2020 BUDGETS & CAPITAL IMPROVEMENTS PLAN

Borough of Forest Hills
Municipal Complex
4400 Greensburg Pike
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Approved: December 18, 2019
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Budget Message Note

This document incorporates the memo distributed to borough council via the finance committee with the first draft of the 2020 budget in October 2019. Consequently, information contained here may not fully reflect the final budget and the statistical information contained in this booklet since council approves a final budget in December.

The budget itself and all information that follows this budget message are final as approved by council in December. Where possible, I have updated text information in the budget message for this booklet. However, much of the content refers to that first draft and is unchanged though still relevant. I provided a brief update via memo to council in November & December 2019 at the Finance Committee meetings and incorporated those memos near the end of this message to serve as an update (see “Year End Information & Updates” in the Table of Contents). As always, all Finance Committee meetings are open to the public which is also true as part of the budget preparation process.

INTRODUCTION

With this annual budget message, you will find a copy of the first draft of the 2020 budget, presented to council on October 8, 2019 in its Finance Committee. The budget presented tonight under draft 1 is balanced without a tax increase although certain fees may be altered to meet related costs. Thanks as always to the staff for their work in assuring that the budget could be presented on time and without an increase in taxes.

Included with this information are projections and/or information for the corrective action budget, road improvement budget, fire services fee budget, and liquid fuels budget.

The Capital Improvements Plan as you know is handled separately and is only partially addressed here. As the budget preparation process continues, capital projects must be moved or altered to accommodate the expected revenue for the fund along with any carry over funds that may be available from projects that either were incomplete in 2019 or were cancelled.

This memo coupled with previous information called the “council committee perspective” and subsequent written information presented during future committee meetings are part of my budget message for 2020 and will be incorporated into the final document. In addition, the statistics
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section of the current budget document will be helpful in understanding projections made for the 2020 budget as well as the overall operation of the borough. These statistics will be updated and included in the 2020 budget booklet. Readers of the final printed budget booklet should note that some information contained here refers mainly to the first draft of the budget and may not reflect any changes that are made by council in committee as the process proceeds. I attempt to include changes and updates when possible before printing the final budget copy and will refer to them specifically when included.

Any subsequent memos and/or reports presented in committee that affect the 2020 budget will be included at the end of this budget message (in the actual budget booklet) to update readers. Most changes will be shown there rather than as part of the text of the budget message that accompanies only the first draft of the budget. Needless to say, this means that information in the early parts of the budget message may not match the actual final figures that are shown with the printed budget. However, major changes are unlikely. In addition, showing the initial budget with explanation provides readers with the opportunity to see how discussion in committee may affect the budget between first draft and final budget.

Executive Summary – 2020 General Fund & Other Budgets

This summary provides a brief highlight of key items plus changes from previous budgets. Sections following this summary will have additional detail on relevant line items. Certainly, all line items are important in a budget but some carry a greater effect than others. Council is required by law to approve a general fund budget by Dec. 31 of each year. However, Forest Hills set up other funds to cover specific activities and they are outlined here as well and usually included for approval during the December Council meeting.

A summary of each budget’s revenues and expenditures (first draft – see actual spreadsheets in this booklet for final budget numbers and committee year end information at the end of this message):

- General Fund $ 6,261,671
- Corrective Action $ (to be determined)
- Road Improvement $ 358,500
- Liquid Fuels $ 451,807
- Fire Protection Services Fee $ 231,050
- Capital Improvements Plan (2020 only) $ 337,562
  (Represents amount requested only; may not be fully funded)
There are several key items you should be aware of as you review the first draft of the budget. This budget includes total revenues and expenditures shown above. This represents only a 0.32% increase compared with the 2019 budget and is due in part to increased revenues in several categories and only a 1% increase in health care costs.

The statistics section of the current budget booklet should be reviewed when considering the 2020 budget. These statistics will be updated and some charts placed with this budget message when the final booklet is published in late January/early February.

Factors that influenced this balanced budget are outlined below. In some cases, a line item that may have been eliminated is shown in the budget if there are dollars from a past year remaining.

Note that in viewing the spreadsheets, a column was added several years ago that compares the dollars in the new budget with the millage rate needed to reach that number for select items (column next to the 2020 Budget column). Still, that should be viewed with caution. For example, the dollar figure shown for current year Real Estate Taxes usually brings a millage rate lower than the rate used to first calculate it. For further explanation on this see detail under General Fund Revenues later in this document.

New/Deleted Line Items

The following line items will be added or deleted to the budget this year, pending council approval:

General Fund

Revenue Lines:

As of this first draft there are no line items added to General Fund Revenues. Several line items may be deleted in future drafts as we determine whether they are needed. Note that some line items in both revenues and expenditures that show a zero balance may remain for accounting/bookkeeping purposes (e.g., to show a transfer of dollars from one fund or one line item to another).

Expenditure Lines:

Account 400
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01-400-*** Cellular (full line item number to be determined)

Council is considering approval of funds for cell phone for all members of council and the mayor via the FirstNet program. Estimate here represents cost of a Smartphone (estimated to be only about $1 in cost through the program) for each official plus a fixed amount per month for system fees for each official.

Deletions:

Account 419 School Crossing Guards has been deleted since there is no reason to fund.

Capital Improvements Plan

As projects are created, moved or changed each year new line items may be created and line items from completed projects deleted as needed.

Other Budgets

Liquid Fuels

Last year, I included the following change which is worth noting again for the record since it will continue in 2020 and was a new funding effort in 2019: Adds the following expense line items to account for needed equipment for public works and the cost of one new vehicle in the department. The borough has accumulated a surplus of funds in this account, which may only be used for certain items as designated by the state:

35-430-213 Equipment
35-430-301 Vehicles

No line item changes are anticipated in other funds including Fire Fee, Road Improvement and Corrective Action. The latter is incomplete, however, pending review by the borough engineer.

General Fund
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Revenues

- Real Estate Taxes are based on the county’s reported taxable assessed value as of September 27, 2019 which is reported on their website as $378,729,703. Last year at this time the county reported $379,566,690 as taxable assessed value for the borough as a comparison. Certified value on January 13, 2019 totaled $378,255,890 (for comparison, January 2018 showed this amount to be $379,019,890). Consequently, I show estimated 2020 revenues in this line item as slightly less than 2019. The reason there is only a slight change is there has been recent activity by the school district in appealing assessments that indicates a potential increase in total taxable assessed value by year end. *(Note: See year end information from November and December committee meetings at the end of this message for updates)*

- Earned Income Tax (EIT) collection continues to show an increase each year under the new collection system though that is slowing with reported collections each year.

- The draft assumes that the trash fee will increase based on the amount in the new contract with Waste Management for option year 4.

- Chalfant revenues reflect the new 4 year agreement for each (2020 is the third year of the agreements).

- The estimate for state aid for the pension fund is based on estimates from Mockenhaupt representatives and is not guaranteed. The 2019 state aid amount recently received amounted to about $35,000 more than budgeted. However, that does not guarantee a similar result in 2020.

- Overall, many revenue estimates for 2020 are based on projections for revenues through year end 2019. These may change over time and the final budgeted revenues submitted for review and approval may be adjusted in subsequent drafts as further information is available.

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- All salaries are based on the current contract agreements including the tentative non-uniform agreement. Part time and nonunion full time salaries show an estimated increase pending council review. Note that the usual nonunion/part time chart I show with salaries are included as a draft pending council decision (final union and nonunion will appear in the final published budget).

- In this draft, the library budget increased based on recent requests from the director. Final decision, of course, is up to council

- The budget and capital reserve line items are discussed in detail later.

- The Capital Improvements Plan allocation includes $25,327.50 representing the difference between the debt service attributed to the 2007 bond issue and the debt service attributed to the 2012 bond issue refinancing for this budget year. These savings are required to be used to fund capital items.

Other Funds

Road Improvement

Includes funding for a road program, with road segments to be recommended by the engineer and foreman early in 2020. Funding for hot patch, crack sealing and curbs and storm inlets is also included. Any funds remaining from 2019 will carry into 2020.

Corrective Action

This draft is crafted in cooperation with the engineer and at the time of the first budget draft is incomplete. Therefore, it will be shown later in the budget construction process.

Fire Protection Services Fund

There is very little change in this budget from that of the 2019 budget. The first draft is just short of $3,000 more than the 2019 budget. Of course, any funds remaining from this year’s budget will continue to next year but the exact amount will not be
known until accounts are closed at year end. The fund estimates total revenue to be received from the fire fee. Expenses include money for the lease payment on the fire truck, various utility and insurance costs, and administrative and billing expenses (these are not shown in the current year until near year end).

Liquid Fuels Fund

This budget depends on an estimate from the state on our share of liquid fuels funds as revenue. Most funds are used for estimated salt purchases for the year. However, you will note that other activities also are funded here at least in part including traffic signals, seal coat applications, and hot patch. The increase in the 2020 estimate shown above is due to anticipated carryover higher than normal due to past savings in salt costs. Winter weather later in 2019 may change that estimate. Because of excess carryover funds, we are considering adding the purchase of one or more trucks to go with 2019 financing of a truck that will carry into 2020. We are also considering adding public works garage roof replacement to this budget if PennDOT approves that spending. Both the vehicles and the roof would take pressure off the 2020 Capital Improvements Plan line items.

Municipal Building – 4400 Greensburg Pike

Past documents have information on the cost of the 4400 Greensburg Pike municipal building which will not be repeated here. Building construction was and is on budget.

However, as I determined earlier in 2019 and as announced several times at public meetings so as to make sure that all concerned are aware and mayor and council have no objection, I am not repaying dollars from the building fund to several line items in the general fund that were used to pay for various purchases here. Funds will be needed for regular maintenance and occasional repairs (e.g., landscaping, cleaning, etc.). This process will NOT short the General Fund at all as sufficient funds remain there to cover expenses. In addition, I withheld some dollars from approved and budgeted building items in the building fund rather than rush into spending to determine whether some assets could be reused here and to more gradually make purchases that were not immediately needed even though they were budgeted. I estimate that the building fund will contain about $700,000 for reference by year end as part of this plan (there were no objections expressed to this plan to be clear).
As with previous years, staff members were asked to prepare a budget for both the next budget year (2020) and the following budget year (2021). Reasons for preparing both years were explained in my 2009 budget message. The key reason is to provide council with an advance look at future budgets since that may assist it in establishing the 2021 budget and because the borough faces budget constraints each year, something that is true of all municipal governments. The practice of creating a budget for two years will continue.

I will briefly outline 2021 budget projections before reporting on the 2020 budget draft included with this budget message.

Comments on various items in the 2021 budget projection are not included in detail here. The 2021 budget was completed to allow everyone to have the time to prepare for future spending and to consider the economic impacts.

Readers should pay special attention to the following in reviewing 2021 numbers:

**Millage Rate** – No increase in millage is projected for 2021 at this time though I typically balance the future budget by increasing estimated revenues in this line item if necessary. The purpose is to show full expenses projected as needed or requested for 2021. I also assume that the total assessed value will remain the same as it is projected for 2020. Many factors will affect a final decision on the actual millage rate for 2021; it is used here simply to balance the future budget while allowing a view of projected needs.

**Trash/Recycling Fee** – The fee is dependent on the five year agreement with Waste Management approved in late 2016 and covering 2017 through 2022. It will show an increase per household but that is subject to adjustment pending council acceptance of the option for year 5 of the agreement.

**Fringe Benefits** – Fringe benefit increases are based on contractual salaries and on benefit requirements specified in current contracts. Health care projections are estimated and assume an increase for 2021.

**Minimum Municipal Obligation** - The projection provided by the current actuary this year is
the source of the estimate for the 2020 MMO and is extended to 2021. These numbers may be overly optimistic.

Police Car Rotation – Based on the assumption that a new car will be leased in 2020 and another new car will be leased in 2021, expenditures will reflect these lease payments in the new budget.

2020 Budget - First Draft

(Note: this section of the manager’s perspective may be amended or portions removed entirely from the final budget document budget message pending council’s final decision on the budget)

The 2020 budget is provided to council’s finance committee today (October 8, 2019), balanced and without a tax increase. It is a conservative budget with little room for adjustment other than to reallocate funds from one line item to another. It was established based on the detail provided here and as outlined in the executive summary above. Total estimated general fund spending and revenues in this draft amounts to $6,261,671, an increase over 2019 of only 0.32%.

Budget Reserve

Council policy is to maintain a budget reserve account at an average of 7% of the total general fund budget. Use of budget reserve in 2019 for landslide repairs and other items reduced the reserve fund to just under 5% of the current (2019) budget as of today. However, additions to the reserve in this budget draft of $80,000 would raise the dollar figure to approximately 6.2% of the total budget projected for 2029. In recent years, the reserve had been used for pool repairs and, in part, for the new municipal building which added to its current status.

These reserve funds are provided to meet the state’s recommendation that between 5% and 10% of reserve funds are kept on hand as a “rainy day” fund for emergencies and other contingencies (see below). In some recent recommendations, the state has increased the upper target from 10% to 15%.

Several years ago, council began moving some general fund dollars to a capital budget reserve. That is continued in the 2020 budget (shown as $5,000). Council set $250,000 as the goal for this reserve. The 2020 budget amount here would create a total capital reserve of approximately $66,000. Gradual contributions from the general fund in future budgets will eventually reach the goal.
These reserve funds are important, as explained by the state in its Fiscal Management Handbook:

Municipal governments often establish operating reserve funds (also known as budget stabilization funds, rainy day funds, or unreserved funds) to maintain fiscal stability during times of budgetary uncertainty. The purpose of these funds is to avoid or minimize service cuts and tax increases in case of an economic downturn or unanticipated budget shortfall. Establishing an operating reserve is one of the most effective strategies a municipality can implement to strengthen its credit rating. Indeed, maintaining an operating reserve is one of the practices cited in Fitch Ratings “The 12 Habits of Highly Successful Finance Officers.”

Municipal officials should strongly consider adopting an operating reserve fund policy outlining target fund balance levels, appropriate fund balance uses, approvals required for fund withdrawals, and terms for fund restoration after withdrawals. Sufficient fund balance level will vary for each municipality and depend on several factors including:

- Volatility and predictability of revenues and expenses
- History of surpluses or deficits
- Diversity of revenue sources
- Ability of municipality to close budget shortfalls through other means
- Strength of local and national economy
- Long-term forecasted revenues, expenditures, and fund balances

While each municipality’s circumstances and fund balance needs are different, the Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in the general fund of no less than five to fifteen percent of regular general fund operating revenues, or of no less that one to two months of regular general fund operating expenditures.

**Economic Considerations**

In approving recent budgets while experiencing several periods of both positive and negative economic fluctuations, I noted that council must take into account the impact of issues in the national and local economy. The economy is generally stable though conditions are constantly changing with current national policy creating a tax decrease, tariffs on imported goods, discussions on entitlements and other factors.

As is always true, sudden changes in the economy will impact the borough’s ability to raise
revenues and have sufficient funds to operate. Uncertainty exists on a number of issues facing the federal and state governments, however, which could affect the borough.

General economic concerns or characteristics that may impact the borough’s budget both favorably and negatively include:

- The impact of the growing federal deficit and resulting fiscal policy implemented by the federal government
- The state’s annual budget deliberations
- The impact of any government shutdown, debt limit restrictions or other action by the federal government including potential further changes to the tax structure, change in Federal Reserve leadership, ongoing issues related to health care costs, and leadership challenges
- The uncertain cost of fuel and energy
- Uncertainties in the cost of health care in general
- Uncertainty as to the status of interest rates controlled by the Federal Reserve
- The continued sanitary sewer issue both within the borough and with ALCOSAN

These national and regional issues will always raise concerns. Investment markets continue to show fluctuations this year based on policy uncertainty and changes on the part of the federal government (the President and Congress) including possible changes in the Federal Reserve’s monetary policy and interest rate policy. This could be exacerbated by an uncertain national election in 2020.

These issues remain active to one extent or another and were discussed in more detail in previous budget messages. The economy remains a factor and council and staff should continue to exercise caution in budgeting and spending.

Council Committee Perspective

Members should review the issues raised at each committee meeting in September that presented an update of key issues that may impact the budget and borough finances in 2020 and beyond. (They will be reprinted in the final budget message following these paragraphs)

This list was created several years ago and since updated each year as a way of helping committee members to consider all aspects of borough operations to be better able to prepare a budget for the new year. It is not meant to advocate change but it is meant to consider it. By that I mean, any organization grows in several ways and often does so by changing in one way or another. Of course, an organization can also grow by continuing along the same course if there is nothing wrong with current operations and goals.
The items in this list reflect that idea by allowing members to ask: Can we do something better by doing it differently? Should we be doing it at all? Is it best to continue the current course which will result in continued improvements or can we improve the borough by changing course? Are we changing something just for the sake of change and not because change will benefit the borough?

The list is only meant as a guide in considering all aspects and functions of the borough and not necessarily a call to action. It is not intended to be comprehensive nor is it intended to promote a particular policy.
BOROUGH PROPERTY

Issues for discussion/consideration in preparing the 2020 Budget from a borough property perspective:

- **Programs & Services** (all committees) –
  - Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
  - Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?

- **Recreation Fees** (pool admissions/passes, swim team, swim lessons, tennis passes, program fees etc. - also may be a factor in finance)
  - Are fees adequate to cover the costs of associated programs or should taxes subsidize some or all of the programs offered by the borough (e.g., swimming pool, park & facility rental)?

- **Recreation Center Rental Fees** –
  - Is the borough making enough money on rentals?
  - Does the borough charge enough for a center with the size and features of the recreation center?
  - Are rental rules sufficient to protect borough property?
  - Shall council limit rentals only to Forest Hills residents and install rules that protect that limitation?
  - Should taxpayers subsidize the cost of the recreation center or should fees increase?

