City of DuBois & Sandy Township – Financial Condition Assessment and Fiscal Trend Analysis

June 8, 2022

FCKHRTSEAMANS



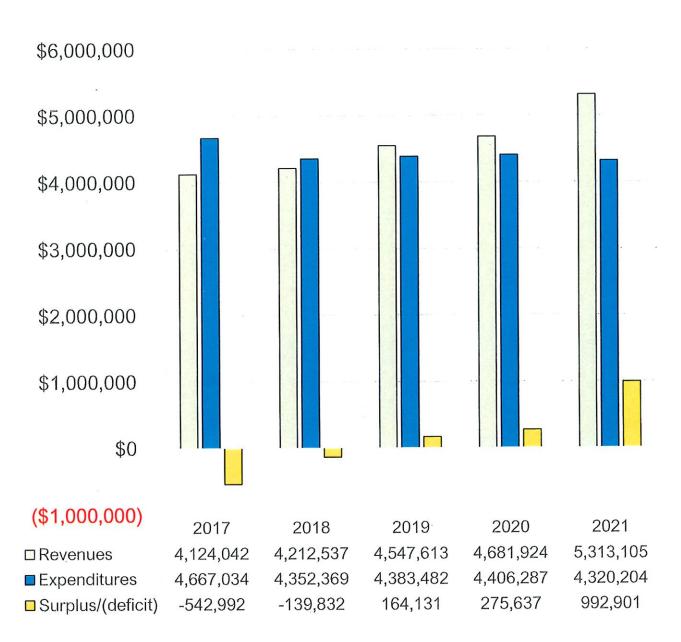


Paid for in part by funds from DCED's Governor's Center for Local Government Services.

Financial Condition Assessment and Fiscal Trend Analysis

- Historical Financial Review of Sandy Township and DuBois
- Five-year projections for Sandy Township and DuBois
- Baseline Combined Budget

Sandy Township General Fund



	2017	2018	2019	2020	2021	Change 2017-20	
	Actual	Actual	Actual	Actual	Unaudited	\$	%
Real Estate Taxes	1,687,577	1,723,254	1,703,301	1,796,048	1,835,532	147,955	8.8
Earned Income Tax	1,328,009	1,358,850	1,448,607	1,406,086	1,448,011	120,002	9.0
Local Services Tax	242,242	238,455	231,072	239,761	232,990	-9,252	-3.8
Real Estate Transfer Tax	190,021	171,701	262,233	248,752	425,973	235,951	124.2
Other Taxes	0	0	0	2,175	675	675	100.0
Non-Tax Revenues	676,192	720,277	902,399	989,102	1,369,925	693,732	102.6
Total Revenue	4,124,042	4,212,537	4,547,613	4,681,924	5,313,105	1,189,063	28.8

Revenue History Sandy Township General Fund

Real Estate Millage:

	2017	2018	2019	2020	2021
General Purpose	12.00	12.00	12.00	13.00	13.00
Fire	2.50	2.50	2.50	2.50	3.00
Library	0.50	0.50	0.50	0.50	0.50
General Fund Millage	15.00	15.00	15.00	16.00	16.50

- Note: Additional Special Road millage and municipal buildings millage in separate funds.
- Earned Income Tax: Small impact from COVID-19 (~ 3% decrease) in 2020, rebounded in 2021
- LST: Stability suggests relative stability in local job market
- Non-Tax Revenues: ARPA revenue in 2021 ~ \$550,000.

Expenditure History Sandy Township General Fund

	2017	2018	2019	2020	2021	Change 2017-202	
	Actual	Actual	Actual	Actual	Unaudited	\$	%
General Government	791,904	474,719	442,460	460,042	537,793	-254,111	-32.1
Police	892,849	978,228	979,679	1,111,448	1,121,503	228,654	25.6
Fire	348,188	424,669	525,491	344,245	348,626	438	0.1
Other Public Safety	70,127	66,856	77,999	45,449	57,299	-12,828	-18.3
Public Works	1,203,261	1,154,216	977,851	1,199,652	887,170	-316,090	-26.3
Recreation & Culture	84,541	72,759	74,919	65,947	77,373	-7,168	-8.5
Economic Developme	nt 1,018	939	939	939	939	-79	-7.8
Donations	7,500	7,500	7,500	8,000	8,000	500	6.7
Employee Benefits	1,030,127	1,111,031	1,121,491	1,065,497	1,151,663	121,536	11.8
Insurance	235,086	60,025	175,037	98,322	126,839	-108,247	-46.0
Miscellaneous	2,434	1,427	116	6,747	3,000	567	23.3
Total Expenditures	4,667,034	4,352,369	4,383,482	4,406,287	4,320,204	-346,830	-7.4

