

TOWNSHIP OF LOWER MERION
Finance Committee
Issue Briefing

Topic: 2019 Deficiency Ordinance

Prepared By: Eric Traub, CFO

Date: November 8, 2019

I. Action To Be Considered By The Board:

Authorize advertisement of a notice of intent to adopt an amendment to Ordinance No. 4150 adopted December 19, 2018, making a change in certain appropriations.

II. Why This Issue Requires Board Consideration:

The Proposed 2020 Budget was distributed to the Board of Commissioners and posted on the Township website. The 2019 estimated actual expenses are included in the Proposed 2020 Budget. In some instances, the 2019 estimated actual expenses are projected to be greater than the 2019 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:

Highway Aid Fund: Total 2019 estimated actual expenses are \$46,100 or 2.5% higher than the 2019 appropriations. This fund's expenditures are limited to certain roadway maintenance and construction expenses in accordance with PennDOT regulations. The additional estimated expenditures are a result of revenues from the State and interest income that were slightly higher than budgeted.

Special Revenue Fund: Total 2019 estimated actual expenses are \$312,847 or 10.2% higher than the 2019 appropriations. This is due to an increase in excess of budgeted levels in State Act 2015 Aid for the Township's pension plans and State Fire Relief Association contributions. The funding is allocated to the Township's pension plans and the Township's fire relief association.

Sanitary Sewer Fund: Total 2019 estimated actual expenses are \$33,706 or 0.4% higher than the 2019 appropriations. The increased expenditures are due to modest increases in professional technical services (e.g. engineering) and employee benefits.

Equipment Fund: Total 2019 estimated actual expenses are \$141,267 or 3.3% higher than the 2019 appropriations. The increase is primarily due to higher material and operating supplies (\$87,800) and vehicle maintenance and repair costs (\$103,076). Material and supplies costs increased due to greater needs for new tires and higher costs than budgeted for parts, oil, filters and gasoline and diesel. Vehicle maintenance and repair expenses were markedly higher due to higher cost repairs on large vehicles such as refuse/recycling trucks.

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 respective fund balances of the funds listed.

VI. Staff Recommendation:

Staff recommends the ordinance be advertised and considered for adoption at the December 18, 2019 Board of Commissioners meeting.