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## SUMMARY

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This summary report is presented in a discussion friendly format and is summarized from a much larger line-item report that is available. The information provided in this report is as of June 30, 2020.

Included you will find several tables that present the current status of Revenue (by fund and revenue source) and Expenditures (by fund and department). The tables are formatted by category and department "function" level information and do not detail the individual line-item budgets managed by department heads.

### Highlights:

#### Revenues

- **Overall revenues** are performing below expectations. COVID-19 has resulted in most of the funds displaying revenues that are less than anticipated and less than prior year. Overall, sound financial planning by council has ensured that cash reserve balances exist to cover these shortfalls.
- **General Fund** is currently underperforming. Revenue sources that relate to in person services and economic development, such as recreation services and building permits, have seen substantial decreases due to COVID-19 and the limitations placed on services by following CDC guidance and Governor Wolf's orders. Taxes are currently stable, but are still underperforming in terms of collections.
- **Capital Projects Fund** is primarily funded on a reimbursement basis. This requires the Borough to cover costs upfront and get reimbursed later from identified sources (e.g. grants). In 2018 the Borough developed a course of action that consisted of issuing a construction note that functions like a line of credit to be used to finance the large Tax Increment Financing project until a future revenue source was identified. At this point, the Borough is working vigorously to identify grant funding that may be used in place of the line of credit. Should insufficient funding be identified to cover the entirety of the line of credit the Borough will refinance the line of credit into a longer and more favorable term note.
- **Water and Sewer Funds** reflect a decrease in tapping fees, which can be attributed to COVID-19 and the halt on development in the 2<sup>nd</sup> quarter of 2020.
- **Stormwater Fund & Solid Waste Funds** are currently operating within expectations.
- **Debt** is currently being evaluated for a possible issuance for the Capital Projects fund, Stormwater Fund, and Sewer Fund as all funds were budgeted to issue debt for the 2020-2021 capital plan. An issuance will certainly be needed to fund the 2020-2021 capital plan, however based on project pacing the timing of the actual issuance is being evaluated with our municipal advisors (Davenport).

#### Expenditures

- **Overall expenditures** are performing as expected and at times are even lower than 2019. This can be attributed to conservative planning by council and staff. Projects have been delayed, programs and services have been modified or cancelled, and hiring has slowed to leave several open positions. During the height of the COVID-19 health emergency, the Borough has intentionally held six (6) full-time positions vacant.

**REVENUE**

**KEY:**

☑: Expenditures/Revenues have followed straight-line method to date.

✓: Expenditures/Revenues have detoured from the straight-line method and should be monitored.

\*: Expenditures have exceeded the budget and costs should be covered by other areas of the budget.

General Fund Revenue

**Below Expectations: 59.7% Collected (2019: 63%)**

Table 1.	2020	6/30/2020	6/30/2020	Indicator
	Budget	Collected	% Collected	
Real Property Taxes	5,172,181	4,699,005	90.9%	☑
Other Local Taxes (Act 511)	3,158,700	1,311,970	41.5%	☑
Licenses & Permits	718,455	243,178	33.8%	✓
Fines & Forfeits	108,850	48,191	44.3%	✓
Interest & Rents	164,800	72,116	43.8%	✓
Intergovernmental	836,857	8,426	1.0%	☑
Charges for Services	257,700	45,711	17.7%	✓
Other Revenue	495,533	224,701	45.3%	✓
Transfers In	1,857,728	965,347	52.0%	☑
<b>Totals</b>	<b>\$ 12,770,804</b>	<b>\$ 7,618,646</b>	<b>59.7%</b>	<b>✓</b>

**Highlights:**

❖ **Overall: Below Expectations.**

While revenues are at 59.7% of Budget at June 30, 2020, it is less than 2019 (63%) and overall a decrease of \$341,000. Many of these revenues will not be recovered because they are for services that we are not providing.

❖ **Real Property Taxes: Meeting Expectations.**

Within range of 2019 collections (92.4%). Real Property Taxes (which include *general real estate tax* and the *fire tax*) are currently stable. However, collections are down and the Borough has collected approximately \$97,150 less when compared to the same timeframe in 2019. Revenues from this source are typically collected in the first few months of the year due to the discount offered (2%). The remaining balance is typically collected in the second half of the year where payments are collected without a discount and ultimately assessed a penalty (10%) if unpaid (July 1<sup>st</sup>).

