



# **2021 Final Budget**

***December 9, 2020***



# 2021 Budget - Process

- All Meetings Advertised & Open to Public
- Fall 2020: Budget workshops with staff - 10/20 & 10/27
- November 11: Consider preliminary budget &, advertise
- December 9: Consider & approve final budget
- Condensed Review; Revisit Budget 2Q2021

## 2021 Final Budget General Fund – Revenues

Department	Revenues 2020	Revenues 2021	Change %
Earned Income Taxes	\$8,370,000	\$7,470,000	-10.7
Local Services Taxes	1,350,000	1,215,000	-10.0
RE Transfer Taxes	1,000,000	500,000	-50.0
Building Permits	1,000,000	500,000	-50.0
RE Property Taxes	734,600	734,600	0.0
Other	2,345,462	2,318,462	-1.1
<b>Total Revenues</b>	<b>\$14,800,062</b>	<b>\$12,738,062</b>	<b>-13.9%</b>



## 2021 Final Budget General Fund – Expenditures

Department	Department 2020	Expenditures 2021	Change %
Administration	\$1,883,477	\$1,810,117	-3.9
Codes & Life Safety	3,390,505	3,011,337	-11.2
Planning & Zoning	439,116	460,317	-4.8
Police	6,066,342	5,977,820	-1.5
Public Works	1,894,051	1,874,035	-1.1
Debt Service	511,130	511,130	0
Recreation	139,200	104,000	-25.3
<b>Total Expenditures</b>	<b>\$14,323,821</b>	<b>\$13,748,756</b>	<b>-4.1%</b>





# 2021 Final Budget Revenues

- ▶ Earned Income Taxes
  - ▶ Earlier this year, our Board asked staff to project potential lost EIT revenue as a result of the pandemic. So far, that situation has not occurred.
  - ▶ We budgeted \$9 million for EIT in 2020 and will likely surpass that. However, with a possible surge this Fall or Winter, we may experience a significant loss in revenue for 2021. Staff had projected possible losses, of 10% and 20%. We included a 10% reduction in 2021 collections.
- ▶ Real Estate Transfer Taxes
  - ▶ Normally robust volume and level of property transfers, averaging over \$1 million annually.
  - ▶ Limited mount of significant “shovel ready” projects expected in 2021, recommending a \$500,000 reduction budget, to \$500,000.
  - ▶ Core amount of transfer activity as well as one or two significant “speculative” transfers that occur in a municipality that has potential for development or redevelopment.
- ▶ Building Permits
  - ▶ Similar to Real Estate Transfer Taxes, we anticipate a significant reduction in permit revenue for 2021. Staff projects a loss of \$500,000 in permit revenue in 2021.

# 2021 Final Budget Expenditures

- ▶ Compensation - Our organization costs are mostly driven by labor contracts. In 2021, all three contracts are settled (Police - 3.6%; Fire - 3.5%; and AFSCME - 3.75%). Non union budgeted raises at 3.5%.
- ▶ Medical Insurance - DVHT We continue to benefit from arbitration awards and negotiated settlements of labor contracts that resulted in significant, sustainable healthcare concessions. Our current estimate for medical insurance for 2021 is \$1,381,836, compared with \$1,768,200 for 2020, or an annual savings of \$386,364. In addition, we terminated our self insured plan in February 2020. We continue to pay a modest amount of "run out" or timing of claims through December 2020. In 2021 and years after, we will recognize an additional annual savings of \$120,000.
- ▶ Pension - In September, our Board approved Minimum Municipal Obligation budgets for 2021, resulting in a \$217,676 increase due to life expectancies and poor investment performance.
- ▶ OPEB - Our OPEB costs are a combination of full group plan coverage for retirees only, through DVHT, and Medicare reimbursement for retirees only. Our current estimate for OPEB for 2021 is \$429,900, compared with \$503,300 for 2020, or an annual savings of \$73,400. We are recognizing similar savings through our arbitration awards and negotiated settlements of labor contracts.



# 2021 Final Budget Expenditures (Continued)

- ▶ Overtime - Due to the pandemic, overtime this year continues to be moderate. Staff recommends the same overtime budgets for 2021.
- ▶ Information Technology - We have service contracts (IT) for police and civilian departments with All Covered. Our contract rates will not increase in 2021. We maintain software applications for each department and are looking to streamline applications next year.
- ▶ Vehicle & Equipment Replacement Plans - Since 2015, the Township has invested in the future replacement of our fleet and essential equipment. Each item is annually evaluated for useful life and replacement cost. Staff recommends that we continue funding (\$305,063) these plans in 2021.
- ▶ Debt Service - Our only non Sewer debt is for the Public Works facility. The debt service for 2021 is \$508,930. Our outstanding non Sewer debt is \$7,395,000 as of December 2020.



# 2021 Final Budget Net Deficit

- ▶ As of September 2020, we projected \$12.7 million in revenues and \$14.7 million in expenses, for a net deficit of \$2 million.
- ▶ As of November 2020, we identified additional cost savings that reduced our net deficit to about \$1 million.
- ▶ Through December 2020 and throughout 2021, staff will be identifying further cost reductions to help reduce our net deficit even further.





# Fund Balance (Designated Reserves) - 12/31/2019

- ▶ Tax Rate Stabilization - \$4,050,000
- ▶ Budgetary Reserve - \$2,093,868
- ▶ Renovate Municipal Infrastructure - \$3,250,000
- ▶ Volunteer Committee Resources - \$2,650,000
- ▶ Highway & Street Projects - \$1,000,000
- ▶ Capital Improvement - \$726,023
- ▶ Stormwater Management - \$650,000
- ▶ Equipment - \$500,000
- ▶ Pension - \$500,000
- ▶ OPEB - \$350,000
- ▶ Total - \$15,769,891





# Comments and Questions

East Whiteland  
Township