[&]quot;Employee Benefits" = pension costs, health insurance, life insurance, workers comp, payroll taxes for all employees.

DuBois City Accounting Structure

General Fund

Water/Sewer Funds



Taxes

Licenses & Permits, State/Grant Rev,
Misc. Charges, etc.
Water Fund Transfers In
Sewer Fund Transfers In



Water User Fees

Sewer User Fees

State/Grant Rev

Misc Charges



General Government

Police, Fire, Recreation, Streets
Water/Sewer Operating Costs

Debt Service (General, Water, Sewer)

Capital (General, Water, Sewer)

Water/Sewer Overhead



Water Transfers Out

Sewer Transfers Out

 Water/Sewer Fund Transfers to General Fund offset its direct utility costs as well as overhead (e.g., insurances, engineering, legal, audit, IT, personnel who split duties between general purpose and utility functions)

DuBois City: Analysis Adjustments

General Fund

Water/Sewer Funds



Taxes

Licenses & Permits, State/Grant Rev,
Misc. Charges, etc.
Water Fund Transfers In
Sewer Fund Transfers In
Net Utility (Overhead) Transfers In



Water User Fees Sewer User Fees State/Grant Rev

Misc Charges



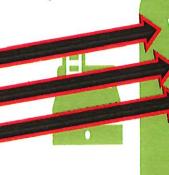
General Government

Police, Fire, Recreation, Streets
Water/Sewer Operating Costs

Debt Service (General, Water, Sewer)

Capital (General, Water, Sewer)

Water/Sewer Overhead



Water/Sewer Operating Costs

Water/Sewer Debt Service

Water/Sewer Capital

Net Utility (Overhead)

Transfers Out

Adjusted analysis establishes enterprise-like water and sewer funds with its operating, debt and capital costs, and remaining transfers for General Fund overhead

DuBois City: Adjusted Accounting Structure

General Fund

Water/Sewer Funds



Taxes

Licenses & Permits, State/Grant Rev,
Misc. Charges, etc.
Net Utility (Overhead) Transfers In



Water User Fees

Sewer User Fees

State/Grant Rev

Misc Charges



General Government

Police, Fire, Recreation, Streets

Debt Service (General)

Capital (General)

