
Gordon Borough

2015 Early Intervention Plan



Gordon Borough
Schuylkill County, Pennsylvania

Prepared on behalf of the
Gordon Borough
Commonwealth of Pennsylvania
Department of Community and Economic Development
Governor's Center for Local Government Services
As filed with the Borough on July 14, 2015

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July 14, 2015

Gordon Borough
Borough Municipal Building
East Plane and Otto Streets
Gordon, PA 17936

Re: Gordon Borough, 2015 Early Intervention Plan

Councilmen and Mayor:

This letter formally transmits the 2015 Early Intervention Plan to the Gordon Borough.

Best regards,



By: _____
EIP Consultant

Enclosure (1)

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(Local Government Policy Manager)
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Executive Summary and List of Recommendations

Introduction

The Gordon Borough, Pennsylvania, (the “Borough” or “Gordon”) forecasted that beginning in 2014 and for the succeeding four years, expenditures will exceed revenues. According to the Request for Proposal issued by the Borough, the current tax base is not able to sustain the current operating costs to provide the services expected by the taxpayers, and Gordon would like to develop alternatives to present operational methods to avert its anticipated deficits.

Like all local governments, the Borough requires stable revenue sources with moderate growth to fund services to residents, businesses, and visitors. This is important because so many local government expenditures are related to recurring and regularly increasing costs for salaries, benefits, and other operating expenses. However, given the nature of the municipal tax structure in Pennsylvania, revenue streams tend to be stagnant which leads to difficulty in keeping pace with the growing costs of municipal services without increasing the levied tax rate.

While municipalities across the country are struggling to keep pace with expenditure growth, many times this challenge is even more acute in small municipalities where economic and demographic factors further impact the ability to generate sustainable revenues.

While the Borough of Gordon is facing the same challenges as most small municipalities, its current financial condition is very strong and the Borough is well-positioned to address future demands due to conservative spending and budgeting by its elected officials and Borough Manager.

Although the Borough is currently fiscally sound and the national economy has improved in recent years, the municipal revenue structure in Pennsylvania lacks the organic growth necessary for the Borough to sustain its operating costs indefinitely without action by the governing body.

Notwithstanding the Borough’s strong financial position, there are many areas within the Borough that can and need to be improved in order to provide better service to its citizens and for the Borough to excel. Areas for improvement include: succession planning, budgeting practices, collections, transparency, upgrades in technology and communication.

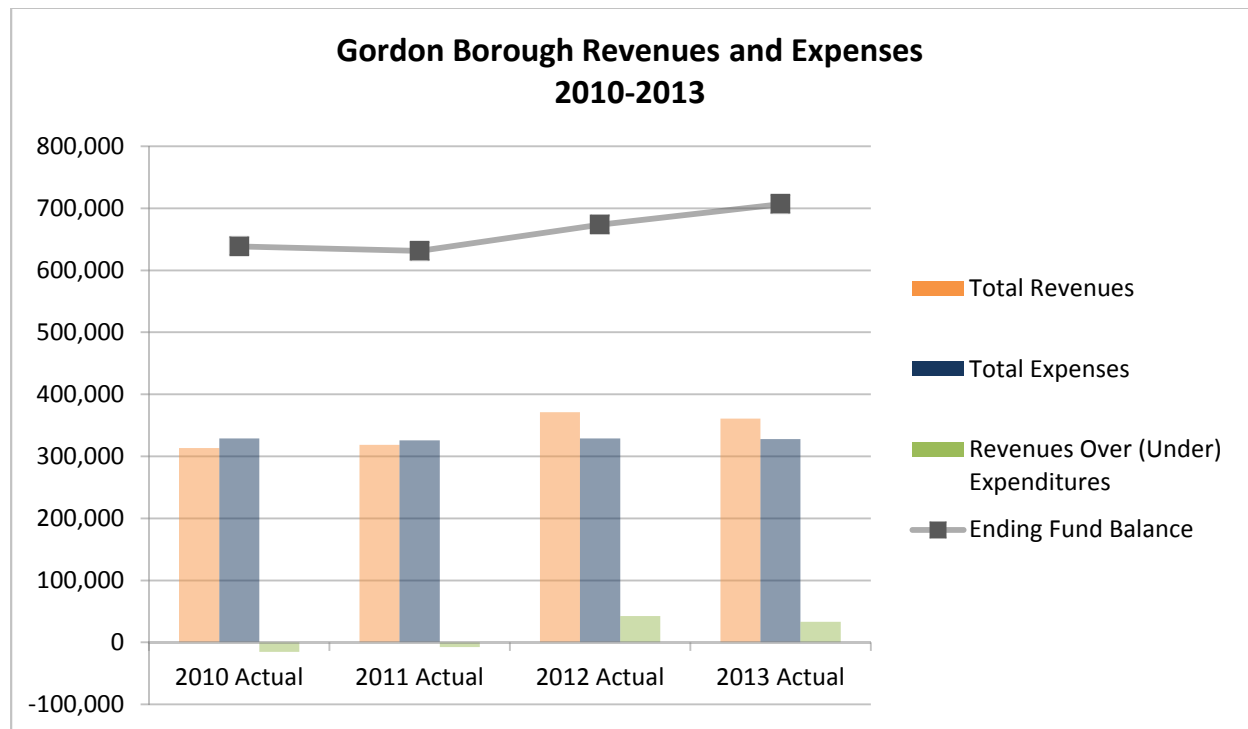
Gordon's Financial History

Compared to many governmental agencies throughout the Commonwealth, the Borough has been able to maintain a large fund balance in each of the past four years. The Borough's all funds surplus is reflected in the Table and Chart below:

Gordon All Funds Revenue vs. Expenses (2010-2013)

Gordon Borough, Pennsylvania
Statement of Revenues and Expenditures - Audited Financial Statements
All Funds Year Ended December 31

	2010	2011	2012	2013
Total Revenues	\$ 313,541	\$ 318,564	\$ 371,230	\$ 361,039
Total Expenses	328,965	326,053	328,670	327,956
Revenues Over (Under) Expenditures	(15,424)	(7,489)	42,560	33,083
% of annual surplus/(deficit) to revenues	(4.92)%	(2.35)%	11.47%	9.16%
Beginning Fund Balance	654,070	638,646	631,157	673,717
Ending Fund Balance	\$ 638,646	\$ 631,157	\$ 673,717	\$ 706,800



Statement of Revenues and Expenditures - Audited Financial Statements
All Funds Year Ended December 31

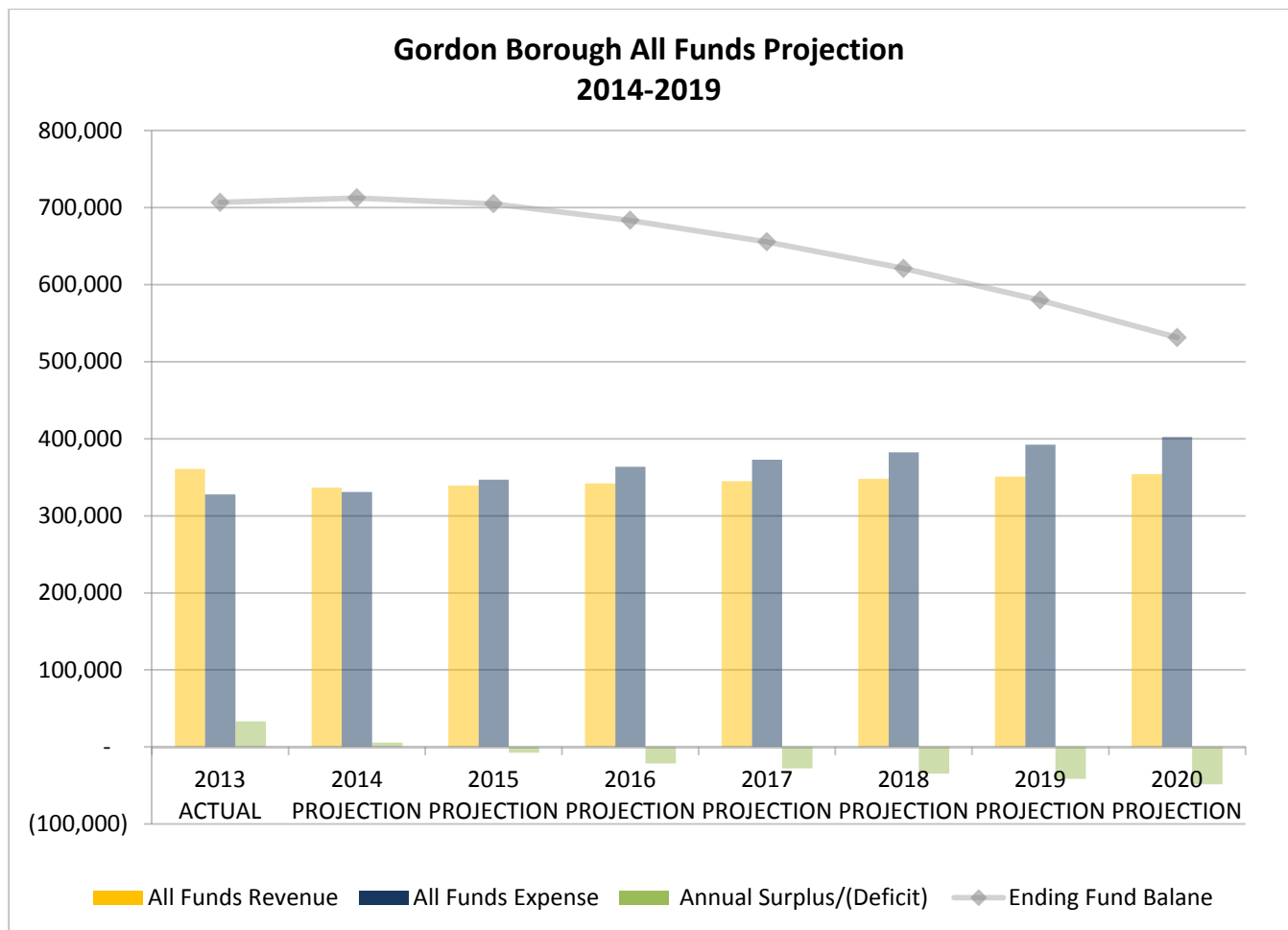
	2010	2011	2012	2013
REVENUES:				
Taxes	\$ 135,761	\$ 137,477	\$ 138,087	\$ 174,170
Licenses and Permits	3,219	2,265	831	2,060
Fines	1,186	977	725	1,099
Interest, Rents & Royalties	13,348	9,426	8,615	8,221
Intergovernmental Revenue	21,976	24,364	27,994	21,683
Charges for Services	129,694	121,430	117,217	140,585
Unclassified Revenues	8,357	22,625	77,761	13,221
Total Revenues	313,541	318,564	371,230	361,039
EXPENDITURES:				
General Government	72,024	90,427	93,373	80,249
Public Safety	50,963	46,683	49,570	47,963
Public Works				
Sanitation	64,008	67,375	64,457	80,821
Highways, Roads, and Streets	37,345	14,395	36,692	31,536
Other (Emergency Management)	774	-	-	-
Culture-Recreation	11,011	18,127	2,590	679
Conservation and Development	13,195	100	50	-
Debt Service	-	1,278	1,264	61,059
Employer Paid Benefits	11,636	11,547	11,363	14,343
Insurance	63,594	71,413	64,536	6,875
Miscellaneous Expenses	-	-	75	-
Other Financing Uses	4,415	4,708	4,700	4,431
Total Expenses	328,965	326,053	328,670	327,956
Revenues Over (Under) Expenditures	(15,424)	(7,489)	42,560	33,083
% of deficit to revenues	(4.92)%	(2.35)%	11.47%	9.16%
Net Change in Fund Balances	(15,424)	(7,489)	42,560	33,083
Fund Balances - Beginning of Year	654,070	638,646	631,157	673,717
Fund Balance - End of Year	\$ 638,646	\$ 631,157	\$ 673,717	\$ 706,800

*Does not include proceeds of long term debt

The following chart and graph illustrate the Borough's all Funds projections in the coming years:

