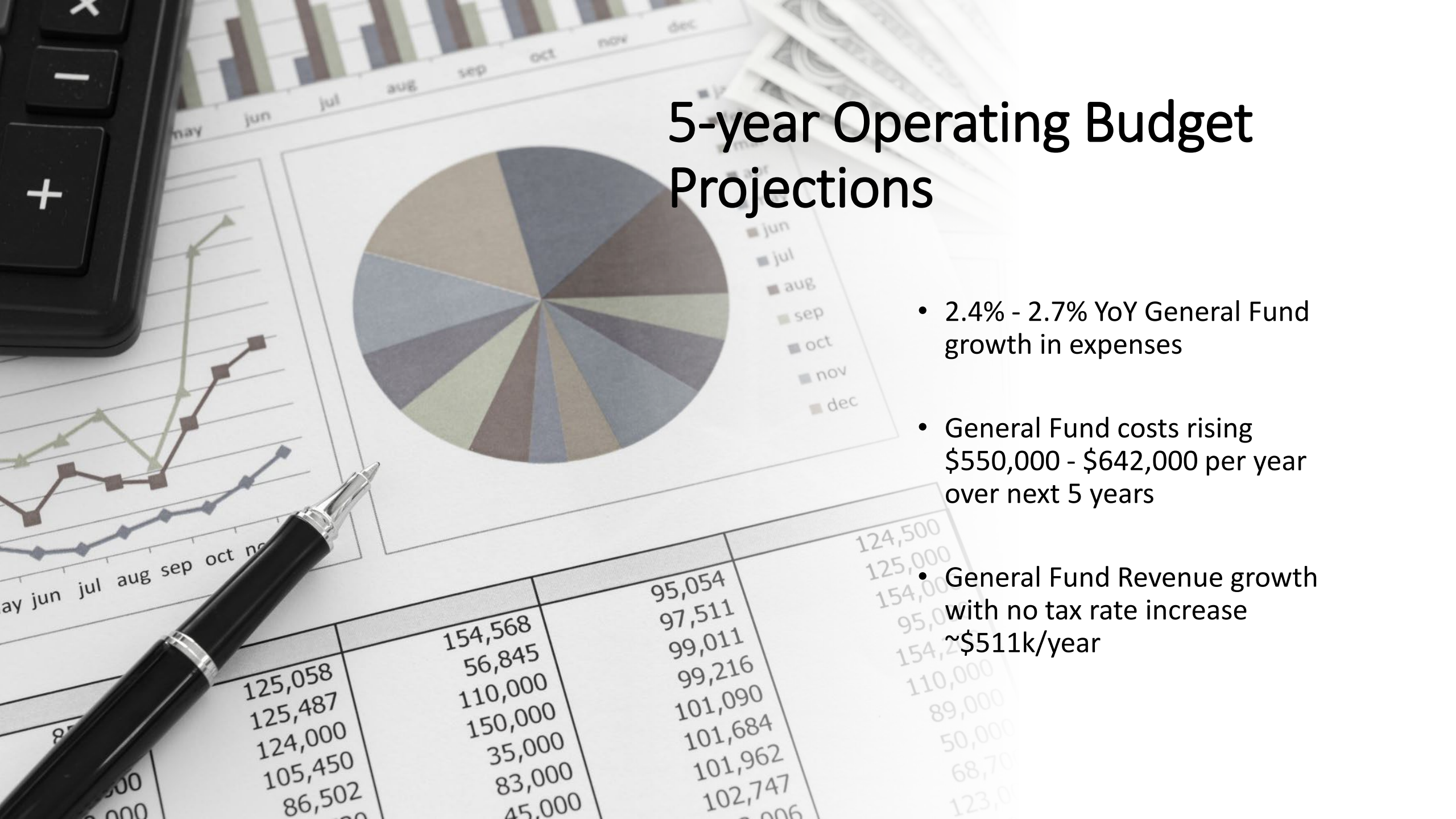
- Police Department increase on target \$427,553 (2024)
average 5-year projection = +\$431,000 per year
- Pension MMO payments decreasing -28% and -6.4%.
Adjusting long term reductions from -5% to -6.5%
- Administrative group (Borough Manager's office, HR
Finance, Sustain, IT, Parks, Building and Housing)
adding \$364,166. Average 5 year is \$105k.
 - (91k Fire hydrant, 84k software, EMS 18k, +46k gen
liability, auto insurances, +77k Housing)

