

Budget Highlights

Organizational Highlights

MAJOR ISSUES AND CONCERNS

- Given the prediction that the State's constitutional budget reserve could be depleted in the next couple of years, and given that a State fiscal plan is not yet in sight, the Borough could be faced with some drastic State fiscal funding shortfalls in the near future. The consequence of this would likely be a decrease in the Borough's ability to deliver its programs and services at current levels. Current concerns about the State's proposed budget are: school debt reimbursements, student transportation funding, and per student funding level adequacy.
- The overall economic conditions that have driven fixed income investments returns to a 40-year low have continued for a length of time that has been unexpected. This year's budget is again being negatively impacted by a large reduction in interest income revenues. The FY 2004 general fund interest income projection is below \$1 million, a figure that is typically several times this amount.
- Future PERS and TERS rates are expected to be negatively impacted as a result of lower investment returns due to the current economic climate. Rates are projected to go up significantly in FY 2005.
- Continued reductions in school enrollments will likely reduce future State education funding and cause funding pressures on other Borough services and programs.
- Impacts of the Borough's aging workforce are two-fold: 1) health care cost containment becomes more challenging, and 2) as individuals in key management positions approach retirement eligibility there is concern over a loss of institutional knowledge and a void could be created in upper-level management capacities.
- Identification of local revenue alternatives to replace continued loss of State-shared revenues, State safe communities program, decline in pipeline valuations, and increases in senior citizen and disabled veterans property tax exemptions, is needed, along with looking at the feasibility of adjusting revenue sources toward alternative revenues and away from as much reliance on property tax revenue.
- There is a need to put into place or find an adequate annual funding source for the facilities maintenance reserve fund.

NEW/CHANGED FUNDS/DEPARTMENTS

- The division of Facilities Maintenance, under the Department of Public Works, is being elevated to a department level in the Approved Budget. Accordingly, there is a new Facilities Maintenance section in the budget under its own tab.

Expenditure Highlights

LOCAL EFFORT TOWARD EDUCATION

- Education continues to be the number one priority in the Borough, representing 42.3% of the general fund budget; combined with school debt servicing of \$14,648,130, 60.2% of general fund revenues are dedicated to education.
- Local funding for education is set at \$34,545,700, up from FY 2003's \$33,545,700.

LOCAL EFFORT TOWARD MULTI-YEAR PROJECTS

- Capital Matching Grant Program projects decreased by \$123,000 to \$1,177,000 for FY 2004 (this amount includes State funding).
- Facilities Maintenance Reserve Fund appropriation is \$200,000.

LOCAL EFFORT TOWARD DEBT SERVICING

- Total debt servicing is increased \$1,774,870 from FY 2003's \$13,131,490 to FY 2004's \$14,906,360. The remainder of the October 2002 approved school projects is anticipated to be funded with bond sales in calendar years 2004 and 2005.
- Total existing areawide debt will be \$130,340,000 at June 30, 2003 and \$122,050,000 at June 30, 2004.
- Total existing non-areawide debt will be \$245,000 at June 30, 2003, and \$0 at June 30, 2004.