**Gordon Borough, Pennsylvania
Projected - Statement of Revenues and Expenditures
All Funds Year Ended December 31**

	Actual		Projected				
	2013	2014	2015	2016	2017	2018	2019
Total Revenues	\$361,039	\$336,482	\$339,295	\$342,145	\$345,034	\$347,961	\$350,928
Total Expenses	327,956	330,801	346,864	363,644	372,893	382,420	392,232
Revenues Over (Under) Expenditures	33,083	5,681	(7,570)	(21,499)	(27,860)	(34,459)	(41,305)
% of surplus/(deficit) to revenues	9.16%	1.69%	(2.23)%	(6.28)%	(8.07)%	(9.90)%	(11.77)%
Beginning Fund Balance	673,717	706,800	712,481	704,911	683,412	655,552	621,093
Ending Fund Balance	706,800	712,481	704,911	683,412	655,552	621,093	579,789
Ending Fund Balance as % of Expenses	215.52%	215.38%	203.22%	187.93%	175.80%	162.41%	147.82%



Gordon Borough, Pennsylvania
Projected Statement of Revenues and Expenditures
All Funds Year Ended December 31

	Projected							
	2014 Budget	Projected 2014	2015 Budget	Projected 2015	2016	2017	2018	2019
REVENUES:								
Taxes	\$ 160,250	\$ 160,265	\$ 162,529	\$ 162,416	\$ 164,595	\$ 166,804	\$ 169,043	\$ 171,312
Licenses and Permits	1,500	2,094	2,500	2,122	2,150	2,179	2,208	2,238
Fines	1,000	997	1,500	1,010	1,024	1,037	1,051	1,065
Interest, Rents & Royalties	1,000	8,862	500	8,980	9,101	9,223	9,346	9,471
Intergovernmental Revenue	17,000	24,004	21,000	24,326	24,652	24,982	25,317	25,656
Charges for Services	-	127,232	-	127,237	127,242	127,248	127,254	127,260
Miscellaneous	5,400	13,029	5,400	13,204	13,381	13,560	13,742	13,926
Total Revenues	186,150	336,482	193,429	339,295	342,145	345,034	347,961	350,928
EXPENDITURES:								
General Government	74,300	84,018	66,900	94,321	105,166	108,303	111,535	114,863
Public Safety	110,250	48,795	110,050	50,259	51,766	53,319	54,919	56,566
Health and Welfare	1,000	-	1,000	-	-	-	-	-
Public Works								
Sanitation	15,700	73,688	16,500	75,898	78,175	80,521	82,936	85,424
Highways, Roads, and Streets	176,600	29,992	180,600	30,892	31,819	32,773	33,756	34,769
Other (Emergency Management)	1,000	194	1,000	199	205	211	218	224
Culture-Recreation	1,000	8,102	3,500	8,345	8,595	8,853	9,119	9,392
Conservation and Development	-	3,336	-	3,436	3,539	3,646	3,755	3,868
Debt Service	-	54,739	-	54,739	54,739	54,739	54,739	54,739
Employer Paid Benefits	-	15,060	-	15,512	15,977	16,457	16,950	17,459
Insurance	-	8,295	-	8,544	8,800	9,064	9,336	9,616
Miscellaneous Expenses	4,000	19	4,000	19	20	20	21	22
Other Financing Uses	-	4,564	-	4,700	4,841	4,987	5,136	5,290
Total Expenses	383,850	330,803	383,550	346,864	363,644	372,893	382,420	392,232
Excess of Revenues Over (Under)								
Expenditures	(197,700)	5,678	(190,121)	(7,570)	(21,499)	(27,860)	(34,459)	(41,305)
Other Financing Sources (Uses)								
Operating Transfers In	197,700		190,121	-	-	-	-	-
Operating Transfers Out				-	-	-	-	-
Total Other Financing Sources (Uses)	197,700		190,121	-	-	-	-	-
Net Change in Fund Balances	(197,700)		(190,121)	(7,570)	(21,499)	(27,860)	(34,459)	(41,305)
Fund Balances - Beginning of Year	199,999	706,800	194,000	712,478	704,911	683,412	655,552	621,093
Budgeted Fund Balance - End of Year	\$ 1,300	\$ 712,478	\$ 3,879	\$ 704,911	\$ 683,412	\$ 655,552	\$ 621,093	\$ 579,789

Elected Officials and Administration:

The Early Intervention Plan contains several recommendations that may require new ordinances, resolutions and regulations, as well as other official actions. The Borough Manager must work with the Borough Council to enact such legislation and operational procedures, as needed. Key initiatives for the Elected Officials and Borough Manager include the following.

- Procurement and utilization of modern Information technology, including but not limited to acquiring and utilizing:
 - Computer and Printer
 - Internet Access
 - Basic Accounting Software
- Distribution and review of revenue and expense reports monthly.
- Approval and signature by Council of a hard copy list of bills approved and not approved for payment.
- Distribution of meeting agendas to all members of Council at least one week prior to Council Meeting. Minutes from the prior meeting should be distributed with the meeting agenda.

At the beginning of this engagement the Borough did not utilize a computer or have internet access. Since our engagement, the Borough has installed a computer and was connected to internet on June 1, 2015.

Workforce

With most local governments, employee compensation costs, including salaries, wages, health insurance, pension, and other benefits, account for the majority of expenditures; however the Borough only has one full-time employee, the Borough Manager, and one part-time secretarial employee. Neither employee receives medical or retirement benefits from the Borough, so overall employee costs are relatively low. In the past the Borough utilized the services of a laborer, but the position has remained vacant since the untimely death of the previous employee. The Borough Manager is a management position and is not represented by a labor union and is funded by the General Fund. The part-time secretarial position is primarily responsible for sewer system bills and is funded by the Sewer Fund. Recommendations for the Borough's workforce include the following.

- Increase salary/pay rate for the Borough Manager
- Hire a Public Works laborer or Administrative Assistant
- Create a succession plan for the Borough Manager

Since the beginning of our engagement, a part-time administrative assistant was hired by the Borough. The part-time administrative assistant works 20 hours a week and is paid \$15 per hour.

Police Services:

Police services within the Borough are provided through a contract with Butler Township. The current police contract with Butler Township is working well. The Borough should continue to contract with Butler Township for police services.

Public Works:

Public works services in the Borough are provided by the Borough Manager and include but are not limited to yard waste collection, snow removal, sewer system grinder pumps maintenance and the maintenance of buildings, parks, public spaces and streets.

Codes:

Code enforcement in the Borough is outsourced to a third party code enforcement officer at a rate of \$15 per hour. The Borough estimates its demand for a codes officer at 10 hours per month. The majority of recorded complaints involve relatively minor code violations (e.g., garbage, vegetation) or blighted properties. The Borough should require its third party code enforcement officer to provide quarterly reports on action taken and current status of complaints received.

Gordon's Debt

Long-term debt of the Borough is not a large contributor to financial stress in the Borough's Budget. The Borough should evaluate the issuance of debt on a conservative basis and develop and implement policies to ensure that the debt service does not become unaffordable. The Borough should evaluate any future borrowing decision in the context of its overall strategy, the needs of the Borough and its long-term impact.

Revenue

Like all municipalities, the Borough requires stable revenue sources with moderate growth to fund services to residents, businesses and visitors. This is important because so much of a local government's expenditures are related to recurring and regularly increasing costs for salaries, benefits, and other operating expenses. However, the Borough's tax base lacks organic growth and over the long term, borough revenue streams will be unable to cover the growing costs of Borough services, which could lead to ongoing challenges to balance the General Fund operating budget.

The largest two components of Borough's General Fund revenues have been the property and Earned Income Tax ("EIT"). The Borough's other sources of revenue include transfers from the Other Funds, along with other local taxes, transfers from state and federal governments, and user fee revenues.

Sewer Collection System

The Borough owns and maintains a sewer collection system constructed in the early 1990s within in the Borough limits. Under the terms of the Sewage Treatment Agreement (the "Agreement") with the Schuylkill County Municipal Authority (the "Authority"), the Borough is responsible to pay all costs and expenses related to the acquisition, construction, operation and maintenance of the Borough Sewage Collection System. The Borough is treated as a single bulk customer by the Authority.

Conclusion

The recommendations in this Plan will require a concentrated effort by elected and appointed officials to implement. While Gordon is facing a projected structural deficit and operational issues which need to be addressed, there are a number of positive factors that Gordon can leverage to its benefit. For instance, in contrast to other municipalities, Gordon's level of debt, annual debt service requirements and fund balances are at a manageable and healthy level, respectively. Furthermore, Gordon has opportunities to improve operations and efficiencies through intergovernmental cooperation, shared service arrangements and investments in technology. And perhaps most importantly, Gordon's elected officials recognize the need for proactive action and are open to cooperation among themselves and with other governmental entities to implement initiatives that result in cost savings and improved efficiencies for the Borough and its residents.

List of Recommendations

The following is a summary of the Recommendations set forth in this Early Intervention Plan.

Elected Officials

Borough Council and Mayor Recommendations

- *Development of a Work Plan.* The Borough should develop and adopt a Work Plan that articulates what it would like to accomplish over the next 3 to 5 years.
- *Establish Goals, Objectives, Mission and Values.* The Borough should create Goals, Objectives, Missions and Values with the input of Borough Staff and citizens.
- *Enact, modify and revise Ordinances as necessary.* Many recommendations in this plan may require the modification and enactment of ordinances by Borough Council. Council should enact changes in a timely manner.
- *Establish a Fund Balance Policy.* The Borough should establish a Fund Balance policy that outlines a specific amount which the Borough would like to hold in reserves only to be used in the case of an emergency. (See www.gfoa.org for fund balance best management practices.)
- *Review budget reports monthly.* Council must be aware of budget issues as they arise so that Council may take the appropriate action.
- *Participate in DCED Local Government Training Programs.* Council members should participate in the training programs so that each Council Member is aware of his or her responsibilities as council members and of legislative changes as they arise.
- *Increase hourly rate for the Borough Manager to market rate.* The Borough Manager in Gordon is responsible for both Borough administration and providing municipal services in the Borough. The Borough Manager is of the utmost importance for the Borough and requires proper compensation.
- *Evaluate the sale/transfer or long-term lease of the Borough's sewer collection system.* Gordon Borough owns and is responsible for a Sewer Collection and transportation system located in the Borough. Waste received from the Borough's collection system is

treated by the Schuylkill County Municipal Authority per a Sewage Treatment Agreement executed in August 1991.

Borough Manager Recommendations

- *Create Job descriptions.* The Borough should create a formal approved job description for Borough Manager.
- *Create line item Budget for all Funds.* The Borough should create line item budgets for all funds and review them regularly.
- *Provide Council with written monthly budget reports.* The Borough Manager should provide Council with line item budgets vs. actual reports on a monthly basis and provide explanation for discrepancies and issues as they arise
- *Develop succession plan.* The Borough Manager has worked for the Borough for over 20 years and has amassed an inordinate amount of institutional knowledge about Borough operations and needs. The Borough Manager's institutional knowledge of the Borough is invaluable. The Manager and Borough need to transfer as much of that institutional knowledge to others so that when a change in leadership occurs the transition is not disruptive to Borough operations.

Police Service Recommendation:

- *Continue Contract with Butler Township.* Police services within the Borough are provided through a contract with Butler Township. The current police contract with Butler Township is working well and is provided at a reasonable cost. The Borough should continue to contract with Butler Township for police services.

Codes Recommendations

- *Produce Yearly Report of Complaints Received and Action Taken.* A written report outlining Complaints received and actions taken will provide Citizens and Council Members with a better understanding of Code enforcement taken.

Public Works Services

- *Increase fees charged annually.* As an ongoing practice, Gordon should review all fees annually and increase fees charged annually.
- *Label public works equipment.* The Borough currently owns and operates a Public Works truck that is used to provide a variety of services. The truck is currently unmarked and should be labeled so that the public can quickly identify both the truck and Borough personnel.
- *Keep track of and charge for all clean work done on private property.* Every time the Borough does work on private property the Borough should track and bill the property owner for services provided.
- *Increase street paving.* The Borough should look at ways to increase repaving and repairs on the roadways that the Borough attempts to pave annually. The increase in paving will help to avoid advanced or full deterioration.

- *Increase levels of shared services and cooperative purchasing.* The Borough should explore expanding equipment sharing and joint purchasing with surrounding governmental agencies.
- *Charge for yard waste collection services provided.* The Borough should review the current cost of providing yard waste collection services and charge customers an appropriate fee to cover the costs incurred, thereby alleviating pressure on the Borough's General Fund.

Debt

- *Monitor its outstanding debt.* The Borough should monitor its outstanding debt in order to take advantage of refunding opportunities as they may arise.

Revenue

- *Hire Professional Delinquent Debt Collector.* The Borough should aggressively pursue any outstanding delinquency and should use the help of an outside agency to recover any outstanding amounts owed.
- *Charge for all work performed.* The Borough should track and bill for all costs incurred for work performed.