Water/Sewer Overhead



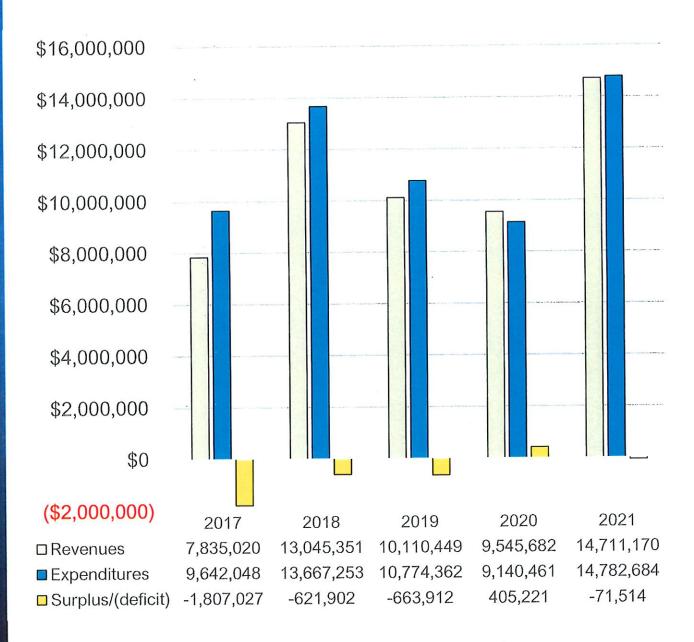
Water/Sewer Operating Costs

Water/Sewer Debt Service

Water/Sewer Capital

Net Utility (Overhead)
Transfers Out

DuBois Adjusted General Fund



	2017	7 2018	2019	2020	2021	Change 2017-2021	
	Actual	Actual	Actual	Actual	Unaudited	\$	%
Real Estate Taxes	1,243,575	1,227,661	1,398,892	1,408,549	1,367,483	123,909	10.0
Earned Income Tax	639,653	676,465	706,581	704,762	755,716	116,063	18.1
Local Services Tax	346,774	362,504	369,410	358,608	352,500	5,725	1.7
Real Estate Transfer Tax	89,795	120,559	90,566	83,960	104,748	14,953	16.7
Other Taxes	215	655	275	44	22	-193	-89.7
Non-Tax Revenues	2,685,462	4,665,151	4,197,712	5,599,664	9,867,989	7,182,527	267.5
Interfund Transfers	2,829,546	2,862,656	3,347,013	1,390,095	2,262,711	-566,835	-20.0
Proceeds from Debt	0	3,129,700	0	0	0	0	0.0
Total Revenue	7,835,020	13,045,351	10,110,449	9,545,682	14,711,170	6,876,149	87.8

Revenue History DuBois General Fund

Real Estate Millage:

2017 – 2018: 21.45 mills (17.95 General Purpose)

2020 – 2021: 23.50 mills (20.00 General Purpose)

LST: Stability suggests relative stability in local job market

Non-Tax Rev: 2021 PennDOT Turnback Payment \$4.2m

Expenditure History DuBois General Fund

	2017	2018	2019	2020	2021	Chang 2017-20	
	Actual	Actual	Actual	Actual	Unaudited	\$	%
General Government	1,484,592	1,539,762	1,469,460	1,599,740	2,093,230	608,639	41.0
Police	1,619,052	1,689,320	1,745,671	1,862,405	1,984,071	365,019	22.5
Fire	229,246	143,042	1,267,146	302,546	333,060	103,814	45.3
Other Public Safety	101,526	208,811	138,633	293,112	199,378	97,852	96.4
Sanitation/Recycling	0	0	0	0	1,191,920	1,191,920	100.0
Public Works	1,740,717	4,494,757	2,266,904	1,545,545	3,026,809	1,286,092	73.9
Parking	2,337	1,894	2,131	3,062	2,681	344	14.7
Stormwater	2,596	0	2,493	279	1,093	-1,503	-57.9
Recreation & Culture	3,280,576	3,899,626	2,291,587	1,910,403	1,099,931	-2,180,645	-66.5
Donations	8,000	22,500	29,890	7,500	17,500	9,500	118.8
Debt Service	206,358	270,833	375,396	188,468	3,120,776	2,914,418	1,412.3
Employee Benefits	567,146	541,033	775,693	779,620	1,073,377	506,231	89.3
Insurance	160,814	170,117	175,622	131,028	142,137	-18,677	-11.6
Miscellaneous	107,153	278,852	8,736	91,312	48,327	-58,826	-54.9
Transfers	131,935	406,706	225,000	425,442	448,393	316,458	239.9
Total Expenditures	9,642,048	13,667,253	10,774,362	9,140,461	14,782,684	5,140,636	53.3

"Employee Benefits" = pension costs. Health care / payroll taxes booked to operating depts.

Maturity of \$3,000,000 note gap financing

DuBois Water Fund

	2017	2018	2019	2020	2021	Chang 2017-20	
	Actual	Actual	Actual	Actual	Unaudited	\$	%
User Fees	2,943,941	3,147,405	3,323,715	3,421,021	3,634,267	690,327	23.4
Other Revenue	33,207	39,555	24,100	41,810	35,379	2,172	6.5
Grant Income	87,500	216,049	148,500	0	0	-87,500	-100.0
Transfers In	0	12,935	0	0	0	0	0.0
Proceeds from Debt	0	0	0	0	4,500,000	4,500,000	100.0
Total Revenue	3,064,648	3,415,943	3,496,315	3,462,830	8,169,647	5,104,999	166.6
Operating Expense	1,610,254	1,717,002	1,716,148	1,565,528	1,680,757	70,503	4.4
Capital Expense	99,158	886,961	492,319	291,982	2,176,077	2,076,919	2,094.5
Debt Service	653,960	653,961	653,961	638,338	970,457	316,497	48.4
Transfers	698,410	9,937	620,153	978,095	1,161,947	463,537	66.4
Total Expenditures	3,061,781	3,267,860	3,482,581	3,473,944	5,989,238	2,927,456	95.6
Surplus/Deficit	2,867	148,083	13,734	-11,114	2,180,409		

