

2020 Yeadon Borough Budget Narrative

General Fund

The General Fund is the main operating fund for the Borough of Yeadon. Revenue from this fund come from taxes which include real estate, real estate transfers, local services taxes, and earned income tax. Other forms of revenue include fees for licensing, permits, violations and fines, interest, state and federal shared revenue and general government charges and/or services.

The diversification of revenue sources provide income stability, limits the possible impact during an economic downturn and creates a reasonable basis to allocate the cost of services among businesses and residents in the Borough of Yeadon.

The revenue stream for the Borough is well balanced allowing income growth during strong economic periods, yet stable enough to produce enough revenue during downturns and recessions. The Borough must continue to closely monitor the revenue sources during 2020, since most of the revenue sources are directly linked to economic activity in the Borough. The Borough should also identify new sources of revenues to fund capital improvement projects, which include road repairs and economic development project to increase the tax base.

Real Property Taxes (*Account 301*)

Real Estate Taxes are a very stable source of revenue for the Borough. Under the Pennsylvania Borough Code real estate taxes are levied on real property in the Borough and are collected by the elected Tax Collector. The tax rate is set annually by Ordinance, which provides for discounts and penalties. The real estate valuation is made by the Delaware County Tax Assessment Office. The Borough's total assessment for 2020 is \$ 319,077,009.00, a *decrease of \$2,064,133* from last year's assessment. **Thus, calculating for a 2% Discount rate and a 6% Delinquency rate the net mill in 2020 will be \$165,130.64.** There will be NO INCREASE in real estate taxes for 2020. The millage will remain at 9.89 mills.

Local Enabling Taxes (*Account 310*)

The **Realty Transfer Tax** reflects a rate of 0.5% of the sales price of real estate transactions occurring within the Borough for 2020. The tax is remitted to all levying bodies on a monthly basis by the Delaware County Treasurer's office. The 2020 budgeted amount is based on prior years' collections and current housing marketing trends.

The **Earned Income Tax** of 1% is being collected by Keystone Collections under Act 32 primarily through employer withholding. All persons residing in the Borough and receiving earned income and/or net profits are required to file an annual return with Keystone Collections. This is the Borough's second largest revenue source and is collected in January, April, July, and October of each year. Revenue from this tax is impacted by shifts in population and fluctuations in wage earnings. The tax this year is budgeted based on prior year collection history, current economic trends, area employment rates, and current collection percentages.

The **Local Services Tax** is a flat tax in the amount of \$52.00 levied on all persons employed within the Borough, regardless of their legal place of residence. Keystone Collections collects this tax primarily through employer withholding. The tax this year is budgeted based on prior year collection history, current economic trends, area employment rates, and current collection percentages.

Licenses and Permits (*Account 321 – 331*)

Soliciting Permits are required for anyone temporarily selling or soliciting in the Borough neighborhoods.

Street and Curb Permits are required by contractors when they excavate or occupy a public street.

Cable TV Franchise Fee is paid by the Cable TV companies to the Borough for right-of-way rights in the Borough at a percent of gross revenue collected by the Cable companies from subscribers.

Court Fines are imposed and collected by the District Justice for criminal and/or civil citations issued by Borough Police and the Code Enforcement Officers for violations of the Pennsylvania Motor Vehicles codes and the Borough Ordinances.

State Vehicle Code Violation citations are issued by the Pennsylvania State Police. The fines are collected by the Commonwealth and distributed to the Borough. Distribution is based on a formula that includes Borough road mileage and population. The estimated 2020 revenue is based on prior year collection history and the present economy.

Interest, Rents & Royalties (*Account 340 – 342*)

Interest Earnings revenue is interest earned on the investment of temporarily idle Borough funds, determined by the amount available for investment and the current market rates. Pennsylvania law limits investment options to those that are relatively risk-free. In addition, financial institutions are required to collateralize municipal deposits in accordance with State law. The Borough's idle funds are invested in Republic and Beneficial banks.

Rents & Royalties are rents that come to the Borough from the Hall and Clear Channel.