- **Pool Lodge Rental Fees** –
  - Is the borough making enough money on rentals?
  - Does the borough charge enough for the lodge and senior center?
  - Are rental rules sufficient to protect borough property?
  - Shall council limit rentals only to Forest Hills residents and install rules that protect that limitation?
  - Is the deposit sufficient to cover damages?
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- Are there sufficient pool employees to safely staff rental events?
- Should taxpayers subsidize the cost of the lodge and center or should fees increase?

**Recreation Facility Maintenance** —
- Does the borough sufficiently maintain buildings like the recreation center on Barclay and the pool lodge, both of which are often used for rentals?
- Are the grounds surrounding the recreation center on Barclay adequately maintained? At this time, the only maintenance is general grass cutting and occasional planting of flowers. However, tree pruning, planning & removal, weeding of large flower beds, and general maintenance is needed to continue attracting rentals.
- Are the interiors of the 2 rental facilities maintained sufficiently to continue to attract renters? Is equipment at these facilities working and is equipment clean and in good repair? For example, the recreation center on Barclay has not had a microphone and speaker system for several years due to vandalism.
- Exterior and interior painting, exterior and interior cleaning, and floor maintenance is also needed periodically at both facilities.
- Lighting improvements are needed at both facilities.

**Assistant Recreation Director Salary/Hours** (also may be a factor in finance) —
- Considering the level of service that the borough wants in recreation, should additional hours be allocated to the assistant recreation director’s position?

**Marketing & Events Director Salary/Commission/Hours** (also may be a factor in finance)
- Should council allocate additional and even substantial dollars to increase marketing activities and improve conditions at borough rental facilities?
- Does the current employee have sufficient hours allocated by the borough to accomplish her tasks?
- What change should be made in the current employee’s salary, commission and/or hours for 2020? Should commissions be eliminated in favor of providing benefits? Should council provide the director with basic health benefits?

**Pool Manager/Assistant Manager & Other Salaries** - (also a factor in finance) —
- What change should be made in the current salaries for 2020 (includes coaches, guards, etc.)?
Can the borough support the level of employment needed at the pool to safely operate 7 days a week from Memorial Day through Labor Day?

Should the borough consider closing the pool one day a week to save money?

Should the borough consider hiring a pool management company to operate the pool?

What is the status of our certified pool operators? Are certificates up to date? Is further training required? The assistant pool manager is required to serve as a pool operator. Should this practice continue? Does council understand the responsibilities of a certified pool operator and the requirements needed to physically place chlorine tablets into the system?

If pool maintenance remains the work of the public works department, does the borough have sufficient manpower to complete needed work there or does it require an increase in staff? Can the borough afford any overtime necessary for a crew member to work the pool on weekends? In 2018, it was determined that a second public works crew member shall become a certified pool operator as a backup and to support any work there.

How will council ensure that there are sufficient employees, either full time or part time, to maintain the pool during the months of May through early September? Should council hire another part time employee to handle these duties rather than rely on the public works crew?

Are members aware of the effort needed to place the chlorine tablets in the feeder system and the need to have an individual capable of lifting the heavy container safely to the feeder? Can employees transfer tablets safely to smaller containers to access the feeder?

Should council allow the recreation board to establish salaries or only recommend?

- **Bond Issue & Capital Purchases** –
  - How should the borough fund requested capital items for the next 5 years?

- **Borough Building** –
  - How will cleaning services operate at the building? Do we have sufficient staff to maintain a new building?
  - Full access must be restricted. Who will be entrusted with full or partial access?
  - Have security issues been fully addressed? Is the building safe for all who use it?
  - Landscaping and regular maintenance must be a priority to maintain the building at 4400 Greensburg Pike. How should council fund this?

- **Building Storage** –
Is the new borough building adequate to meet the needs of all the departments, committees and boards who use it? Limited space affects the overall housekeeping of the borough building. How can storage space be increased or improved?

Should the borough create or find a central location for the storage of certain files? For example, a room that would house all sewer related materials with enough space to adequately view materials would improve the current situation where this information is scattered.

Should the borough use a third party resource to provide storage for older material and free up space in the borough building? Should the borough build a storage area in the new public works garage for permanent file storage?

Should council renovate the basement of the recreation lodge for storage use or other purposes?

**Building Maintenance** -
- We eliminated window cleaning and carpet cleaning services to save money at the old municipal building. Should window cleaning and carpet cleaning services be restored for the new building? What are the maintenance issues in other borough buildings including the public works garage, recreation center, and pool lodge? Is the borough gaining sufficient value in having a part time employee(s) handle this work and pool work?

**Parks** –
- Should the borough consider consolidation or elimination of one or more parks? Would elimination of a park allow the borough to convert the land to taxable private use – either commercial or residential? Is there a market for such land?
- Should a park be placed at the recreation center or should the main park move there with land for the main park sold or used for other activities?
- Are parks well used? Is there park land that is under used?
- Should the Main Park and/or Koch Park be restricted to neighborhood use only rather than permitting rentals?

**Pool** –
- What should the pool look like in the future (may require a citizen task force study rather than simple recreation board review)?
- How should council plan for future needs (does the capital improvements plan address these needs adequately)?
- Should a water/spray park be constructed at the pool to increase its use and interest of the public?
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- Should the baby pool be converted to other uses (a spray fountain for little ones, a lounge area or some other use or simply closed)? Is the baby pool safe as it now stands?
- Can funds for future major renovations be raised through means other than taxes or fees?
- What ideas could be implemented that will allow pool revenues to exceed pool expenditures?

- Tennis Courts -
  - Courts have been reconstructed and a card key system implemented for those that pay the fee for a tennis pass. Should council consider changes to tennis pass requirements, add an employee to monitor the courts and check passes, or eliminate the pass requirement?

- Sale of Property –
  - Should council consider selling one or more pieces of property to return them to the tax rolls? Which properties would council include?

- Field and Park Maintenance – (also a factor in public works)
  - Considering the level of use of borough recreation facilities, the workload of a limited public works staff, the need for specific maintenance of ball fields in the spring, summer and fall and the cost associated with such maintenance should the borough contract out this work? Should the borough increase the size of the public works crew? Can the borough afford to do either?

- General Items –
  - Should council consider an ordinance that protects borough owned green space?
  - Can council develop a policy that will make borough roads “biker friendly?”
  - Should the borough enhance the various trails and walking paths in and around the parks or allow them to evolve naturally?
  - Are sufficient funds allocated to maintain borough owned walkways and steps or should one or more be abandoned?

FINANCE

Issues for discussion/consideration in preparing the 2020 Budget from a finance perspective:

- County Assessment System -
  - Will the county consider another reassessment program?
o Will the current assessment system allow for natural changes in property values requiring the borough to adjust its tax rate? What impact on the budget will result from appeals?

- **Programs & Services** (all committees) –
  o Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
  o Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?

- **Overall Budget Preparation** –
  o Is the current system effective in creating a budget? Should the finance committee schedule a separate meeting or should other committees reduce their agenda items for one or two months to devote more time to the budget process with all council in attendance?
  o Is the format used for preparation adequate (forms used, beginning the process in August, the budget calendar, etc.)?
  o Do elected officials see the budget process as the basis for all activity within the borough or does it believe that other activities have a higher priority?

- **Capital purchases** –
  o Is the current Capital Improvements Plan process adequate for identifying capital purchases needed over the next 5 years?
  o How do we encourage more long term focus on capital items as many seem to see the process as only looking at the next budget year and the year after?
  o Is the review process by council adequate?
  o What steps can be taken to improve the inventory we maintain of equipment?

- **Taxes/Fees** –
  o Is the tax rate sufficient to manage borough affairs and fund borough activities?
  o Should taxes remain the same with a cut in services? Could council adjust taxes and fees to streamline the tax/fee system?
  o Will earned income tax revenues increase? Has the centralized earned income tax collection system benefited the borough and can it be expected to continue? Is the collection system correctly sending dollars from borough resident’s tax bills to the borough in a timely fashion?
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- Will efforts to allow a business privilege and/or mercantile tax in municipalities that did not have one prior to tax changes several years ago succeed in convincing the legislature to enact appropriate legislation? If so, should the borough consider instituting these taxes?

- Is council happy with the fire protection services fee as it exists or should it make changes in the process? Is council aware of how the fee as it exists now funds all fire costs including the new truck?

- Services - If the borough followed a zero based approach to budgeting, each line item would require justification annually. As an alternate, council should review individual services annually to justify their existence. At least, a list of services might be considered to provide a better picture of the many services offered by the borough. Should the borough continue to fund the following services or should the service be reduced or eliminated (services shown may not include all borough services available at the time this is published)?

- Full time Administrative staff with associated office equipment
- Fee billing operation
- Full time public works crew and equipment
- Complete snow removal services with immediate dispatch of crew
- Specialized public works crew members (i.e., those with special skills)
- Walkway & step maintenance
- Street repair, replacement and maintenance
- Street sweeping program (as needed rather than specifically scheduled)
- Sanitary and storm sewer repair, replacement and maintenance
- Trash & recycling collection
- Leaf collection program
- Brush chipping and collection
- Yard waste collection
- Full time police department and equipment/vehicles
- School crossing guard program
- Crime Alert phone/computer system and crime watch committee
- Round the clock minimum two man shifts for police services
- Canine Officer Program
- Full or partial public safety program funding (fire, EMS, police)
- Tree maintenance, removal, pruning and planting programs to maintain Tree City designation
- Planting and maintenance of flower beds in various locations
- Reimbursement for tree related damage
- Quarterly newsletter
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- Code Enforcement Program (contract vs. in-house - building inspection, code enforcement, zoning) & associated planning and zoning activities including comprehensive plan implementation
- Library branch services
- Borough building complex and associated buildings and grounds Recreation director
- Main Park & neighborhood parks with accompanying playground equipment, buildings, courts and fields
- Tennis program
- Recreation program including courses, swim teams, swim lessons, etc.
- Swimming pool complex devoted exclusively to Forest Hills residents
- Marketing specialist with associated promotional activities
- Westinghouse recreation center and ball fields
- Geographic Information System
- Economic development program

- **Sewer Fee and Corrective Action Budget** - (also a factor in public works)
  - The consent decree requires that certain work is accomplished in a timely fashion and perhaps immediately in the case of newly discovered sewer problems. Is the borough's fee sufficient to finance the long term needs of the consent decree plus any emergencies that may occur?
  - Is the borough up to date with all consent order work to avoid any penalties and fines?
  - Should the borough consider using the fee as collateral for a separate bond issue or loan to fund the long term requirements of the consent decree?
  - Should it consider taking out a larger bond issue that handles other projects in addition to sewers (e.g., another pavement program)?
  - Does council wish to change the policy on use of the fee for in-house sewer work? Does council wish to change the policy for paying personnel costs related to sewer work which currently reimburses the general fund for crew regular and overtime sewer work? Recent practice, authorized by council, allows public works crew members to work overtime hours on sewer work (in conjunction with hours during the normal work day) because the engineer has determined that it is cheaper than contracting needed work. The sewer budget then reimburses the general fund for salary and benefits charged to overtime work. The engineer and foreman should continue to monitor to ensure that such work continues to be less expensive and the committee (and council) should review this practice annually. Disagreement on the practice outlined here was voiced in 2018; should that change the operation and scheduling of such work?
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- Will the equipment sharing relationship with Wilkins continue for the sewer vactor operation? What is the expected life of the equipment we share and will both municipalities agree to replace when necessary?
- Council began putting funds aside in a Corrective Action reserve fund several years ago at the recommendation of the engineer. The engineer has since determined it may not be necessary and council used funds there in 2018-19 for the purchase of a camera truck and equipment. Should this reserve continue and increase as originally recommended?

**Stormwater Management (MS4) Requirements** - (also a factor in public works)
- What costs will there be in implementing these requirements next year and in the future? With an active Environmental Advisory Council (EAC) what is the best way to implement these requirements?
- The borough is required to maintain a Stormwater permit under the state’s MS4 program. What requirements has the borough met and what is still to be implemented? Are we in compliance?
- Should the borough consider a separate Stormwater fee as other communities are considering?

**Fees for Services (including all recreation, trash collection)** –
- Should the trash fee be removed in favor of increased real estate tax millage? Is the quarterly trash fee an improvement over the one time collection used in years prior to 2009? Can the borough continue to afford a senior citizen rate for the trash fee since regular rate payers essentially fund this program?
- Are fees adequate to cover the costs of associated programs or should taxes subsidize some or all of the programs offered by the borough (e.g., swimming pool, park & facility rental)?

**Priorities and Planning** (also a factor in operations & policy) –
- Has council established priorities & policies that provide clear direction for staff and employees?
- Does council have a clear plan for the borough that will maintain its standards? Has council established polices that clearly describe what borough standards are?
- How does council balance limited revenue sources, the demands of citizens for superior service, and its own desire to maintain a large number of services?

**All Non-Union Salaries** (included in other committees: manager, part timers, recreation employees, marketing & events director) –
o Should council increase the salaries of nonunion full time and part time employees in 2020 and, if so, by how much? Traditionally, many part time employees (e.g. life guards) only get a small increase though that changed for the 2019 budget.

- **Improving the Budget Reserve –**
  o Many communities attempt to maintain a budget reserve of 5% to 10% of their total budget for emergencies and potential major projects. Council’s budget reserve policy establishes criteria for such a balance. Once the funding level is reached, funding styles vary as some contribute to the reserve annually only to maintain that level while others maintain a constant stream of funds to allow for a larger reserve and may use the excess eventually for projects or tax reduction.
  o A separate fund - capital budget reserve fund - was established in 2015. Is it adequate and should it continue?

- **Bond Issue Purchases –**
  o Council must decide a policy it wants to follow on bond issue spending. A rule of thumb is that money spent from the bond issue should be directed toward capital items that will have a life that at least equals the life of the years remaining to pay off the bond issue.
  o Should council consider refinancing the current bond issue? What should be the criteria in doing so? Should additional capital funds come with a refinancing?

- **Marketing &Events Director Salary/Commission/Hours** (also a factor in borough property) –
  o Should council allocate additional and even substantial dollars to increase marketing activities and improve conditions at borough rental facilities?
  o Does the current employee have sufficient hours allocated by the borough to accomplish her tasks?
  o What change should be made in the current employee’s salary, commission and/or hours for 2020? Should commissions be eliminated in favor of providing benefits? Should council provide the director with basic health benefits?

- **Assistant Recreation Director Salary/Hours** (also a factor in borough property)
  o Considering the level of service that the borough wants in recreation, should additional hours be allocated to the assistant recreation director’s position?

- **Pool Manager/Assistant Manager & Other Salaries** - (also a factor in finance) –
  o What change should be made in the current salaries for 2020 (includes coaches, guards, etc.)?
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- Can the borough support the level of employment needed at the pool to safely operate 7 days a week from Memorial Day through Labor Day?
- Should the borough consider closing the pool one day a week to save money?
- Should council consider use of a pool management company?
- What is the status of our certified pool operators? Are certificates up to date? Is further training required? The assistant pool manager is required to serve as a pool operator. Should this practice continue? Does council understand the responsibilities of a certified pool operator and the requirements needed to physically place chlorine tablets into the system?
- If pool maintenance remains the work of the public works department, does the borough have sufficient manpower to complete needed work or does it require an increase in staff? Can the borough afford any overtime necessary for a crew member to work the pool on weekends? In 2018, it was determined that a second public works crew member shall become a certified pool operator as a backup and to support any work there.
- How will council ensure that there are sufficient employees, either full time or part time, to maintain the pool during the months of May through early September? Should council hire another part time employee to handle these duties rather than rely on the public works crew?
- Are members aware of the effort needed to place the chlorine tablets in the feeder system and the need to have an individual capable of lifting the heavy container safely to the feeder? Can employees transfer tablets safely to smaller containers to access the feeder?
- Should council allow the recreation board to establish salaries or only recommend?

- Legal Fees (also a factor in operations & policy) –
  - Should council reconsider use of a retainer or has that method been a success?
  - Is council happy with the current level of legal services?
  - Is council’s use of the solicitor efficient and economical or does the borough rely on its solicitors too often?
  - Should council consider alternatives?

- Trash Fees (also a factor in operations & policy) –
  - Should the trash fee be eliminated in whole or part and absorbed by the real estate tax (see discussion from the finance committee on taxes)?
  - Should council raise the fee to cover the cost in whole or in part or allow the budget to absorb the increased cost?

- Tax Anticipation Note (TAN)
Several years ago the borough borrowed carry over funds from the corrective action budget or funds from the budget reserve in order to avoid securing a TAN and thus saving several thousand dollars in potential interest. Such borrowing is especially important under the new program that spreads the trash fee out over 4 quarters rather than collecting the full amount in February/March. The committee must review this issue each year in order to have sufficient funding to operate during the first 4 months of the new year.

Members agreed that beginning with the 2018 budget, a line item for interest on a TAN shall be included in the budget, regardless of the source of funds. This permits the borough to properly show this cost even if it borrows from another borough fund. Should this practice continue?

**OPERATIONS & POLICY**

Issues for discussion/consideration in preparing the 2020 Budget from an operations & policy perspective:

- **Programs & Services** (all committees) –
  - Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
  - Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?

- **Legal Fees** (also a factor in finance) –
  - Should council reconsider use of a retainer or has that method been a success?
  - Is council happy with the current level of legal services?
  - Is council’s use of the solicitor efficient and economical or does the borough rely on its solicitors too often?
  - Should council consider alternatives?