DuBois Sewer Fund

	2017	2017 2018 2019 2020		2021	Change 2017-20		
	Actual	Actual	Actual	Actual	Unaudited	\$	%
User Fees	4,106,892	4,445,012	4,438,567	4,222,897	4,173,938	67,046	1.6
Other Revenue	17,352	77,947	4,665	1,795	1,850	-15,502	-89.3
Grant Income	0	90,000	10,000	. 0	0	0	0.0
Transfers In	292,508	0	0.	195,942	0	-292,508	-100.0
Proceeds from Debt	0	0	0	0	3,500,000	3,500,000	100.0
Total Revenue	4,416,752	4,612,958	4,453,232	4,420,634	7,675,788	3,259,036	73.8
Operating Expense	1,491,977	1,490,948	1,556,668	1,496,232	1,612,045	120,068	8.0
Capital Expense	463,137	270,636	160,546	2,246,911	1,361,086	897,949	193.9
Debt Service	286,943	286,943	286,943	279,834	343,123	56,180	19.6
Transfers	1,971,136	2,865,654	2,426,860	412,000	1,100,764	-870,372	-44.2
Total Expenditures	4,213,193	4,914,181	4,431,017	4,434,977	4,417,017	203,825	4.8
Surplus/Deficit	203,560	(301,222)	22,215	(14,343)	3,258,771		

2022 Budget Revenues Percentages

	City of DuBois	Sandy Township
Real Estate Taxes	12.0	39.5
Earned Income Tax	6.3	30.9
Local Services Tax	3.3	5.1
Real Estate Transfer Tax	0.9	5.3
Other Taxes	0.0	0.0
Licenses & Permits	1.3	3.2
Fines & Fees	0.5	0.6
Interest & Rents	0.1	0.5
Inter-gov't Revenue	12.4	11.1
Charges for Services	25.8	2.3
Other Financing Sources	1.4	1.4
Interfund Transfers	36.0	0.0
Proceeds from Debt	0.0	0.0
Total Revenues	100.0	100.0

Township raises larger proportion of General Fund revenue from real estate and earned income taxes.

City raises larger proportion of General Fund revenue from

- charges for services (e.g., sanitation fees, contracted police services to hospital),
- net transfers from water and sewer funds.

2022 Budget Expenditures Percentages

	City of DuBois	Sandy Township
General Government	14.4	10.0
Police	22.3	26.2
Fire	2.5	9.2
Other Public Safety	1.8	1.4
Sanitation/Recycling	14.1	0.1
Public Works	10.1	22.3
Parking	0.1	0.0
Stormwater	0.0	0.0
Recreation & Culture	6.7	1.7
Economic Development	0.0	0.1
Donations	0.4	0.2
Debt Service	1.3	0.0
Employee Benefits	22.2	26.4
Insurance	1.5	2.4
Miscellaneous	0.1	0.0
Transfers	2.5	0.0
Total Expenditures	100.0	100.0

- Table excludes capital expenditures and standardizes where employee benefits are charged.
- Similar outlay for general government, police, and employee benefits on percentage basis.
- Township budgets larger proportion toward Public Works, Fire (mostly transfer of dedicated tax revenues).
- City budgets larger proportion toward Sanitation/Recycling and Recreation.

Projection Assumptions

- 2022 Budgets used as baseline.
- Tax and utility rates kept at 2022 levels.
- Except 2022 capital costs, DuBois water/sewer activity kept at \$0 surplus/deficit.

Revenue Assumptions

Tax Revenue

- Marginal growth in total assessment (0.3% annually).
- EIT: 2.0% in 2023, 1.5% thereafter.
- No LST growth.

