2020 Operating Budget
Second Quarter Report
## 2020 Operating Budget Overview

<table>
<thead>
<tr>
<th>Fund</th>
<th>Type</th>
<th>Beginning Balance</th>
<th>Operating Funds</th>
<th>Interfund Transfers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td>Revenue</td>
<td>$ 4,386,018</td>
<td>$ 125,000</td>
<td>$ 4,511,018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expenditures</td>
<td>$ 3,667,578</td>
<td>$ 843,440</td>
<td>$ 4,511,018</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Reserve</strong></td>
<td>Revenue</td>
<td>$ 3,629,242</td>
<td>$ 16,000</td>
<td>$ 843,440</td>
<td>$ 4,488,682</td>
</tr>
<tr>
<td></td>
<td>Expenditures</td>
<td>$ 2,809,769</td>
<td></td>
<td></td>
<td>$ 2,809,769</td>
</tr>
<tr>
<td><strong>Sewer</strong></td>
<td>Revenue</td>
<td>$ 872,009</td>
<td></td>
<td></td>
<td>$ 872,009</td>
</tr>
<tr>
<td></td>
<td>Expenditures</td>
<td>$ 1,014,608</td>
<td></td>
<td></td>
<td>$ 1,014,608</td>
</tr>
<tr>
<td><strong>Sewer Capital Reserve</strong></td>
<td>Revenue</td>
<td>$ 1,306,857</td>
<td></td>
<td></td>
<td>$ 1,306,857</td>
</tr>
<tr>
<td></td>
<td>Expenditures</td>
<td>$ 135,000</td>
<td></td>
<td></td>
<td>$ 135,000</td>
</tr>
<tr>
<td><strong>Highway Aid</strong></td>
<td>Revenue</td>
<td>$ 226,592</td>
<td>$ 91,716</td>
<td></td>
<td>$ 318,308</td>
</tr>
<tr>
<td></td>
<td>Expenditures</td>
<td>$ 85,000</td>
<td>$ 125,000</td>
<td></td>
<td>$ 210,000</td>
</tr>
</tbody>
</table>
## Status Through Second Quarter

- Revenue has exceeded Expenditures across all funds by $835,334

<table>
<thead>
<tr>
<th>Fund</th>
<th>Revenue</th>
<th>Expenditures</th>
<th>Percentages are % of budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$2,346,951 (52%)</td>
<td>$1,427,953 (32%)</td>
<td></td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>$3,786 (0%)</td>
<td>$149,437 (5%)</td>
<td></td>
</tr>
<tr>
<td>Sewer</td>
<td>$435,258 (54%)</td>
<td>$465,755 (46%)</td>
<td></td>
</tr>
<tr>
<td>Sewer Capital Reserve</td>
<td>$0 (0%)</td>
<td>$0 (0%)</td>
<td></td>
</tr>
<tr>
<td>Highway Aid</td>
<td>$92,485 (101%)</td>
<td>$0 (0%)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,878,479 (46%)</strong></td>
<td><strong>$2,043,145 (23%)</strong></td>
<td></td>
</tr>
</tbody>
</table>
Revenue & Expenditure Tracking

Revenue & Expenditures 2020
January to June

Cost/Revenue

$-       $100,000.00       $200,000.00       $300,000.00       $400,000.00       $500,000.00       $600,000.00       $700,000.00       $800,000.00       $900,000.00       $1,000,000.00

January  February  March  April  May  June
Q2 2018 - Q2 2020
Revenue/Expenditure Comparison

Revenue vs. Expenditures
2018 - 2020

- Revenue
- Expenditures
COVID-19 Pandemic Budget Considerations

- **Controlling expenditures**
  - The budgeted paving projects on W. King St. and Malvern Ave. will not be bid out. This will result in an estimated budgetary savings of $226,000.
  - Part-time positions allocated in the budget will not be filled. This includes positions in the Administration and Public Works departments.
  - Reducing the use of overtime and part-time patrol officers in the Police Department.
  - Cancellation of events for the Parks & Recreation Committee.