- **Environmental Advisory Council Supporting Funds**
  - Should funds be set aside to assist in their efforts on public education and public relations on the storm water management (MS4) issue?
  - If not, how should this mandatory effort be financed?
  - How can council maintain membership on this board or should the board be dissolved and its duties distributed elsewhere?
• Trash Fees (also a factor in finance) –
  o Should the trash fee be eliminated in whole or part and absorbed by the real estate tax?
  o Should council raise the fee to cover the cost in whole or in part or allow the budget to absorb the increased cost?

• Public Relations Expenses –
  o These expenses involve several items. The quarterly newsletter, the Tree City Times, has become a staple. However, its cost exceeds the revenues raised from advertising sales. Does council wish to implement any changes to the newsletter? Should the newsletter publish more frequently than quarterly and how will that affect costs, editing and production time?
  o Should other public relations efforts be funded in future budgets (website, twitter, YouTube etc.)?

• Tree Issues (also a factor in public works) –
  o Should the borough continue to maintain the designation of a Tree City? What costs are involved in maintaining this designation? Can the borough afford it?
  o Do we carefully plant new trees to avoid interfering with existing sewer lines?
  o Each year the borough budgets funds to cover pruning, removal and new plantings. Often there are insufficient funds available to handle pruning and removals that are needed. Trees that may be considered dangerous in whole or in part may be neglected without sufficient funding. Does council wish to maintain this designation (Tree City) and, if so, to what extent?
  o How should funding for removals/pruning due to storm damage or other emergencies be funded? A “storm damage” line item was added in the 2015 budget to use rather than taking funds from removal and pruning line items.

• Council Structure and Meetings –
  o Does council operate in an efficient and effective manner under its present structure or should it consider changes to streamline the operation?
  o Are 7 committees too many, reducing efficiency and prolonging discussion?
  o What is council’s expectation of the manager’s role in meetings? Does the manager do enough to ensure productive use of time during committee and other meetings?
  o Is the Committee of the Whole used correctly or does it result in duplicate discussion of some items (see committee rules for policy on this committee)?
  o Does the committee structure encourage council to micromanage the staff rather than allowing the staff to do what they were hired to do?
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• **Priorities and Planning** –
  o Has council established priorities & policies that provide clear direction for staff and employees?
  o Does council have a clear plan for the borough that will maintain its standards? Has council established polices that clearly describe what borough standards are?
  o How does council balance limited revenue sources, the demands of citizens for superior service, and its own desire to maintain a large number of services?

• **Labor Negotiations** -
  o Should council and unions consider the establishment of labor-management committees that would meet regularly during the course of a contract period to discuss mutual interests and problems?

• **Worker/Workplace Safety** -
  o The worker’s compensation carrier requires that we maintain a safe working environment as indeed we should. Council allocates limited funds through a separate line item to maintain a safe workplace. Are these funds adequate? If not, how should safety be funded?
  o Should council develop a specific policy on worker safety (in all departments) or amend existing policy to include such language?

• **Contracts & Contractors** –
  o The borough has a number of agreements with various contractors including, among others, for insurance services, cleaning, computer & IT services, legal services, engineering, auditing, investing, banking, actuarial services, etc. Should council establish a policy for regular review of these services?
  o Should council establish a regular schedule wherein it requests proposals from contractors in a particular service at certain intervals or based on certain criteria?

*PLANNING & ZONING*

Issues for discussion/consideration in preparing the 2020 Budget from a planning & zoning perspective:

• **Programs & Services** (all committees) –
  o Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?

- **Code Enforcement Officer: Duties & Salary/Expenses** (building inspector/zoning officer/code officer) –
  - Council has considered additional hours in the past and some hours have been added. Should additional dollars be allocated to increase the number of hours of the code officer/building inspector/zoning officer?
  - Is council satisfied with the work of Building Inspection Underwriters?
  - Should council consider hiring a full time code enforcement officer to handle building, code and zoning issues?
  - Should zoning duties be handled by a person other than the contractor?
  - Should council use the services of the Turtle Creek Valley COG for these functions and/or as a back up to borough employee efforts?

- **Electrical Inspection Salary** –
  - Should the borough continue with the current inspection system using Building Inspection Underwriters or return to the open system from several years ago? Is the borough required to specify a single inspector under the Uniform Construction Code?

- **Planning Commission & Consultant** –
  - What aspects of the comprehensive plan require updating or council review before implementation? What direction should council provide to the planning commission?
  - Should council consider a joint comprehensive plan with neighboring municipalities?
  - When should council schedule work on a new comprehensive plan?

- **Fees for Support of Planning Commission & Zoning Hearing Board** –
  - Both boards have several expenses including those mentioned above. The zoning hearing board may require that a secretary take minutes of meeting operations that do not require a court reporter. In the past, only minimal funds have been allocated here. However, both boards must operate under the Sunshine Act and must have minutes of meetings available for review. At the same time, we have had difficulty finding someone to take on the secretary role as it is part time and allows for irregular hours.

- **Community Development Corporation** -
The CDC is reconstituted beginning in 2019. Does an active CDC allow the borough an avenue for grant applications and other items that are better handled by a nonprofit than a government entity?

Now that the former CDC’s work is concluded and maintenance for items like the arches moves to the borough how will council allocate funds and manpower to care for these assets?

What is council’s level of involvement with a new CDC?

What should the new CDC seek to accomplish and what direction should council provide to them?

**Rental Property Ordinance** –

- Will council pursue this further and, if so, how extensive will be the provisions of the ordinance?
- Are greater controls by ordinance a solution that ensures that properties are maintained?
- Are rental property provisions under the property maintenance code and its adopting ordinance sufficient?

**Occupancy Inspections** –

- The borough conducts rental property inspections but does not have a program for inspections when a home is sold. Should this be implemented to allow the borough to better control housing stock and condition?

**PUBLIC SAFETY**

Issues for discussion/consideration in preparing the 2020 Budget from a public safety perspective:

**Programs & Services** (all committees) –

- Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
- Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?

**Overtime & Staffing** –

- Have the steps implemented by the Chief and committee been successful in controlling overtime costs?
o Is the police department sufficiently staffed?
  o What is the impact of part time officers and what is the appropriate number of part timers and full timers needed to effectively control overtime and serve the public while meeting the requirements of the collective bargaining agreement?

- **Dispatch - 911** –
  o Are any adjustments in the relationship with the county needed or is service adequate?

- **Vehicles/Car Rotation** –
  o Should the borough maintain a regular rotation of vehicles?
  o How will council and the department set up a rotation schedule?
  o How should the fleet be configured as to number of cars and other vehicles?
  o Should council consider use of hybrid and/or all electric vehicles and are they adequate to accomplish department tasks?

- **Canine Unit** –
  o Is the current unit performing as council and mayor expect?
  o Are supplies, insurance and the vehicle sufficient to allow the unit to carry out its duties?
  o Should the borough add a second canine unit as had been considered when the program began?
  o Should council consider eliminating the canine program if it feels the unit is lacking or the costs of the unit are excessive for a borough the size of Forest Hills? What might be the effect on costs?
  o Is council prepared to maintain the canine program in the future when the current dog is retired?

- **Capital purchases** –
  o What capital purchases are required for public safety departments? The police department must review capital needs for the next 5 years or more to allow council to develop a spending plan.
  o Are capital purchases funded by the borough in full or in part necessary for other borough public safety entities?

- **Equipment** –
  o Is the police department provided with sufficient equipment of good quality to accomplish its tasks? If not, what equipment should be added?
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- Has the department inventoried its present equipment to provide a record of its age, condition and value?
- Is the department maintaining a log of new equipment purchased outlining the date purchased, cost, vendor, estimated life and use?

• Safety Improvements (also a factor in public works) –
  - The worker’s compensation carrier will require that we maintain a safe working environment as indeed we should. Council allocates limited funds through a separate line item to maintain a safe workplace. Are these funds adequate? If not, how should safety be funded?
  - Should council develop a specific policy on worker safety (in all departments) or amend existing policy to include such language?

• Public Safety Budgeting –
  - Does council annually review revenues and expenditures involving public safety items?
  - Is the fire fee sufficient for the borough’s needs? Is it excessive? Should the fee’s proceeds be prioritized differently?
  - How effective is the consolidation of all fire costs and revenues into one budget (Fire Protection Services Fee budget)?
  - Should the borough provide funding for EMS services? If so, is the borough providing proper funding for EMS services?

PUBLIC WORKS

Issues for discussion/consideration in preparing the 2020 Budget from a public works perspective:

• Programs & Services (all committees) –
  - Prior to consideration and implementation of any new program or service has the committee reviewed existing services to determine if additional funds are needed or if the program/service remains viable and should remain?
  - Prior to consideration and implementation of any new program or service has the committee determined which existing program/service will be reduced or eliminated to avoid the need for a tax increase or fee or other required increase?

• Overtime –
  - This is a difficult item to budget due to uncertainty of weather conditions and potential emergencies. Also, corrective action work may involve overtime. Such
overtime had been reimbursed from the corrective action budget periodically throughout the year in past budgets. That policy was eliminated beginning in 2011 for overtime and regular time then reinstated in 2013 at the recommendation of the engineer who determined that such work was cheaper to do in house than to bid (this item remains in the list for reference as established policy though council reconsidered this practice in 2018 as part of its review for purchasing a new camera truck and equipment).

- Should council establish a policy for snow removal activities or other emergencies to reduce overtime? (See also Winter Maintenance later in this list).

- Crew Size –
  - Considering the current work load, the issue of military service for one of its members, and the work in Chalfant, should the size of the crew be increased (see following point)?
  - We have the crew doing work that ordinarily a contractor might handle and are consequently backed up on quite a few smaller jobs. Should this practice change and should the borough rely on contractors for certain functions?

- Chalfant –
  - Should the contract for public works services in Chalfant continue?
  - Does the contract create an unnecessary burden on the borough crew or are we staffed adequately to handle the work?
  - If the borough were to cancel the contract with Chalfant where would additional dollars be found to make up for lost fees?

- Field and Park Maintenance – (also a factor in borough property)
  - Considering the level of use of borough recreation facilities, the workload of a limited public works staff, the need for specific maintenance of ball fields in the spring, summer and fall and the cost associated with such maintenance should the borough contract out this work?

- Intern –
  - Should the budget include funding for an intern from a local college who may assist with items like inventorying equipment, organizing the department and/or administrative tasks that might fit here and under operations & policy?

- Equipment Purchases –
  - What purchases are needed for the new year? What capital equipment, not already budgeted or included in a bond issue, should be included in the capital improvements
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plan? How will council fund the capital improvements plan to purchase capital equipment?
  o Has council established a policy covering the expected life of a vehicle or other equipment to guide staff in preparing for turnover in equipment and making purchasing recommendations?
  o Has the department inventoried its equipment to provide a log of each tool of a certain value that establishes its condition, use and cost to replace?
  o Is the department maintaining a log of new equipment purchased outlining the date purchased, cost, vendor, estimated life and use?

• Vehicle Purchases –
  o Has the borough adequately planned to replace aging trucks?
  o Should any part of the borough’s fleet be eliminated? Should the borough keep trucks and other equipment for a set minimum amount of time? How will this decision affect maintenance costs?

• Safety Improvements (also a factor in finance & public safety) –
  o The worker’s compensation carrier will require that we maintain a safe working environment as indeed we should. Council allocates limited funds through a separate line item to maintain a safe workplace. Are these funds adequate? If not, how should safety be funded?
  o Should council develop a specific policy on worker safety (in all departments) or amend existing policy to include such language?

• Pavement Improvement Program –
  o Has council instituted an adequate financial and action plan to provide needed improvements to aging and poor pavement while maintaining good roads in good condition?
  o Does council understand the process of road improvement and the alternatives available for reconstruction of road surfaces?
  o Should temporary measures such as scratch coating street surfaces be instituted to provide short term solutions?
  o Does the condition of neighborhood roads affect property values and therefore affect the dollars collected in real estate taxes by the borough while maintaining a higher standard of living for residents?
  o If liquid fuels funds are used for road resurfacing, has council directed the engineer to ensure that the specifications for each road match those required by PennDOT.
  o Can the borough save dollars by undertaking joint bidding on projects like pavement improvement with neighboring municipalities?
Can improved cooperation with utilities re: street openings (other than for emergencies) allow the borough to better utilize paving funds by resurfacing streets using utility funds that would otherwise be used by them to restore pavement following work? Should council require that utilities restore roads with full width paving after their work concludes?

- **Engineering Fees** –
  - Does council consider engineering fees excessive or average and should it investigate alternate methods of employing the engineer or others to keep costs low?

- **Sewer Fee and Corrective Action Budget** –
  - The consent decree requires that certain work is accomplished in a timely fashion and perhaps immediately in the case of newly discovered sewer problems. Is the borough's fee sufficient to finance the long term needs of the consent decree plus any emergencies that may occur?
  - Is the borough up to date with all consent order work to avoid any penalties and fines?
  - Should the borough consider using the fee as collateral for a separate bond issue or loan to fund the long term requirements of the consent decree?
  - Should it consider taking out a larger bond issue that handles other projects in addition to sewers (e.g., another pavement program)?
  - Does council wish to change the policy on use of the fee for in-house sewer work? Does council wish to change the policy for paying personnel costs related to sewer work which currently reimburses the general fund for crew regular and overtime sewer work? Recent practice, authorized by council, allows public works crew members to work overtime hours on sewer work (in conjunction with hours during the normal work day) because the engineer has determined that it is cheaper than contracting needed work. The sewer budget then reimburses the general fund for salary and benefits charged to overtime work. The engineer and foreman should continue to monitor to ensure that such work continues to be less expensive and the committee (and council) should review this practice annually. Disagreement on the practice outlined here was voiced in 2018; should that change the operation and scheduling of such work?
  - Will the equipment sharing relationship with Wilkins continue for the sewer vactor operation? What is the expected life of the equipment we share and will both municipalities agree to replace when necessary?
  - Council began putting funds aside in a Corrective Action reserve fund several years ago at the recommendation of the engineer. The engineer has since determined it may not be necessary and council used funds there in 2018-19 for the purchase of a
camera truck and equipment. Should this reserve continue and increase as originally recommended?

- **Geographic Information System (GIS)**
  - Has the engineer maintained and updated the system regularly (at least annually) to account for changes in property ownership (via tax rolls), sewer changes, road changes, etc.?
  - At this time only the manager has access to the full system. What other staff members require access (police, code enforcement, office staff, etc.)?
  - Are there packages for the system that could be added to increase its usefulness (e.g., logging and identifying signs, location of trees, etc.)?

- **Stormwater Management (MS4) Requirements**
  - What costs will there be in implementing these requirements next year and in the future? With an active Environmental Advisory Council (EAC) what is the best way to implement these requirements?
  - The borough is required to maintain a Stormwater permit under the state’s MS4 program. What requirements has the borough met and what is still to be implemented? Are we in compliance?
  - Should the borough consider a separate Stormwater fee as other communities are considering?

- **CDC/Main Street Development**
  - The borough must maintain the trees, shrubs, lamp posts and other features. How should the borough cover these costs? Plantings are monitored by the Tree & Shrub Committee and Arborist and related work on these and other assets come under the jurisdiction of the foreman as monitored by the manager and council’s public works committee.

- **Tree Issues** (also a factor in operations & policy)
  - Do we carefully plant new trees to avoid interfering with existing sewer lines?
  - Each year the borough budgets funds to cover pruning, removal and new plantings. Trees that may be considered dangerous in whole or in part may be neglected without sufficient funding. Does council wish to maintain this designation (Tree City) and, if so, to what extent?

- **Winter Maintenance**
With escalating salt costs, overtime costs, and use of crew, should the borough consider alternative maintenance methods and winter operations scheduling?

Should the borough stockpile additional salt at the end of the winter season for the next season?

Should salt costs be allocated to the general fund budget while devoting liquid fuels money to road repair and resurfacing?
Recreation: Swimming Pool & Parks

Pool

Recent budget messages have included a sidebar on the swimming pool. This started because major repairs occurred in 2016. Therefore, as a reminder of the importance of the pool and the potential costs related to its operations, I am including the following paragraphs from previous budgets as a reminder that the pool should be monitored each year by council and the recreation board.

Previous budget messages outlined the following specific characteristics about the Forest Hills pool (see also pool financial statistics in that section later in this booklet):

As is true with most public pools, expenses can greatly exceed revenues for a number of reasons. Forest Hills pool is unique in that it is restricted to use by borough residents and their guests. This means that admission costs may be higher than other public pools in the area to accommodate this restrictive policy.

Also, the pool was built in 1968 and now faces constant maintenance issues due to the manner in which it was constructed. For example, the joints must be maintained by periodic re-caulking to prevent leaks (see past Capital Improvements Plans).

Pool capacity is relatively small compared to some public pools and attendance is affected by weather as is true of all outdoor pools. These issues create a concern and council is advised to monitor the situation each year. The Council Committee Perspective noted previously includes several key questions on the pool that should be asked each year in considering a new budget.

Parks

The council committee perspective mentioned above includes a number of questions related to recreation including, especially, the pool and the parks. During an earlier Borough Property Committee meeting, I noted that frequently the parks do not get much attention in capital planning or general fund budget planning other than dollars allocated for normal maintenance and equipment needs.

With the new comprehensive plan under construction currently, parks and recreation in general should be addressed to aid long term financial planning. I will not repeat all of the considerations that should be a part of this planning. However, once it is complete, council should determine a
long term plan for each neighborhood park and the main park. The Comprehensive Plan will be a guide. The Recreation Board can be used as a resource or could be commissioned to review and provide recommendations for a long term plan. All potential uses must be considered and a true long term vision of at least 5 years and perhaps longer should be part of this review including cost estimates and sources of funds.

Conclusions

The issues raised here are my perspective on factors to consider in preparing the 2020 budget and capital improvements plan.