Non-Tax Revenue

- 1.5% increase in state pension aid.
- Other revenues held constant.

Expenditure Assumptions

Sandy Township

- AFSCME: 2.75% 2023-2025.
- Police: 2.75% in 2023; 3.0% in 2024

DuBois City

- SEIU: 1.75% in 2023; 2.0% in 2024, 2.25% in 2025, 2.5% in 2026.
- Police: 2.75% in 2023; 2.99% in 2024
- 2.5% employee cost increase for years beyond CBA terms.

Health insurance: net 4.8% annual increase

Supplies & Services

Inflation based on Federal Reserve FOMC price inflation projections

- 2022 → 2023: 4.3 percent
- 2023 → 2024: 2.7 percent
- 2024 → 2025: 2.3 percent
- Beyond 2025: 2.0 percent

Baseline Financial Projections

Sandy Township General Fund

	2022	2023	2024	2025	2026
	Budget	Projected	Projected	Projected	Projected
Revenues	4,697,675	4,630,285	4,661,145	4,692,402	4,724,064
Expenditures	4,697,628	4,657,818	4,786,720	4,909,508	5,030,979
Surplus/(deficit)	47	-27,533	-125,576	-217,106	-306,915

City of DuBois General Fund

	2022	2023	2024	2025	2026
	Budget	Projected	Projected	Projected	Projected
Revenues	10,959,709	9,884,020	9,810,623	9,740,531	9,672,513
Expenditures	10,959,709	9,476,014	9,698,317	9,908,672	10,118,550
Surplus/(deficit)	0	408,006	112,306	-168,141	-446,037

	2022	2023	2024	2025	2026	Change 20 2026)22-
	Budget	Proj.	Proj.	Proj.	Proj.	\$	%
Real Estate Taxes	1,855,000	1,860,385	1,865,786	1,871,204	1,876,637	21,637	1.2
Earned Income Tax	1,450,000	1,479,000	1,501,185	1,523,703	1,546,558	96,558	6.7
Local Services Tax	240,000	240,000	240,000	240,000	240,000	0	0.0
Real Estate Transfer Tax	250,000	250,000	250,000	250,000	250,000	0	0.0
Other Taxes	2,175	2,175	2,175	2,175	2,175	0	0.0
Non-Tax Revenues	900,500	798,725	801,998	805,321	808,693	-91,807	-10.2
Total Revenue	4,697,675	4,630,285	4,661,145	4,692,402	4,724,064	26,389	0.6

Projected Revenue Sandy Township General Fund

- Assumed non-recurring non-tax revenues in 2022:
 - Local Grants/Contributions (\$85k)
 - Police Grants/Contributions (\$20k)

Expenditure Projections Sandy Township General Fund

TOTAL PROPERTY OF THE PARTY.	2022	2023	2024	2025	2026	Change 2022	2-2026
	Budget	Proj.	Proj.	Proj.	Proj.	\$	%
General Government	452,945	466,928	478,080	488,674	498,358	45,413	10.0
Police	1,185,251	1,218,435	1,253,436	1,283,746	1,314,346	129,095	10.9
Fire	416,500	418,658	420,410	422,068	423,655	7,155	1.7
Other Public Safety	64,258	66,160	67,975	69,802	71,500	7,242	11.3
Sanitation/Recycling	5,000	5,215	5,356	5,479	5,589	589	11.8
Public Works	1,010,273	1,042,137	1,069,095	1,095,243	1,119,272	108,999	10.8
Recreation & Culture	76,500	77,466	78,237	78,968	79,647	3,147	4.1
Economic Development	3,500	3,500	3,500	3,500	3,500	0	0.0
Donations	8,000	8,000	8,000	8,000	8,000	0	0.0
Employee Benefits	1,193,001	1,238,676	1,286,947	1,335,682	1,386,399	193,399	16.2
Insurance	108,000	112,644	115,685	118,346	120,713	12,713	11.8
Operating Subtotal	4,523,228	4,657,818	4,786,720	4,909,508	5,030,979	507,751	11.2
Capital/Grant Expense	174,400	0	0	0	C	-174,400	-100.0
Total Expenditures	4,697,628	4,657,818	4,786,720	4,909,508	5,030,979	333,351	7.1