General Fund Major Expense Assumptions

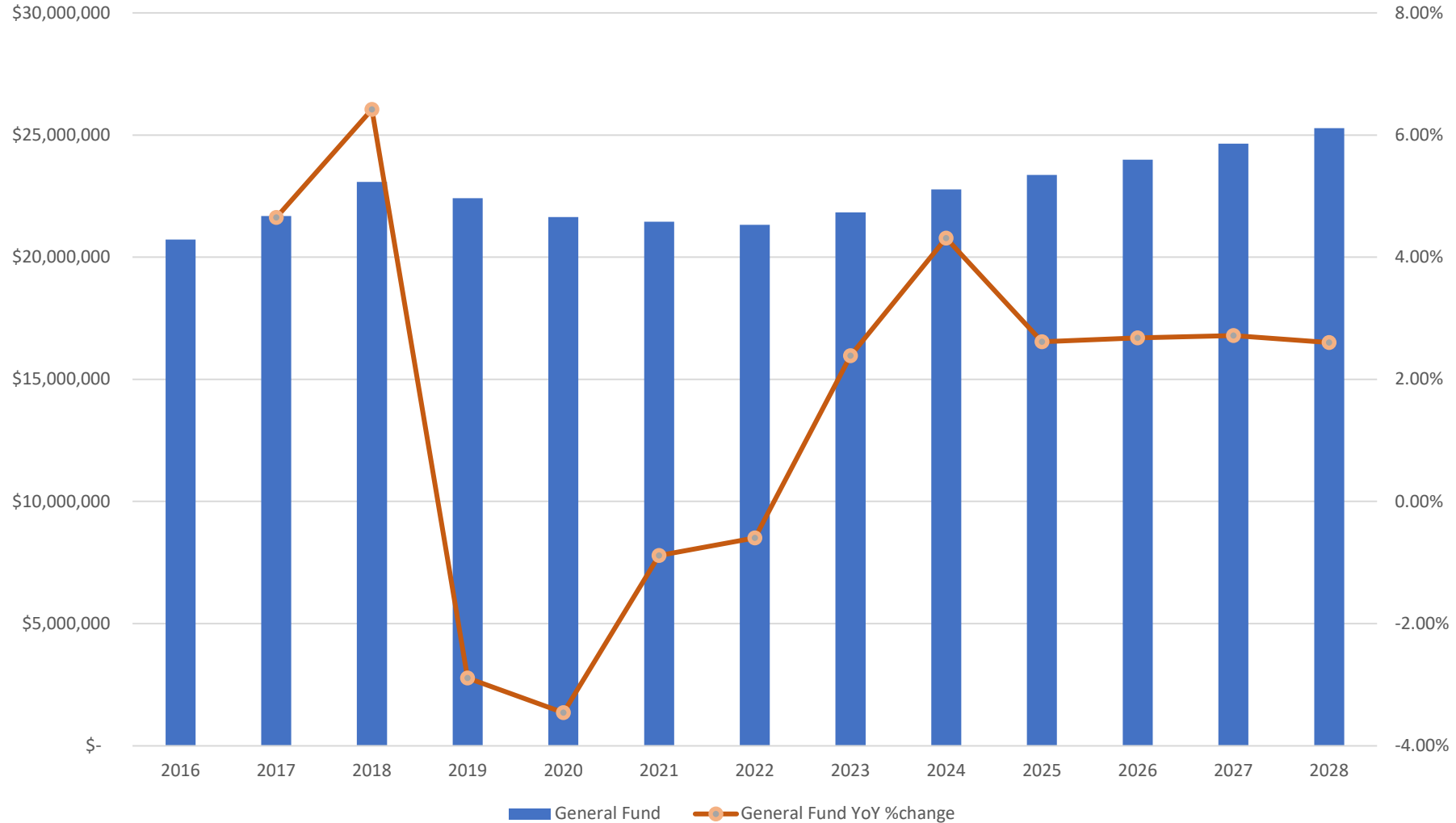
- Pay raises for nonuniform contract employees 4% (55 FTE)
- Currently negotiating next contract for Uniform Police
- Pay raises for nonunion employees includes assumptions based upon market rates and employee review and performance.
- Assumed increase of 7% of medical premiums
- 4% return on 80% of cash balance – interest income

5-year Operating Budget Projections

- 2.4% - 2.7% YoY General Fund growth in expenses
- General Fund costs rising \$550,000 - \$642,000 per year over next 5 years
- General Fund Revenue growth with no tax rate increase ~\$511k/year



General Fund Budget Expense History and Trend



Reduce gap
from 4.3% to
2.6%

Same GF
expenditures in
2017 as 2023

General Fund Expense projections

- Increasing 2.4% to 2.7% per year
- Average \$628,740 per year 2025-2028
- Gap of \$117,507 per year
- About 2% increase in millage tax rate per year or about 0.154 mills. (7.7+.154= 7.854)



