

Budget & Finance for Local Governments

Michael Foreman

Local Government Policy Specialist

Center for Local Government Services

412 565-5199

mforeman@pa.gov



pennsylvania

DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT

Revenues

- Taxes
 - Real Estate
 - Current – Collection rate
 - Delinquent
 - Liened
 - General and Special Purpose Levy
 - Real Estate Tax Assessment Laws (Countywide Reassessment)

DCED Role

- Real Estate Tax Collector Monthly Report-Amt Collected To Date & Balance To Be Collected on Duplicate
- Appointment of Deputy Tax Collector-Governing Body & Bonding Company Approval; Serves duration of “Incapacitation” of elected tax collector

Revenues

- Taxes Continued
 - Act 511 of 1965 (Local Tax Enabling Act, as amended)
 - Earned Income/Net Profits Tax = compensation tax & tax collection district collection process
 - Local Services Tax (LST)
 - Per Capita Tax
 - Business Gross Receipts Taxes (Limitations)
 - Real Estate Transfer Tax
 - Amusement – Mechanical Devices Tax
 - Regional Asset District Tax – Sales Tax Distribution for Allegheny County only

Revenues

- Other Revenue Sources
 - Licenses & Permits
 - Cable TV License
 - Fines & Forfeits
 - State
 - Local - Magistrate
 - Interest and Rents

Revenues

- Municipal Charges for Services & User Fees
 - Purpose
 - Authorization
 - Municipal Codes & Municipality Authorities Act
 - Ordinances and Resolutions
 - Municipalities Planning Code
 - Collection Processes
 - Examples
 - Garbage and Recycling Fees
 - Public Records
 - Sewer/Water & Other Utilities
 - Services: Zoning Hearings, Recreation

Revenues

- Intergovernmental Revenue
 - General Fund/State Shared Revenue
 - Liquor License Allocation
 - Act 205 of 1984, as amended - Pension Aid
 - Foreign Fire Relief (Volunteer Fire Companies)
 - Public Utility Realty Tax Assistance (PURTA)
 - Special Revenue
 - Liquid Fuels a.k.a. Highway Aid
 - Eligible Uses
 - PennDOT municipal services representative
 - State Road Turnback Grant

Revenues

- Intergovernmental Revenue
 - Marcellus Shale Impact Fee Allocation
 - Act 13 of 2012 – 13 Eligible Uses:
 - Roads/Bridges/Infrastructure
 - Water, Storm Water & Sewer Systems
 - Emergency Preparedness & Public Safety
 - Environmental Programs
 - Surface & Subsurface Water/Supplies

Revenue

- Intergovernmental Revenue – Marcellus Shale Allocation – Uses (continued):
 - Tax Reduction
 - Safe & Affordable Housing
 - Records Management
 - Social Services
 - Judicial Services
 - Career/Technical Centers-Worker Training

Revenues

- Intergovernmental Revenue
- Marcellus Shale Allocation – Uses (continued):
 - Local or Regional Planning Initiatives under Municipalities Planning Code (MPC)
 - Deposit into Capital Reserve Fund for future use

Revenues

- One-Time Revenues
 - Sale of assets
 - Real Property or Personal Property
 - Procedures apply to sale
 - Exemptions
 - Another municipality, authority, library
 - Community Development Corporations
 - PA or US government
 - Refunds of Prior Year Expenditures

Other Financing Sources and Uses

- Borrowing
 - Criteria to determine when appropriate:
 - Use of own reserve funds
 - Ability to pay back
 - Useful life
 - Normally for capital purposes
 - Local Government Unit Debt Act
 - DCED *Debt Management Handbook*

Borrowing Continued

- Debt Instruments
 - Bonds
 - General Obligation-Taxing Power
 - Revenue Bonds-User Charges
 - Rating Agencies
 - Bond Counsel/Financial Advisor
 - Notes
 - Tax Anticipation Note-Temporary Borrowing
 - Small Borrowing – Capital Purchases
 - General Obligation Borrowing – Capital
 - DCED Approval Process

