

# Borough of Greencastle

## 2017 BUDGET MESSAGE

Council and Mayor:

Attached please find the Proposed 2017 Budget submitted pursuant to Section 26-7 (d) of the Code of the Borough of Greencastle. Council has scheduled a public hearing on the budget for Wednesday, November 9<sup>th</sup>. Consistent with the Pennsylvania Borough Code, this budget must be made available for public inspection for a period of ten (10) days before Council is permitted to take formal action on the budget. If Council plans to take action on the budget at its December 5, 2016 meeting, it should approve the budget for public inspection no later than Thanksgiving Day, November 24, 2016.

Council may choose to modify the budget during the budget hearing. Any such changes will be incorporated in the budget provided for public inspection. Any major revisions to the budget made after the ten (10) day advertising period will require the revised budget to be advertised again for another ten (10) day period.

This proposed budget was prepared during a period of transition between borough managers and is submitted over the interim manager's signature. Developing a budget during an interim period, without the extensive familiarity with borough operations one would have as the recent manager, is a challenge. However, I am confident the proposed budget has taken into account all of the key issues and provides the best way forward for the borough.

The 2015 Budget was considered balanced with no tax mill rate increase imposed. This was primarily due to the prior year's two (2) mill tax increase\* that was put in place to address declining reserves and associated interest; elimination of the Per Capita Tax; and, a projected budget deficit that year.

### 2017 Proposed General Fund Budget

The proposed 2017 budget requires a one mil increase (from .013 to .014) to balance the general fund budget and to maintain services at their current level. Some of the factors which require this increase include:

An 18% increase in health care costs for 2017 (General Fund)	\$35,000
Engineering for the Orchard Circle Storm Drain Project	\$37,500
Engineer for the DEP MS4 Project	\$15,000
Firewall Server Upgrades (purchased in 2008) (General Fund)	\$8,500

The numbers above represent the approximate General Fund increases. I have looked at the budget for other places to offset these increases. For instance, we have reduced the health reimbursement account repayments from \$1,000 to \$500 for self only coverage and from \$2,000 to \$1,000 for family coverage. In

addition, employees must pay for the first \$500 in deductibles for self only coverage and \$1,000 for family coverage before receiving health reimbursement account payments.

In any effective organization, people make the difference. I find the borough employees now, as I did when I left the borough four years ago, to be a dedicated and professional workforce. They accomplish a great deal with a limited number of employees. The proposed budget calls for a 1% salary increase for all non-uniform employees. Police officers receive a 1.5% raise in January and a second 1.5% in July. These raises, particularly for non-uniform employees, will most likely be offset by changes in the medical coverage discussed above. Borough employees will share some of the burden that taxpayers will also share to balance this budget.

This budget relies heavily on the use of Highway Aid Funds (Liquid Fuels Funds) to balance the budget. The borough will use substantial amounts of available Liquid Fuel Funds to balance the budget.

Project	Total Cost	Liquid Fuels	Borough Cost
Linden Avenue Storm Drain	37,000	28,000	9,000
Total Street Construction	124195	112675	12,500
Curb and Sidewalk Construction	72000	17000	55,000*
Vehicles (Dump Truck)	79100	79100	55,000**

\* \$55,000 CDBG Grant Available

\*\* General Fund portion

The Administration and Finance Committee directed the interim borough manager to draft two budgets; one for the current complement of police officers and one for an additional fulltime officer. The budget notebooks contain these two budgets and the supporting details. The proposal for the additional full-time officer also reduces the part-time patrol officer expenditure by approximately \$27,700. The bottom line is that the cost of an additional full-time officer is approximately \$45,000, even if part-time patrol officers hours are substantially reduced.

General Fund Revenue Total	1,385,598	1,399,584	1,399,584
General Fund Expenditure Total	1,385,098	1,441,189	1,485,709
Net Total General Fund		(41,605)	(86,125)

## **Recommended 2017 General Fund Budget**

Based on an analysis of all factors, I recommend Borough Council approve the recommended budget (without an additional full-time patrol officer) and direct preparation of a tax ordinance increasing the millage rate to .014 for 2017.

## **2017 Proposed Sewer Fund Budget**

The Sewer Fund budget proposed in the Budget Notebook currently shows a deficit of \$49,600. I was unable to get with the sewer plant chief operator during the weekend but I believe we can defer some proposed work until next year. I will provide an update, and hopefully a balanced budget, at the budget hearing on November 9<sup>th</sup>.