- **Grants**
  - Chester County Vision Partnership Program - $31,890 for Comprehensive Plan update
  - Chester County Preservation Partnership Program - $21,279 for improvements to Quann Park
    - Application submitted to PA Department of Conservation & Natural Resources for additional ~$92,000

- **Expenditures associated with the COVID-19 pandemic** = $12,052
  - Applying for reimbursement of costs
General Fund Revenue

Revenue in the General Fund is down 10.5% compared to the second quarter of 2019

<table>
<thead>
<tr>
<th>Account</th>
<th>2020 YTD</th>
<th>Change from 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Taxes</td>
<td>$1,031,800</td>
<td>$-43,835</td>
</tr>
<tr>
<td>Local Enabling Taxes</td>
<td>$1,144,260</td>
<td>$-80,732</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>$94,178</td>
<td>$-46,682</td>
</tr>
<tr>
<td>Fines, Forfeits, &amp; Costs</td>
<td>$56,915</td>
<td>$-6,604</td>
</tr>
<tr>
<td>Grants and Gifts</td>
<td>$1,744</td>
<td>$-78,072</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$3,110</td>
<td>$-35</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$14,945</td>
<td>$-18,862</td>
</tr>
<tr>
<td>Total</td>
<td>$2,346,951</td>
<td>$-274,421</td>
</tr>
</tbody>
</table>

Indications that declines may stabilize

- Keystone Collections Group has re-started collection of delinquent Earned Income Tax
- Building permit activity and requests for tax and sewer certifications have recently increased
- Grant revenue is always project-dependent
General Fund Expenditures

- Expenditures in the General Fund are down 6% compared to the second quarter of 2019
  - Administrative costs are down 12%
    - Professional service costs are lower
      - Legal costs down 22%
      - Engineering costs down 56%
  - Police Department expenditures are down 5%
    - Part-time patrol officer costs are down 49%
    - No significant capital purchases
  - Public Works Department expenditures are down 20%
    - No de-icing salt purchases
    - Overtime costs down 49%
    - Vehicle maintenance costs down 58%
Sewer Fund Revenue & Expenditures

- Revenue in the Sewer Fund is 8% lower when compared to 2019
  - Sewer Rents are down 4% compared to the second quarter of 2019
  - Sewer Tapping Fees down 66%
    - Anticipated in the 2020 budget (category reduced ~50%)
    - Decline in commercial activity in 2020
  - $50,000 refund forthcoming from the Valley Forge Sewer Authority based on 2019 audit

- Expenditures in the Sewer Fund are 6% higher when compared to 2019
  - Primarily due to increases in sewage treat costs and maintenance
    - East Whiteland Township - 9% higher
    - Valley Forge Sewer Authority - 1% higher
    - Failure at pump station #2
  - Operation & Maintenance costs overall up 8% compared to 2019
  - Administrative costs up 3% compared to 2019
2020 Budget - Year-End Outlook

- **General Fund**
  - Revenue projected to decline 4% compared to year-end 2019 data
    - Act 511 tax revenue projected to decline 6%
      - Earned Income Tax revenue has witnessed increases in collection and distributions
      - Real Estate Transfer Tax revenue projected to decline
    - Permit revenue projected to decline significantly (16%)
  - Expenditures projected to decline 4% compared to year-end 2019 data
    - Administrative Department costs projected to be 4% lower
    - Police Department costs projected to be 6% lower
    - Public Works Department costs projected to be 1% lower

- **Sewer Fund**
  - Revenue projected to decline 8% compared to year-end 2019 data
  - Expenditures projected to increase 9% compared to year-end 2019 data
Considerations for the 2021 Budget

- **Trash & recycling collection**
  - Currently in option year #1
  - Over the last five (5) years, costs are up 7%
    - Increased costs for disposal - net 21% increase over the period of 2015 to 2019
    - Increase in the number of units being serviced
  - Costs projected to increase 17% over the next five (5) years
  - Option year #2 is a 4% increase in collection costs
  - Service provided to 56% of households in the Borough
    - Estimated number of households = 1,547 (2014 - 2018 American Community Survey)
    - Service provided to 863 units
  - Options to reduce costs
    - Moving to once a week trash service would save $34,000 per year based on the 2014 bids
    - Billing directly to households who receive service - Estimated cost = $75.00 per quarter based on current service level
Considerations for the 2021 Budget

- Sewer Fund
  - Five-year cost projections outline a deficit each year ranging from $243,189 (2021) to $521,187 (2024)
  - Sewer rates have not been increased since 2008
    - Series of increases from 2006 to 2008 - 26.5% increase during this period
    - Rates lowered in 2014, but brought back to current levels in 2015
  - Deficit primarily due to projected increases in conveyance and treatment costs
    - 30% higher when comparing year-end expenditures from 2015 to 2019
    - Administrative costs have remained relatively stable
  - Conveyance and treatment costs are projected to increase 57% over the next five (5) years based on historic trends
    - Several unknown factors
    - East Whiteland Township is actively seeking to sell their sanitary sewer system
Considerations for the 2021 Budget

Sewer Fund Costs - 2015 to 2019

- O&M (excluding Treatment & Conveyance)
- Treatment & Conveyance
- Admin
Questions?