This perspective is offered as a means to assist council in taking a long term view of borough finances and the 2020 budget and capital improvements plan in particular. In the end it is the duty of council to establish policy. However, it is the duty of the manager to provide council with recommendations, ideas and a viewpoint to assist members in their decision making. This perspective is offered in that light rather than as an effort to question or establish council policy.
GENERAL FUND COMMENTS

Detail from the 2020 General Fund Budget is provided below.

**REVENUES**

*Acct. 301 Real Property Taxes*

Real Estate Current Year is based on the county’s reported taxable assessed value as of September 27, 2019 which is reported on their website as $378,729,703 (Note: See year end information from November and December committee meetings at the end of this message for updates). Certified value on January 13, 2019 totaled $378,255,890. This compares to the taxable assessed value of a year ago at $379,556,690 and the certified value in January 2018 of $379,019,890. Fluctuations over time are due to appeals, in some cases by the property owner and in other cases by the school district.
The county estimated the borough’s total taxable assessed value under the reassessment at $421,815,300 in winter 2012 so there has been a substantial drop. Appeals continue each year, though all are current year (2019). This fluctuation in value is normal.

Real Estate Tax budgeted for 2020 amounts to $2,912,232 in the first draft, a slight decrease based on the final amount budgeted for 2019. I am taking a conservative approach here as the new assessed valuation from the county would allow for potentially several thousand more in revenue (see historical chart below).

Note: above chart shows actual dollars collected in 2015 & 2016 and does not
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include dollars already counted as revenue in 2013 and used to pay for a tax credit funded by the 2013 escrow account in both years.

It appears that no change in the current 8.0 millage rate is required. The borough traditionally assumes that 2% will be uncollectible and that approximately 2% will be lost due to any appeals unrelated to the new assessment system. Both uncollectible and appeal rates have been adjusted downward in this budget as noted above.

In the past, a slight increase in millage was briefly discussed to provide additional funding for the tree program. However, that is a decision left to council though the tree program will need studied soon as it can become expensive.

We temporarily escrow about 5% of all collected funds in a separate account throughout the year although that does not affect this total. That escrow money is returned to the general fund budget as needed in the 4th quarter of the year and should not be mistaken for a reserve account. The intent is to have ready cash on hand should assessment appeals increase or some other economic factor come into play. This revenue shown also includes an estimate for penalties collected, which is why we do not show that number in the budget line item below this one (we do show penalty collections separately listed as a year to date figure for actual collections). At this time, the actual millage rate required to achieve the budgeted figure is always determined by council and will be calculated as close to the final approval date in December as possible. Again, no change is anticipated.

Real Estate Prior Years and Real Estate Liened Costs are each dependent on delinquent collections and fluctuate from year to year. Over the past 10 years, we averaged $49,285 in revenues from Real Estate Prior Years and $19,370 in revenues from Real Estate Liened Costs (source: borough audit reports). Prior Years collections have ranged from a high of $84,439 last year (2018) to a low of $36,119 (2014). Liened Costs amounts range from a high of $43,890 (2012) to a low of $3,862 (2017). Budgeting for these numbers is based on this range but past performance is not an indication of future results and that is taken into account for both revenues.

Acct. 310 Act 511 Taxes

The change in Earned Income Tax (EIT) collector and method resulted in an overall improvement in dollars collected. That continued in 2018. The 10 year average is just under $935,000 thought that includes years prior to the new law changed collection procedures. Funds have been received in a timely fashion and have exceeded what was anticipated.
We anticipate that EIT collections will hit the budget target for 2019 and possibly exceed it. Through September, collections in 2019 exceed 2018 year to date collections by more than $63,000. However, we anticipate that future receipts will level out and may increase only modestly depending on economic conditions and this budget reflects that concern.

As in previous budgets, we expect that there will be at least a slight increase in collections in 2020 as salaries increase. In the last 10 years, the borough has exceeded the amount budgeted 9 times but in the 1 year when the budget fell short (2011), it only did so by 3.1%.

Earned Income Tax is a difficult number to predict and is affected by economic conditions,
unemployment, retirement and other factors.

**Acct. 320 Licenses and Permits**

Permits shown here are hard to predict and fluctuate based on certain activities (building & zoning, beekeeping, chicken raising, for example) and interest in renting parks and the pool lodge.

**Acct. 321 Cable TV Franchise**

We are at the maximum franchise fee of 5% of revenues. However, increasing cable revenues due to higher rates and increased shopping revenue should allow the amount the borough receives to increase in 2020, though we believe only slightly. Through September, revenues here are about $20,000 less than the same time last year. In addition, the agreement with Verizon should provide revenue although it is less certain how much this will mean in revenues as Verizon continues to build out. A new agreement with Comcast was approved in 2012 (see also charts in statistics section of booklet).
This item must be monitored, however, as people move away from cable toward streaming services and other options. We may be seeing the results of this move this year (see chart, previous page). Therefore, I have reduced the budgeted amount for 2020 by $4,000 compared to the 2019 budget.

**Acct. 340 Interest, Rents & Royalties**

Park & Ride Rental (line 01-340-029) covers the monthly payment of the Port Authority to the borough for use of the space at Ardmore and Avenue B under an agreement completed in 2015. The borough acquired this lot from the Silversmith group and determined it would remain a parking lot for this use. The borough retains the lot thought there had been interest from the Port Authority in purchasing it.

**Acct. 354 State Capital & Operating Grants**

Recycling Performance Grant (904) is based on the total reported recycling in the borough for the past year. At one time, this amount was approximately double what is budgeted currently. However, lack of reporting, mainly by commercial entities coupled with changes in the state allocation calculation reduced this amount over the years. Limits on items that are acceptable for recycling may also change this number in the future. We are using the code officer to enforce our ordinance.

Other grant numbers shown in this category are estimates although the numbers shown for Snow Removal are based on contractual amounts that become active when winter weather requires it.

Often, the borough receives grant funds from a local legislator for items or activities that do not remove pressure from the budget. Such a grant may be included here.

**Acct. 355 State Shared Revenue**

The actuary provided the estimate of state revenue for the MMO used here. See Acct. 401 item 01-401-314 and line item in account 410, 01-410-314, for the estimated MMO and further explanation. In 2019, state aid came in higher than expected at $153,614.97. However, we are taking a conservative approach again and showing only a slight increase for 2020 over the 2019 budgeted amount. See also information under revenue account 392 and expenditure line items in Administration (401) and Police (410).

Act 13 PA UGW Dist (line 01-355-009) accounts for funds received from the state under
Act 13 as part of the distribution from impact fees collected from gas drilling companies.

**Acct. 357 Local Government Units Capital and Operating Grants**

The economic conditions make it difficult to estimate dollars here though the trend has been an increase in income generally except for the last two years. This year’s budget number is based on actual receipts from the past several years.

I continue to show RAD receipts broken into two categories. The first is the regular RAD account. The second (01-357-011) is used to show that the borough intends to use a portion of the RAD receipts for senior citizen and/or other tax reduction (see also information in Acct. 364). RAD receipts are about $13,000 higher through September compared with September 2018. Under the law establishing RAD, the borough will be required to pay 25% of any excess received over the previous year to an intergovernmental entity like the Turtle Creek Valley COG, the library or similar entity. This is accounted for under Administration expense, line 01-401-422 though the budget figure there is simply an estimate.

**Acct. 360 Charges for Service**

As noted earlier, the School Crossing Guards line item has been deleted. The Chief eliminated the need for crossing guards and we anticipate no revenue and no expenses for this activity (see also account no. 419). Fuel Usage Administration Fee represents income from those who use our gas pumps at 25¢ per gallon (see fuel note in expenditures).

**Acct. 362 Public Safety Reimbursements & Acct. 363 Public Works Reimbursements**

The contract price for public works and police services in Chalfant are included here. A new 4 year agreement was approved in September 2017.

**Acct. 364 Sanitation**

The Refuse & Recycling Collection Charge is calculated using the current agreement with Waste Management. Council notified Waste Management that it accepts the fourth option year for 2020. The new agreement provided lower costs due to, among other things, a change in recycling collection from once per week to once every other week. The trash fee is always calculated by including the actual cost of the contract each year based on 3,050 residences plus administrative costs (paper, postage, envelopes, staff time) and an allowance for delinquencies and for the senior discount.

We will continue to bill the trash fee quarterly, a practice started in 2009. Cash flow in the
borough office is impacted by the quarterly format but a quarterly format assists residents in spreading the cost of the fee over time.

Once again, seniors would qualify for the reduced rate through eligibility in the county’s Act 77 tax reduction program. Council adjusted the requirements for Act 77 eligibility in 2008 by establishing a rule that all those eligible for the county program will qualify for the borough’s as well, thus simplifying application requirements and saving the borough money and time in preparing and reviewing applications (see also Acct. 357).

At the time this message is prepared, we estimated that the annual trash fee for 2020 should increase from $200 to $210 to cover the costs noted. Seniors who qualify would continue to receive a $50 discount ($160). This is only an estimate for this draft and must be reviewed and approved by council. Therefore, the fee is subject to change.

**Acct. 367 Recreation**

All fees and passes (swimming and tennis) reflect any changes recommended by the recreation board and Marketing & Events Director, Cindy Simm. As usual, swimming revenues (including admissions, passes, and concessions) are a factor of the weather. The column showing year to date 2019 revenues generally represent final dollar figures with minor exceptions. The statistics section of the budget document provides a historical comparison of recreation revenues and expenditures and should be reviewed. See also Account 452 Swimming Pool for further information.

To make the general fund revenue numbers easier to compare with corresponding general fund expenditure numbers we adjusted the way recreation revenues are grouped. In making any comparison note that numbers shown in the statistics section of the budget message do not include capital spending or bond issue spending (if any). Both should be viewed in gathering a full picture of the cost of pool operations.

A new line item was added to this account in 2018 (01-367-026 Sponsorships). This accounts for money received from the guest membership program instituted by council last year.

**Acct. 380 Miscellaneous Revenues**

Newsletter revenues are estimated based on current advertising rates. The Tree City Times is a valuable resource for distributing information and supplements the borough’s website (www.foresthillspa.org) and its twitter account (@foresthillsboro). At this time, changing Tree City Time publication from 4 times a year to 6 times or 12 times a year is under
consideration. Changing to digital or online publication is also under consideration, although a poll of readers several years ago did not indicate that was a popular option. The borough also uses a YouTube account (Tree City TV) to assist. However, revenues for the newsletter do not always keep up with expenses and should be reviewed by council in the new year to determine if changes should be made.

The account also includes the dollars under Transfer from Capital 2 (account 01-392-019) that represents anticipated personnel costs charged to the corrective action budget by the general fund budget to account for one public works crew member as originally planned by council in 2004. It also includes an estimate for costs borne by the General Fund for Stormwater expenses.

As you may recall from past discussions, personnel costs at one time included here the 2004 hire in public works, personnel costs for crew members working exclusively on sewers (including overtime), a portion of my time (approximately 25%) considering that I attend many meetings related to consent decree activities and a majority of the Administrative Assistant – Finance employee’s time (now reduced from previous years thanks to the new software program to approximately 60%) due to the many hours she spends on sewer billing.

After reviewing costs with the engineer, council had instructed the crew to perform some of these tasks in house as it was determined such work is actually less expensive than contracting out, even when the work is done on overtime. However, in 2018 council determined that was no longer fully effective because overtime exceeded regular time work and suspended overtime work on sewers. Council is evaluating options with the borough engineer and the borough has purchased a new sewer camera truck with equipment which it will use without Wilkins Township (the old equipment and truck will be purchased by Wilkins).

The 2020 budget continues to take into account that certain work may be reimbursed to the general fund from the corrective action fund. Council may wish to further adjust this number to return administrative costs (manager and office staff) to the amount transferred since those costs will continue in the future. The transfer of funds also reflects costs for stormwater management requirements. Note that the Corrective Action Budget for 2020 is under review by the engineer and not ready for inclusion here. Therefore, this line item will require review in the next few weeks.

It should be noted that many communities in Pennsylvania are instituting a Stormwater management fee to cover costs under the state’s MS4 program. At this time, council has resisted making a change here and continues to include Stormwater expenses as part of the sewer fee.
Note that 2020 continues the practice of including line items for Legal Cost Reimbursable and Engineering Cost Reimbursable to account for those times when a fee or escrow amount for a planning or zoning type permit includes attorneys and engineer costs. Related line items can be found in expenditure accounts number 404 and 414.

A new line item added to Miscellaneous Revenues in 2019 – 01-392-011 Transfer from Pension Reserve continues in 2020. During the 4 years from 2014 - 2017, council was able to accept a 75% optional contribution rate for the borough’s police and non-uniform pension plans under a state program that deferred the 25% payment to future years. At the time, council believed it was advantageous to do this while holding funds in reserve to pay future increases. Because the MMO calculation shows a mandatory increase in 2020 of $113,812 total in these plans (when compared with 2018 numbers – see chart below), we believe the increase should come from this reserve fund and, therefore, we added this line item in 2019. If the State Aid actual dollar amount is greater than the amount budgeted, less will be required from the reserve fund (that is the case in the 2019 budget where we planned on receiving $117,000 but actually received $153,614 in September).

To provide further explanation on pensions & MMO’s, the following information was provided to the Finance Committee at its September meeting and is reprinted here:

2020 MMO’s – The numbers for 2020 from Mockenhaupt are attached. For comparison:

<table>
<thead>
<tr>
<th>Plan</th>
<th>2019</th>
<th>2020</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>$493,651</td>
<td>$491,438</td>
<td>$ 2,213</td>
</tr>
<tr>
<td>Non Uniform</td>
<td>$122,890</td>
<td>$123,261</td>
<td>$ 371</td>
</tr>
<tr>
<td>Other (defined contribution)</td>
<td>$ 8,597</td>
<td>$ 9,076</td>
<td>$ 479</td>
</tr>
</tbody>
</table>

- 2020 reflects full amount due (as is true for 2019); 2018 was the last year to take 75%
- The difference from the 2018 amounts are greater with the overall difference between 2018 (at 75%) and 2020 (at 100%) are:
  - Police $ 90,955 (2018 = $400,483)
  - Non Uniform $ 20,162 (2018 = $103,099)
  - Other $ 2,695 (2018 = $ 6,381)
  - Total Difference: $113,812 (2020 compared to 2018)
Note: the total difference between the 2019 value and 2018 value was $115,175

RECOMMENDATION: fund the difference of $113,812 from the pension reserve account.

- Estimated state aid in the past (source: Mockenhaupt):
  - 2017 - $108,000 budgeted; actually received $133,059
  - 2018 - $116,000 budgeted; actual received in October
  - 2019 - $116,000 is present estimate for budgeting purposes
  - 2020 – $119,000 (estimated budgeted amount as of today)

- Council must approve these by motion in September

A summary of the 2020 general fund budget revenues and expenditures is shown on the next two pages (any differences in totals due to rounding).
### Borough of Forest Hills
#### 2020 Budget Summary by Category

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>301</td>
<td>Real Property</td>
<td>2,986,232</td>
<td>2,984,945</td>
<td>47.84%</td>
<td>2,981,587</td>
<td>47.61%</td>
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<tr>
<td>310</td>
<td>Act 511</td>
<td>1,177,000</td>
<td>1,374,005</td>
<td>18.86%</td>
<td>1,190,090</td>
<td>19.00%</td>
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<tr>
<td></td>
<td><strong>TOTAL TAXES</strong></td>
<td>4,163,232</td>
<td>4,358,950</td>
<td>66.70%</td>
<td>4,171,587</td>
<td>66.62%</td>
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<tr>
<td>320</td>
<td>Licenses &amp; Permits</td>
<td>35,150</td>
<td>32,685</td>
<td>0.56%</td>
<td>30,650</td>
<td>0.59%</td>
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<tr>
<td>321</td>
<td>Cable TV Franchise</td>
<td>159,000</td>
<td>144,160</td>
<td>2.55%</td>
<td>155,000</td>
<td>2.48%</td>
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<tr>
<td>330</td>
<td>Fees &amp; Fines</td>
<td>41,500</td>
<td>37,252</td>
<td>0.66%</td>
<td>38,900</td>
<td>0.62%</td>
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<tr>
<td>340</td>
<td>Interest, Rents &amp; Royalties</td>
<td>70,100</td>
<td>87,926</td>
<td>1.12%</td>
<td>74,000</td>
<td>1.18%</td>
</tr>
<tr>
<td><strong>State</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>354</td>
<td>Grants</td>
<td>30,200</td>
<td>28,611</td>
<td>0.48%</td>
<td>29,200</td>
<td>0.47%</td>
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<tr>
<td>355</td>
<td>Shared Revenue</td>
<td>123,400</td>
<td>159,105</td>
<td>1.98%</td>
<td>126,550</td>
<td>2.02%</td>
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<tr>
<td></td>
<td><strong>TOTAL STATE</strong></td>
<td>153,600</td>
<td>187,716</td>
<td>2.46%</td>
<td>155,750</td>
<td>2.49%</td>
</tr>
<tr>
<td>357</td>
<td>Local Government Grants (RAD)</td>
<td>224,000</td>
<td>247,209</td>
<td>3.59%</td>
<td>229,000</td>
<td>3.66%</td>
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<tr>
<td>360</td>
<td>Charges for Services</td>
<td>183,600</td>
<td>161,487</td>
<td>2.94%</td>
<td>181,100</td>
<td>2.89%</td>
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<tr>
<td><strong>Reimbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>362</td>
<td>Public Safety</td>
<td>56,978</td>
<td>56,657</td>
<td>0.91%</td>
<td>58,972</td>
<td>0.94%</td>
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<tr>
<td>363</td>
<td>Public Works</td>
<td>64,836</td>
<td>64,655</td>
<td>1.04%</td>
<td>67,105</td>
<td>1.07%</td>
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<td></td>
<td><strong>TOTAL REIMBURSEMENTS</strong></td>
<td>121,814</td>
<td>121,312</td>
<td>1.95%</td>
<td>126,077</td>
<td>2.01%</td>
</tr>
<tr>
<td>364</td>
<td>Sanitation</td>
<td>634,515</td>
<td>616,962</td>
<td>10.17%</td>
<td>649,500</td>
<td>10.37%</td>
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<tr>
<td>367</td>
<td>Recreation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pool</td>
<td>112,900</td>
<td>106,895</td>
<td>1.81%</td>
<td>107,900</td>
<td>1.72%</td>
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<tr>
<td></td>
<td>Programs</td>
<td>12,800</td>
<td>16,850</td>
<td>0.21%</td>
<td>14,100</td>
<td>0.23%</td>
</tr>
<tr>
<td></td>
<td>Tennis &amp; Misc.</td>
<td>5,550</td>
<td>4,009</td>
<td>0.09%</td>
<td>4,750</td>
<td>0.08%</td>
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<tr>
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<td><strong>TOTAL RECREATION</strong></td>
<td>131,250</td>
<td>126,745</td>
<td>2.10%</td>
<td>126,750</td>
<td>2.02%</td>
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<tr>
<td>380</td>
<td>Miscellaneous</td>
<td>324,162</td>
<td>643,116</td>
<td>5.19%</td>
<td>317,812</td>
<td>5.07%</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td></td>
<td>6,241,923</td>
<td>6,745,519</td>
<td>100.00%</td>
<td>6,261,926</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
## Borough of Forest Hills
### 2020 Budget Summary by Category