Sewer Collection System

The following recommendations are a means to increase revenues received or limit demand on Borough resources.

- *Hire Professional Delinquent Debt Collector.* The Borough must aggressively pursue any outstanding delinquency and should use the help of an outside agency to recover any outstanding amounts owed. Hiring a professional delinquent debt collector would free time of the Borough's part-time sewer employee to focus on other tasks or lower the number of hours worked.
- *Evaluate the sale/transfer or long-term lease of the sewer collection system.* Transferring the maintenance and operation of the Borough's sewer collection system to a third party would lessen the demand on the Borough's workforce and elected officials. Lowering the amount of time Council and the Borough workforce spends on the collection system will free itself to focus on other areas of Borough operations for improvement. The Borough should consider utilizing the services of a consultant that can appropriately evaluate the system's value and future capital requirements, and detail the costs and benefits of selling, leasing or transferring ownership of the system prior to finalizing any transaction.

Introduction

History and Relevant Trends

An understanding of Gordon's history and economic trends is crucial to understanding the Borough's current fiscal situation, as well as its outlook. These trends must be recognized and considered in evaluating solutions to the Borough's financial situation.

Gordon was part of Butler Township until the borough was established in 1891. Gordon takes its name from David F. Gordon, a Reading, Pennsylvania, judge.¹

Like other historically rural boroughs, Gordon has struggled to find its identity in the 21st Century. The Borough has several demographic trends of which the Borough should be aware. The first is the population trends that the Borough has experienced; second, third, fourth and fifth, respectively, are the age demographic, housing, economic and educational statistics of the Borough, especially in comparison to Schuylkill County. These trends affect the Borough's financial condition and services needed.

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¹ <http://www.schuylkillvision.com/Boroughs/gordon-pa.html>

Population Trends

While 2010 US Census reported that both Schuylkill County and the Borough experienced a loss in population in comparison to the 2000 decennial census, the population for the Borough as most recently reported by the US Census Bureau's 2009-2013 American Community Survey 5-Year Estimates reports an increase in Borough population. From 2000 to 2009-13 the Borough has gained 55 residents or 7.0% of its population, while the County has lost 2,636 residents or 1.8%. The chart below reflects population trends of the Gordon Borough and Schuylkill County from 2000 to 2010-13.

	2000				2009-2013				Change from 2000 to 2009-2013			
	Schuylkill County		Gordon Borough		Schuylkill County		Gordon Borough		Schuylkill County		Gordon Borough	
Total Population	150,336		781		147,700		836		(2,636)	-1.8%	55	7.0%
Male	74,818		383		75,074		379		256	0.3%	(4)	-1.0%
Female	75,518		398		72,626		439		(2,892)	-3.8%	41	10.3%
Under 5	7,357	4.9%	50	6.4%	7,469	5.1%	88	10.5%	112	1.5%	38	76.0%
5 to 9 years	8,747	5.8%	57	7.3%	8,302	5.6%	83	9.9%	(445)	-5.1%	26	45.6%
10 to 14 years	9,455	6.3%	54	6.9%	8,201	5.6%	48	5.7%	(1,254)	-13.3%	(6)	-11.1%
15 to 19 years	9,008	6.0%	64	8.2%	8,540	5.8%	18	2.2%	(468)	-5.2%	(46)	-71.9%
20 to 24 years	7,623	5.1%	49	6.3%	7,935	5.4%	36	4.3%	312	4.1%	(13)	-26.5%
25 to 34 years	19,522	13.0%	89	11.4%	17,079	11.6%	162	19.4%	(2,443)	-12.5%	73	82.0%
35 to 44 years	23,004	15.3%	121	15.5%	19,841	13.4%	103	12.3%	(3,163)	-13.7%	(18)	-14.9%
45 to 54 years	21,224	14.1%	108	13.8%	22,525	15.3%	99	11.8%	1,301	6.1%	(9)	-8.3%
55 to 59 years	7,741	5.1%	46	5.9%	10,677	7.2%	66	7.9%	2,936	37.9%	20	43.5%
60 to 64 years	6,789	4.5%	30	3.8%	10,036	6.8%	37	4.4%	3,247	47.8%	7	23.3%
65 to 74 years	14,552	9.7%	47	6.0%	13,452	9.1%	46	5.5%	(1,100)	-7.6%	(1)	-2.1%
75 to 84 years	11,438	7.6%	54	6.9%	9,352	6.3%	30	3.6%	(2,086)	-18.2%	(24)	-44.4%
85 years and over	3,876	2.6%	12	1.5%	4,291	2.9%	20	2.4%	415	10.7%	8	66.7%
Under 18	31,351	20.9%	199	25.5%	29,400	19.9%	226	27.0%	(1,951)	-6.2%	27	13.6%
18 to 65	89,119	59.3%	469	60.1%	91,205	61.8%	514	61.5%	2,086	2.3%	45	9.6%
65 and over	29,866	19.9%	113	14.5%	27,095	18.3%	96	11.5%	(2,771)	-9.3%	(17)	-15.0%
Median Age	40.9		38.0		43.3		33.6		2.4		(4.4)	

Gordon has not only experienced a population increase, but the population in Gordon is younger than Schuylkill County or the national average. Statistics reveal that the population over age 65 is 11.5% in Gordon, which is below the national average of 13.4 percent. This is also well below Schuylkill County and other Schuylkill County boroughs which are also above the national average: Schuylkill County (18.3%), Ashland (16.6%); Gilberton (15.5%); Middleport (31.8%); and Cressona (13.2%).

Employment Trends

Gordon's population increase has been coupled with an increase of its employed civilian population over the age of 16. In the late 19th and early 20th Centuries, many workers in Schuylkill County were employed in the mining and manufacturing industries. Today the top employers in Schuylkill County are transportation and warehousing, manufacturing, service

industry, government, and educational institutions. The table below reflects the top 10 employers in Schuylkill and neighboring counties as of the fourth quarter of 2013.

**Top 10 Employers by Sector and County
(4th Quarter 2013)**

Schuylkill County		Northumberland County		Carbon County	
Major Employers¹	Industry Sector	Major Employers¹	Industry Sector	Major Employers¹	Industry Sector
WAL-MART ASSOCIATES INC	Transportation and Warehousing	WEIS MARKETS INC	Transportation and Warehousing	BLUE MOUNTAIN SKI AREA	Arts, Entertainment, and Recreation
SAPA EXTRUSIONS INC	Manufacturing	CONAGRA FOODS	Manufacturing	KOVATCH PARTNERS	Manufacturing
SCHUYLKILL MED CTR-SOUTH JACKSON ST	Health Care and Social Assistance	NORTHUMBERLAND COUNTY	Public Administration	GNADEN HUETTEN MEMORIAL HOSPITAL	Healthcare and Social Assistance
LOWES HOME CENTERS INC	Transportation and Warehousing	SHIKELLAMY SCHOOL DISTRICT	Educational Services	LEHIGHTON AREA SCHOOL DISTRICT	Educational Services
JELD-WEN INC	Manufacturing	KEYSTONE SERVICES SYSTEMS	Healthcare and Social Assistance	JIM THORPE AREA SCHOOL DISTRICT	Educational Services
SCHUYLKILL MED CTR – E NORWEGIAN ST	Health Care and Social Assistance	CENTRAL SUSQUEHANNA IU	Educational Services	SPLIT ROCK RESORT	Accommodation and Food Services
COUNTY OF SCHUYLKILL	Public Administration	REINHART FOODSERVICE	Wholesale Trade	BLUE RIDGE CABLE TECHNOLOGIES	Information
CARGILL MEAT SOLUTIONS CORPORATION	Manufacturing	SHAMOKIN AREA SCHOOL DISTRICT	Educational Services	WAL-MART ASSOCIATES	Retail Trade
POTTSVILLE AREA SCHOOL DISTRICT	Educational Services	MILTON AREA SCHOOL DISTRICT	Educational Services	CARBON COUNTY	Public Administration
BOYERS FOOD MARKETS INC	Retail Trade	ACF INDUSTRIES	Manufacturing	PALMERTON HOSPITAL	Health Care and Social Assistance

¹ 4th Quarter 2013

Income Trends

Gordon's median household income is \$4,179 less than the median household income for Schuylkill County and almost \$11,715 less than the average Pennsylvania household income. However only 19.5% percent of Gordon's population has a household income of less than \$25,000, which is lower that of Schuylkill County at 27.8% and the Commonwealth of Pennsylvania at 23.6%.

The table below depicts the change in Gordon's median household income rate in comparison to Schuylkill County and Pennsylvania.

**Gordon Borough, Schuylkill County and Pennsylvania
Change in Median Household Income 2000 to 2009-13**

	2000	2009-13	Change	
			\$	%
Gordon Borough	\$ 30,855	\$ 40,833	\$ 9,978	32.3%
Schuylkill County	32,699	45,012	12,313	37.7%
Pennsylvania	40,106	52,548	12,442	31.0%
Gordon Borough	(1,844.00)	(4,179.00)		
More/(Less) than County	-5.64%	-9.28%		
Gordon Borough	(9,251.00)	(11,715.00)		
More/(Less) than State	-23.07%	-22.29%		

Source: U.S. Bureau of the Census

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The table below depicts Gordon's change in Per Capita Income from 2000 to 2009-13 in comparison to Schuylkill County and Pennsylvania.

**Gordon Borough, Schuylkill County and Pennsylvania
Change in Per Capita Income 2000 to 2009-13**

	2000	2009-13	Change	
			\$	%
Gordon Borough	\$ 13,873	\$ 20,345	4,488	36.3%
Schuylkill County	17,230	23,021	4,165	25.3%
Pennsylvania	20,880	28,502	6,169	29.5%
Gordon Borough	(3,357.00)	(2,676.00)		
More/(Less) than County	-19.48%	-11.62%		
Gordon Borough	(7,007.00)	(8,157.00)		
More/(Less) than State	-33.560%	-28.6%		

Source: U.S. Bureau of the Census

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Housing Trends

Over the last 10 years Gordon has been experiencing a steady increase in owner-occupied housing units. From 2000 to 2009-13 Gordon gained 20 or 8.03% in owner-occupied housing. However, the value of owner-occupied housing has appreciated at a slower rate than in both Schuylkill County and Pennsylvania. The tables below depict the change in the number of owner-occupied housing units from 2000 to 2010 and the change in median value of owner-occupied housing from 2000 to 2010, as compared to Schuylkill County and Pennsylvania.

Gordon Borough Change in Number of Owner-Occupied Housing Units 2000 to 2009-13				
Year	Owner-Occupied Housing Units		Change	
	#	% of Total	#	%
2000	249	79.8%		
2009-13	269	74.5%	20	8.03%

Source: U.S. Bureau of the Census

Gordon Borough, Schuylkill County and Pennsylvania Change in Median Value of Owner-Occupied Housing 2000 to 2009-13				
			Change	
	2000	2009-13	\$	%
Gordon Borough	\$ 60,300	\$ 91,000	\$ 30,700	50.9%
Schuylkill County	63,300	93,500	30,200	47.7%
Pennsylvania	97,000	164,700	67,700	69.8%
Gordon Borough	(3,000)	(2,500)		
More/(Less) than County	-4.74%	-2.67%		
Gordon Borough	(36,700)	(73,700)		
More/(Less) than State	-37.84%	-44.75%		

Source: U.S. Bureau of the Census

*2009-2013 American Community Survey 5-Year Estimates

Early Intervention Background

In 2004, the Department of Community and Economic Development ("DCED") developed an Early Intervention Program (EIP) to provide matching grant funds to assist municipalities experiencing fiscal difficulties in developing comprehensive, multi-year financial plans and establishing short-term and long-term financial objectives. In 2014, the Borough obtained an EIP grant from DCED, and engaged Stevens & Lee, P.C. ("S&L") and Financial S&Lutions LLC ("FS&L" together the "Financial Consultant" or "Consultant") to develop a multi-year financial report. The report was provided to assist the Borough with the completion of the following five tasks:

1. The development of an Action Plan to provide recommendations to Gordon to help resolve current financial challenges, particularly as they relate to Gordon's 2014 operating budget and cash flow issues.
2. The development of a Financial Condition Assessment to provide an analysis of Gordon's historical financial data and current budget performance, establishing a realistic baseline of Gordon's historic and current financial condition.
3. The development of a Financial Trend Analysis to project future revenue, expenditure, economic and demographic trends to assist Gordon in understanding its anticipated future financial position.
4. The development of a Management Audit to provide an operational review of Gordon's current staffing, including a narrative summary of each department comprising both budgetary and personnel information and any other relevant data in order to determine appropriate staffing levels.
5. The development of a Multi-Year Financial Management Plan to incorporate the findings of tasks 2 through 4, and to include long-term financial, management and economic development strategies and recommendations which Gordon should consider adopting and implementing to strengthen its financial capacity.