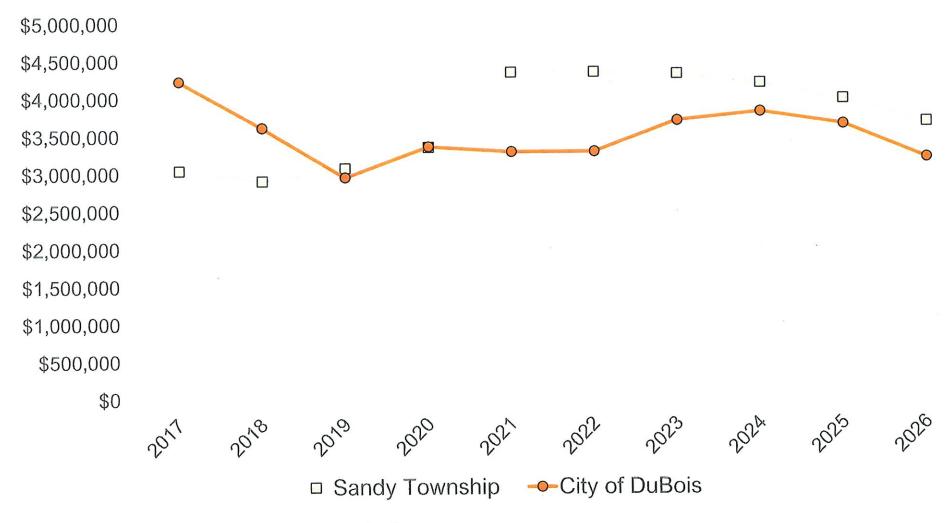
	2022	2023	2024	2025	2026	Change 2022	-2026
	Budget	Proj.	Proj.	Proj.	Proj.	\$	%
Real Estate Taxes	1,317,517	1,321,305	1,325,104	1,328,914	1,332,736	15,219	1.2
Earned Income Tax	695,754	709,669	720,314	731,119	742,085	46,332	6.7
Local Services Tax	356,620	356,620	356,620	356,620	356,620	0	0.0
Real Estate Transfer Tax	96,271	96,271	96,271	96,271	96,271	0	0.0
Other Taxes	0	0	0	0	0	0	0.0
Non-Tax Revenues	4,545,050	3,549,400	3,553,816	3,558,297	3,562,846	-982,205	-21.6
Interfund Transfers	3,948,496	3,850,755	3,758,498	3,669,310	3,581,955	-366,541	-9.3
Proceeds from Debt	0	0	0	0	0	0	0.0
Total Revenue	10,959,709	9,884,020	9,810,623	9,740,531	9,672,513	-1,287,196	-11.7

Projected Revenue DuBois General Fund

Expenditure Projections DuBois General Fund

	2022	2023	2024	2025	2026	Change 2022-2026	
	Budget	Proj.	Proj.	Proj.	Proj.	\$	%
General Government	1,641,109	1,698,927	1,748,541	1,797,047	1,844,986	203,877	12.4
Police	2,480,795	2,554,335	2,631,646	2,700,682	2,771,074	290,280	11.7
Fire	235,315	244,707	251,232	257,095	262,454	27,139	11.5
Other Public Safety	188,140	195,424	200,983	206,190	211,144	23,004	12.2
Sanitation/Recycling	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	0	0.0
Public Works	1,098,407	1,132,267	1,160,052	1,187,488	1,215,058	116,651	10.6
Parking	5,500	5,737	5,891	6,027	6,147	647	11.8
Stormwater	2,500	2,608	2,678	2,739	2,794	294	11.8
Recreation & Culture	670,703	695,948	713,931	730,267	745,357	74,653	11.1
Donations	35,250	35,250	35,250	35,250	35,250	0	0.0
Debt Service	118,102	118,102	118,102	118,102	118,102	0	0.0
Employee Benefits	1,072,711	1,104,892	1,138,039	1,172,180	1,207,346	134,635	12.6
Insurance	135,683	141,518	145,339	148,681	151,655	15,972	11.8
Miscellaneous	11,794	12,301	12,633	12,923	13,182	1,388	11.8
Transfers	234,000	234,000	234,000	234,000	234,000	0	0.0
Operating Subtotal	9,230,009	9,476,014	9,698,317	9,908,672	10,118,550	888,541	9.6
Capital Expense	1,729,700	0	0	0	0	-1,729,700	-100.0
Total Expenditures	10,959,709	9,476,014	9,698,317	9,908,672	10,118,550	-841,159	-7.7