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>400</td>
<td>Legislative</td>
<td>43,127</td>
<td>42,161</td>
<td>0.69%</td>
<td>25,677</td>
<td>25,877</td>
<td>0.41%</td>
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<tr>
<td>401</td>
<td>Administration</td>
<td>799,918</td>
<td>823,488</td>
<td>12.82%</td>
<td>796,769</td>
<td>800,685</td>
<td>12.72%</td>
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<tr>
<td>403</td>
<td>Tax Collection</td>
<td>30,315</td>
<td>36,331</td>
<td>0.49%</td>
<td>30,815</td>
<td>30,815</td>
<td>0.49%</td>
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<tr>
<td>404</td>
<td>Legal Services</td>
<td>111,000</td>
<td>89,847</td>
<td>1.78%</td>
<td>113,000</td>
<td>113,000</td>
<td>1.80%</td>
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<tr>
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<td>TOTAL ADMINISTRATION</td>
<td>984,360</td>
<td>991,827</td>
<td>15.77%</td>
<td>966,261</td>
<td>966,261</td>
<td>15.43%</td>
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<tr>
<td>410</td>
<td>Public Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>410</td>
<td>Police</td>
<td>1,954,909</td>
<td>1,969,697</td>
<td>31.32%</td>
<td>1,941,850</td>
<td>1,963,598</td>
<td>31.36%</td>
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<tr>
<td>411</td>
<td>Fire</td>
<td>5,000</td>
<td>0</td>
<td>0.08%</td>
<td>5,000</td>
<td>5,000</td>
<td>0.08%</td>
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<tr>
<td>412</td>
<td>Ambulance</td>
<td>8,148</td>
<td>8,148</td>
<td>0.13%</td>
<td>8,148</td>
<td>8,148</td>
<td>0.13%</td>
</tr>
<tr>
<td>415</td>
<td>Neighborhood Crime Resistance</td>
<td>7,850</td>
<td>4,900</td>
<td>0.13%</td>
<td>7,100</td>
<td>7,100</td>
<td>0.11%</td>
</tr>
<tr>
<td>416</td>
<td>Auxiliary Police</td>
<td>4,800</td>
<td>1,500</td>
<td>0.08%</td>
<td>1,500</td>
<td>1,500</td>
<td>0.02%</td>
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<tr>
<td></td>
<td>TOTAL PUBLIC SAFETY</td>
<td>1,980,707</td>
<td>1,984,245</td>
<td>31.73%</td>
<td>1,963,598</td>
<td>1,963,598</td>
<td>31.36%</td>
</tr>
<tr>
<td>414</td>
<td>Planning &amp; Zoning</td>
<td>57,951</td>
<td>50,511</td>
<td>0.93%</td>
<td>56,254</td>
<td>56,254</td>
<td>0.90%</td>
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<tr>
<td>427</td>
<td>Sewage/Sanitation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>427</td>
<td>Refuse Collection</td>
<td>550,464</td>
<td>596,905</td>
<td>8.82%</td>
<td>566,202</td>
<td>566,202</td>
<td>9.04%</td>
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<tr>
<td>426</td>
<td>Recycling Collection</td>
<td>4,850</td>
<td>5,800</td>
<td>0.08%</td>
<td>5,350</td>
<td>5,350</td>
<td>0.08%</td>
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<tr>
<td></td>
<td>TOTAL SEWAGE/SANITATION</td>
<td>555,314</td>
<td>602,704</td>
<td>8.90%</td>
<td>571,552</td>
<td>571,552</td>
<td>9.13%</td>
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<tr>
<td>408</td>
<td>Public Works/Maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>408</td>
<td>4000 Greensburg Pike Building</td>
<td>51,128</td>
<td>63,002</td>
<td>0.82%</td>
<td>53,750</td>
<td>0</td>
<td></td>
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<tr>
<td>409</td>
<td>Building Maintenance</td>
<td>86,406</td>
<td>59,866</td>
<td>1.38%</td>
<td>79,836</td>
<td>1.27%</td>
<td></td>
</tr>
<tr>
<td>430</td>
<td>Public Works</td>
<td>821,446</td>
<td>669,903</td>
<td>13.18%</td>
<td>704,572</td>
<td>12.21%</td>
<td></td>
</tr>
<tr>
<td>431</td>
<td>Street Maintenance</td>
<td>92,900</td>
<td>89,828</td>
<td>1.49%</td>
<td>89,000</td>
<td>1.42%</td>
<td></td>
</tr>
<tr>
<td>436</td>
<td>Sewer Maintenance</td>
<td>96,787</td>
<td>93,431</td>
<td>1.55%</td>
<td>91,841</td>
<td>1.47%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL PUBLIC WORKS/MAINT.</td>
<td>1,148,666</td>
<td>975,531</td>
<td>18.40%</td>
<td>1,079,000</td>
<td>17.23%</td>
<td></td>
</tr>
<tr>
<td>451</td>
<td>Recreation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>451</td>
<td>Programming</td>
<td>7,029</td>
<td>6,587</td>
<td>0.11%</td>
<td>8,371</td>
<td>1.33%</td>
<td></td>
</tr>
<tr>
<td>452</td>
<td>Swimming Pool</td>
<td>188,082</td>
<td>173,675</td>
<td>3.01%</td>
<td>179,000</td>
<td>2.86%</td>
<td></td>
</tr>
<tr>
<td>453</td>
<td>Tennis</td>
<td>12,741</td>
<td>9,814</td>
<td>0.20%</td>
<td>7,789</td>
<td>0.12%</td>
<td></td>
</tr>
<tr>
<td>454</td>
<td>Parks</td>
<td>141,602</td>
<td>117,320</td>
<td>2.27%</td>
<td>141,710</td>
<td>2.26%</td>
<td></td>
</tr>
<tr>
<td>459</td>
<td>Recreation Center (Westinghouse)</td>
<td>74,087</td>
<td>64,773</td>
<td>1.19%</td>
<td>80,240</td>
<td>1.28%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL RECREATION</td>
<td>423,522</td>
<td>372,168</td>
<td>6.79%</td>
<td>417,115</td>
<td>6.66%</td>
<td></td>
</tr>
<tr>
<td>455</td>
<td>Tree Service</td>
<td>103,100</td>
<td>72,254</td>
<td>1.65%</td>
<td>148,278</td>
<td>2.37%</td>
<td></td>
</tr>
<tr>
<td>458</td>
<td>Senior Citizen Center</td>
<td>2,350</td>
<td>3,315</td>
<td>0.04%</td>
<td>2,750</td>
<td>0.04%</td>
<td></td>
</tr>
<tr>
<td>471-475</td>
<td>Debt Service - Capital Projects</td>
<td>493,963</td>
<td>492,082</td>
<td>7.91%</td>
<td>486,798</td>
<td>7.81%</td>
<td></td>
</tr>
<tr>
<td>492</td>
<td>Reserve for Capital Funds</td>
<td>444,341</td>
<td>1,021,399</td>
<td>7.12%</td>
<td>495,345</td>
<td>7.91%</td>
<td></td>
</tr>
<tr>
<td>480/490</td>
<td>Miscellaneous</td>
<td>47,850</td>
<td>184,934</td>
<td>0.76%</td>
<td>72,976</td>
<td>1.17%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL EXPENDITURES</td>
<td>6,241,923</td>
<td>6,751,572</td>
<td>100.00%</td>
<td>6,281,926</td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>
All salaries and benefits costs were calculated using current contractual requirements. The police union has a new contract with the borough. Nonunion and part time salary and benefit costs are estimated pending council review. All Health Insurance line item numbers represent actual amounts estimated for 2019 by MBS, representing an increase of about 1%. Worker’s Compensation charges are unknown at this time so we used estimated rates for this budget.

Other salary highlights:

► We estimate that part time and nonunion full time salaries will increase slightly for 2020 pending approval by council.

► Police salaries reflect the current complement of 9 full time and 3 part time members plus the Chief of Police. In the past, we included an estimate for the position of Sergeant but that position was removed from this estimate pending council review.

► Non uniform salaries will increase based on the new contract. The old contract expires at the end of 2018

The following page shows a draft of proposed nonunion and part time salaries for 2020 pending council approval. A summary of all union salaries under the latest contract will be included in the final budget message following this chart.
## 2020 Budget Message

2020 Budget

December 18, 2019

<table>
<thead>
<tr>
<th>EMPLOYEE</th>
<th>2019</th>
<th>2020</th>
<th>2020 Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CURRENT (SALARY / RATE)</td>
<td>2020 (SALARY / RATE)</td>
<td></td>
</tr>
<tr>
<td>MARKETING &amp; EVENTS DIRECTOR</td>
<td>$29,287.00</td>
<td>$30,024.96</td>
<td>2.5%</td>
</tr>
<tr>
<td>COMMISSION (estimated)</td>
<td>$8,400.00</td>
<td>$8,700.00</td>
<td>(estimate)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$37,687.00</td>
<td>$38,724.96</td>
<td></td>
</tr>
<tr>
<td>BOROUGH MANAGER</td>
<td>$96,532.00</td>
<td>$98,462.66</td>
<td>2.0%</td>
</tr>
<tr>
<td>TREASURER</td>
<td>$47,126.12</td>
<td>$48,775.53</td>
<td>3.5%</td>
</tr>
<tr>
<td>POLICE CHIEF</td>
<td>$106,770.00</td>
<td>$109,439.25</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Hourly Salaries Shown Below

<table>
<thead>
<tr>
<th>EMPLOYEE</th>
<th>2019</th>
<th>2020</th>
<th>2020 Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT SECRETARY/RECEPTIONIST</td>
<td>$15.04</td>
<td>$15.57</td>
<td>3.5%</td>
</tr>
<tr>
<td>PT BUILDING MAINTENANCE I</td>
<td>$15.00</td>
<td>$15.30</td>
<td>2.0%</td>
</tr>
<tr>
<td>PT BUILDING MAINTENANCE II</td>
<td>$15.30</td>
<td>$15.61</td>
<td>2.0%</td>
</tr>
<tr>
<td>CUSTODIAN</td>
<td>$15.70</td>
<td>$16.01</td>
<td>2.0%</td>
</tr>
<tr>
<td>ASST. REC. DIR.</td>
<td>$15.61</td>
<td>$15.92</td>
<td>2.0%</td>
</tr>
<tr>
<td>POOL MGR</td>
<td>$19.53</td>
<td>$19.92</td>
<td>2.0%</td>
</tr>
<tr>
<td>ASST. POOL MGR</td>
<td>$12.32</td>
<td>$12.57</td>
<td>2.0%</td>
</tr>
<tr>
<td>1ST YR GUARD</td>
<td>$10.20</td>
<td>$10.40</td>
<td>2.0%</td>
</tr>
<tr>
<td>2ND YR GUARD</td>
<td>$10.48</td>
<td>$10.87</td>
<td>2.0%</td>
</tr>
<tr>
<td>3RD YR GUARD</td>
<td>$10.71</td>
<td>$10.92</td>
<td>2.0%</td>
</tr>
<tr>
<td>SUBSTITUTE</td>
<td>$10.20</td>
<td>$10.40</td>
<td>2.0%</td>
</tr>
<tr>
<td>SYNCHRO COACH</td>
<td>$2,685.33</td>
<td>$2,739.04</td>
<td>2.0%</td>
</tr>
<tr>
<td>SYNCHRO ASST</td>
<td>$1,484.52</td>
<td>$1,514.21</td>
<td>2.0%</td>
</tr>
<tr>
<td>SYNCHRO ASST</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SWIM TEAM COACH</td>
<td>$2,319.85</td>
<td>$2,366.25</td>
<td>2.0%</td>
</tr>
<tr>
<td>SWIM TEAM ASSIST</td>
<td>$2,110.96</td>
<td>$2,153.18</td>
<td>2.0%</td>
</tr>
<tr>
<td>SWIM TEAM ASSIST</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td>TENNIS COACH (2014 shows budgeted; actual was less)</td>
<td>$2,685.33</td>
<td>$2,685.33</td>
<td>0.0%</td>
</tr>
<tr>
<td>ASST COACH</td>
<td>$2,111.77</td>
<td>$2,111.77</td>
<td>0.0%</td>
</tr>
<tr>
<td>PART TIME P.W. Dept.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1ST YEAR</td>
<td>$10.20</td>
<td>$10.40</td>
<td>2.0%</td>
</tr>
<tr>
<td>2ND YEAR</td>
<td>$10.46</td>
<td>$10.67</td>
<td>2.0%</td>
</tr>
<tr>
<td>3RD YEAR</td>
<td>$10.71</td>
<td>$10.92</td>
<td>2.0%</td>
</tr>
<tr>
<td>4TH YEAR</td>
<td>$11.02</td>
<td>$11.24</td>
<td>2.0%</td>
</tr>
<tr>
<td>Regular Part Time</td>
<td>$11.22</td>
<td>$11.44</td>
<td>2.0%</td>
</tr>
<tr>
<td>CODE ENFORCEMENT</td>
<td>$16.09</td>
<td>$16.57</td>
<td>3.0%</td>
</tr>
</tbody>
</table>
## 2020 Budget Message
### 2020 Budget
December 18, 2019

<table>
<thead>
<tr>
<th>EMPLOYEE (union)</th>
<th>2020 REGULAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SALARY / RATE</td>
</tr>
<tr>
<td><strong>POLICE</strong></td>
<td></td>
</tr>
<tr>
<td>(does not include overtime, employee contribution to pension fund &amp; certain benefits)</td>
<td></td>
</tr>
<tr>
<td>Patrolman II Base Salary</td>
<td>$ 88,317.84</td>
</tr>
<tr>
<td>Health Care Benefit (assuming top rate-Family)</td>
<td>$ 19,026.00</td>
</tr>
<tr>
<td>FICA</td>
<td>$ 6,756.31</td>
</tr>
<tr>
<td>Uniform Allowance</td>
<td>$ 950.00</td>
</tr>
<tr>
<td>Holiday / Overtime / Court Time (variable &amp; not shown)</td>
<td></td>
</tr>
<tr>
<td>Worker’s Comp (est. on base salary only)</td>
<td></td>
</tr>
<tr>
<td>Disability Insurance (included with health care)</td>
<td>$ 5,731.83</td>
</tr>
<tr>
<td>Life Insurance (included with health care)</td>
<td>$ -</td>
</tr>
<tr>
<td>Less Hospitalization paid by employee</td>
<td>$(543.14)</td>
</tr>
<tr>
<td>Total Patrolman II</td>
<td>$ 115,107.01</td>
</tr>
<tr>
<td>Part Time Police Officer (per hour at most senior officer rate)</td>
<td>$ 25.84</td>
</tr>
<tr>
<td>Health Care Benefit (assuming top rate-Family)</td>
<td>$ -</td>
</tr>
<tr>
<td>FICA (per hour)</td>
<td>$ 7.65</td>
</tr>
<tr>
<td>Total Part Time</td>
<td>$ 33.49</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMPLOYEE</th>
<th>2019 REGULAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SALARY / RATE</td>
</tr>
<tr>
<td><strong>OFFICE STAFF</strong></td>
<td></td>
</tr>
<tr>
<td>(does not include overtime, employee contribution to pension fund &amp; certain benefits)</td>
<td></td>
</tr>
<tr>
<td>Administrative Assistant - Finance, Base Salary</td>
<td>$ 41,025.60</td>
</tr>
<tr>
<td>Health Care Benefit (assuming parent/child rate)</td>
<td>$ 13,530.00</td>
</tr>
<tr>
<td>FICA</td>
<td>$ 3,138.46</td>
</tr>
<tr>
<td>Worker’s Comp (est. on base salary only)</td>
<td>$ 155.90</td>
</tr>
<tr>
<td>Longevity (contractual average, depends on yrs. employed)</td>
<td>$ 340.00</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>$ -</td>
</tr>
<tr>
<td>Less Hospitalization paid by employee</td>
<td>$(1,448.20)</td>
</tr>
<tr>
<td>Total Administrative Assistant - Finance</td>
<td>$ 56,741.76</td>
</tr>
</tbody>
</table>
## 2020 Budget Message