The Borough's Structural Surplus

The Borough's Audited Financial Statements from 2010 to 2013 reported significant fund balances in all of its Governmental Funds, including its General Fund indicating positive financial health for the Borough.

Additionally, unlike many municipalities throughout the Commonwealth, the Borough has not had to utilize a Tax Anticipation Note ("TAN") or Tax and Revenue Anticipation Note ("TRAN") to fund Borough operation until tax revenue is received because of its existing fund balance.

The Borough's financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting, other than accounting principles generally accepted in the United States of America. This can lead to distortions in the true financial picture due to timing of cash received and expenses paid towards the end of a fiscal period; however because of the Borough's timely and responsible payment of bills, this does not appear to be an issue.

Gordon's General Fund Revenue vs. Expenses (2010-2013)

Gordon Borough, Pennsylvania Statement of Revenues and Expenditures - Audited Financial Statements General Fund Year Ended December 31

	2010	2011	2012	2013
Total Revenues	\$ 154,207	\$ 168,655	\$ 225,429	\$ 193,330
Total Expenses	178,443	194,947	173,650	175,165
Rev. Over (Under) Exp.	(24,236)	(26,292)	51,779	18,165
% of deficit to revenues	-15.7%	-15.6%	23.0%	9.4%

Despite expenses exceeding revenues for the years 2010 and 2011, the Borough has been able to overcome the prior structural impediments toward financial solvency. In other words, the structural mismatch between revenue and expenditures has been overcome with cutbacks in expenditures or increased revenues.

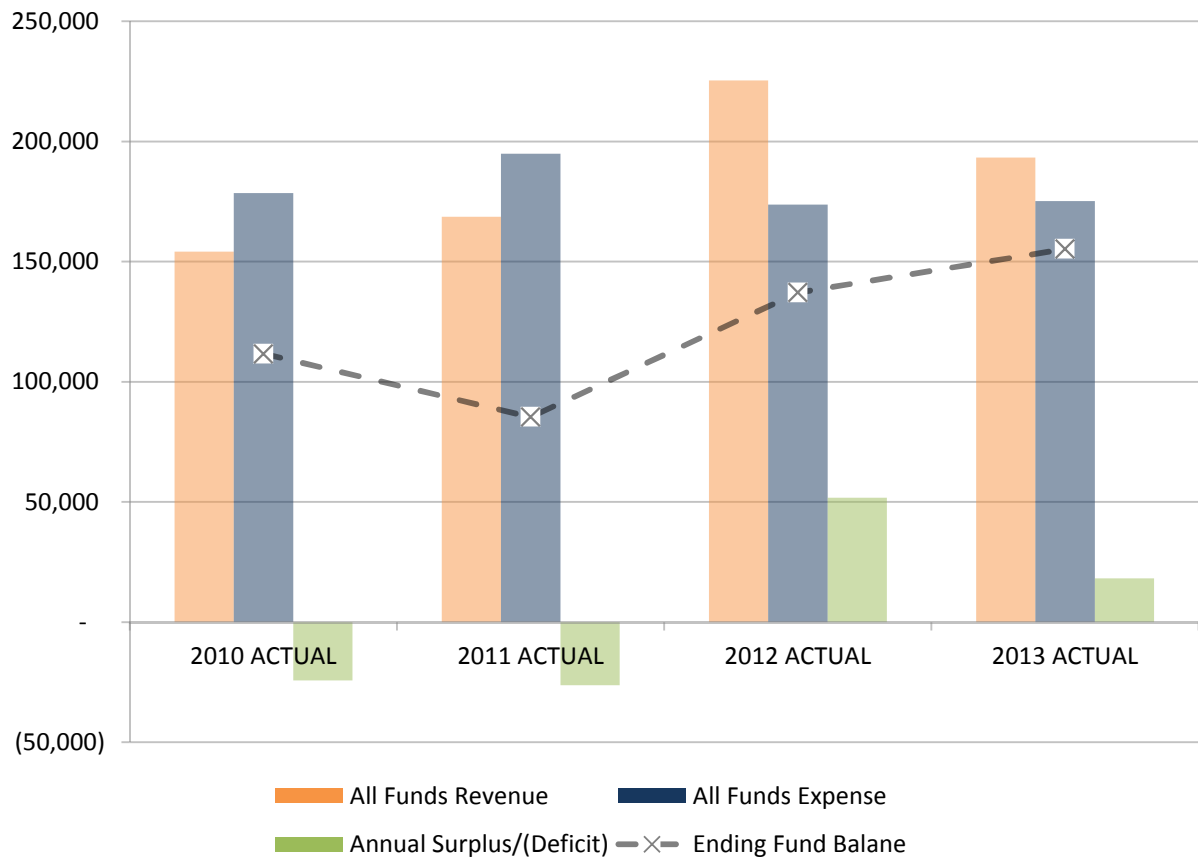
That said, increasing future tax revenue without raising the tax rates levied will be challenging for a number of reasons. The Borough receives revenue from real estate taxes, earned income taxes, other Act 511 taxes, intergovernmental transfers, and charges for services provided. It is projected that the Borough's revenues will be *at best* flat. Real estate taxes comprise the largest percentage of the Borough's tax revenue, and real estate tax assessment does not grow organically.

Typically municipal expenditures increase more rapidly than the relatively lower growth in the revenue base. General government and Public Safety currently constitute 75% of the Borough's 2015 budgeted expenditures. Continued increases in expenses cannot be sustained by the Borough indefinitely and although the Borough is currently in a solid financial position, increasing annual deficits will have to be addressed by the Borough to ensure future annual revenues are sufficient to cover annual expenses.

This report provides a financial analysis of the Borough's revenues and expenses, and proposes a number of recommendations to help address financial and operational needs.

Compared to many governmental agencies' throughout the Commonwealth, the Borough has been able to maintain a large fund balance in each of the past four years. The Borough's General Fund surplus is reflected in the Table and Chart below:

Gordon Borough General Fund Revenues and Expenses 2010-2013



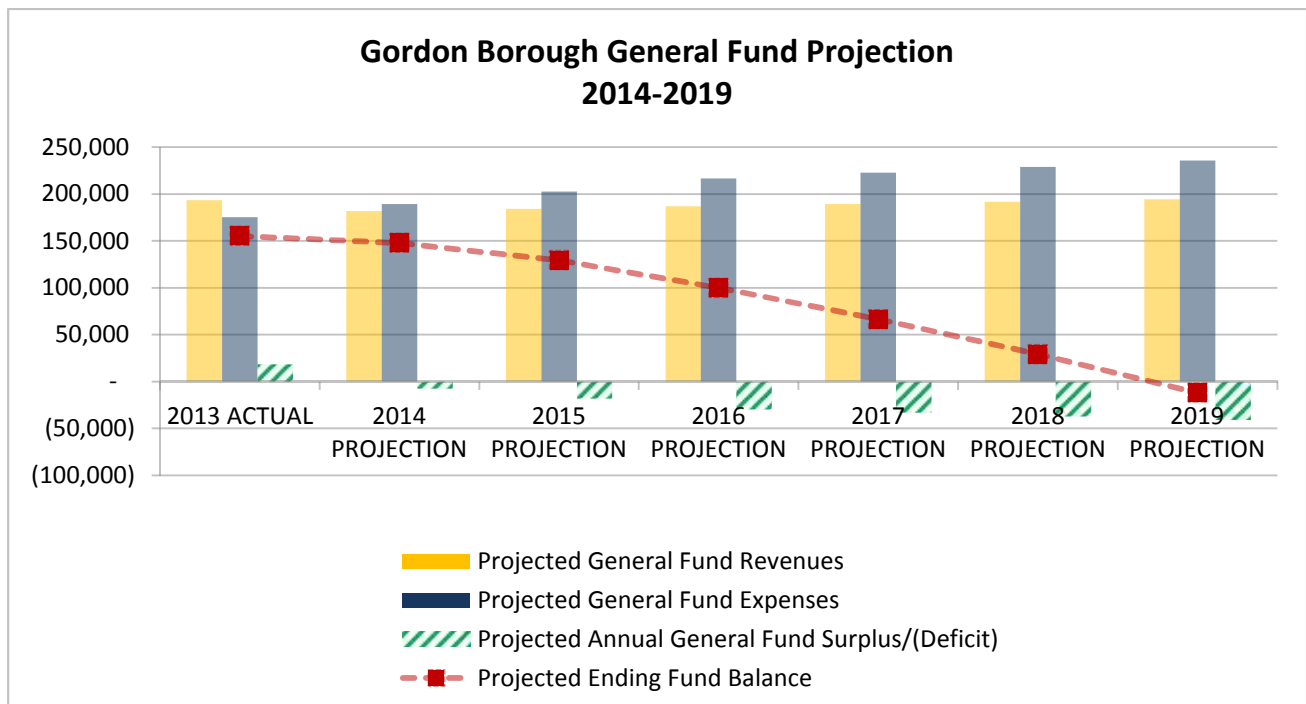
Statement of Revenues and Expenditures - Audited Financial Statements
General Fund Year Ended December 31

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
REVENUES:				
Taxes	\$ 135,761	\$ 137,477	\$ 138,087	\$1 74,170
Licenses and Permits	3,219	2,265	831	2,060
Fines	1,186	977	725	1,099
Interest, Rents & Royalties	3,730	3,476	3,160	3,263
Intergovernmental Revenue	4,385	6,353	9,965	3,948
Charges for Services	1,440	190	-	-
Unclassified Revenues	<u>4,486</u>	<u>17,917</u>	<u>72,661</u>	<u>8,790</u>
Total Revenues	154,207	168,655	225,429	193,330
EXPENDITURES:				
General Government	57,099	75,492	75,815	75,464
Public Safety	50,963	46,683	49,570	47,963
Public Works				
Sanitation	10,079	10,951	11,637	5,198
Highways, Roads, and Streets	13,423	13,672	11,060	12,067
Other (Emergency Management)	774	-	-	-
Culture-Recreation	11,011	18,127	2,590	679
Conservation and Development	13,195	100	50	-
Debt Service	-	-	-	9,633
Employer Paid Benefits	11,636	11,547	11,363	12,855
Insurance	5,848	13,667	6,790	6,875
Miscellaneous Expenses	-	-	75	-
Other Financing Uses	4,415	4,708	4,700	4,431
Total Expenses	<u>178,443</u>	<u>194,947</u>	<u>173,650</u>	<u>175,165</u>
Revenues Over (Under) Expenditures	(24,236)	(26,292)	51,779	18,165
% of deficit to revenues	(15.7)%	(15.6)%	23.0%	9.4%
Net Change in Fund Balances	(24,236)	(26,292)	51,779	18,165
Fund Balances - Beginning of Year	<u>135,855</u>	<u>111,619</u>	<u>85,327</u>	<u>137,106</u>
Fund Balance - End of Year	<u>\$ 111,619</u>	<u>\$ 85,327</u>	<u>\$ 137,106</u>	<u>\$ 155,271</u>

The following chart and graph illustrate the Borough's General Fund projections in the coming years:

Gordon Borough, Pennsylvania
Projected - Statement of Revenues and Expenditures
General Fund Year Ended December 31

	Actual	Projected					
	2013	2014	2015	2016	2017	2018	2019
Total Revenues	\$ 193,330	\$ 181,835	\$ 184,274	\$ 186,747	\$ 189,253	\$ 191,792	\$ 194,366
Total Expenses	175,165	189,423	202,599	216,404	222,589	228,960	235,522
Revenues Over (Under) Expenditures	18,165	(7,589)	(18,325)	(29,657)	(33,336)	(37,168)	(41,156)
% of surplus/(deficit) to revenues	9.40%	(4.17)%	(9.94)%	(15.88)%	(17.61)%	(19.38)%	(21.17)%
Beginning Fund Balance	137,106	155,271	147,682	129,357	99,700	66,364	29,196
Ending Fund Balance	155,271	147,682	129,357	99,700	66,364	29,196	(11,960)
Ending Fund Balance as % of Expenses	88.64%	77.96%	63.85%	46.07%	29.81%	12.75%	(5.08)%