Google Street View

Aug 2022

Median Assessed Val
\$178,703

Current property tax
\$1,376

2% increase
\$1,403

\$28 dollars per year

Estimated current
sale price(Zillow)
\$712,000 - \$860,000



Wastewater Operations



Proposed 2024 Wastewater Budget

- Increase of \$118k in operating revenue 2%
- Increase of \$579k in operating expense
 - Sludge hauling bid opens October 3
 - Salaries and wages and departmental changes
- New methodology of capital planning and budgeting to smooth expenses over 5-year horizon and account for grant and tap in fee revenue more accurately.
- Bottom line budget currently out of balance (420,997) would require about 9% increase in sewer fees

Wastewater Capital Planning and Budgeting

Project	2024	2025	2026	2027	2028	
TOTAL EXPENSE	\$ 2,693,750	\$ 2,430,000	\$ 950,000	\$ 990,000	\$ 935,000	\$ 1,599,750
TOTAL REV	\$ 686,283	\$ 1,370,845	\$ 680,295	\$ 286,759	\$ 25,575	\$ 609,951
grant revenue	\$ 150,000	\$ 450,000				\$ 989,799
tap-in fees	\$ 536,283	\$ 920,845	\$ 680,295	\$ 286,759	\$ 25,575	
250 E Market	510708					
330 W Market		895270				
611 E Nields - Industrial Center				261184		
410 S High St			654720			
5 new EDU per year baseline	25575	25575	25575	25575	25575	

Statement of cash flows Page 22 of audit +\$666,113 (2021) and +\$653,826 (2022)

Total cash and cash equivalents \$746,792 (2021) and \$1,400,618 (2022)

General Fund	2022	2023	2024	2025	2026	2027
Administration, Finance, and Housing	\$ 679,888	\$ -	\$ -	\$ -	\$ -	\$ -
Information Technology	\$ 70,000	\$ 85,000	\$ 25,000	\$ 25,000	\$ 40,000	\$ 55,000
Police	\$ 56,732	\$ 183,732	\$ 180,584	\$ 166,000	\$ 166,000	\$ 171,500
Public Works	\$ 200,500	\$ 365,000	\$ 395,000	\$ 400,000	\$ 405,000	\$ 410,000
Recreation	\$ 55,000	\$ 142,500	\$ 440,000	\$ 217,500	\$ 190,000	\$ 67,000
Total - General Fund	\$ 1,062,120	\$ 776,232	\$ 1,040,584	\$ 808,500	\$ 801,000	\$ 703,500
Business Funds						
Parking	\$ 342,500	\$ 479,250	\$ 352,775	\$ 358,067	\$ 363,438	\$ 368,889
Wastewater	\$ 1,805,000	\$ 1,210,000	\$ 1,165,000	\$ 1,200,000	\$ 1,210,000	\$ 1,185,000
Total - Business Fund	\$ 2,147,500	\$ 1,689,250	\$ 1,517,775	\$ 1,558,067	\$ 1,573,438	\$ 1,553,889
Restricted Funds						
Stream Protection	\$ 556,103	\$ 550,750	\$ 575,000	\$ 580,000	\$ 565,000	\$ 580,000
Highway Aid	\$ 550,000	\$ 564,005	\$ 350,000	\$ 355,250	\$ 360,579	\$ 365,987
Fire Services	\$ 213,822	\$ 105,000	\$ 530,000	\$ 543,250	\$ 556,831	\$ 570,752
Total - Restricted Funds	\$ 1,319,925	\$ 1,219,755	\$ 1,455,000	\$ 1,478,500	\$ 1,482,410	\$ 1,516,739
Grand Total	\$ 4,529,545	\$ 3,685,237	\$ 4,013,359	\$ 3,845,067	\$ 3,856,848	\$ 3,774,129

5-year Capital Budget

Discussion Items - Solutions

To generate \$557,290 in revenue property tax rate would increase 0.33 mills or 9.4%

...but there are other solutions to explore before a tax increase

- Use interest and dividends from Capital Operating Reserve as revenue for General Fund
- Smooth the health care refund using the Capital Operating Reserve Fund.
- Cut spending
- Move Streetlighting expense to Liquid fuels ~150k, less for paving in 2024
- Grants for capital programming
- Staff hiring and replacement schedule – delay replacements

Pending Tasks

Final review of all expense and revenue accounts in all departments

Workers' comp, general liability, and auto insurance renewals

Complete contract negotiations with Police Union

Fire contract