**2020 Budget**

December 18, 2019

<table>
<thead>
<tr>
<th>EMPLOYEE (union)</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>REGULAR</td>
</tr>
<tr>
<td></td>
<td>SALARY / RATE</td>
</tr>
</tbody>
</table>

PUBLIC WORKS

*(does not include overtime, employee contribution to pension fund & certain benefits)*

<table>
<thead>
<tr>
<th>Maintenance Man II Base Salary</th>
<th>$ 60,673.80</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care Benefit (assuming top rate-Family)</td>
<td>$ 19,626.00</td>
</tr>
<tr>
<td>FICA</td>
<td>$ 4,641.53</td>
</tr>
<tr>
<td>Uniform Allowance</td>
<td>$ 350.00</td>
</tr>
<tr>
<td>Worker’s Comp (est. on base salary only)</td>
<td>$ 5,120.87</td>
</tr>
<tr>
<td>Longevity (contractual average; depends on yrs. employed)</td>
<td>$ 887.50</td>
</tr>
<tr>
<td>Life Insurance (included in health care)</td>
<td>-</td>
</tr>
<tr>
<td>Less Hospitalization paid by employee</td>
<td>$(1,448.20)</td>
</tr>
<tr>
<td>Total Maintenance Man II</td>
<td>$ 89,851.30</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Laborer Base Salary</th>
<th>$ 41,500.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care Benefit (assume single rate)</td>
<td>$ 6,552.60</td>
</tr>
<tr>
<td>FICA</td>
<td>$ 3,174.75</td>
</tr>
<tr>
<td>Uniform Allowance</td>
<td>$ 350.00</td>
</tr>
<tr>
<td>Worker’s Comp (est. on base salary only)</td>
<td>$ 3,502.60</td>
</tr>
<tr>
<td>Longevity (contractual average; depends on yrs. employed)</td>
<td>-</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>-</td>
</tr>
<tr>
<td>Less Hospitalization paid by employee</td>
<td>$(1,448.20)</td>
</tr>
<tr>
<td>Total Laborer</td>
<td>$ 53,631.75</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Head Groundskeeper Base Salary</th>
<th>$ 81,921.80</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care Benefit (assuming top rate-Family)</td>
<td>$ 19,628.00</td>
</tr>
<tr>
<td>FICA</td>
<td>$ 4,737.00</td>
</tr>
<tr>
<td>Uniform Allowance</td>
<td>$ 350.00</td>
</tr>
<tr>
<td>Worker’s Comp (est. on base salary only)</td>
<td>$ 5,226.18</td>
</tr>
<tr>
<td>Longevity (contractual average; depends on yrs. employed)</td>
<td>$ 887.50</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>-</td>
</tr>
<tr>
<td>Less Hospitalization paid by employee</td>
<td>$(1,448.20)</td>
</tr>
<tr>
<td>Total Head Groundskeeper</td>
<td>$ 91,300.08</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreman Base Salary</th>
<th>$ 69,499.19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care Benefit (assume single rate)</td>
<td>$ 6,552.60</td>
</tr>
<tr>
<td>FICA</td>
<td>$ 5,316.69</td>
</tr>
<tr>
<td>Uniform Allowance</td>
<td>$ 350.00</td>
</tr>
<tr>
<td>Worker’s Comp (est. on base salary only)</td>
<td>$ 5,885.73</td>
</tr>
<tr>
<td>Longevity (contractual average; depends on yrs. employed)</td>
<td>$ 887.50</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>-</td>
</tr>
<tr>
<td>Total Foreman</td>
<td>$ 88,471.71</td>
</tr>
</tbody>
</table>
Other Items

Utility Costs – all buildings/facilities

We changed providers for electric service, joining the City of Pittsburgh’s program in 2018. UGI continues to serve as the borough’s natural gas broker. Council will continue to review these agreements and may make changes. See also account no. 408.

And as noted several years ago, changes in phone service over the past 10-12 years continues to provide savings via a low cost company for local and long distance service. Chaney and Associates continues to monitor our phone usage and regularly reviews and advises of better opportunities at no cost to the borough. Chaney assisted the borough in securing new phone service for the 4400 Greensburg Pike location and other buildings.

A summary of utility costs and budget estimates is shown below.

<table>
<thead>
<tr>
<th>Utility Summary</th>
<th>Pre-Audit</th>
<th>2019 Budget</th>
<th>2020 Budget</th>
<th>2021 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 Actual - 12/31/19</td>
<td>2020</td>
<td>2021</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>9,350</td>
<td>9,263</td>
<td>9,375</td>
<td>9,475</td>
</tr>
<tr>
<td>Sewer</td>
<td>4,800</td>
<td>2,002</td>
<td>4,870</td>
<td>4,970</td>
</tr>
<tr>
<td>Electricity</td>
<td>38,800</td>
<td>38,433</td>
<td>40,025</td>
<td>40,225</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>19,800</td>
<td>14,259</td>
<td>21,100</td>
<td>21,200</td>
</tr>
<tr>
<td>Telephone</td>
<td>23,400</td>
<td>16,546</td>
<td>24,850</td>
<td>25,500</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$95,950</td>
<td>$80,504</td>
<td>$100,220</td>
<td>$101,370</td>
</tr>
</tbody>
</table>

Acct. 400 Legislative

Council has discussed providing cell phones to the Mayor and all council members at a cost not to exceed $25/month. An estimated dollar figure is inserted in the 2020 budget under the title Cellular (line item number to be determined) which council may approve separately or as part of approval of the final 2020 budget at its discretion.

Acct. 401 Administration

Website figures include the cost of an editor to assist in maintaining the site. The amount shown provides a stipend of $100 for this assistance. The borough transferred the website
host to In Motion hosting in prior years. That provides additional space for our growing needs. There is a cost for In Motion but it is minimal and included in the Internet/email line item. The editor redesigned the borough’s website to make it more useful and easier to view in 2017.

The dollar figure here in State Aid/Pension Plans is based on the actuary’s estimate for non-uniform only. Note that in 2018, council accepted 75% of the actuary’s MMO calculation based on the information provided by the actuary in 2017 allowing the borough with the option of using a reduced calculation (approximately 75%) in 2018 (the final year that this option was available). That simply deferred the difference owed into future years. The amount that equaled the difference between 75% of what is owed and 100% owed was placed in the budget reserve account. See earlier discussion under revenues (accounts 355 and 380/392) and summary chart below. Other charts in Statistics section.

![Pension Costs Per Capita](image)

Note that we are uncertain as to Postage costs at this time though no increase has been proposed by the postal service as far as can be determined.
Conference/Seminar includes the costs associated with attendance at several conferences and training programs throughout the year as authorized by council to allow me to maintain my “credentialed manager” status under ICMA (International City/County Management Association). This number was increased to reflect council’s long standing belief in the need for training for staff and to permit the Treasurer and/or Administrative Assistant-Finance to join and attend PA Government Finance Officers Association (GFOA) programs as well.

In the 2017 budget, we changed how we account for insurance expenditures (01-401-350 Insurance). Previously this expenditure split between Administration and Police but it is difficult to determine specific allocation in some cases. Therefore, staff prefers to account for it under one line item so the 2 were combined and entered here.

**Acct. 403 Tax Collection**

The numbers here are fixed based on prior agreement approved in ordinance 984.

**Act 77/Gentrification** has been reduced under the system started in 2010 since the discount amount for qualifying seniors comes directly off the bill they receive from the county. The dollar figure here will be used to account for those applying late to the county for gentrification.

**Acct. 404 Legal Services**

The Retainer line item reflects costs associated with the attorney hired to assist with labor negotiations and other personnel matters. These line items regularly go over budget. While some of this cost is reimbursable (for planning and zoning related matters), most of it is not. The solicitor suggested a retainer feature for the 01-404-314 Legal Cost line item in 2014 that allows the borough to control costs while maintaining certain service features provided by the solicitor. That continues in this budget. The solicitor has not notified us of any changes to his fees at this time.

Members requested the addition of a new line item Labor Costs: Contract Issues/Grievances in 2012 to better track those costs. I increased this line item in the new budget to account for costs associated with upcoming police negotiations (still, it may be insufficient). Legal Costs Reimbursable was created to log such costs that are repaid to the borough from work related to planning/zoning development activities involving the solicitor and are associated with revenue account 01-380-031

**Fuel Line Items – Administration, Police, Public Works**
A line item for fuel is included in the above accounts. In addition to the fuel we use we also sell fuel to other area police, fire departments, EMS and public works departments (see account 360 above) as a courtesy to them. During the year, all public safety related fuel costs are charged to police including our own and all public works related fuel costs are charged to public works including our own. Throughout the year and especially near year end, we transfer non-Forest Hills charges to the fuel line item in administration thereby more accurately reflecting the charges to our two departments in their respective accounts.

**Acct. 408 Municipal Building – 4400 Greensburg Pike**

We added two line items: 01-408-351 Landscape Costs (covers basic maintenance including mulch and weed killer) and 01-408-363 Solar Panels (covers the agreement with EIS to fund the cost of the panels).

We added funds to 01-408-373 Maintenance/Repair to include two full window cleanings and one carpet cleaning per year. Also included: geothermal service based on $1,259 quarterly (started May 2018) as an estimated $1,000 for service to the fluid used in the geothermal system.

Past documents have information on the cost of the 4400 Greensburg Pike municipal building which will not be repeated here. Building construction was and is on budget.

However, as I determined earlier in 2019 and as announced several times at 2019 public meetings (committee & business) so as to make sure that all concerned are aware and mayor and council have no objection, I am not repaying dollars from the building fund to several line items in the general fund that were used to pay for various purchases here. Funds will be needed for regular maintenance and occasional repairs (e.g., landscaping, cleaning, etc.). This process will NOT short the General Fund at all as sufficient funds remain there to cover expenses. In addition, I withheld some dollars from approved and budgeted building items in the building fund rather than rush into spending to determine whether some assets could be reused here and to more gradually make purchases that were not immediately needed even though they were budgeted. For reference, I estimate that the building fund will contain about $700,000 by year end as part of this plan (there were no objections expressed to this plan to be clear).

**Acct. 409 Building Maintenance**

Previously the borough changed its building maintenance format from a contract basis to in house, hiring a part time Pool Operator/Custodian. This position doubled as pool operator
with part of his costs reflected under the swimming pool expenditure account. However, pool maintenance was removed as two members of the Public Works Department are certified to handle this work along with the pool manager. The Borough Property Committee outlined new procedures for handling the required pool work last year.

Utility costs are estimated and based on the addition of Acct. 408 New Building – 4400 Greensburg Pike. Account 409 in the past accounted for the costs of the public works buildings and municipal building. However, we separate new building costs to better track anticipated savings from the use of solar power (under an agreement with EIS who will lease the service to us for at least 7 years) and geothermal.

_Acct. 410 Police_

Continue line item 410-314 State Aid/Pension Plans to account for the MMO costs related to the police pension. See discussion above under Administration regarding current and 2020 pension calculations.

The amount budgeted for Overtime is based on an estimate provided by the Chief and in consideration of revised scheduling practices and the addition of part time officers.

The **Canine Unit Per Diem** remains at $6 and includes an estimated $500 to cover veterinarian bills.

**New Vehicle Purchase** - Replace the oldest car with a new vehicle. Car to be replaced will be determined by the Chief. The Chief is also reviewing potential purchase of a hybrid car with the Public Safety Committee.

**Existing Police Vehicle Lease** reflects the next payment on the vehicles purchased in previous years. See chart on following page for current vehicle status.
## POLICE CAR ROTATION – 10/7/2019 prepared by Chief Williams

<table>
<thead>
<tr>
<th>Car #</th>
<th>Year</th>
<th>Make</th>
<th>Model</th>
<th>Vehicle Use</th>
<th>Mileage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>Dodge</td>
<td>Charger</td>
<td>Traffic details; undercover; backup unit for daily patrol</td>
<td>41,995</td>
</tr>
<tr>
<td>2</td>
<td>2019</td>
<td>Ford</td>
<td>Explorer</td>
<td>Daily patrol</td>
<td>14,810</td>
</tr>
<tr>
<td>3</td>
<td>2016</td>
<td>Ford</td>
<td>Explorer</td>
<td>Daily patrol</td>
<td>63,330</td>
</tr>
<tr>
<td>4</td>
<td>2018</td>
<td>Ford</td>
<td>Explorer</td>
<td>Daily patrol</td>
<td>16,300</td>
</tr>
<tr>
<td>5 K-9 unit</td>
<td>2017</td>
<td>Ford</td>
<td>Explorer</td>
<td>Specially equipped for K-9 duty; used only by dog handler.</td>
<td>43,505</td>
</tr>
<tr>
<td>6 Code/Police</td>
<td>2013</td>
<td>Ford</td>
<td>Explorer</td>
<td>Used by code enforcement officer. During off shifts and weekends used for patrol.</td>
<td>89,460</td>
</tr>
</tbody>
</table>
Acct 411 Fire Protection

The Public Safety Committee proposed creating the line item for Vehicle Repairs (01-411-251) to provide funds for repairs to the borough owned truck should Fire Fee funds prove insufficient to handle those costs. This line is only for that truck and only under this condition as determined by that committee.

Acct. 412 Ambulance

The borough entered into a new agreement with Woodland Hills EMS (WHEMS) in 2018. Following that agreement, utility costs were handed over to WHEMS. No funds were made available in the 2019 budget for any other costs.

WHEMS requested a restoration of the Contribution line item based on the former contribution amount of $1.25 per capita. That request was approved and is reflected here.

As a reminder, should a contribution be restored, the per capita figure is based on the 2010 census which shows a reduction in the borough’s population to 6,518. This may change in future budgets with the 2020 census.

Acct. 414 Planning & Zoning

The salary for the part time code officer is included here. Please see salary information shown elsewhere. The zoning hearing board requires a secretary and a solicitor that must be paid for through borough funds. Both are included in this section of the budget although only a solicitor has been funded.

Building Inspection Underwriters continues to be used for building inspection and zoning matters. Their fees are generally paid through fees and fines collected so there is little cost to the borough. As manager, I have become more involved in zoning and code matters to assist the officers as has the solicitor’s office.

Acct’s. 415 Neighborhood Crime Resistance and 416 Auxiliary Police

Expenses here remain essentially the same as before with only minor changes. Council may wish to review these expenses for additional changes since funds to pay Swiftreach for crime alert services come from this budget as well. Our use of the system is increasing. We are contemplating either adding another online service for public information purposes or securing a new service other than Swiftreach.
Acct’s. 426 & 427 Recycling & Refuse Collection

This account includes dollars for the purchase of additional recycling containers. Our supply of containers is almost exhausted as is often true late in the year.

A line item added in 2014 continues: Recycling: Yard Waste to cover the cost of a container for collecting materials for this new program.

Costs shown are based on a new 5 year agreement with Waste Management for trash and recycling services (2020 represents year 4 of the agreement). The fee for trash collection is set based on the cost of the agreement as well as the cost of a senior trash fee and administrative costs (mailing, printing, paper, staff time). This cost is passed on to the rate payer in the form of an annual fee which will be approved by council as part of the borough’s comprehensive fee resolution in December. (See also account 364 in revenues).

Acct. 430 Public Works

Item 251, Vehicle Parts, etc., should be maintained at this time as we continue to purchase new vehicles but still have a number of older ones. Council included a plan for lease purchase methods in the 2015 Capital Improvements Plan to begin replacing some older vehicles and equipment on a regular basis after discussing a replacement timeline with the foreman. The timeline has been updated for 2020 and will continue.

Equipment includes the purchase of new hand tools (shovels, picks, etc.) and a new vibratory tamper plate.

Electricity – Traffic Signals is split between this budget and liquid fuels. However, liquid fuels funds are most used for salt purchases in the past few budgets and we anticipate that may continue in 2020 with salt prices continuing to rise and the number of small “nuisance” snows requiring more material. Direct Energy was removed as a supplier because their costs are higher than Duquesne Light’s and were replaced in 2015 with the City of Pittsburgh’s program as noted earlier.

Maintenance – Traffic Signals includes the cost of 3 LED light heads for the decorative lamp posts in the business district.

Two line items were combined in the 2019 budget. PW Internet (01-430-316) was deleted and merged with 01-430-215 Cable TV/Internet to account for the connection for security cameras, computers, etc. that had been provided through the former borough building service in prior years. However, the treasurer decided to use 01-420-316 for smaller fees
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and so it is continued here.

Acct. 431 Street Maintenance

Signs should be maintained at a higher cost because several of our street name signs need replaced though we are continuing the same funding request as prior years. However, often we exceed this budget number and never replace the street name signs because of other issues that develop. Certain critical traffic signs continue under this mandate and the borough must consider their replacement over the next several years. This line item should be considered for increased funding in the next year or two. Council must ensure that street signs are sized appropriately and should consider the shape, color and size of signs as we move forward. Many communities replace their street signs on a municipal wide basis and this should be under consideration for future budgets or the Capital Improvements Plan.

Line Painting may include use of tape for more permanent lane markings in select locations.

Hot Patch is now in the liquid fuels budget or the road improvement fund and is removed from this section. Cold Patch is covered in this budget rather than liquid fuels. See also comments under liquid fuels later in this document. The liquid fuels fund is no longer permitted to cover the cost of Bag Calcium Chloride.

Acct. 436 Sewer Maintenance

Since most of these funds, if not all, come from the corrective action program, most of the dollars here have been reduced. See also sewer related personnel costs as discussed in revenue under Miscellaneous Revenue.