**COVID-19 Action:** To ease the financial burden on taxpayers and provide real property tax relief for those impacted by COVID-19, Borough Council adopted a resolution delaying the penalty start date from July 1<sup>st</sup> to November 1<sup>st</sup>.

❖ **Other Local Taxes (Act 511): Meeting Expectations.**

Within range of 2019 collections (42.3%). Other Local Taxes (which include *Real Estate Transfer Tax*, *Earned Income Tax*, *Local Services Tax*, *Admissions*, and *Amusement Tax*) are currently stable. The Borough has little control over the collection of these taxes and they can fluctuate in any given year based on factors like the current real estate market, unemployment, and local events. In comparison to 2019 the Borough has collected approximately \$37,300 more which is primarily attributed to higher performance by the Real Estate Transfer Tax. Earned Income tax is typically reported a quarter behind resulting in larger revenues being recorded in the second half of the year, however collections during the same time period in 2019 reflect that collections for earned income tax stabilized as of June 30, 2019.

**COVID-19 Consideration:** Understanding the factors that impact the "Other Local Taxes" it would be reasonable to expect that collections would be underperforming due to high unemployment and the impact that COVID-19 response has had on the local economy. However, several factors helped improve the performance of these line items including large real estate transfers that took place right

before the pandemic hit the local economy, and the fact that the Borough has several organizations that were able to continue operating during the pandemic (Staffing Agencies, Warehouses, Giant Food Stores etc.) In consultation with the school district and the Cumberland County Tax Bureau, the district is seeing similar performance suggesting that Earned Income Tax revenues may not be as impacted at this point as initially anticipated.

❖ **Licenses & Permits: Below Expectations.**

Below 2019 collections (48.2%). Licenses & Permits have seen significant decreases in the first half of the year due to COVID-19. The factors that play into the performance of these revenue sources are primarily the ability for 3<sup>rd</sup> parties to perform work related to building activities (electric, plumbing, sewer, zoning) all of which were halted in accordance with Governor Wolf's orders. In comparison to 2019 the Borough has seen a decrease in building related permits of approximately \$65,800.

**Rental Housing Inspection Note:** the data presented is slightly skewed in 2020 due to a new budget line item for the Rental Housing Inspection Program which has not generated anticipated revenues due to delayed implementation. It should be noted that the anticipated revenues directly offset planned expenses so there is little impact overall for this delay. Excluding this new line item collections would be at 37.4% of budget instead of the 33.8% shown in the table above.

❖ **Fines & Forfeitures: Below Expectations.**

While overall below expectations in terms of total budget collected, the actual performance is in line with 2019 reflecting a shortfall of only \$1,500. It should be noted that the 2020 budget was reduced by approximately \$62,000 due to year over year underperformance.

❖ **Interest & Rents: Below Expectations.**

Below 2019 collections. There was more money in the PLGIT accounts in the first half of 2019, which resulted in higher interest earnings. Those funds have since been reallocated to the operating cash accounts which typically offers less interest than PLGIT.

❖ **Intergovernmental: Meeting Expectations.**

Within range of 2019 collections (1.3%). The majority of the revenues recorded in this category are revenues collected from the State including State Pension Allocation and Foreign Fire Insurance deposits which are typically received in the second half of the year.

❖ **Charges for Services: Below Expectations.**

Below 2019 collections (62.3%). Due to COVID-19 and the associated Governors Orders, the Borough has seen a decrease in recreation program fees and swimming pool related revenues.

**COVID-19 Action:** Borough Council and staff made every effort to abide by CDC Guidelines and Governor Wolf's Orders to do our part to prevent the spread of COVID-19. This resulted in the difficult decision to reduce the number services offered and the programs put on by our Parks & Recreation Department. Such a decision reduced the number of seasonal employees that have been hired resulting in savings in Payroll.

❖ **Other Revenues: Below Expectations.**

Below 2019 collections (52.1%). This revenue category does not follow the straight-line method as revenues are general in nature and difficult to plan for. At this point in 2019, we had received more insurance reimbursements for claims made which would have offset corresponding expenses. Due to COVID-19 certain revenues within this category will not be received including revenue associated with Fireworks donations.