Gordon Borough, Pennsylvania
Projected Statement of Revenues and Expenditures
All Funds Year Ended December 31

					Projected			
	2014 Budget	Projected 2014	2015 Budget	Projected 2015	2016	2017	2018	2019
REVENUES:								
Taxes	\$ 160,250	\$ 160,265	\$ 162,529	\$ 162,416	\$164,595	\$166,804	\$ 169,043	\$ 171,312
Licenses and Permits	1,500	2,094	2,500	2,122	2,150	2,179	2,208	2,238
Fines	1,000	997	1,500	1,010	1,024	1,037	1,051	1,065
Interest, Rents & Royalties	400	3,407	200	3,453	3,499	3,546	3,594	3,642
Intergovernmental Revenue	-	6,163	-	6,245	6,329	6,414	6,500	6,587
Charges for Services	-	408	-	413	418	424	430	436
Miscellaneous	5,400	8,502	5,400	8,616	8,731	8,848	8,967	9,087
Total Revenues	168,550	181,835	172,129	184,274	186,747	189,253	191,792	194,366
EXPENDITURES:								
General Government	74,300	70,968	66,900	80,879	91,321	94,043	96,846	99,733
Public Safety	110,250	48,795	110,050	50,259	51,766	53,319	54,919	56,566
Health and Welfare	1,000	-	1,000	-	-	-	-	-
Public Works								
Sanitation	15,700	9,466	16,500	9,750	10,043	10,344	10,654	10,974
Highways, Roads, and Streets	20,000	12,556	34,300	12,932	13,320	13,720	14,131	14,555
Other (Emergency Management)	1,000	194	1,000	199	205	211	218	224
Culture-Recreation	1,000	8,102	3,500	8,345	8,595	8,853	9,119	9,392
Conservation and Development	-	3,336	-	3,436	3,539	3,646	3,755	3,868
Debt Service	-	9,633	-	9,633	9,633	9,633	9,633	9,633
Employer Paid Benefits	-	13,498	-	13,903	14,320	14,749	15,192	15,648
Insurance	-	8,295	-	8,544	8,800	9,064	9,336	9,616
Miscellaneous Expenses	4,000	19	4,000	19	20	20	21	22
Other Financing Uses	-	4,564	-	4,700	4,841	4,987	5,136	5,290
Total Expenses	227,250	189,423	237,250	202,599	216,404	222,589	228,960	235,522
Excess of Revenues Over (Under)								
Expenditures	(58,700)	(7,589)	(65,121)	(18,325)	(29,657)	(33,336)	(37,168)	(41,156)
Other Financing Sources (Uses)								
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(58,700)	(7,589)	(65,121)	(18,325)	(29,657)	(33,336)	(37,168)	(41,156)
Fund Balances - Beginning of Year	60,000	155,271	69,000	147,682	129,357	99,700	66,364	29,196
Budgeted Fund Balance - End of Year	1,300	147,682	3,879	129,357	99,700	66,364	29,196	(11,960)

Assessment

General Fund Projection

As examined earlier, the Borough's Audited Financial Statements from 2010 to 2013 reported significant fund balances in all of its Governmental Funds, including its General Fund, indicating positive financial health for the Borough. Additionally, the Borough ended 2014 with a significant amount on deposit in its general operating bank account and as of May 29, 2015, reported a general operating bank balance of \$118,956.

The Borough's history of fiscal responsibility and strong financial performance provides it flexibility and options that are not available to many municipalities. The recent hiring of a part-time administrative assistant is an example of that flexibility. The part-time administrative assistant is paid \$15 per hour and works 20 hours a week. Under the current terms of employment, this will cost the Borough an additional \$300 a week or \$15,600 a year. This expense was not originally budgeted in the Borough's 2015 budget and will require the Borough to draw on reserves or reduce other expenditures to fund the new position.

We believe the addition of the administrative assistant position is a positive step for the Borough and will help provide increased fiscal reporting and responsiveness for elected officials and citizens.

With both the increased cost associated with the new position and general expenditure growth as the Borough moves through the end of the year and works on developing its 2016 Budget, the Borough needs to be cognizant of the increased costs and make necessary adjustments in revenue (tax increases) or equivalent reduction in expenses.

The Borough is currently able to fund this increase in unbudgeted expense because of its cash reserves; however moving forward, this increase in cost is a major driver in projected future deficits and must be addressed by the Borough to ensure that projected deficits are addressed.

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Borough Council and Borough Manager

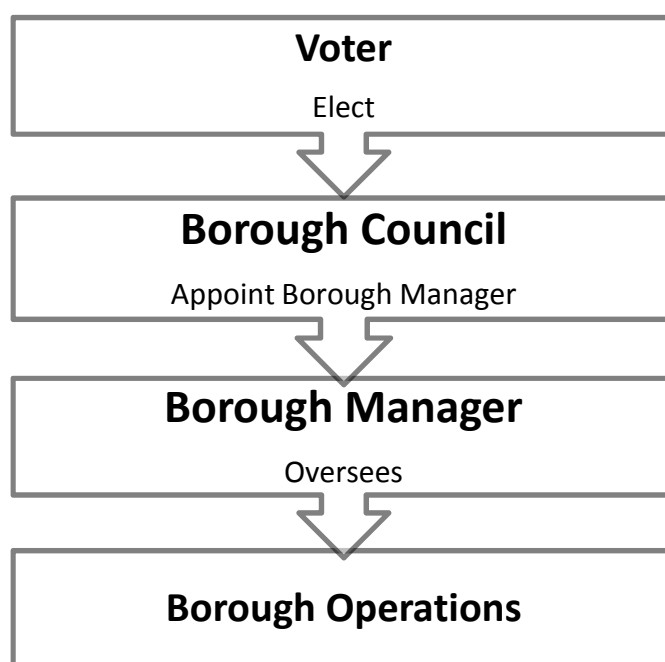
Overview

The Borough of Gordon is governed and organized by the provisions of the Pennsylvania Borough Code (the “Borough Code” or “Code”). The general powers include the Borough’s ability to organize and regulate internal affairs, and to establish, alter, and abolish offices, positions and employment, as well as to define their functions, powers and duties and to fix their terms, tenures and compensation. Additionally, the Borough has the power to adopt and enforce local ordinances, impose penalties or fines on properties, and to construct, acquire, operate, or maintain any and all public improvements and projects for any public purpose.

The Borough also has the power to sue and be sued; to contract to buy, sell, lease, hold, and dispose of real and personal property; to appropriate and expend monies; to adopt, amend and repeal such ordinances and resolutions as the Borough may require; and to exercise condemnation, borrowing, and taxation in a manner provided by general law applicable to Pennsylvania Boroughs.

In addition to granting general powers to the Borough, the Borough Code also has limitations. For example, if the Borough had a pension plan, the Borough would not have the power or authority to diminish retroactively any rights or privileges of any present borough employee in this pension plan. The Borough also cannot exercise any power or authority beyond the Borough limits or engage in proprietary or private business except as authorized by the Pennsylvania General Assembly. Generally, the Borough cannot exercise powers contrary to, or in limitation or enlargement of, powers granted to the Borough by acts of the General Assembly.

Borough Council and Borough Manager



Assessment

Borough Council

The Borough of Gordon's elected leadership consists of seven at-large Borough Council members and a Mayor. The Council Members serve a term of four years and are required to act as one body. Each Council Member has the responsibility to vote on all questions that come before the Council, and their actions are to be taken pursuant to ordinance, resolution, or motion. The Council also has the responsibility to appoint a Borough Manager and a borough solicitor and any planning or zoning board in the Borough, and may create commissions and other bodies.

The Borough Council is responsible for leading, establishing policy and setting the direction of the Borough.

Borough Manager

The Borough Manager ("Borough Manager" or "Manager") is the only full-time borough employee. As the chief administrative official of the Borough, the Borough Manager conducts the day-to-day business operations of the Borough and is responsible for keeping Council minutes, compiling ordinances and resolutions and maintaining other records and documents of Council. Some of the administrative duties of the Borough Manager include the preparation and oversight of the Borough budget; processing payroll and accounts payable and receivable; and filing federal, state, and local payroll taxes and reports, among many other responsibilities.

In addition to the Borough Manager's administrative responsibilities, the Manager is also responsible for all public works services provided in the Borough. Services included but are not limited to: Snow Plowing, Minor Street Repairs, Yard Waste collection, maintaining the Sewer System Pump Grinder, and Borough Buildings and Parks.

The number of tasks the Borough Manager is responsible for far exceeds what can be reasonably expected to be performed by one individual. The Borough Manager's current workload makes completing tasks in a timely manner difficult. This is evident by the time it takes annual financial Audits to be completed and was experienced firsthand in the time taken by the Manager to provide information requested for this report.

For the long term benefit of the Borough, the Council must create an appropriate job description for the Borough Manager, as well as a succession plan for the current Manager. In conjunction with the job description and succession plan, the Council should develop an alternate plan on how to address job functions currently provided by the Borough Manager which could be provided by either a Public Works Laborer or contracted service provider.

General Government – Historical Expenditures

Gordon Borough, Pennsylvania General Government Expenditures General Fund Year Ended December 31

	Audited Jan – Dec 2010	Audited Jan – Dec 2011	Audited Jan – Dec 2012	Audited Jan - Dec 2013
Expense				
Executive/Manager or Mayor	\$ 600	\$ 600	\$ 600	\$ 600
Auditing Services/Financial Administration	-	2,500	5,000	2,500
Tax Collection	5,241	5,309	5,014	5,544
Solicitor/Legal Services	5,769	6,391	6,391	4,175
Other General Gov't Administration	6,534	6,905	7,552	11,257
Engineering Services	6,174	17,984	9,537	14,655
General Government Buildings and Plant	11,991	14,603	20,921	15,213
Secretary/Clerk	20,790	21,200	20,800	21,520
Total – General Government	\$ 57,099	\$ 75,492	\$ 75,815	\$ 75,464

General Government – Projected Baseline Expenditures

Gordon Borough, Pennsylvania General Government Expenditure Projections General Fund Year Ended December 31

	Budget Jan – Dec 2014	Projection Jan – Dec 2014	Budget Jan – Dec 2015	Projection Jan – Dec 2015	Projection Jan – Dec 2016	Projection Jan – Dec 2017	Projection Jan - Dec 2018	Projection Jan - Dec 2019
Expense								
Executive/Manager or Mayor	\$ -	\$ 600	\$ -	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Auditing Services/Financial Administration	-	2,500	-	2,575	2,652	2,732	2,814	2,898
Tax Collection	-	5,277	-	5,435	5,598	5,766	5,939	6,117
Solicitor/Legal Services	-	5,682	-	5,852	6,028	6,208	6,395	6,586
Other General Gov't Administration	-	8,062	-	8,304	8,553	8,810	9,074	9,346
Engineering Services	-	12,088	-	12,824	12,824	13,208	13,605	14,013
General Government Buildings and Plant	-	15,682	-	16,152	16,637	17,136	17,650	18,180
Secretary/Clerk	-	21,078	-	29,510	38,429	39,582	40,769	41,993
Total – General Government	\$ 74,300	\$ 70,968	\$ 66,900	\$ 80,879	\$ 91,321	\$ 94,043	\$ 96,846	\$ 99,733

*Projected line items increase 3% annually

Borough Council Recommendations

- *Development of a Work Plan.* The Borough should develop and adopt a Work Plan that articulates what it would like to accomplish over the next 3 to 5 years.
- *Establish Goals, Objectives, Mission and Values.* The Borough should create Goals, Objectives, Missions and Values with the input of Borough Staff and citizens.
- *Enact, modify and revise Ordinances as necessary.* Many recommendations in this plan may require the modification and enactment of ordinances by Borough Council. Council should enact changes in a timely manner.
- *Establish a Fund Balance Policy.* The Borough should establish a Fund Balance policy that outlines a specific amount which the Borough would like to hold in reserves only to be used in the case of an emergency. (See www.gfoa.org for fund balance best management practices.)
- *Review budget reports monthly.* Council must be aware of budget issues as they arise so that Council may take the appropriate action.
- *Participate in DCED Local Government Training Programs.* Council members should participate in the training programs so that each Council Member is aware of his or her responsibilities as council members and of legislative changes as they arise.
- *Increase hourly rate for the Borough Manager to a market rate.* The Borough Manager in Gordon is responsible for both Borough administration and providing municipal services in the Borough. The Borough Manager is of the utmost importance for the Borough and requires proper compensation.
- *Evaluate the sale or long-term lease of the Borough's sewer collection system.* Gordon Borough owns and is responsible for a Sewer Collection and transportation system located in the Borough. Waste received from the Borough's collection system is treated by the Schuylkill County Municipal Authority per a Sewage Treatment Agreement executed in August 1991.

