

MEMORANDUM

TO: DuBois City Council
FROM: Shawn Arbaugh *S A*
RE: Budget Issues
DATED: May 9, 2024

The purpose of this memo is to detail a budget issue and outline a course of action to balance the budget.

Budget Issue

In April 2024, Chris Nasuti was reviewing the monthly budget report and discovered an error with worker's compensation. Delean also discovered additional errors with insurance and debt service interest and principal payments. This resulted in a budget deficit of \$919,154.97. I've attached a spreadsheet showing the specific errors.

Budget Modifications

To correct this issue and balance the budget, I recommend a Resolution that moves money from various line items. This is outlined in a document attached created by Delean Shepherd and Chris Nasuti. An explanation of each of these recommended changes is described below:

GENERAL FUND REVENUE

301.100 (Real Estate Tax) – Increase budget by \$10,000 – This recommendation is based upon historical data.

301.300 (Recreation and culture Tax) - Increase budget by \$5,000 – This recommendation is based upon historical data.

310.100 (Realty Transfer Tax) - Increase budget by \$10,000 – This recommendation is based upon historical data.

310.200 (Earned Income Tax) - Increase budget by \$20,000 – This recommendation is based upon historical data.

355.050 (State Pension Aid) – Increase budget by \$106,000 – This recommendation is based on historical data and approximately \$5,000 per unit (please note police officers are counted as 2 units per officer).

358.100 (Contracted Police Services) – Decrease budget by \$20,000 – This is due to the hospital requesting to reduce police services to a budget of \$220,000 per year.

360.200 (Sewer Fund – Lease payments) – Increase budget by \$17,050.80 – This is expected excess revenue from the sewer fund (please note that in future budgets this lease payment may not be available due to debt service for the new sewer treatment plant).

360.300 (Water Fund – Lease payments) – Decrease budget by \$411,815.03 – This excess revenue from the water fund will now stay in the water fund to pay for debt service.

364.301 (Trash Fees) – Increase budget by \$20,000 - This recommendation is based upon historical data.

GENERAL FUND EXPENDITURES

401.121 (Manager Salary) – Decrease budget by \$43,200 – This is the general fund earnings from the previous manager.

401.123 (Interim Wages) – Increase budget by \$25,260.56 – This is the wage increases associated with interim roles and the engineer’s increase associated with the intergovernmental agreement.

401.211 (FICA – Admin) – Decrease budget by \$1,112.25 – This is the FICA associated with the previous manager’s salary.

401.212 (Medicare – Admin) – Decrease budget by \$260.12 – This is the Medicare associated with the previous manager’s salary.

401.215 (Health Insurance – Admin) – Decrease budget by \$7,338.55 - This is the health insurance associated with the previous manager.

401.470 (Consolidation Expenses) – Increase budget by \$180,000 – This was moved from the original Forensic Audit line item. There is an associated grant revenue line item for this expense.

402.311 (Accounting and Auditing) – Increase budget by \$48,804.80 – This includes auditing costs for 2022 and 2023. 2022 was not paid last calendar year.

402.312 (Forensic Audit) – Decrease budget by \$180,000 – This was moved to consolidation expenses.

402.353 (Surety Bonds) – Increase budget by \$495 – This was increased to add Dayna Bowley’s bond.

403.215 (Health Insurance - Treasurer) – Decrease budget by \$8,749.62 – This was decreased to account for Treasurer’s removal from the plan.

409.360 (Garages Electric) – Decrease budget by \$500 - This is based upon historical data.

409.363 (Garages – Gas) – Increase budget by \$4,366.67 - This is based upon historical data.

409.372 (Building repair and maintenance) – Increase budget by \$6,666.67 - This is based upon historical data.

410.183 (Police Overtime) – Decrease budget by \$50,000 – This is based upon new scheduling procedures and leave usage monitoring.

410.212 (Police Medicare) – Decrease budget by \$725 due to retirement of police officer.

410.214 (Worker’s Comp. – Police) – Increase budget by \$32,715.18 – This is due to a budgeting error.

411.540 (Fire Dept. Contribution) – Decrease budget by \$11,000 – This was a discretionary item.

411.742 (Fire Dept. roof accrual) - Decrease budget by \$10,000 – This was a discretionary item.

430.245 (Operating Supplies) – Decrease budget by \$24,050 – This is based on historical trends and cost cutting measures where possible.

430.246 (Winter Supplies) – Decrease budget by \$10,000 – This is based on projected savings from a mild winter.

430.361 (Traffic and Street Lights) – Decrease budget by \$25,000 – This amount would come from the Liquid Fuels fund.

430.450 (Contractual Services) – Decrease budget by \$25,000 - This is based on historical trends and cost cutting measures where possible.

434.300 (Utility Charges) – Decrease budget by \$55,000 - This amount would come from the liquid Fuels fund.

452.214 (Pool Maintenance) – Decrease budget by \$2,399.71. This was a budgeting error.

454.213 (Operating Supplies) – Decrease budget by \$25,000 - This is based on historical trends and cost cutting measures where possible.

454.214 (Worker’s Comp.) – Increase budget by \$5,933.16 - This was a budgeting error.

454.245 (Showers Field Expense) – Decrease budget by \$15,000 - This is based on historical trends and cost cutting measures where possible.