Acct. 452 Swimming Pool (see discussion on pool earlier in this document)

The pool is considered an amenity in the borough and council recognizes that the expenditures devoted to it often exceed the revenue generated. There are several reasons for this including the policy that generally restricts the pool to use by borough residents and their guests and the need to keep admission prices as reasonable as possible. The policy restricts the borough’s ability to receive grant funds and also keeps admission prices somewhat higher than other area pools since there is a smaller population from which to draw (see statistics on pool revenues and expenditures in that section of the budget booklet and an earlier discussion of the swimming pool in this message). When reviewing costs of pool operation, the Capital Improvements Plan as well as recent bond issue spending should be reviewed to gather a complete picture.
Another concern remains having sufficient staff to safely maintain the pool throughout the season. The need includes general pool maintenance, chemical applications, and water quality monitoring, protecting patrons while in the water and other duties. Because many hires are high school and college students with other interests, a number may be unavailable at times during the season, especially in August, to provide sufficient staffing. Pool management monitors that issue each year and is able to cover shifts as required though late season hours were restricted. However, it remains a concern as some guards leave by mid-August to return to school. Critics have noted that we should only hire guards who will guarantee that they will be available throughout the entire season but our pool of applicants is limited. We follow the safety requirements of the health department and state of Pennsylvania in staffing the pool and, therefore, may reduce operation hours late in the season.

Uniform Purchases line item was added in 2011 to provide a standard uniform for staff identity and continues with this budget.

Line items including Equipment, Supplies and Miscellaneous include the following non-capital items requested for purchase:

- Counter-top Pizza Oven $ 60
- Cash registers (2 @ $80/each) $ 160
- Guard Umbrella (1) $ 80
- Ice Cream Freezer (1) $ 480
- Chest Freezer (1) $ 700
- Gasket Latches for Upright Freezer (2) $ 40
- Lifeguard Seat (1) $ 125
- Card Table for Cashier (1) $ 45
- Concession Stand Door $1,600

TOTAL $3,290
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*Acct. 454 Parks (see discussion on parks earlier in this document)*

**Supplies** Includes purchase of 3 loads of Fibar est. at $6,000 total. Also includes ball field
dirt and field dry since there is no grant to cover the purchase.

**Maintenance/Repair** includes needed electrical upgrades at Main Park and Koch. Also used
cost for parts for mowing related equipment in parks.

**Equipment** includes purchase of push mowers, weed eaters and hand blowers when needed.
We include an extra $1,000 to have funds available for repair or replacement of any
playground equipment that may become damaged.

*Acct. 455 Tree Service*

Council must seriously evaluate the tree program, especially as regards pruning and
removals. A backlog of trees in both categories is only growing and it is becoming difficult
to address all resident’s complaints. Many tree issues are handled by the manager, foreman
and code officer in conjunction with Carl’s Tree Service who has been hired as our
consultant/arborist on an as needed basis. We account for Carl’s fees under the Tree Service
Consulting line item (01-455-140, formerly Wages) at this time though staff attempts to use
them as judiciously as possible.

**Contingency/damage** covers the Borough’s share of the cost of correcting tree root damage
to sidewalks, sewers, & lawns under the 2010 revisions to the controlling resolution which
eliminated certain reimbursements and placed more responsibility on the part of the property
owner.

**Spraying** includes insect control on trees. We seldom use this but insects come without
warning and we want to be prepared when they do.

**Miscellaneous** Includes educational supplies, any professional membership required, special
planting projects, Westinghouse Lodge, and possible unplanned planting projects.

**Planting Trees** is used to replace removed trees.

**Pruning** – Note that there is an increasing work load here as work is pushed back from year
to year and the concern is a number of dead branches in borough trees as well as some that
interfere with proper growth. We recommend increasing this line item.

All **Removals** are done for reasons of safety because of dead, diseased and hazardous trees.
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We recommend increasing this line item.

Currently, Code Officer Don Branzel and Carl’s are reviewing our maintenance program and may determine alternate methods for pruning and removal. This is reported on at Planning & Zoning Committee meetings.

Storm Damage was added as a line item in 2015. Each year some storm damage occurs and funds are usually taken from removals or pruning. Projecting needed costs here may allow the borough to maintain its normal pruning and removal program which is already somewhat behind due to budget cuts over the years. We recommend increasing this line item. At the time this line item was created, we noted:

This damage has not been excessive but enough to upset our overall budget. Damage cannot be predicted but there is a good chance that it will happen. In most cases, we must call in outside contractors on an emergency basis. We felt it is desirable to have a separate line item. This is to be used only for that purpose.

Special Planting is used for Ardmore median tree replacement. However, the line item entitled Tree Maintenance: Marion & Sumner was described in past messages as follows:

_Maintenance of plantings from Marion to Sumner in Ardmore Business District. Mainly removal and replacing dying trees. Possibly replacing sidewalk trees with planters and associated preparation._

The chart on the next page illustrates the cost per capita of funding tree services based on actual spending as shown in borough audit reports.
Acct. 458 Senior Citizen Center

It was determined in 2016 to eliminate the senior center as Eastern Area Adult Services consolidated their operations and no longer provides programs here. The borough does not have the funds to maintain a separate senior center and the library in the basement moved to the new municipal building. Meanwhile council is entertaining offers for sale of the center and we have significantly reduced the expenses shown here to provide only basic maintenance at this location. However, the center does contain a number of resources that require disposal of some kind (by sale or outright disposal). These include chairs, tables, various equipment, etc.

Acct. 459 Recreational Center

Funds here cover activities related to the Forest Hills/Westinghouse Recreation Center
Lodge.

**Maintenance** includes $2,000 to hire a contractor to strip/wax/buff floors at both the Pool and Westinghouse Lodges twice a year. Funds here are also requested to be set aside in order to fix the front entry of the lodge with a new floor base and a sheet of tile (estimate $2,000). The rear entry would be scheduled for later.

*Acct. 471-475 Debt Service*

This section may change in the final budget as council is again considering refinancing of existing debt. Council refinanced the bond issue in 2012, lowering the debt service payment each year while maintaining the same expiration date (2025). Debt Service for 2019 is shown at $368,277 (including interest) for the 2012 bond issue saving $24,422 over the old debt service. This savings is shown as part of the transfer to the Capital Improvements Plan (line 01-492-018) in 2020. Future savings will also transfer to this line item each year through the life of the debt.

In 2015, council approved a $3.5 million bond issue to cover construction of a new borough building. Line items to account for this new debt service are included in the 2019 budget for the first time and show a debt service interest payment due of $113,020.

See the debt service schedule section in the budget document for the full schedule of payments. We added a line item in 2014 that continues here to account for annual fees rather than including it in the overall cost. A new line for **2015 Bond Issue Service Charges** was added in the 2017 budget.

Note that several years ago we added dollars to line items 01-472-060 **Tan Interest** despite the fact that we are borrowing from other funds rather than seek a Tax Anticipation Note. We believe it is important to still reflect the interest cost that the General Fund should repay to the fund where borrowed dollars originated.

*Acct. 480 Miscellaneous*

See earlier comments on the **Budget Reserve** and council’s policy on the topic. The total here includes $56,345 to increase the budget reserve fund as we work to rebuild from recent uses for pool and new building construction and compensate the fund for estimated costs from repairs to the Berkley landslide.

The **Donation for Edgewood Library** was increased in 2019 at the request of council
committees based on requests from the library as it moves to the new building. The amount shown reflects the approximate full dollar amount requested by the library for 2020 ($27,000). This, of course, is a council policy decision and may change in the final budget.

Budget Contingency is used for items like the annual volunteer/employee picnic in August and unexpected items. Council established Community Day Donation as a line item in 2015 to provide some funds for event organizers (we also donate postage to them for mailing information to residents). Misc. Expenditures includes funds for repair and upgrades to the hay wagons used for the annual hay ride.

Acct. 492 Reserve for Capital Funds

The Transfer to Capital 1 line item had been reduced over recent years to save money. Council may wish to revisit this if it plans on including significant capital spending for the year. With the bond refinancing in 2012 this line item includes dollars from the year to year savings realized with the reduction in interest payments from that refinancing (see debt service discussion above). The total amount budgeted for 2020 is not sufficient to cover all items requested as part of the 2020 portion of the Capital Improvements Plan.

Transfer to Road Improvement Fund may change pending decisions made by council in allocating millage to this fund. At this time, I am using a number based on the current 2019 valuation and assuming that there will be some loss in income due to appeals and delinquent taxpayers. I assume that a full 1 mill will continue to be dedicated to road improvements in 2020. We anticipate little if any carryover in this account from 2019.

As noted in previous messages, Capital Reserve is a new line item designed to begin saving money for capital purchases shown in future years in the Capital Improvements Plan (previously shown under Account 480 and similar to a budget reserve account for the Capital Improvements Plan).

Note that line item 01-492-022 Transfer to Pension Reserve is used for bookkeeping purposes to recognize the transfer of these funds as required. It is not a typical budget item so no dollars are allocated here.

Council will note that there are two audit adjustment line items shown in this section (and elsewhere in the budget) to account for year-end adjustments required to convert our accounts from a cash basis to a modified accrual basis of accounting and to correct changes to “due to” and “due from” accounts. These are rarely used but kept here since the auditor determines if we will need to include them.
Costs Per Capita

As started in 2014, an illustration of the per capita costs of major expenditure categories is shown on the next page. It is calculated by comparing the actual cost (from the borough audit for a year except as noted) for the function shown with the borough’s population numbers. Census figures used to determine population come from the US Census Bureau from the 2010 census. Financial data comes from borough audit reports except in the case of recreation figures and 2019 data. Source of the latter two items is the borough’s annual budget.

The chart illustrates the cost per resident of major functions of Forest Hills’ government from 2010 through 2019. Census figures showed the borough’s population at 6,831 as calculated by the 2000 census, adjusted to 6,518 with the 2010 census.

The statistics section of the 2020 budget booklet shows a separate chart for several of the categories for further comparison.
The pie charts on the following pages illustrate the percentages devoted to general fund budget categories for revenues and expenditures.
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2020

CAPITAL BUDGETS
LIQUID FUELS BUDGET
FIRE PROTECTION SERVICES FEE BUDGET
ROAD IMPROVEMENT BUDGET
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2020 CAPITAL BUDGETS/LIQUID FUELS/FIRE PROTECTION SERVICES FEE FUND

Capital Improvements Plan & Road Improvement Program

Capital Improvements Plan

The Capital Improvements Plan (sometimes called Capital 1) preparation began in May 2019 and will be shown separately. As before, it includes projects at several different levels:

- Those that are funded by grants in full or part (existing grant dollars have expired but note included here for any new grant received)
- Those that were not completed in the current year and are carried over to the next year
- Those that are existing projects shown in the 2019 plan that have been resubmitted by staff or officials
- Those that are new

All department heads as well as council members were asked to review items in the current plan and resubmit and update any that they wanted to continue as well as include new items. If an item is not resubmitted it will be removed from the plan.

Each capital project sheet is provided to the appropriate committee for review prior to including it in the final capital improvements plan. Projects will subsequently be submitted to the finance committee for review and approval then submitted to the full council for approval with the final budget.

Other items submitted for the Capital Improvements Plan could be funded by limited remaining bond issue dollars if that is council’s preference. When council refinanced the 2007 bond issue in 2012 (noted above) it did not include additional funds for projects. Some dollars remain from an old bond issue that was to be used for improvements at the borough garage (upgrade to restrooms/shower room and storage) but they were transferred to the new building fund last year.

Council is again considering refinancing of debt but at this time is not including any additional debt for capital purchases. That may be something to consider.

The Capital Improvements Plan may have carryover dollars from projects that were funded but not started. Carryover dollars may include those from grants or specific donations which will restrict their use to the items covered. Full dollar amounts in these cases will be determined as we get closer to year end. Any carryover shown, however, will be an estimate until all bills are paid at the
end of this year.

Because there are always significantly more projects submitted for a given year than dollars available, it is recommended that council approve the Capital Improvements Plan as is, following Finance Committee review, and require that any spending in 2020 first be reviewed and approved by council in committee. Unlike the General Fund, this plan and budget does not require approval by Dec. 31 of each year so council has flexibility to some extent in setting a spending plan.

*Capital Improvements Plan Illustration*

A graphical representation of capital funds allocated by department in the 2020 Capital Improvements Plan over the 5 year period is shown below (infrastructure does NOT include road improvement program; that is discussed separately in this document):
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Road Improvement Program

The Road Improvement Program fund will be maintained as part of the final plan but shown separately and accounted for separately. The total 2020 budget amounts to $358,500 or $48,400 more than 2019. The increase is due to a better estimate of the total that 1 mill will raise in 2020.

Caution is advised as always as funds for this program are dependent on tax receipts that are earned throughout the year and may not be readily available due to reassessment issues as well as collection issues. The budget may not be fully funded until late summer or early fall.

I used the current 2019 county assessed value to determine the revenue that might be raised by 1 mill of taxes. As was true in the general fund the amount shown assumes a 2% delinquency rate and an appeal rate. The general fund number shown (see above discussion) is conservative and may actually be higher. Regardless of the number shown in both this budget and the general fund budget, a full one mill (less delinquency and appeal) is provided to this budget.

Expenditures in the fund include those categories specified by council. As before a separate line item for crack sealing is included since council has approved that as a valid use of paving fund dollars and costs for hot patch will come from this or the contractor line item as well.

There is also uncertainty as to how work on curb repairs will be allocated between the contractor and the borough crew. The crew may accomplish the work for less money as their salaries and benefits are considered a fixed cost to the borough. However, using the crew to do the work does have a cost – other work that might be accomplished but that is neglected because of time spent on curb repairs. A line item for curb work is included nevertheless. Council has also determined that most, if not all, curbs should be replaced with asphalt rather than concrete. This will also result in savings if followed. In addition, council began a practice in 2013 that allowed the crew to handle some curb work on overtime with dollars from this fund used to reimburse general fund salary costs. Council believes that accomplishing this work in house is cheaper than bidding the work separately or including it in an overall pavement bid. That belief is subject to change.

CAPITAL TWO – CORRECTIVE ACTION

Corrective Action Budget

The Corrective Action/Capital 2 Budget for 2020 is unavailable at this time pending review by the engineer. Further information will be provided in future memos as the draft is prepared (see Year End Information & Updates following this discussion and separate section for Corrective Action).
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We do not anticipate any problems with the budget nor do we anticipate any need for a fee increase. A portion of the reserve fund for corrective action purchased a new camera truck and camera equipment in 2019.

Caution should be exercised here once this budget if complete. There are several reasons/questions:

- MS4 (Stormwater) requirements may be greater in 2020 though some may be covered by grant funds
- The reserve fund has been reduced by the purchase of the camera truck and equipment
- ALCOSAN has approved a new, revised consent decree with EPA and it is uncertain what the impact will be on municipal sanitary sewers. Impact may not be felt for 2 or 3 years but there will be changes. In addition, a main trunk line is scheduled to be turned over to ALCOSAN as part of a regionalization plan. Will that continue under the new decree (it should)? Will it bring additional costs to the borough? Will other sanitary lines move to ALCOSAN as well?
- Several years from now the borough will be asked to provide a plan for source reduction in the borough itself rather than sending material to the ALCOSAN plant. What will be the cost impact if we agree to that plan?
- Assistance may be available from ALCOSAN under its grant programs. This must be coordinated with the engineer who should take the lead in recommending actions to take to secure the most funding.
- Are we up to date on requirements for televising and repair?

Regardless, coordination between the borough and various engineers from Glenn who handle these projects is essential.

OTHER FUNDS

Liquid Fuels

Salt costs from the past winter amounted to $118,988 to date. Carryover is anticipated for 2020 revenues and shown here.

The state aid projection for 2020 from PennDOT shows a decrease of about $10,000 over 2019 but it remains just an estimate. For example, the amount actually received this year was $6,000 more than we budgeted.

We added two line items to the 2019 budget that remain here:
35-430-213 **Equipment** – permits purchase of certain equipment authorized by Liquid Fuels auditors.

35-430-301 **Vehicles** – permits a 5 year lease purchase of a new truck to relieve pressure on the Capital Improvements Plan. The second year of the lease is shown as well as an estimate for potentially adding a second truck.

The largest expenditure is shown under **Salt Purchases**. The borough has a supply of salt on hand as we enter the winter months of 2019 due to previous purchases.

Salt bids are greater for the 2019-20 winter season and several weather predictions for winter are for above average snowfall and lower temperatures. As usual, the borough secured two salt suppliers by participating in the SHACOG bid (which covers the bulk of salt purchases) and the CO-STARS bid which piggybacks on the PennDOT bid.

The bid via SHACOG amounts to $82.24/ton in 2020 a significant increase over the 2019 cost of $70.01/ton. The CO-STARS price for this winter is $68.19 per ton an increase from 2019’s $65.63 per ton.

We are required to use both sources for salt because we had to commit in advance for an estimated amount prior to each entity soliciting bids.

Because salt purchases are uncertain at this time and dollars are limited in use, it is possible that funds budgeted in 2020 will not be used for the items specified. Total first draft budget for liquid fuels amounts to $451,807, an increase of $158,934 over 2019 due to anticipated carry over of funds.

As is always true with the fund, purchases are limited to products and services approved by the state and the fund is audited by the state each year.

**Fire Protection Services Fee Fund**

At minimum it should be noted that this fund is strictly limited to funding remaining payments for the large ladder truck owned by the borough, funding for the fire department and paying for any administrative, mailing and similar costs directly related to billing for this fee. It is not used for any other purpose and funds unspent in one year, if any, remain in the fund for future needs.

Previous budgets removed all fire related expenditures from the general fund budget and placed them in this budget (however, see note earlier under expenditures where some funds have been
allocated again under General Fund). Consequently, it is important that council takes care in adjusting the fire fee if it so chooses as the budget is extremely tight.

The first draft budget of $231,050 includes an estimated carryover of $1,500 from 2019 into 2020. This draft is approximately $2,800 greater than the 2019 budget.

