

TOWNSHIP OF LOWER MERION
Finance Committee
Issue Briefing

Topic: 2020 Deficiency Ordinance

Prepared By: Eric Traub, CFO

Date: November 11, 2020

I. Action To Be Considered By The Board:

Authorize advertisement of a notice of intent to adopt an amendment to Ordinance No. 4177 adopted December 18, 2019, making a change in certain appropriations.

II. Why This Issue Requires Board Consideration:

The Proposed 2021 Budget has been distributed and posted on the Township website. The 2020 estimated actual expenses are included in the Proposed 2021 Budget. In some instances, the 2020 estimated actual expenses are projected to be greater than the 2020 Budget. As required by the Township Code, an ordinance needs to be adopted to ensure adequate appropriation authority.

III. Current Policy Or Practice (If Applicable):

The Township has passed a deficiency ordinance on an annual basis. The deficiency ordinance provides appropriation authority for expenditures in excess of the original amount. This is done in lieu of returning to the Board of Commissioners for budget amendments throughout the year. In some instances, a second deficiency ordinance is completed after the Township's books are closed and adjustments between budgeted and actual expenditures are completed for the fiscal year.

IV. Other Relevant Background Information:

Solid Waste Fund: Total 2020 estimated actual expenses are \$169,584 or 2.2% higher than the 2020 appropriations. The increased expenditures are due to increased personnel costs as other Public Works Divisions have supplemented the Refuse Division personnel. In addition, expenses related to trash and recycling disposal are projected to be approximately \$120,000 more than budgeted due to increased disposal volume and changes in global recycling market prices.

V. Impact On Township Finances:

The ordinance itself has no impact on the Township's finances. The supplemental appropriation authority will have a limited impact on the fund balances of the Solid Waste Fund.

VI. Staff Recommendation:

Staff recommends the ordinance be advertised and considered for adoption at the December 16, 2020 Board of Commissioners meeting.