454.246 (Heindl Field Expense) – Decrease budget by \$15,000 - This is based on historical trends and cost cutting measures where possible.

456.373 (Library Building) – Increase budget by \$8,500 – This is for repair of leaks in the roof.

466.160 (Community Days) – Decrease budget by \$10,000 – This is a reduction in the annual donation to community days.

466.904 (Downtown Contribution) – Increase budget by \$20,621.81 – This is for Council’s agreement with Downtown DuBois that was approved.

486.351 (Property Insurance) – Decrease budget by \$31,247.16 - This was a budgeting error.

486.352 (Liability Insurance) – Decrease budget by \$14,953.11 - This was a budgeting error.

486.355 (Auto Insurance) – Decrease budget by \$17,442.76 - This was a budgeting error.

493.174 (Police Vehicle Upfit) – Increase budget by \$14,268.22 - These were completed in 2023, but not paid until 2024.

493.175 (Police Vehicle Upfit) – Increase budget by \$15,952.72 - These were completed in 2023, but not paid until 2024.

493.186 (New Police Vehicle) – Decrease budget by \$63,000 – This was cut from the 2024 budget as a cost saving measure.

493.194 (Tazers) – Increase budget by \$38,629.04 – This was increased from the tazers upgrade and addition that was completed in 2023, but paid in 2024.

SEWER FUND REVENUE

364.111 (Commercial Sewer) – Increase budget by \$10,000 – This was based on historical data.

364.112 (Industrial Sewer) – Increase budget by \$10,000 – This was based on historical data.

364.113 (Township Sewer) – Increase budget by \$10,000 – This was based on historical data.

364.114 (Falls Creek Sewer) – Increase budget by \$10,000 – This was based on historical data.

SEWER FUND EXPENDITURES

427.156 (Hospital – Admin) – Decrease budget by \$6,676.55 – This was based on removing the previous manager’s hospitalization.

427.373 (Building Maintenance) – Increase budget by \$9,121.40 – This was for increased maintenance for the City garage.

427.380 (Building/Property Rents) – Increase budget by \$1,261,777.80 – This is the excess revenue transferred to the general fund.

427.480 (Misc.) – Increase budget by \$500 – This was based on historical data.

Loans – Interest and Principle – These were moved from 427 accounts to 471 and 472 accounts. This was done for easier viewing in the future. There were no errors associated with these items.

428.361 (Juniata Sewer Meter) – Increased budget by \$2,000 - This was based on historical data.

428.362 (Garage Heat) – Increased budget by \$4,700 - This was based on historical data.

428.373 (Building Main) – Increased budget by \$8,200 - This was based on historical data.

429.373 (Lease) – Moved to line item 427.380.

WATER FUND REVENUE

378.500 (Timber Cut) – Increase budget by \$1,000,000 – This is projected from the timber cut project.

378.630 (Misc.) – Increase budget by \$25,000 – This is based on historical data from water sales.

395.070 (NexTier Water Loan) – Increase budget by \$98,000 – This was money that was originally projected to be spent in 2023 for the dam evaluations. The money will now be spent in 2024.

WATER FUND EXPENDITURES

447.373 (Building Maintenance) – Increase budget by \$9,121.40 – This was for increased maintenance at the City garage.

447.380 (Building and Property Rent) – Increased budget by \$557,466.63 – This is excess revenue from the water fund for lease and management payments to the General Fund. This was originally under line item 448.373.

Loans – Interest and Principal – These were moved from 447 accounts to 471 and 472 accounts. This was done for easier viewing in the future. This was a significant source of budget errors. These were originally budgeted at \$92,148.85 and should have been budgeted at \$1,038,697.77.

448.373 (Rent, Build Maintenance) – The amount of \$959,281.66 was removed and moved to line item 447.380 in the amount of \$557,466.03. This was the original transfer of excess funds from the water fund into the General Fund.

448.481 (Timber Sale commission) – Increased budget by \$100,000 for the commission to the forester for the timber sale.

449.247 (Vegetation Mgmt.) – Decreased budget by \$25,000 – This was reduced as there is not a need for gypsy moth spray this year.

450.361 (WF Electric) – Decreased budget by \$4,625 – This is based on historical data.

450.362 (WF Gas) – Decreased budget by \$2,300 – This is based on historical data.

453.142 (Wages) – Decreased budget by \$32,400 – This accounts for the salary of the previous manager and secretary.

453.156 (Health Insurance) - Decreased budget by \$16,600.47 – This accounts for the health benefits of the previous manager and secretary.

453.211 (FICA) – Decreased budget by \$2,008.80 – This accounts for the contributions of the previous manager and secretary.

453.212 (Medicare) - Decreased budget by \$469.80 – This accounts for the contributions of the previous manager and secretary.

Debt Service (Principle and Interest) – Increased budget by \$946,551.92 – This was due to the budget error.

492.350 (Capital Reserve) – Increased budget by \$596,608.78 – This money was earmarked for the New Building Addition and any impacts from the closing of Paris Cleaners.

Water Capital Expenses (Side X Side) – Decreased budget by \$19,000 – This eliminates the purchase of a side x side.

Water Capital Expenses (Plat Lagoons) – Decreased budget by \$25,000 – This eliminates the cleaning of the lagoons this year. This was determined to be non-essential this year.