Foreign Fire Insurance is shown as both a revenue and expenditure as this is a pass through item with funds coming from the state insurance fund to the borough which must then pass on the full amount received to the Forest Hills Volunteer Fire Department. Revenues estimated for collection include a separate line item for Delinquent Fire Services Fee. The estimate of $176,236 for Muni. Services Fee is based on the amount billed each year to all property owners and does not take into account delinquencies. This reflects the new fee that was increased in the 2019 fee resolution before year end.

Dollars for Repairs/Maintenance (20-411-374) and Fire Truck Lease Escrow (20-411-367) are slightly higher than the 2019 budget. Expense Escrow (20-411-530) is lower than the amount budgeted in 2019

See also note under General Fund Account 411 earlier in this document.
YEAR END INFORMATION & UPDATES

The following sections represent updates to the first draft of the budget as discussed in one or more committees. Committees and dates identify each update below. Where possible, updates were also added to the budget message in above sections when those were known before printing the budget booklet and if time permits.
2020 BUDGET MESSAGE
2020 Budget
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YEAR END INFORMATION & UPDATES
Finance Committee November 12, 2019

2020 Budget Second Draft (General Fund: see items moved in yellow and explain for printing in addendum to message; also reprint budget with up to date 2019 YTD numbers). These notes will become part of my final, printed budget message.

► The other fund budgets not printed tonight remain unchanged from the first draft already provided to you. I will give you a final copy of those at the December committee meeting.

► Council should be prepared to approve a preliminary budget for advertising at its November 20 business meeting.

• This preliminary budget is NOT final and can be fully adjusted before approval of a final budget at the December business meeting.
• “Fully adjusted” means that all aspects of that budget may be changed including taxes and fees before approval of a final budget (and I so note that on the meeting agenda for all to see)
• Note that while council has numerous funds, the only budget that MUST be approved for advertising and then as a final budget is the general fund. However, we usually show all funds as part of our advertisement and part of any motions made. This does allow some flexibility in other budgets.

Changes: General Fund from Draft 1, as discussed at the October committee meeting:

Members discussed several methods for allocating additional funds to the tree program and additional funds for maintenance at recreation facilities, especially the Forest Hills/Westinghouse Recreation Lodge building on Barclay. Opinions included (suggested action taken is followed by issues raised in taking that action):

• Adding an additional tenth to a quarter mill to the tax rate and/or increase the tax rate with a dedicated amount for trees (0.1 mill is permitted under the borough code) – issue: reluctance to increase property taxes

• Rather than increase the rate, simply dedicate the above amount to needed items in the new budget – issue: would require cuts in other services and/or a review of projected revenues for 2020 which may be estimated too conservatively.
2020 BUDGET MESSAGE
2020 Budget

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• Reduce dollars shown in draft 1 dedicated to the budget reserve account, the capital reserve account and the library – issue: budget reserve currently is below the 7% goal established by council (see policy) and capital reserve is nowhere near the goal of $250,000.

• Decision made to follow the last bullet item noted and place these funds temporarily in the tree contingency line item for 2020 until a decision is made on how to actually distribute these savings between trees and building maintenance.

Note: council received a new copy of the nonunion salary projection in the draft 1 budget message as we inadvertently included an old version in the packet received in October.

Based on updates received and the above discussion from the October committee meeting, the following changes were made to this draft of the budget which is recommended for council approval at the Nov. 20 meeting as a preliminary budget for advertising:

Revenue adjustments – Draft 2

01-301-110 Real Estate Current Year $2,912,587
• Reason – County shows our taxable assessed value now at $378,762,903 (first draft number was $378,729,703)
• Additional funds of $255 added to 01-455-375 as discussed below

Expenditure adjustments – Draft 2

01-455-375 – Contingency/Damage (trees) $48,500
• Reason – based on discussion at the October meeting, funds were removed from the line items shown below and temporarily placed here pending future council decision on additional dollars to fund tree expenditures (see also above discussion under Changes: General Fund from Draft 1, presented at the October committee meeting)

01-480-003 – Donation – Edgewood Library $25,476
• Reason – reduced to meet the minimum requested by the library – balance to 01-455-375

01-480-005 – Budget Reserve $40,000
• Reason – reduced by half – balance to 01-455-375

01-492-022 – Capital Reserve $0
• Reason – reduced to zero from $5,000 – balance to 01-455-375
Reminder from previous budget messages and notes:

- Budgeting is not a science since it involves a lot of planning by speculation and supposition based on facts from recent years and experience. But things that may have occurred with recent budgets won’t necessarily occur again.
- The budget is a plan and not a guarantee of funding since spending depends on how successful we are in predicting expected revenues. Therefore, funds in any one line item in any budget (general fund, fire, etc.) are dependent on whether other line items meet expectations.
- Once the general fund budget is approved, the overall total cannot be changed but items within the budget can be adjusted or moved.

**Other Budgets – November meetings:**

Corrective Action Budget – reviewed by Bob Zischkau, Wendy Archer and myself and presented tonight. This budget is balanced and includes the Watt Lane project and the ALCOSAN regionalization project. Things to note:

- Budget estimate for 2020: $2,192,016 which is less than the 2019 budget of $2,259,514
- ALCOSAN’s annual rate letter with their estimate of the municipal obligation to pay sewage costs for 2020 is attached to this agenda at the end.
- This budget has very little, if any, cushion to handle emergencies, additions or overruns. Therefore, spending here must be carefully monitored by council throughout 2020.
- Highlighted items show changes that require attention on my part
- Revenue estimates are conservative but are also showing limits. Look at the 2 charts on the monitors to show revenue history from the surcharge and water usage history (declining in both cases)
- Recommend that council schedule a meeting early in 2020 with all members of the engineering team involved in bidding, storm water (MS4) requirements, and sanitary sewage to go over a plan for 2021 and beyond to establish whether the current sewer fee is sufficient to meet those needs. March or April
- NO RATE INCREASE is recommended with the 2020 budget.

*From Public Works Committee Meeting, November 7, 2019:*

Corrective Action Budget – Reminder that we will have a draft of this budget at the Finance Committee meeting next Tuesday. Reminder from my Budget Memo/Message provided to Finance Committee in October re: this budget:

Caution should be exercised here once this budget if complete. There are several reasons/questions:
• MS4 (Stormwater) requirements may be greater in 2020 though some may be covered by grant funds
• The reserve fund has been reduced by the purchase of the camera truck and equipment
• ALCOSAN has approved a new, revised consent decree with EPA and it is uncertain what the impact will be on municipal sanitary sewers. Impact may not be felt for 2 or 3 years but there will be changes. In addition, a main trunk line is scheduled to be turned over to ALCOSAN as part of a regionalization plan. Will that continue under the new decree (it should)? Will it bring additional costs to the borough? Will other sanitary lines move to ALCOSAN as well?
• Several years from now the borough will be asked to provide a plan for source reduction in the borough itself rather than sending material to the ALCOSAN plant. What will be the cost impact?
• Assistance may be available from ALCOSAN under its grant programs. This must be coordinated with the engineer who should take the lead in recommending actions to take to secure the most funding.
• Are we up to date on requirements for televising and repair?

2020 Capital Improvements Plan – The draft attached here is the same as provided to you last time and shows amounts recommended in committee. Changes recommended in certain line items are shown in pink (mostly those that moved items from 2020 to a future year or items where the funding estimate changed). My recommendation is to approve this budget as is. Considering that council will add additional funds from the bond refinancing all items here could change during 2020 or end up having funding and council will need to review and approve one by one as the year progresses. Again, the only budget that requires approval each year is general fund.
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YEAR END INFORMATION & UPDATES – BOND ISSUE REFINANCING

From November 2019 Finance Committee Meeting

**Bond Issue Refinancing (pending as of the publication of this budget booklet)**

Use of DAC to cover filing requirements – The SEC has a system called EMMA that is used to post data to the internet for potential bond holders to review (current holders and those who may buy in the secondary market). I used to file the audit report and other information myself. However, it is now much more complicated and timing requirements are strict. DAC protects us long term to make sure filings are correct each year and provides insurance so that they assume liability if not done timely. SEC now requires additional reporting. DAC costs about $1000 / year to use and we can cancel in the future at any time.

Rating – S & P has determined that our AA rating should remain. However, because they only looked at the information through the 2018 audit which still showed money owed from the bond issue to the general fund they added a negative statement to the rating because they claim there is a 1/3rd chance that this would impact our fund balance should we renego on what is owed to general fund. Most of the items they refer are bookkeeping issues where it shows “due tos” and “due froms” rather than reimbursements so that they think our fund balance could be negatively affected. Wendy, our auditor and I tried to explain the process we used and that we are not in any way short but they felt this was the cautious thing to do until they see our 2019 audit to show there is no impact. For example, they felt that money owed to the general fund would require another borrowing or bond issue even though I explained to them the list I had in the last budget book that showed the full source of funds for the new building.

Key parts of S&P AA rating:

The rating reflects our opinion of the following factors for the borough, including its:

- Adequate economy, with access to a broad and diverse metropolitan statistical area (MSA);

- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;

- Strong budgetary performance, with an operating surplus in the general fund and break-even operating results at the total governmental fund level in fiscal 2018;
2020 BUDGET MESSAGE
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• Very strong budgetary flexibility, with an available fund balance in fiscal 2018 of 22% of operating expenditures;

• Very strong liquidity, with total government available cash at 37.0% of total governmental fund expenditures and 4.9x governmental debt service, and access to external liquidity we consider strong;

• Adequate debt and contingent liability profile, with debt service carrying charges at 7.6% of expenditures and net direct debt that is 76.6% of total governmental fund revenue; and

• Strong institutional framework score.

Other highlights of their rating:

Strong management

We view the borough's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

The borough uses ten years of historical data when developing the budget and the board receives monthly update statements with budget-to-actuals which includes investment holdings. It also has a five-year capital improvement plan that is updated annually and identifies costs of all projects but not necessarily the funding sources. The borough has a policy to maintain a minimum budget reserve of 5% of budget and maximum of 10%, with an average of 7%, which it is currently meeting. If it were to draw on its budget reserve, the policy instructs that it should be replenished within two years. Forest Hills does not have formalized debt management nor does it conduct long term financial planning.

Additionally, the borough has plans and processes in place to prevent and mitigate cyber-attacks.

Strong budgetary performance

Forest Hills' budgetary performance is strong, in our opinion. The borough had surplus operating results in the general fund of 2.9% of expenditures, and balanced results across all governmental funds of negative 0.1% in fiscal 2018.
We adjusted general fund expenditures to account for recurring transfers out. We also adjusted total governmental fund expenditures for one-time spending of bond proceeds for the borough's new administration building. After adjustments, the borough has closed the last three audited fiscal years with general fund surpluses, which management attributes to conservative budgeting and strong revenue growth.

The fiscal 2019 budget is break-even. Year-to-date, management expects to outperform budget and close the year with a slight surplus. Across total governmental funds, officials believe it's likely to also end in a surplus as some budgeted capital projects frequently get pushed into the next fiscal year. The fiscal 2020 budget is expected to be break-even in the general fund, with only a slight increase over 2019 in revenue and expenditures.

Local taxes, which are mostly property taxes, made up 72% of general fund revenue in fiscal 2018, followed by charges for services (19%), licenses and permits (3%), and intergovernmental (3%). The borough has kept its property tax rate the same at 8 mills since 2013 and does not have any plans to increase its millage at this time. Given the stability of these revenue streams and the borough's history of ending the year slightly better than budget, we expect financial performance will remain strong.
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YEAR END INFORMATION & UPDATES
Finance Committee December 10, 2019

2020 Budget and Capital Improvements Plan – Highlights for a Third and Final Draft (recommend approval):

- I do not see a need to change or update any of the non-general fund budgets or the Capital Improvements plan at this time.
- There is a slight uptick in the county’s estimate of our taxable assessed value to $379,075,203 which would bring in about $2,400 additional dollars if correct. My recommendation, however, is to keep the general fund budget the same as the preliminary budget (shown below) rather than make an adjustment to our estimate of taxes collected since it is not a significant amount of money. I will reflect the change in the budget message addendum that I publish with the final budget book but would keep the same total as the preliminary as shown in the next bullet point.
- The numbers for the final budget for each fund would look like this:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$6,261,923</td>
</tr>
<tr>
<td>Liquid Fuels</td>
<td>$ 451,807</td>
</tr>
<tr>
<td>Corrective Action (Cap 2)</td>
<td>$2,192,016</td>
</tr>
<tr>
<td>Road Improvement</td>
<td>$ 358,500</td>
</tr>
<tr>
<td>Fire Protection Services</td>
<td>$ 231,050</td>
</tr>
<tr>
<td>Capital Improvements (Cap 1)</td>
<td>$ 337,562 (2020 only)</td>
</tr>
</tbody>
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- Reminder that the Capital Improvements Plan budget includes projects that may be reconsidered in 2020 to fit the funds available and, therefore, all items other than those that are annual payments for a lease/purchase must be brought to council committee for consideration and approval before money is spent (pending bond issue refinancing)

- Trash fee would increase to $210 (with a $50 discount for qualified seniors); Fire fee & Sewer Fee remain the same.

- Millage remains at 8.00 mills

► All of the above would be included on the Dec. 18 agenda for consideration and approval as a final budget with taxes set (by resolution since there is no change) and new fees set (by resolution) if the committee approves.
CONCLUSION
BUDGET ADJUSTMENTS/ALTERNATIVES

Note: In preparing past budgets, this section was presented to assist council in considering its choices in preparing a final budget. It is repeated and updated here to offer similar assistance.

This section summarizes or expands on ideas presented earlier in this document. Council may wish to consider the following adjustments in preparing a preliminary and final budget document:

- Realize that the budget is a plan for spending anticipated revenues in a given period and not a guarantee of funding or funds available.
- In looking at revenue estimates in the budget, find line items where an estimate was created that is more conservative than necessary. Estimating additional revenues in certain line items, done responsibly and with some basis in fact, would allow for additional appropriated dollars in the general fund, the budget reserve or in transferring to another fund’s budget.
- Rather than allocating a full mill of taxes to paving in 2020, allow any carryover from 2019 budget savings to fund a program that paves the same number of roads and reduce the millage allocation appropriately with the extra funds used as part of the general fund or in transferring to another fund’s budget.
- Use some liquid fuels money for the paving program and reduce the 1 mill allocation to compensate, allowing the extra funds to be used in the general fund or another fund (this may be difficult due to limited liquid fuels funds – see discussion above).
- Return dollars to the line item in the corrective action budget to account for administrative personnel costs and transfer those funds to the general fund budget.
- If extra dollars are found, either in this budget or at year end in the 2019 accounts, move them to the budget reserve to replenish that fund, provide protection against emergencies and protect against a serious increase in borough pension obligations in 2020 and later.
- If council feels that taxes must increase, consider an increase that is only a portion of a mill rather than a full mill. An incremental chart showing dollars collected at various millage rates can be provided to council separately if it wishes to consider this alternative.
- Consider a new bond issue for capital projects or some other type of borrowing.
- Use additional funds that may be found in the budget contingency line item to allow for emergencies and the minor, unexpected spending issues that always come up during the year.
- In early 2020, begin a review of the sewer fee with the engineer to determine if additional funds may be necessary in 2021 or 2022. Advance planning could allow for incremental increases rather than large, abrupt increases.
- In early 2020 and throughout the year, take a serious look at funding for various entities
including the library, senior center, recreation programs, pool, etc. Review borough real estate holdings to determine if something better could be done with the land. Take a long term financial approach whose focus is not just on 2020 or 2021 but which focuses over the next five to ten years to determine what the borough can reasonably sustain without increasing taxes.
SUMMARY

The budget message always provides plenty of detail in an effort to anticipate questions from council, Mayor, staff and taxpayers. The detail is based on items that I consider to be important and on items where I believe there may be confusion. This may not meet the needs of the reader and so the reader is encouraged to meet with the manager to clear up items that may not be included here. The intent also is to illustrate the budget process and explain how certain figures are determined. In the end, the budget is developed by myself and staff but is truly a policy decision by borough council that shows the direction they feel the borough should follow.

I also attempt to include information that will reduce the uncertainties and rumors about the actual state of the borough’s finances. Anyone that doubts that the borough currently has a strong financial position should read the earlier summary from the November 2019 Finance Committee on the bond issue rating established by S & P as part of potential bond issue refinancing. It is strong. Will the borough’s strong financial position remain that way in the coming years? That depends on the decisions of elected officials and taxpayers in meeting the perceived needs of residents. All services and amenities will increase in cost over time and hard decisions may be required depending on the state of the economy and the borough’s leadership.

All staff play a part in the initial design of the budget, particularly the finance staff (Wendy Archer, Treasurer and Allison Serakowski, Finance Assistant), Chief Charles Williams, Public Works Foreman Jim Theilacker, Recreation Director Cindy Simm, my Administrative Assistant, Annie Vamos and Don Branzel, Code Enforcement Officer. Our engineer provides financial updates in constructing a Corrective Action Budget from both a revenue and expenditure perspective. I thank them for their assistance.

As noted in previous budgets, while the borough is much smaller than some municipalities with large staffs, we try to construct a budget as a larger entity would through an established and professional process that takes into account all aspects of borough operations. It is a serious, thoughtful approach, aided by council and the mayor, who realize that they have competent and trained staff that they trust to accomplish these tasks.

And as noted above and worth reiterating, the borough’s financial picture is sound and it is this process that contributes to that along with regular, monthly financial statements, an independent audit, and board oversight. We take care to follow proper procedure in receiving and spending money and follow council policy in that regard as well. It is a credit to officials and staff that a town our size is able to provide a considerable number of services and amenities while being fiscally responsible.

Steven J. Morus, Manager