Baseline Financial Projections – General Fund Balance Trajectory



^{*}Includes Sandy capital reserve balance

Combined Baseline Budget Based on 2022 Figures

	DuBois	Sandy	Unadjusted	Consolidation	Adjusted
	Budget	Budget	Combined	Adjustments	Combined
Revenues	10,959,709	4,697,675	15,657,384		15,657,384
Expenditures	10,959,709	4,697,628	15,657,337	-123,650	15,533,687
Surplus/(deficit)	0	47	47	123,650	123,697

- Currently estimates savings from general government duplication that will be eliminated or reduced post-consolidation that are not a function of policy decisions:
 - Elected Officials
 - Tax Collection
 - Legal services
- Does <u>not</u> include any changes to employment or benefits as a result of the consolidation or one-time costs associated with consolidation.
- Start of framework which will be further developed as policy recommendations from committee are analyzed.

Combined Budget 2022 Expenditures by Type

	DuBois	Sandy	Unadjusted	Consolidation	Adjusted
	Budget	Budget	Combined	Adjustments	Combined
Employee Expense	5,181,536	3,217,428	8,398,963	-84,250	8,314,713
Supplies	762,500	336,000	1,098,500	-2,000	1,096,500
Services	2,490,658	355,900	2,846,558	-32,000	2,814,558
Insurance	135,683	108,000	243,683	0	243,683
Other	307,530	505,900	813,430	-5,400	808,030
Capital Expense	1,729,700	174,400	1,904,100	0	1,904,100
Debt Service	118,102	0	118,102	2 0	118,102
Transfers	234,000	0	234,000	0	234,000
Total Expenditures	10,959,709	4,697,628	15,657,337	-123,650	15,533,687

- Employee expenses: elected officials and tax collection commissions
- Services: 50% reduction on Sandy Township legal service and partial savings on other minor services

	DuBois	Sandy	Unadjusted	Consolidation	Adjusted
	Budget	Budget	Combined	Adjustments	Combined
General Government	1,325,151	452,945	1,778,096	-123,650	1,654,446
Police	2,060,075	1,185,251	3,245,326	0	3,245,326
Fire	235,315	416,500	651,815	0	651,815
Other Public Safety	166,780	64,258	231,038	0	231,038
Sanitation/Recycling	1,300,000	5,000	1,305,000	0	1,305,000
Public Works	934,480	1,010,273	1,944,753	0	1,944,753
Parking	5,500	0	5,500	0	5,500
Stormwater	2,500	0	2,500	0	2,500
Recreation & Culture	618,950	76,500	695,450	0	695,450
Econ. Development	0	3,500	3,500	0	3,500
Donations	35,250	8,000	43,250	0	43,250
Debt Service	118,102	0	118,102	. 0	118,102
Employee Benefits	2,046,429	1,193,001	3,239,429	0	3,239,429
Insurance	135,683	108,000	243,683	0	243,683
Miscellaneous	11,794	0	11,794	. 0	11,794
Transfers	234,000	0	234,000	0	234,000
Operating Subtotal	9,230,009	4,523,228	13,753,237	-123,650	13,629,587
Capital	1,729,700	174,400	1,904,100	0	1,904,100
Total Expenditures	10,959,709	4,697,628	15,657,337	-123,650	15,533,687

DuBois employee benefits and payroll taxes moved to "Employee Benefits" to standardize with Sandy Township accounting.

Combined Budget 2022 Expenditures by Department

City of DuBois & Sandy Township – Financial Condition Assessment and Fiscal Trend Analysis

June 8, 2022

FCKFRTSEAMANS





Paid for in part by funds from DCED's Governor's Center for Local Government Services.