Borough Manager Recommendations

- *Create Job descriptions.* The Borough should create formal approved job descriptions for Borough Manager.
- *Include a Management Discussion and Analysis with annual Audit ("MD&A").* For the last three years, the Borough has not included an MD&A in its Audit that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.
- *Create line item Budget for all Funds.* Similar to many municipalities, the Borough utilized many Funds to segregate and track revenue and expenses. However, the

Borough only budgets for the General and Liquid Fuels Fund by division summary. The Borough should create line item budgets for all funds and review them regularly.

- *Establish Policies and Procedures for processing of bills.* There is no formal policy on how invoices get processed in the Borough. An official policy should be created so that bills are processed on a fair and consistent basis.

Debt

Overview

The Borough of Gordon has done a commendable job in the management of the amount of long-term debt the Borough has issued and in limiting the debt burden on taxpayers. As illustrated throughout this chapter, the total amount of the Borough's long-term outstanding debt and the Borough's annual debt service requirements are at a manageable level. Like most small and medium-sized cities in Pennsylvania, the Borough does not have employees with relevant experience to manage its long-term borrowings and debt service. The management of the Borough's debt is the responsibility of the Borough Manager and Borough Council. Council must approve any Borough debt issuance. Borough Council must also approve any guarantees it provides for other borrowings.

The annual debt service requirements of the Borough equal approximately 5% of the Projected FY 2014 General Fund Revenue. The Borough is permitted to, but does not charge a dedicated millage to be used for debt service separate from the General Fund.

General Obligation Debt

The Borough has one outstanding general obligation debt in the form of a bank loan maturing in 2022 and one guaranteed revenue obligation for a USDA Note that matures in 2031. The Borough does not have a history of also utilizing annual short-term Tax and Revenue Anticipation Notes ("TRANS") for the purpose of providing the Borough with necessary cash flow at the beginning of its fiscal year until sufficient tax collections are received.

The annual debt service for the long-term indebtedness is approximately \$190,000 for 2015. The table below details the Borough's debt service requirements by individual issue for fiscal year 2015.

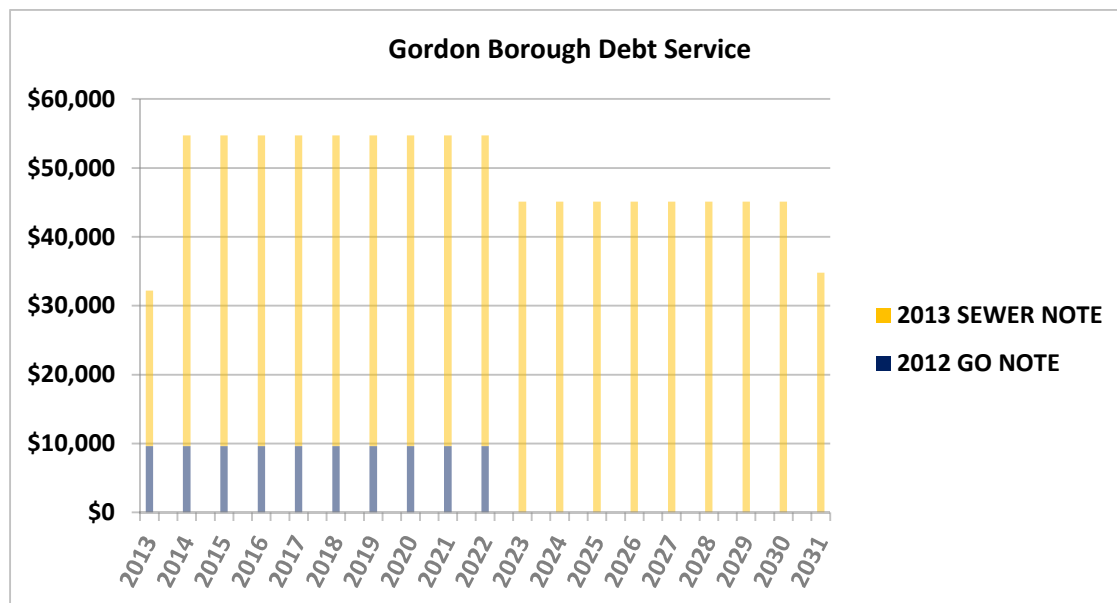
Debt Service Requirements Fiscal Year 2015	
Debt Series	FY 2015 Debt Debt Service
2012 Note (Roof Loan)	\$ 9,633
2013 Note (Sewer)	45,106
Total FY 2015 Debt Service	\$ 54,739

Source: Closing Statements provided by Borough

The Borough's annual debt service obligations are approximately \$54,739 through fiscal year 2022, at which time the annual debt service payments are reduced to approximately \$45,106 through 2030 and \$34,780 in 2031, which is when the Borough's current outstanding long-term debt service matures. The chart and table below details the Borough's debt service requirements by individual issue for fiscal years 2015 through 2031.

**Gordon Borough
Debt Service Requirements**

Year	2012 G.O. Note	2013 Sewer Note	Total
2015	9,633	45,106	54,739
2016	9,633	45,106	54,739
2017	9,633	45,106	54,739
2018	9,633	45,106	54,739
2019	9,633	45,106	54,739
2020	9,633	45,106	54,739
2021	9,633	45,106	54,739
2022	9,633	45,106	54,739
2023		45,106	45,106
2024		45,106	45,106
2025		45,106	45,106
2026		45,106	45,106
2027		45,106	45,106
2028		45,106	45,106
2029		45,106	45,106
2030		45,106	45,106
2031		34,780	34,780
	96,330	824,136	920,466



Assessment

The Borough should continue to evaluate the issuance of debt on a conservative basis, and should develop and implement policies to ensure that the debt service does not become unaffordable. The Borough must evaluate each borrowing decision in the context of its overall strategy and long-term impact based on a best practices model.

Revenue

Overview

Like all municipalities, the Borough requires stable revenue sources with moderate growth to fund services to residents, businesses and visitors. This factor is important because so much of a local government's expenditures are related to recurring and regularly increasing costs for salaries, benefits, and other operating expenses. However, Borough's tax base lacks organic growth and over the long term borough revenue streams will be unable to cover the growing costs of Borough services, which could lead to ongoing challenges to balance the General Fund operating budget. This chapter will consider:

- The Borough's current General Fund revenue structure.
- Revenue performance over time.
- The impact of current economic conditions on Borough revenues.
- Positive and negative aspects of the current revenue structure.
- Future revenue outlook.
- Initiatives to strengthen and expand the Borough's revenue base.

Revenue Profile

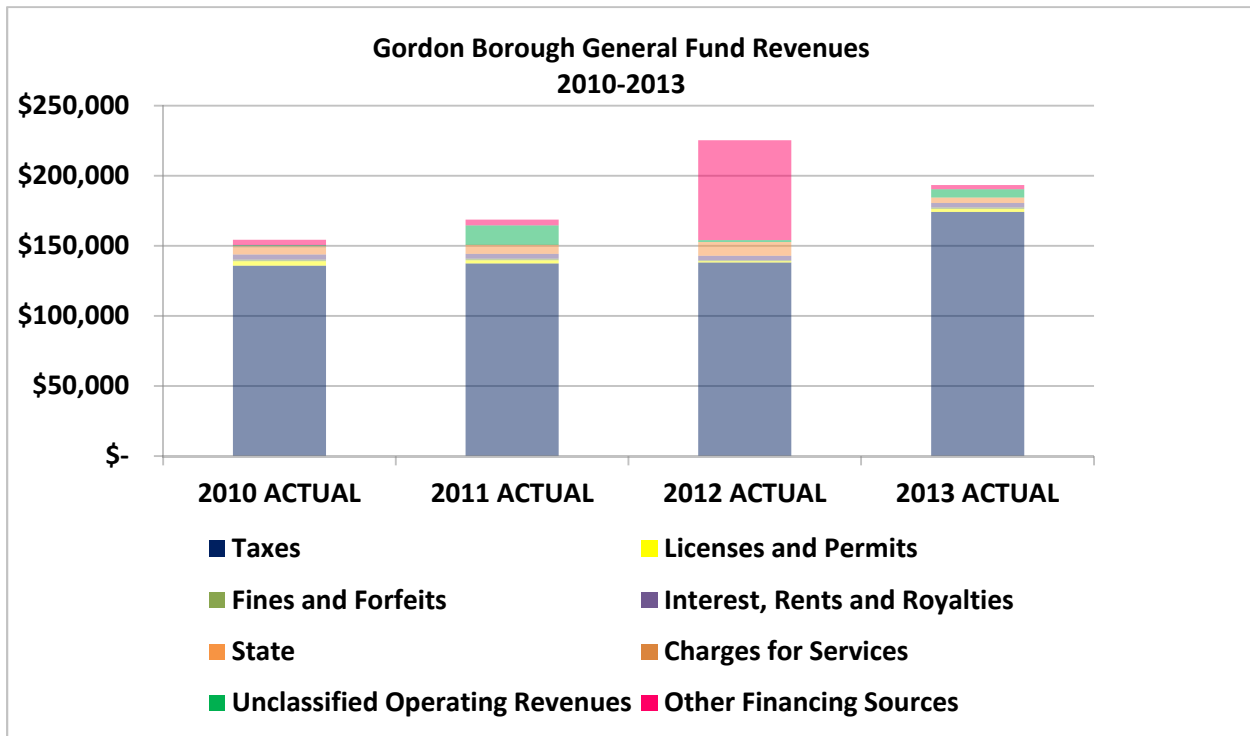
Historically, the largest two components of Borough's General Fund revenues have been the property and Earned Income Tax ("EIT"). The Borough's other sources of revenue include transfers from the Other Funds, along with other local taxes, transfers from state and federal governments, and user fee revenues. The table and chart below show the share of revenues by major category from 2010-2013.

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General Fund Revenues, 2010-2013

Gordon Borough, Pennsylvania Statement of Revenues and Expenditures – Audited Financial Statements General Fund Year Ended December 31

	2010	2011	2012	2013
REVENUES:				
Taxes	\$ 135,761	\$ 137,477	\$ 138,087	\$ 174,170
Licenses and Permits	3,219	2,265	831	2,060
Fines	1,186	977	725	1,099
Interest, Rents & Royalties	3,730	3,476	3,160	3,263
Intergovernmental Revenue	4,385	6,353	9,965	3,948
Charges for Services	1,440	190	-	-
Unclassified Operating Revenues	698	13,720	1,363	5,897
Other Financing Sources	3,788	4,167	71,298	2,893
Total Revenues	\$ 154,207	\$ 168,655	\$ 225,429	\$ 193,330