Expenditures

- Operating Budget
 - Recurring Expenses
 - Personal Services
 - Wages/salaries, benefits, pension benefits, OPEB
 - Contractual Services
 - Contracts, like garbage collection
 - Professional Services (e.g., legal services)
 - Insurance – Property/Liability, Auto, Public Officials
 - Purchasing requirements—DCED Purchasing Manual

Expenditures

- Recurring Expenses Cont'd
 - Supplies and Commodities
 - Salt/Cinders & Asphalt
 - Utilities – Gas, Electric, Water, Sewer
 - Communication – Telephone, Internet, Website, Two-Way Radios
 - Office Supplies
 - Vehicle/Equipment Repair

Other Financing Uses

- **Inter-Fund Transfers**

- Transactions between funds of the governmental unit
- Reimbursements from one fund to another for expenditures made on behalf of fund
- Operating subsidy — (e.g., Recreation fund receives transfer from General Fund)

Solvency Measures

Cash Solvency

- Ability to generate sufficient cash to pay bills on 30-60 day basis

Budget Solvency

- Ability to generate sufficient revenue over a 12 month period to pay operating obligations

Long Term Solvency

- Ability to generate sufficient revenue to pay obligations over a multi-year period

Service Delivery Solvency

- Ability to provide basic public services to meet health, safety and welfare of citizens

Solvency Measures

To assure Service Delivery Solvency assumes that a Municipality is able to sustain cash, budgetary, and long-term solvency over a multi-year period



Organization of Financial Info

Funds

- Nature of Funds
- Benefits of funds
- You will have at least 2 funds
 - General Fund
 - Liquid Fuels Fund

Chart of Accounts

- Framework of Financial System
- DCED Chart of Accounts
- Example: 01.301.100 GL Real Estate Current
- Example: 01.410.210 GL Police Office Supplies

PA DCED
FISCAL MANAGEMENT HANDBOOK

Pub. 1/2016

Typical Budget Calendar for a Medium-Sized Municipality

Due Date	Budget Activity	Responsible Person Secretary
Sept. 1	Obtain annual budget forms	Secretary
Sept. 15	Post current year expenditures and revenues or estimates to the budget form	Secretary
Sept. 30	Municipal pension obligation submitted to governing body	Chief administrative officer of pension plan
Oct. 1	Project revenue estimates for the next budget year	Secretary consulting other officers
Oct 30.	Submit activity expenditure estimate to secretary	Department heads
Nov. 15	Enter expenditure requests and revenue estimates in annual budget form	Secretary
Nov. 20	Conduct full review of budget	Governing Body
Nov. 20-30	Tentative adoption	Governing Body
Nov. 30	Submit advertisement to newspaper	Governing body
Dec. 3-23	Make budget available for public inspection	Secretary
Dec. 27	Adopt budget and ordinance setting real estate tax rate	Governing Body
Jan. 1	Create budget accounts and enter amount in ledger	Secretary

Legal Environment for the Finance Function

- Tax Rate and Budget Adoption by December 31 of each year
- Public Inspection Period prior to budget adoption (10 Days Boroughs; 20 Days Cities; Townships)
- Re-opening of Budget permitted in years immediately following municipal election; final adoption by February 15
- Annual Audit Report due to DCED by April 1

REOPENING BUDGET AFTER MUNICIPAL ELECTION YEAR

- Third Class Cities – Proposed amended budget shall not be increased greater than 10% in aggregate or no more than 25% of amount of such individual item; 10-day public inspection period
- Second Class Townships – Proposed amended budget shall not be increased greater than 10% in aggregate or no more than 25% of amount of any major category; 10-day public inspection period

REOPENING BUDGET AFTER MUNICIPAL ELECTION YEAR

- First Class Townships – Proposed amended budget shall not be increased greater than 10% in aggregate or no more than 25% of such individual item –
10-day public inspection period
- Boroughs – 10-day public inspection period for proposed amended budget; No dollar threshold limits when revising proposed amended budget
- Home Rule Municipalities – Check your charter

Do you have sufficient knowledge & understanding of the adopted budget to make changes within the legal timeframe?

- Financial Information
- Service/Program Information
- Limitations on revenue sources
- Non-Discretionary expenses (fixed costs)

Careful
Consideration
Before
Re-opening
Budget

Questions?

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