Capital Projects Fund Revenue

**Below Expectations: 1.1% Collected (2019: 6.5%)**

Table 2.	2020 Budget	6/30/2020 Collected	6/30/2020 % Collected	Indicator
Interest & Rents	\$ 10,000	\$ 7,319	73.2%	☑
Intergovernmental	5,133,343	59,568	1.2%	✓
Other Revenue	25,000	-	0.0%	☑
Transfers In	691,371	-	0.0%	☑
<b>Totals</b>	<b>\$ 5,859,714</b>	<b>\$ 66,887</b>	<b>1.1%</b>	<b>✓</b>

Below Expectations. Grant reimbursements anticipated but not received.  
Meets Expectations. Revenue recorded when projects completed.  
Meets Expectations. Transfer will occur in July when funding is needed.  
Overall Below Expectations. Funding sources still being identified.

Enterprise Fund Revenue

Table 3.	Water Fund	Sewer Fund	Stormwater Fund	Solid Waste Fund	Parking Fund
Fines & Forfeits	N/A	N/A	N/A	N/A	☑
Interest & Rents	☑	☑	☑	☑	✓
Intergovernmental	☑	☑	☑	✓	N/A
Charges for Services	✓	✓	☑	☑	✓
Other Revenue	✓	☑	☑	☑	☑
Transfers In	N/A	N/A	✓	N/A	N/A
Bond Proceeds	✓	✓	✓	N/A	N/A
<b>Overall</b>	<b>✓</b>	<b>✓</b>	<b>☑</b>	<b>☑</b>	<b>✓</b>

**Water Fund: (Overall \$105,772 Less collections than 2019)**

- ❖ **Charges for Services:** The amount of water sales have decreased approximately \$80,686.50 in comparison to 2019. While difficult to pinpoint the cause of such a decrease it is likely attributable to COVID-19 and the closure of certain institutions that consume large amounts of water like the local school districts and colleges.
- ❖ **Other Revenue:** Water Capacity Tapping Fee is lower than expected. In 2019, collections were approximately \$83,000. In 2020 collections are at \$3,800. With slowed development the Borough has not seen anticipated water capacity tapping fees at this point in the year. Overall Collections in this category are down \$91,000 compared to 2019.

**Sewer Fund: (Overall \$886,669 Less Collections than 2019)**

- ❖ **Charges for Service:** Sales to Townships is lower in 2020 due to overpayments made by townships in 2019. We bill the townships on a budgetary basis and reconcile any differences in subsequent year. As a result, there was no billings in the first and second quarter of 2020 to reconcile those overpayments.

**Solid Waste:**

- ❖ **Intergovernmental:** The Borough has not yet received its recycling grant for 2020 which makes up the entirety of this account.

**Parking Fund: (Overall \$178,141 Less Collections than 2019)**

- ❖ **Interest & Rents:** These are small balances so a small decrease of \$4,000 results in less than anticipated revenues. The decrease is due to interest revenue which can be attributed to less cash available as a result of purchases made for the smart meters. In addition, there is less cash flow due to COVID-19 and the various moratoriums in place for the parking fund.
- ❖ **Charges for Services:** Overall leases and parking meter revenues are down \$140,000 due to the moratorium placed on parking meters and leases.

**Overall:**

- ❖ **Transfers In / Bond Proceeds:** These categories are related to capital project pacing and will likely occur in the second half of the year should project costs be incurred as planned.

**EXPENDITURES**

**KEY:**

- ☑: Expenditures/Revenues have followed straight-line method to date.
- ✓: Expenditures/Revenues have detoured from the straight-line method and should be monitored.
- \*: Expenditures have exceeded the budget and costs should be covered by other areas of the budget.

**Total Expenditures by Fund & Department (Reflecting Remaining Available Budget)**

Table 4.	General Fund (01)	Cap. Proj. Fund (18)	Highway Aid Fund (35)	Water Fund (06)	Stormwater Fund (07)	Sewer Fund (08)	Solid Waste Fund (09)	Parking Fund (32)	Total	
<b>Remaining Budget Balance:</b>										
(1) Administration	693,954	11,500	-	9,696	-	25,050	-	11,584	751,784	✓ <sup>(1)</sup>
(2) Finance	2,445,452	262,734	-	1,505,875	437,795	1,856,266	17,326	552,457	7,077,904	☑
(3) Fire	595,524	9,500	-	-	-	-	-	-	605,024	☑
(4) Police	2,329,283	50,251	-	-	-	-	-	-	2,379,534	☑
(5) Public Works	1,533,686	5,654,969	645,860	-	65,302	-	552,441	-	8,452,259	☑
(6) Parks & Recreation	750,238	189,844	-	-	-	-	-	-	940,081	☑
(7) Water Resources	-	-	-	5,133,250	727,333	6,274,698	-	-	12,135,281	☑
<b>Total</b>	<b>8,348,136</b>	<b>6,178,797</b>	<b>645,860</b>	<b>6,648,821</b>	<b>1,230,431</b>	<b>8,156,015</b>	<b>569,767</b>	<b>564,041</b>	<b>32,341,867</b>	☑
	☑	☑	☑	☑	☑	☑	✓ <sup>(1)</sup>	☑	☑	