Grants, State Shared Revenue (*Account 351 – 355*)

Federal and State Grants are normally placed in a separate fund or bank account for easy record keeping, are usually a one-time revenue producer and may require matching funds. The Keystone Recreation, Park and Conservation fund awarded the Yeadon Library a \$61,770 for 2019, in which the Borough will match \$1 for \$1. This is a carryover project that was not completed in 2019, hence is why it is budgeted in 2020. There also is a \$50,000 DCED grant that has been awarded for a Borough wide camera project. There are also three pending state grants anticipated for 2020.

Public Utility Realty Tax is a distribution by the Commonwealth for a portion of the State tax on realty owned by public utilities. The distribution is based on a formula that compares the rate of the assessed value of public utility realty in the Borough to the assessed value of all public utility realty in the State. 2020 Public Utility Realty Tax revenue are based prior year collection history.

Liquor License Fees are received from the Pennsylvania Liquor Control Board (PLCB). The PLCB distributes State license fee revenue to the Borough for establishments currently licensed to serve alcoholic beverages in the Borough. 2020 distributions are based prior year collection history.

Pennsylvania Act 205 Municipal Pension State Aid is received from the Pennsylvania Department of Auditor General to assist with funding of the Police and Non-Uniform Pension Plans. The Commonwealth imposes a tax on the premiums of Casualty and Fire Insurance policies sold by out-of-state insurance companies. The Municipal Pension Plan Funding Standard and Recovery Act 205 of 1984

established the General Municipal Pension System State Aid Program financed from the proceeds of this tax. The Act provides for the allocation of this money to Municipalities based on the number of full-time employees participating in municipal retirement systems. It varies from year to year. The 2020 allocation is based prior year collection history.

Fire Insurance Premium Tax received from the State is deposited by the Borough and allocated in full to the Yeadon Fire Company Relief Fund. The 2019 monies budgeted are based on the 2019 receipt.

Licenses & Permits, Charges for Services (*Account 361 – 362*)

Resale and Rental Occupancy Permits are required prior to the sale or rental of property. The Code Enforcement Officer conducts an inspection of the property to verify Borough Code compliance before the property is sold. This permit is issued by the Code Enforcement department and is subject to property inspection.

School Crossing Guard Reimbursement is received from the William Penn School District reimbursing 50% of the cost of School Crossing Guards.

Police Accident Reports revenue is derived from fees charged by the Borough Police Department for copies of incident and vehicle crash reports and record checks.

Building, Electrical, and Plumbing Permits revenue is derived from permits issued by our Certified Building Official. This permit fee will vary depending on the project and is outlined in the Schedule of Fines, Fees, and Charges.

Estimated collection of fees for the 2019 Budget are based on prior year's actual collected amounts, to provide an informed estimate of what can be collected in the upcoming year.

Miscellaneous Revenues and Other Financing Sources (*Account 380 – 396*)

Refunds of Expenditures during the current year are reported in this category.

Sale of Fixed Assets revenue is derived when the Borough divests itself of capital assets such as vehicles, buildings, land, etc.

Interfund Transfers records revenue received in the General Fund from other funds. The Borough receives revenue from other funds. These are reimbursable expenses that are paid from the General Fund and then transferred from the respective funds.

Program Revenue, Flag Day Events record all donations and contributions that are directly related to specific programs maintained and/or run by the Borough.

GENERAL FUND – EXPENDITURES

Purpose

The General Fund is the primary operation and maintenance fund for Borough activities. Through this account, which is funded by various means as stated under General Fund – Revenue, the Borough provides direct financing of general municipal operations, including administration, finance, police, economic development, fire and emergency services, and public works.

Generally, services provided by the Borough with costs that cannot be earmarked to a specific fund, are paid through the General Fund. Expenditures within the General Fund increase due to residential and commercial growth in the community, new initiatives undertaken by the Borough, federal and state mandates, and inflationary pressures. It is the Council's goal to see that Borough funds are appropriated properly and effectively.

Considerations

The Borough will be focusing on the following policy objectives:

Quality of Life Initiatives: The Borough will continue to address code enforcement and zoning reviews, in order to enhance neighborhood preservation, reduce the number of blighted properties and bring properties into compliance with existing codes. In addition, the Borough will seek out other activities that will enhance and/or maintain the community's perception of Yeadon Borough as a quality location to live and work.