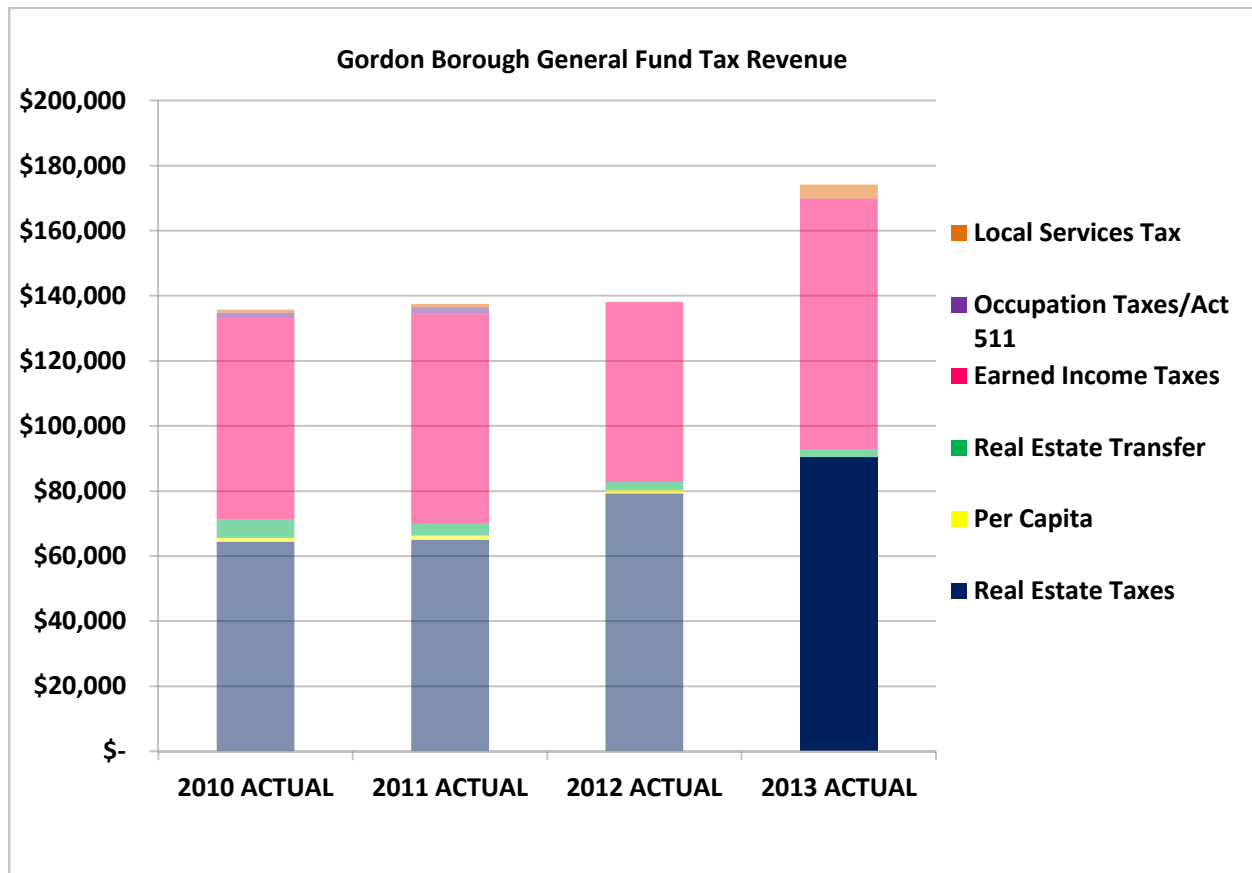
Revenue Sources

While the Borough's General Fund revenues have increased by \$39,123 from 2010 to 2013, virtually all of the Borough's revenue growth has been the result of a property tax increase from 6.500 Mills in 2011 to 8.500 Mills implemented in 2012. The Borough's current real estate tax rate remains 8.500 Mills.

General Tax Revenues 2010-2013 Actual, 2014 & 2015 Budget and Projected 2014 & 2015

Gordon Borough, Pennsylvania Tax Revenues General Fund Year Ended December 31

	Audited Jan - Dec 2010	Audited Jan - Dec 2011	Audited Jan - Dec 2012	Audited Jan - Dec 2013	Budget Jan - Dec 2014	Projected Jan - Dec 2014	Budget Jan - Dec 2015	Projected Jan - Dec 2015
Taxes								
Real Estate	\$ 64,438	\$ 65,033	\$ 79,222	\$ 90,311	\$ 83,979	\$ 84,767	\$ 83,759	\$ 85,902
Per Capita	1,140	1,284	1,119	-	2,405	1,181	2,335	1,200
Real Estate Transfer	5,701	3,567	2,463	2,449	2,500	3,545	4,000	3,593
Earned Income Taxes	61,899	64,776	55,283	77,147	65,000	64,776	66,000	65,644
Occupation Taxes/ Act 511	1,629	1,837	-	-	1,384	1,733	1,435	1,756
Local Services Tax	954	980	-	4,263	4,982	4,263	5,000	4,320
Total - Taxes	\$ 135,761	\$ 137,477	\$ 138,087	\$ 174,170	\$ 160,250	\$ 160,265	\$ 162,529	\$ 162,416



Assessment

In a normal year the tax revenue makes up approximately 90% of the Borough's General Fund revenue. Municipal taxation in Pennsylvania is governed by the Commonwealth and by nature lacks organic growth. Due to the lack of natural growth, Pennsylvania municipalities are forced to continuously limit increases in expenses or increase taxes to cover rising costs.

The Borough of Gordon has done a commendable job in balancing increases in taxes with reductions in expenses in an effort to minimize the overall tax burden of its citizens and has created a very healthy general fund balance of \$155,271 as of December 31, 2013. The Borough's 2013 funding balance equals 79.7% of projected 2015 general fund expenses

The current tax burden on Borough residents is estimated to be 1.49% of Median Household Income.

**Gordon Borough, Pennsylvania
2015 Early Intervention Plan
Tax and Major Fee Burden on a Hypothetical Household to Support Borough Operations**

Tax/Fee Base and Rate	2015
Median Value of Owner-Occupied Housing	\$ 91,000
Assessed STEB Ratio	42.89%
Median Assessed Valuation ¹	39,029
Median Household Income	40,833.00
Real Estate Tax Millage	8.500
Earned Income Tax Rate	0.5%
Per Capita Tax Rate	5.00
Emergency and Municipal Services Tax	47.00
Occupation Tax	3.50
Tax/Fee Burden	
Borough Real Estate Tax	347.08
Borough Earned Income Tax	204.17
Borough Per Capita	5.00
Borough Emergency and Municipal Services Tax	47.00
Occupation Tax	3.50
Tax/Fee	\$ 606.75
Tax/Fee Burden as a % of Median Household Income	1.49%

Note:

¹ Calculated by multiplying Median Value by Assessed Ratio reported by STEB

The Borough charges property tax for General Purpose. The Borough's current property tax millage is 8.500 mills with estimated average tax bill of \$347.08.

Revenue Recommendations

Due to the limits imposed on the Borough by the PA Borough Code, the Borough should maximize revenues collected. The following recommendations are a means to increase revenues received.

- *Conduct a Fee Study and Increase fees to cover costs incurred.* The Borough is allowed to charge for various permits and fees. As a best practice, the Borough should ensure that it is charging an appropriate amount to cover all costs incurred when it provides services.
- *Hire Professional Delinquent Debt Collector.* The Borough must aggressively pursue any outstanding delinquency and should use the help of an outside agency to recover any outstanding amounts owed.
- *Charge for all work performed.* At times, the Borough performed work on private property. The Borough should track and bill for all costs incurred for such work.

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Sewer Transportation System

Overview

Like many municipalities in Pennsylvania, the Borough of Gordon utilizes fund accounting to properly account for various services provided and to segregate and allocate all resources received and used in the operation of a particular service. One of the three funds the Borough utilizes is an Enterprise fund for the Borough's sewer collection system.

The Borough owns and maintains a sewer collection system constructed in the early 1990s within the Borough limits. Under the terms of the Sewage Treatment Agreement (the "Agreement") with the Schuylkill County Municipal Authority (the "Authority") the Borough is responsible to pay all costs and expenses related to the acquisition, construction, operation and maintenance of the Borough Sewage Collection System. The Borough is treated as a single bulk customer by the Authority.

Section 3.02 of the Agreement outlines the terms of the agreement. Under the Term of the Agreement, the Agreement shall be for a period equal to the greater of: (i) the terms of Bonds, if any, of the Authority, for which revenues to be received hereunder are to be applied, or (ii) the term of bonds or notes issued by the Borough for purposes of permanently financing the Borough sewage collection system, or to refund the same. Sewer debt currently outstanding matures in 2031.

Additionally, under the terms of the Agreement, the Borough is responsible for future upgrades or improvements to the treatment plant on a pro rata share of reasonable costs arising directly from such further upgrading or improvement as the Borough's then-total treatment plant capacity bears to the-then total rated capacity of the treatment plant so further upgraded.

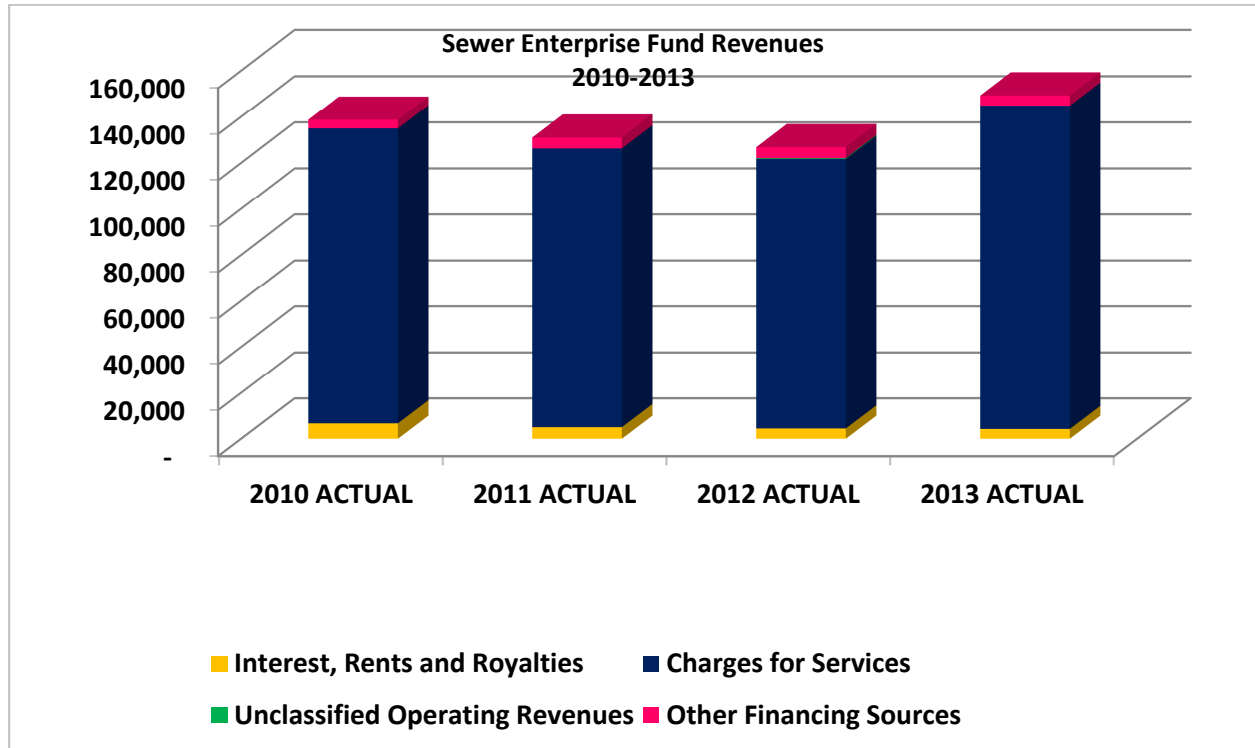
The Borough's current monthly payment to the Authority is \$4,500 for sewage treatment.

Sewer Revenue Profile

The primary source of revenue for the Borough's sewer enterprise fund is received from user fees collected. Customers are billed \$79.50 a quarter (\$26.50 per month). The Borough also receives a small amount of revenue from interest earned on deposits.

From 2010 to 2013 the Borough averaged \$126,824 in revenues collected for Sewer charges and \$136,454 in total enterprise fund revenue (not including proceeds of General Long-Term Debt). Over the same period the Borough has averaged \$131,503 in expenses. Additionally, revenues exceeded expenses in 2010, 2011 and 2013 and as of December 31, 2013 the Borough reported \$412,602 in Cash and Investments (314% of average expenses from 2010 to 2013).

