

Borough of State College

- Review Five-Year Forecast
- Budget Highlights
 - General Fund
 - Parking Fund
 - Sanitary Sewer Fund
 - Refuse Collection Fund
- Financial Sustainability
- Budget Calendar and Process
- Discussion and Questions

Borough of State College

Five-Year Financial Forecast

Scenario 1

Status Quo

Balanced Budgeting

Annual expenditures exceed annual revenues in all 5 years.

Tax Policy

Maintains current levies:

Real Estate Tax	10.54 mills
Earned Income Tax	1.3%
Local Services Tax	\$47.00
Real Estate Transfer Tax	1.0%

Programs and Services

Maintains all programs and current levels of services.

Fund Balance

Uses \$1.7 million of available Fund Balance in 2009 and uses remaining \$1,048,629 by mid-2010.

Borough of State College

Five-Year Financial Forecast

Scenario 2

Increase Taxes

Balanced Budgeting

Annual expenditures exceed annual revenues in 2 of 5 years.

Tax Policy

Raises Real Estate Tax (7.60 Total Increase)

4.25 mill increase in 2009 (Total = 14.79 mills)

2.00 mill increase in 2011 (Total = 16.79 mills)

1.35 mill increase in 2013 (Total = 18.14 mills)

Programs and Services

Maintains all programs and current levels of services.

Fund Balance

Maintains 12% in all years.

Borough of State College

Five-Year Financial Forecast

Scenario 3

Reduce Operating Expenditures

Balanced Budgeting

Annual expenditures exceed annual revenues in 3 of 5 years.

Tax Policy

Maintains current levies:

Real Estate Tax	10.54 mills
Earned Income Tax	1.3%
Local Services Tax	\$47.00
Real Estate Transfer Tax	1.0%

Programs and Services

Reduces spending by \$2.1 million in 2009 and projects future operating expenditures from that reduced baseline. Programs and service levels will be impacted by the reduction, however we cannot specifically define that impact at this time.

Fund Balance

Maintains 12% in Years 1 – 4 but reduces to 9% in Year 5.

2009 Budget

Five-Year Forecast

Results of Discussions with Council

- Council provided general feedback to staff that an approvable budget would be somewhere between:
 - Scenario 2, "Increase Taxes"
 - Scenario 3, "Reduce Operating Expenditures"
- The 2009 General Fund Budget is a mixture of Revenue Enhancements and Expenditure Reductions
- An updated Five-Year Forecast is incorporated in the Manager's Letter section of the Budget beginning on Page 6. The forecast is based upon the proposals presented in the 2009 Budget

Budget Preparation

- \$2.1 million Budget Gap in 2009
- Revenue Enhancements
 - Broad-based (Taxes, User Charges and Fees for Service) strategy that crossed a wide range of revenue sources to achieve an appropriate balance of Fairness and Equity
- Expenditure Reductions
 - Preserve Core Services. Use "aim" instead of an "axe".
- Financial Sustainability
 - Five-Year Plan
 - Balanced Budgeting
 - Maintain 12% Fund Balance
 - Address structural budget issues without reliance on Fund Balance and one-time revenues

General Fund Highlights

- Revenue Enhancements \$1,382,628
- Expenditure Reductions \$1,092,622
- Program Reductions
- 2009 Strategic Objectives
 - State-Certified for Health Department
 - Retirements and Reorganization
 - County-wide Earned Income Tax Collection
 - Regional Purchasing Consortium
 - Energy Audit of two municipal facilities
 - Business Planning Process in preparation for Enterprise Resource Planning software in 2010
 - e-filing and e-payments
 - Social Host Ordinance
 - Borough-wide grant program
 - Monitor Lease Tax Litigation

Focus on RESULTS and PERFORMANCE

Revenue Enhancements

Real Estate Tax

- Increase 1.50 mills \$644,628
 - 0.75 to cover Pension Obligation
 - 0.75 to offset loss of EMST and increased operating costs

Real Estate Transfer Tax

- Increase to 1.25% \$125,000

Permits, Fines, Fees and Charges

- Parking Rates and Fines
 - Increase on-street hourly rate from \$1.00 to \$1.25 \$65,000
 - Increase base fine for meter violations from \$5.00 to \$10.00 \$85,000
 - Increase base fine for overnight parking from \$15 to \$25 \$110,000
 - Extend on-street parking enforcement hours until 10:00 p.m. \$225,000
- Rental Housing
 - Establish Permit Fee of \$12.50 per unit \$118,000
 - Change of Ownership Fee of \$25.00 \$10,000
- 2009 Fee Schedule Resolution to be determined

Expenditures Reductions



■ Vacancies		(\$164,894)
■ Police Officer	(\$66,355)	
■ Help Desk Technician	(\$54,993)	
■ Director of DOEPH – 6-month	(\$43,546)	
■ Eliminated Positions		(\$229,752)
■ Sustainability Coordinator	(\$70,552)	
■ Economic Development Coordinator	(\$87,000)	
■ Part-time and Seasonal positions	(\$72,200)	
■ 2 Public Works Interns, 1 P/T Seasonal in Streets, 2 P/T Summer in Streets, 1 P/T Seasonal in Shade Tree, 2 P/T Summer in Shade Tree, 1 P/T Summer in Municipal Facilities	(\$72,200)	
■ Reduce allocation for Affordable Housing Program		(\$45,000)
■ No merit increases		(\$30,209)
■ Revised labor allocation to Enterprise Funds		(\$119,767)
■ Reallocated Capital Project costs to Capital Budget		(\$503,000)