Internal Efficiencies: The Borough will continue to improve organizational efficiencies by customizing business practices, streamlining operations, increase training to broaden the skills of employees, and better utilize technology to reduce operating costs.

Increased Economic Development: The Borough will continue to improve the community to increase economic development activities and efforts. By improving overall quality of life initiatives, increasing internal efficiencies, and building productive business relationships, Yeadon Borough can increase its revenues through new development.

Legislative Body, Administration, Financial, Tax Collection & Legal Services

(Account 400 – 409)

Legislative Body (Account 400)

Council and the Mayor's Salaries, as well as, benefits are reflected in these accounts. Transcription services, Meeting and Conferences make up most of the remaining costs under Legislative Body. Monies are allocated for public relations, business recruitment and for social media expenses. Medical expenses remain the same without an increase. There was a slight decrease related to the social media expense.

Administration (Account 401)

The management firm is reflected in these accounts with a Borough Manager, an Administrative Assistant, and an Officer Coordinator for professional management and administrative support to the Council. The management firm recommends and makes suggestions to the Council and implements the

policies of Council while ensuring their legislative intent. The management firm oversees the municipal workplace. There are no benefits or employment taxes paid, saving the Borough thousands of dollars. Telephone, Technology, Postage, Advertising, Minor Office Equipment, Meetings and Conference expenses are based on the prior year actual history. The increase in the section represents a clerk to assistant with daily task assigned (part-time). There is also a major technology need that requires the Borough to update many computers and servers.

Financial Administration (Account 402)

Salary for the Borough's Financial Administrative employee is reflected with a 3% increase. The benefits for this employee is not increasing in 2020. The management firm's Director of Finance is listed here and receives no benefits from the Borough and the Borough does not pay employment tax. Other large expenses are contractor services for the Borough Treasurer, annual payment for the DCED audit and the monthly fee to Paychex, the payroll company used by the Borough.

Tax Collection (Account 403)

The Tax Collector is compensated by the Borough under the Borough Code for Collection of Real Estate tax in 2020. Other expenses include Technology, Operating Supplies and Postage which are based on the prior year history.

Legal Services (Account 404)

The Borough retains the Law firm of Charles Gibbs, as Solicitor for the Borough. The Solicitor represents the Borough in litigation and hearings, prepares legal documents (i.e. ordinances, resolutions, contracts, etc.) and provides legal counsel on labor. Money is also budgeted for other Legal issues outside of general services.

Engineer (Account 408)

Borough Council has retained NDI Engineering & Associates, namely Eileen Mulvena, as the Engineer for the Borough. Eileen Mulvena offers guidance and experience to the Council. Fees for the Borough Engineer and Code and Property Maintenance Abatement are reflected in this account to ensure the Engineer is available for any infrastructure issue and for attendance at Regular Council Meetings. Responsibilities include, but are not limited to, reviewing land development, subdivisions and public works projects. There is also engineering expense in the sewer and trash funds.

Insurance and Bonding & Facilities and Hydrant Service (Account 401 – 486)

Insurance and Bonding (Account 401, 403, 409 & 486)

This section covers multiple insurances such as Workers Compensation, Property and Casualty, Police and Public Official Liability, Fidelity and Surety Bonds, Crime Coverage, Automobile Insurance and Tax Collector Bonding. There is an estimated 8.5% increase from 2019 per our Insurance Broker Arthur J. Gallagher.

Borough Facilities and Hydrant Service (Account 409 & 411)

Expenses in this section cover all payments for repair/maintenance, electricity, gas, water, small equipment and tools associated with the Borough Building and Hall. This section also reflects the rental fee for hydrant services.

Police, Fire, Code Enforcement & Emergency Management (*Account 410 – 415*)

Police (*Account 410*)

All Police requests are included in this section. Per the Police Contract, Full-Time Police Officers will receive a 3% salary increase. The Part Time Police will receive a 3% increase per hour to \$21.25 an hour. Health benefits have not increased in 2020. All Non-Uniformed employees working in the Police Department will receive a 3% salary increase. This line item also includes three additional full-time Police Officers to be hired per the Chief's request and promotions. The Police Department services include answering police calls, investigating accidents, enforcing Yeadon Ordinances and the PA Motor Vehicle Code, investigating and making arrests for criminal acts in violation of the PA Crimes Code, operating speed checks, attending court proceedings as required, and providing routine patrol. Money is also budgeted for the financing of one Police vehicle. All other expenses are based on prior year actual expenses.