**Overall Highlights**

- <sup>(1)</sup> Administration | Insurance and Casualty insurance premiums are prepaid and do not follow the straight-line method. These are within expectation and will be monitored.
- <sup>(2)</sup> Solid Waste Fund | In preparation for COVID-19 the Borough ordered a large supply of trash bags upfront in anticipation of a possible manufacturing shortage. This resulted in deviating away from the straight-line method. These costs are still within budget expectations and no adjustment is needed at this time.

## Department Summary (Showing Remaining Budget)

	General Fund (01)	Cap. Proj. Fund (18)	Highway Aid Fund (35)	Water Fund (06)	Stormwater Fund (07)	Sewer Fund (08)	Solid Waste Fund (09)	Parking Fund (32)	Total	
<b>1. Department of Administration</b>										
400 Borough Council	111,945	-	-	-	-	-	-	-	111,945	✔
401 Manager's Office	249,135	-	-	-	-	-	-	-	249,135	✔
404 Legal Services	92,404	-	-	-	-	-	-	-	92,404	✔
406 Personnel	64,529	-	-	-	-	-	-	-	64,529	✔
407 Information Technology	128,503	11,500	-	-	-	-	-	-	140,003	✔
467 Outside Agencies	1,000	-	-	-	-	-	-	10,500	11,500	✔ <sup>(2)</sup>
486 Property & Casualty Insurance	46,438	-	-	9,696	-	25,050	-	1,084	82,269	✔ <sup>(1)</sup>
<b>Total</b>	<b>693,954</b>	<b>11,500</b>	-	<b>9,696</b>	-	<b>25,050</b>	-	<b>11,584</b>	<b>751,784</b>	✔ <sup>(1)</sup>
	✔	✔	N/A	✔ <sup>(1)</sup>	N/A	✔ <sup>(1)</sup>	N/A	✔ <sup>(1)</sup>	✔ <sup>(1)</sup>	
<b>2. Department of Finance</b>										
402 Finance Operations	280,208	-	-	-	-	-	-	-	280,208	✔
402 Water Billing & Collection	-	-	-	206,584	-	-	-	-	206,584	✔
402 Stormwater Billing & Collection	-	-	-	-	25,515	-	-	-	25,515	✔
402 Sewer Billing & Collection	-	-	-	-	-	212,384	-	-	212,384	✔
403 Tax Collection	69,396	-	-	-	-	-	-	-	69,396	✔
445 Parking Operations	-	-	-	-	-	-	-	223,561	223,561	✔
446 Parking Garage	-	-	-	-	-	-	-	175,993	175,993	✔
472 Debt Service	584,547	212,734	-	984,352	100,000	1,327,025	6,115	125,498	3,340,270	✔
481 Water Authority	-	-	-	8,068	-	-	-	-	8,068	✔
481 Sewer Authority	-	-	-	-	-	13,500	-	-	13,500	✔
488 Unallocated Employee Benefits	819,929	-	-	16,203	32,000	21,037	-	3,694	892,863	✔
492 Transfers Out	691,371	50,000	-	290,669	280,280	282,321	11,211	23,711	1,629,563	✔
<b>Total</b>	<b>2,445,452</b>	<b>262,734</b>	-	<b>1,505,875</b>	<b>437,795</b>	<b>1,856,266</b>	<b>17,326</b>	<b>552,457</b>	<b>7,077,904</b>	✔
	✔	✔	N/A	✔	✔	✔	✔	✔	✔	
<b>3. Fire Department</b>										
411 Fire Department	595,524	9,500	-	-	-	-	-	-	605,024	✔
<b>Total</b>	<b>595,524</b>	<b>9,500</b>	-	-	-	-	-	-	<b>605,024</b>	✔
	✔	✔	N/A	N/A	N/A	N/A	N/A	N/A	✔	

### Department Highlights:

<sup>(1)</sup> Property & Casualty costs are prepaid either quarterly or monthly and do not follow the straight-line method. No adjustment needed at this time.