Program Reductions

- 
- No staff Reclassifications
 - Eliminate Recording of Deeds and replacing with a Pilot Program in partnership with Centre County
 - Reduce number of Council Meetings
 - Consolidate ABC's and reduce meeting schedules
 - Combine HRC and DRB
 - Combine Transportation and Planning Commission
 - Eliminate Civil Service Commission

Financial Sustainability

	2008	2009	2010	2011	2012	2013
	Year-End	Budget	Forecast	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 3,053,704	\$ 1,990,712	\$ 2,087,832	\$ 2,200,141	\$ 2,298,978	\$ 2,391,041
TOTAL REVENUES	16,220,587	17,583,605	18,487,556	19,263,736	20,026,940	21,331,190
TOTAL EXPENDITURES	16,589,270	17,398,599	18,334,512	19,158,150	19,925,342	21,179,144
Net Budget Performance	(368,683)	185,006	153,044	105,586	101,599	152,046
Ending Fund Balance	2,685,021	2,175,718	2,240,876	2,305,728	2,400,577	2,543,087
Reserved for Capital Projects	694,309	87,887	40,734	6,750	9,536	1,590
Unreserved Fund Balance	\$ 1,990,712	\$ 2,087,832	\$ 2,200,141	\$ 2,298,978	\$ 2,391,041	\$ 2,541,497

- **Balanced Budgeting** – current revenues meeting current expenditures
- **Maintains Programs and Services** at desired levels
- **Maintains 12% Unreserved Fund Balance**

Financial Sustainability

Year	Real Estate Tax Rate Increase	Value of Mill	Value of Increase
2009	1.50 mills	\$429,752	\$644,628
2010	1.10 mills	\$431,970	\$475,167
2011	0.40 mills	\$434,603	\$173,841
2012	0.65 mills	\$437,252	\$282,213
2013	1.82 mills	\$439,917	\$800,648
TOTAL	5.47 mills		

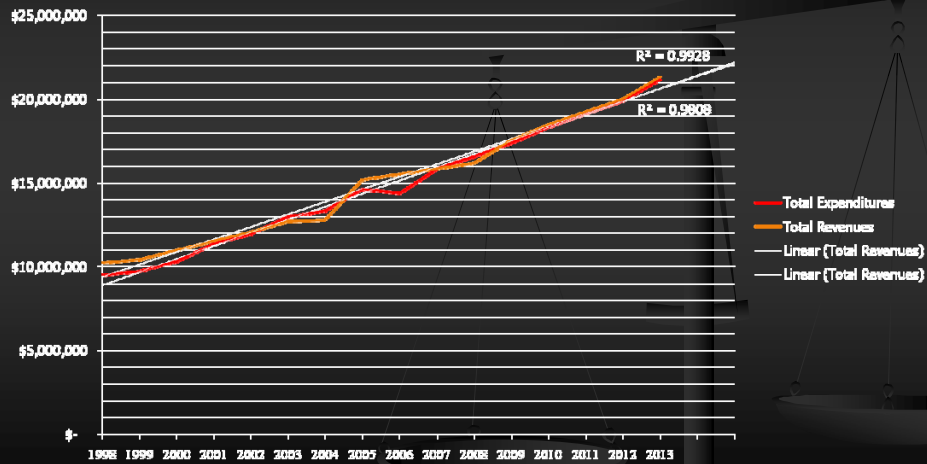
FOOTNOTES:

- In 2013, 64% of the \$800,648 is needed to fund Capital Projects in 2013.
- Real Estate Tax is provided as an example only in terms of describing the total funding requirement needed. Funding can come from other sources.

Financial Sustainability

Borough of State College Five-Year Financial Forecast

2009 Budget Presentation



Parking Fund Highlights

Beginning Fund Balance	\$1,452,453
Revenues	\$2,619,452
Expenditures	\$2,866,495
Budget Performance	(\$247,043)
Ending Fund Balance	\$1,205,410

- Increased off-street hourly rate from \$0.75 to \$1.00 per hour

Sanitary Sewer Fund Highlights

Beginning Fund Balance	\$1,600,635
Revenues	\$4,751,850
Expenditures	\$5,026,733
Budget Performance	(\$274,883)
Ending Fund Balance	\$1,352,752

- Increased user fees from \$5.90/1,000 gallons to \$6.80/1,000 gallons
- UAJA
 - Raised cost to \$4,468 (per MG) in 2008 – 8.50%
 - Will increase to \$4,729 (per MG) in 2009 – another 5.84%
- Our charge is equivalent to UAJA
 - Average Home Owner uses 150 gal/day
 - This equals \$92.82/qtr
 - UAJA's charge per EDU is \$93.00/qtr

Refuse Collection Fund Highlights

Beginning Fund Balance	\$591,456
Revenues	\$3,724,244
Expenditures	\$3,673,176
Budget Performance	\$51,068
Ending Fund Balance	\$642,524

- Program costs rising
 - Regulation on vehicle emissions, rising cost of steel, fuel, Tipping fee (+9%) and recycling fees (12% to 28% increases)
- Cost increases passed on via rate increase
 - 15% in can-collected accounts (Residential system). Proposed 2009 rate of \$304 per year (\$25.33 per month).
 - 7.5% increase in dumpster-collected accounts (Commercial system)
- Table II (Page 127) shows residential collection cost in Borough vs. Centre Region.

Budget Calendar

October 17	Strategic Planning/Fiscal Capacity
November 7	Council work session – receive
November 10	Council work session – discussion
November 19	Council work session - discussion
November 21	Council work session – discussion
December 1	Public Hearing
<i>December 3</i>	<i>Council work session - discussion</i>
December 5	Council work session – discussion
December 8	Council work session – discussion
<i>December 10</i>	<i>Council work session – discussion</i>
<i>December 12</i>	<i>Council work session – discussion</i>
December 15	Council approval

Tentative

Questions and Discussion