Fire (*Account 411*)

Yeadon Borough Volunteer Fire Company provides the Borough with fire protection and emergency response services. Firefighters operate various fire apparatus, implement all local and state fire code, enforcement of the same and fire safety education programs. Fire relief is monies that the Borough receives from the state each year. The Borough is required to forward the entire amount to the Fire Company. Annually, the Borough pledges an amount to the Company to help provide additional funding for the many needs of the Company.

Code Enforcement (*Account 413*)

This department includes action pertaining to subdivision and land development and the planning and enforcement of zoning and property codes in the Borough. The Code Enforcement Officers responsibilities are defined under Borough Code. The purpose of enforcement is to protect the quality of life within the Borough and meet the requirements of State Law and Borough Ordinances. Additional functions of the Code Enforcement Department include, but are not limited to, evaluating and presenting options to Council in various zoning situations as they arise, assisting Council with revising Borough's Ordinances as needed, property maintenance code enforcement, resident consultations and requests for information, presenting a report to Council at monthly meetings, land use requests, Zoning Hearing Board appeals, and zoning ordinance violation enforcement. All Code Enforcement requests are included in this section. All Code Enforcement employees will receive a 3% salary increase. Health benefits are not increasing in 2020. There is also an allocation in the Capital budget for the Code department to purchase a new vehicle that was involved in an accident earlier in 2019.

Emergency Management (*Account 415*)

Emergency Management's budget will remain flat this year. Also, the Fire Marshal will be contracted in 2020 and will work closely with both code and the fire department. There will be support offered by current Borough staff. All expenses are based on prior year actual history.

Highway, Recreation & Library (*Account 430, 452 & 456*)

Highway (*Account 430*)

Per the Public Works contract all Highway Union Employees will receive a 3% salary increase. Benefits are not increasing in 2019. Highway salaries and benefits are allocated between the General Fund, Sewer

and Trash Fund. The Borough is purchasing a dump truck and riding lawn mower. Funds allocated for Highway Department include Wages, Benefits, Gas, Oil, Diesel Fuel, Summer Help, Overtime, and Materials and Supplies.

Recreation (*Account 452*)

In 2020 the Borough will continue to support Yeadon Borough's recreation expenses with contributions and staff cooperation. Funds for ongoing support in 2020 are budgeted in the Recreation\Community Programs line item. Additional funding is available for the Yeadon Borough Historical Society in the amount of \$7500.

Library (*Account 456*)

Yeadon Borough Library salaries are increasing 3%. Benefits are not increasing in 2020. Also, the Borough allocation will remain the same. There is also \$15,000 budget for capital projects for the building.

Other (*Account 480 – 496*)

Money is budgeted for the principal and interest payments on the outstanding bond, as well as any miscellaneous expenses.

Sewer Fund

The *sewer fee* for 2020 will remain at \$8.00 per 1000 gallons of water usage plus \$25.00 per unit to cover the PENNVEST project. All expenses are based on prior year actual history. The sewer fee is used for quarterly payments to Darby Creek Joint Authority, maintenance and repairs to the sanitary sewer lines and Engineering fees for those projects.

Trash Fund

There will be slight increase to the trash fee for 2020. The fee will increase to \$235.00 per household (an additional \$10 annually). The reason for the fee increase is due to a disposal fee increase from Delaware County Solid Waste Authority which took place in 2019. The trash fee is a revenue neutral fee. It pays for the trash collection, trash disposal, and recycling fees that are charged through our subcontractor.

Liquid Fuels

Funding from the Commonwealth of Pennsylvania is included in this account for installation of new or replacement signs and/or lighting throughout the Borough. It also includes the cost of traffic marking paint, signs, posts, and other hardware that may be associated with making the roadways safe. Through this account the Borough has the ability to provide Snow/Ice Removal Services for the roadways within Borough's limits. Storm Sewer systems and inlets utilize the Liquid Fuel Funds for repairs. **The 2020 allocation is \$278,569.54.**