<sup>(2)</sup> Contributions to Outside Agency | Costs for this function are one time budgeted costs paid at the beginning of the year. | No adjustment needed.

-Continued-

	General Fund (01)	Cap. Proj. Fund (18)	Highway Aid Fund (35)	Water Fund (06)	Stormwater Fund (07)	Sewer Fund (08)	Solid Waste Fund (09)	Parking Fund (32)	Total	
<b>4. Police Department</b>										
41A Police Administration	392,241	20,000	-	-	-	-	-	-	412,241	✓
41I Police Investigation	211,012	-	-	-	-	-	-	-	211,012	✓
41P Police Patrol	1,726,030	30,251	-	-	-	-	-	-	1,756,281	✓
<b>Total</b>	<b>2,329,283</b>	<b>50,251</b>	-	-	-	-	-	-	<b>2,379,534</b>	
	✓	✓ <sup>(3)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	✓	
<b>5. Department of Public Works</b>										
408 Public Works Administration	240,668	-	-	-	-	-	-	-	240,668	✓
409 Borough Hall Maintenance	58,952	175,750	-	-	-	-	-	-	234,702	✓
413 Code Enforcement	295,808	5,117,402	-	-	-	-	-	-	5,413,210	✓
427 Solid Waste Collection & Disposal	-	-	-	-	-	-	552,441	-	552,441	✓
430 Public Works Field Operations	527,201	59,877	645,860	-	-	-	-	-	1,232,938	✓
431 Street Cleaning	-	-	-	-	65,302	-	-	-	65,302	✓
433 Traffic Control	210,445	261,940	-	-	-	-	-	-	472,385	✓
434 Street Lighting	200,613	40,000	-	-	-	-	-	-	240,613	✓
<b>Total</b>	<b>1,533,686</b>	<b>5,654,969</b>	<b>645,860</b>	-	<b>65,302</b>	-	<b>552,441</b>	-	<b>8,452,259</b>	
	✓	✓	✓	N/A	✓	N/A	✓ <sup>(4)</sup>	N/A	✓	
<b>6. Department of Parks &amp; Recreation</b>										
451 Parks & Recreation Admin.	109,049	-	-	-	-	-	-	-	109,049	✓
452 Recreation Services	144,630	-	-	-	-	-	-	-	144,630	✓
453 Swimming Pool	158,453	6,220	-	-	-	-	-	-	164,673	✓
454 Parks Maintenance	249,806	175,524	-	-	-	-	-	-	425,329	✓
455 Shade Trees	12,020	-	-	-	-	-	-	-	12,020	✓
458 Community Center	76,281	8,100	-	-	-	-	-	-	84,381	✓
<b>Total</b>	<b>750,238</b>	<b>189,844</b>	-	-	-	-	-	-	<b>940,081</b>	
	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	✓	
<b>7. Department of Water Resources</b>										
425 Sewer Collection System	-	-	-	-	-	4,096,606	-	-	4,096,606	✓
447 Stormwater Operations	-	-	-	-	727,333	-	-	-	727,333	✓
449 Water Lines Maintenance	-	-	-	3,304,939	-	-	-	-	3,304,939	✓
450 Water Meter Maintenance	-	-	-	49,944	-	-	-	-	49,944	✓
44L Water Lab	-	-	-	76,648	-	-	-	-	76,648	✓
44P Water Treatment Plant	-	-	-	1,701,718	-	-	-	-	1,701,718	✓
42L Sewer Lab	-	-	-	-	-	337,373	-	-	337,373	✓
42M Lift Stations	-	-	-	-	-	323,675	-	-	323,675	✓
42P Wastewater Treatment Plant	-	-	-	-	-	864,202	-	-	864,202	✓
42S Sludge Removal	-	-	-	-	-	652,841	-	-	652,841	✓
<b>Total</b>	-	-	-	<b>5,133,250</b>	<b>727,333</b>	<b>6,274,698</b>	-	-	<b>12,135,281</b>	
	N/A	N/A	N/A	✓	✓	✓	N/A	N/A	✓	

**Department highlights**

- <sup>(3)</sup> Capital Projects | These are one time costs for capital purchases and do not follow the straightline method. They are within reason | No adjustment requested at this time.
- <sup>(4)</sup> Solid Waste Collection & Disposal | In preparation for COVID-19 the Borough ordered a large supply of trash bags upfront in anticipation of a possible manufacturing shortage. This resulted in deviating away from the straightline method. These costs are still within budget expectations | No adjustment needed at this time.