Sewer Enterprise Fund Revenues, 2010-2013



Sewer Revenue Sources

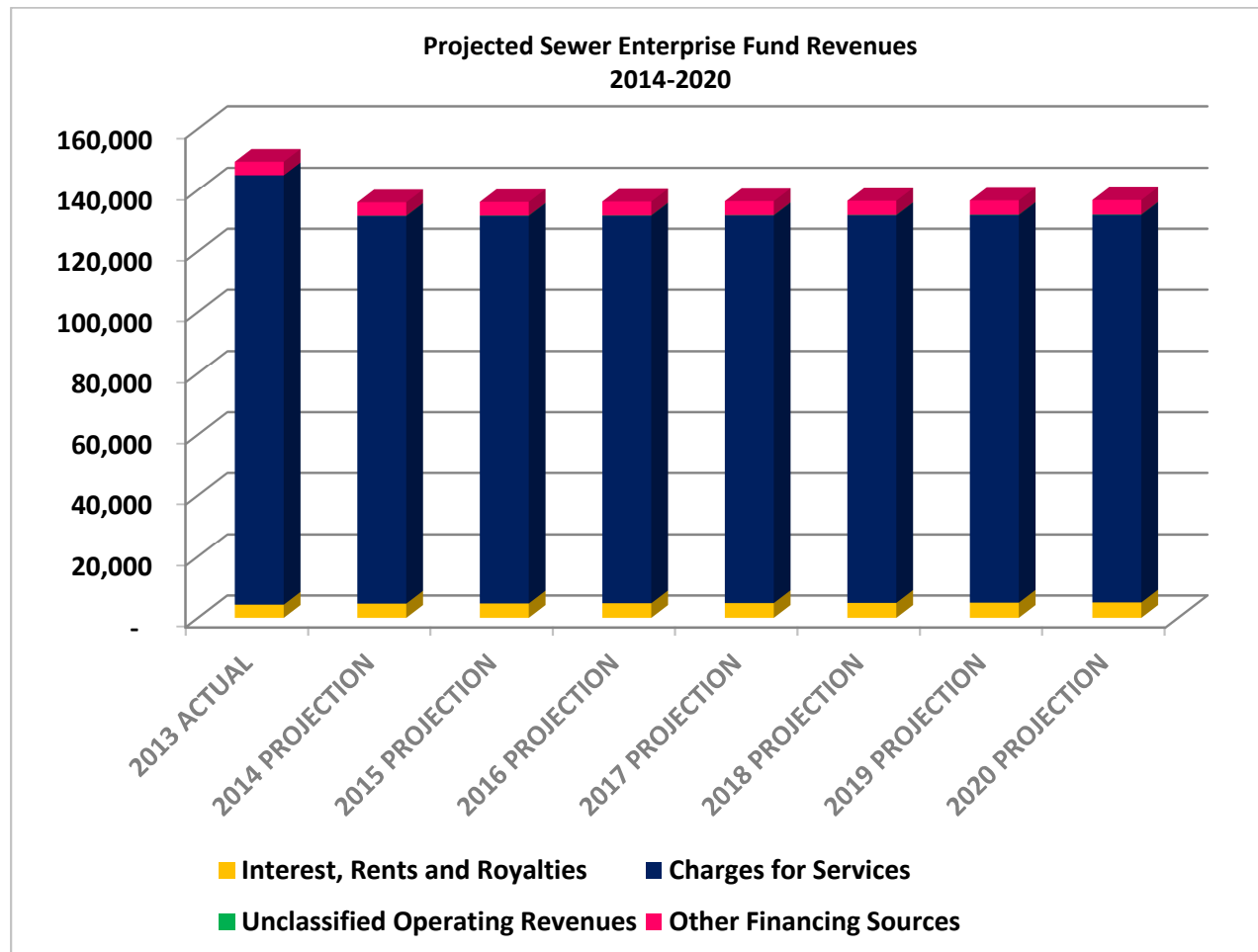
Borough Enterprise fund revenues have remained relatively stable over the last four years and since inception the Borough has never increased the \$79.50 quarterly sewer collection fee charged to residents.

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Enterprise Fund Revenues 2010-2013 Actual, 2014 & 2015 Budget and Projected 2014 & 2015

Gordon Borough, Pennsylvania Enterprise Fund Revenues Year Ended December 31

	Audited Jan - Dec 2010	Audited Jan - Dec 2011	Audited Jan - Dec 2012	Audited Jan - Dec 2013	Budget Jan - Dec 2014	Projected Jan - Dec 2014	Budget Jan - Dec 2015	Projected Jan - Dec 2015
Revenues								
Interest, Rents and Royalties	\$ 6,702	\$ 5,042	\$ 4,497	\$ 4,267	\$ -	\$ 4,602	\$ -	\$ 4,664
Charges for Services	128,254	121,240	117,217	140,585	-	126,824	-	126,824
Unclassified Operating Revenues	-	-	400	-	-	100	-	101
Other Financing Sources	3,771	4,708	4,700	4,431	-	4,403	-	4,461
Total - Revenues	\$ 138,727	\$ 130,990	\$ 126,814	\$ 149,283	-	\$ 135,929	-	\$ 136,051

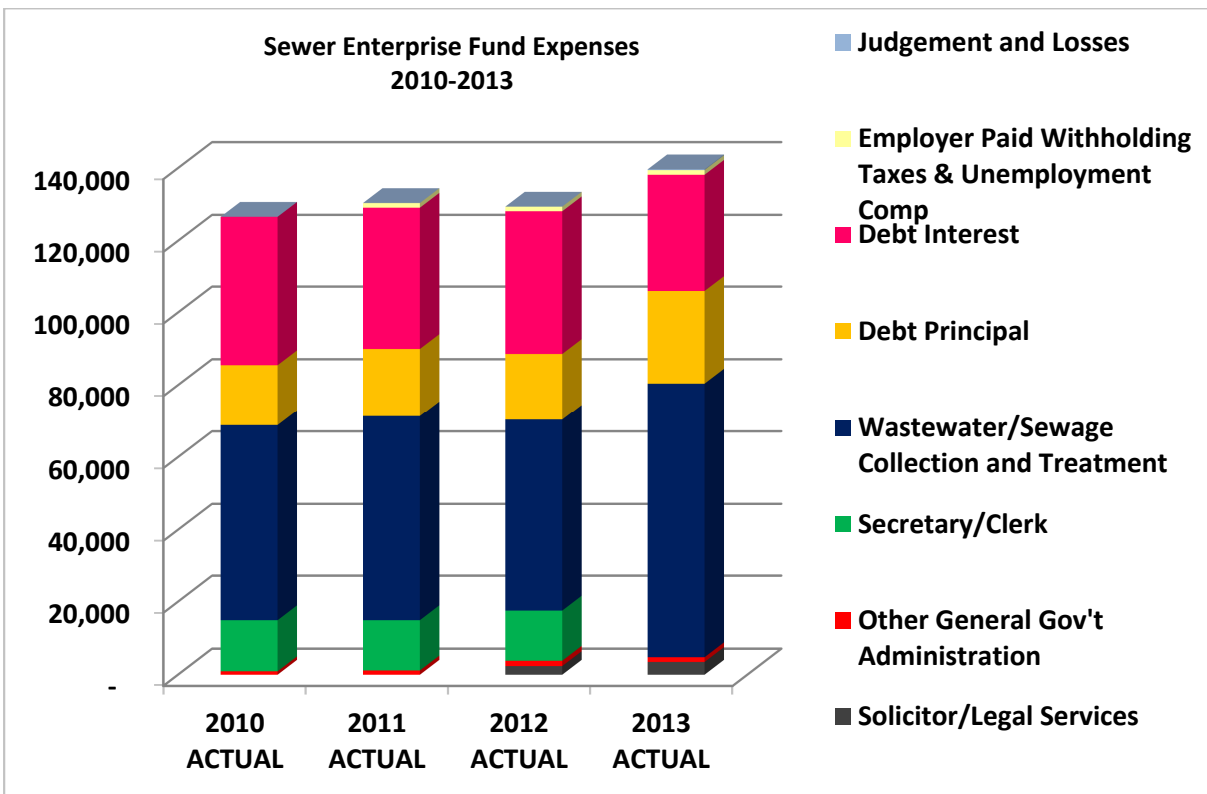


Sewer Expense Profile

The two primary sources of expense for the Borough's sewer enterprise fund are monthly bulk sewer fees paid to the Authority for sewage treatment and the debt service associated with the construction of the sewer collection system. As discussed above, the monthly fee paid to the Authority for the treatment of waste collected in the Borough is \$4,500. As reported in the Borough's audited financial statements the Borough averaged \$59,699 annually for Wastewater/Sewer collection and treatment from 2010 to 2013. Over the same period the Borough paid \$57,746 annually in debt service associated with the costs of constructing its collection system (not including 2013 refinancing). Debt service and treatments expense accounted for 88%, 88%, 85% and 96% of total sewer enterprise expenses for 2010, 2011, 2012 and 2013 respectively.

The remaining costs of the enterprise fund are for the costs of a part-time secretary and other administrative expenses.

Sewer Enterprise Fund Expenses, 2010-2013



Sewer Expense Sources

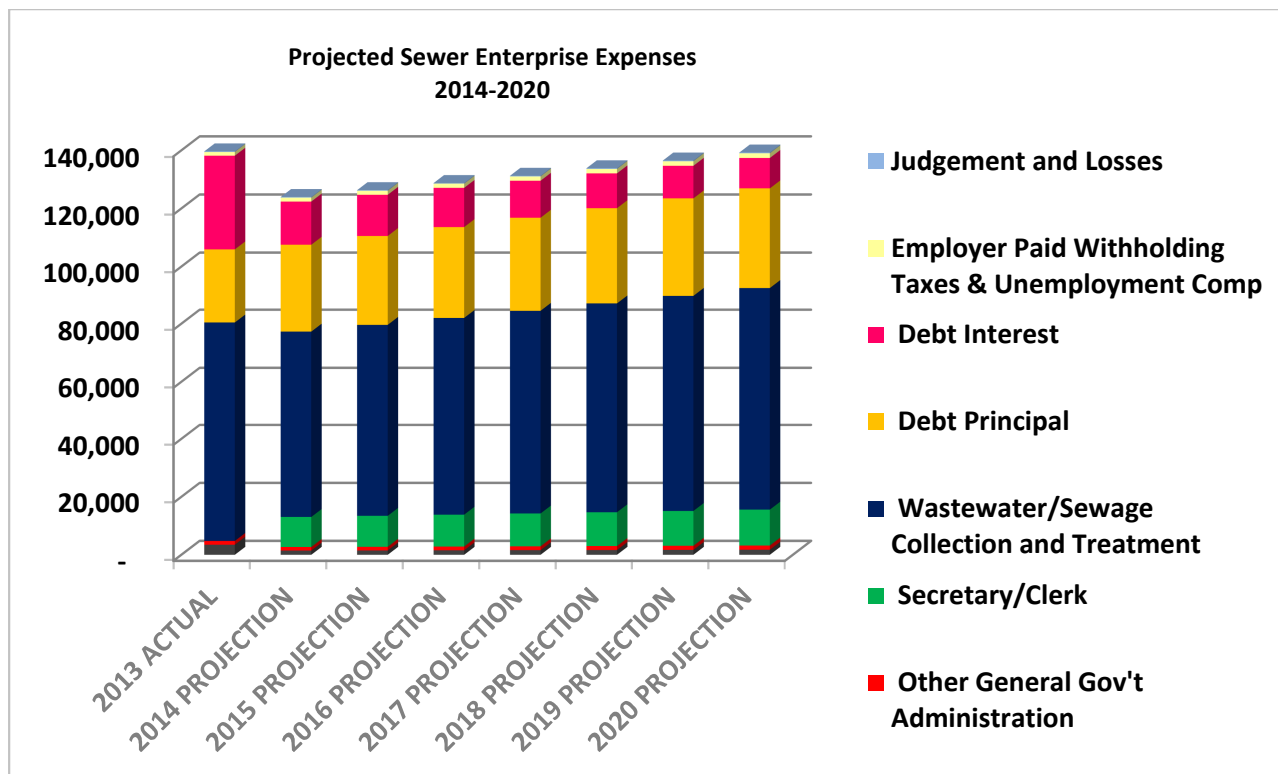
Borough Enterprise fund revenues have remained relatively stable over the last four years and since inception the Borough has never increased its \$79.50 quarterly sewer collection fee charged to residents.

Enterprise Fund Expenses 2010-2013 Actual, 2014 & 2015 Budget and Projected 2014 & 2015

Gordon Borough, Pennsylvania Enterprise Fund Expenses Year Ended December 31

	Audited Jan - Dec 2010	Audited Jan - Dec 2011	Audited Jan - Dec 2012	Audited Jan - Dec 2013	Budget Jan - Dec 2014	Projected Jan - Dec 2014	Budget Jan - Dec 2015	Projected Jan - Dec 2015
Expenses								
Solicitor/Legal Services	\$ -	\$ -	\$ 2,364	\$ 3,484	\$ -	\$ 1,462	\$ -	\$ 1,506
Other General Gov't Admin	943	1,172	1,466	1,301	-	1,221	-	1,257
Secretary/Clerk	13,982	13,763	13,728	-	-	10,368	-	10,679
Wastewater/Sewage Collection and Treatment	53,929	56,424	52,820	75,623	-	64,222	-	66,148
Debt Principal*	16,638	18,600	18,208	19,185	-	30,242	-	30,940
Debt Interest	41,108	39,146	39,538	32,241	-	14,864	-	14,166
Employer Paid Taxes & Unemployment	-	1,278	1,264	1,288	-	1,352	-	1,393
Judgement and Losses	-	-	-	200	-	210	-	216
Total - Expenses	\$ 126,600	\$ 130,383	\$ 129,388	\$ 133,322	\$ -	\$ 123,941	\$ -	\$ 126,306
*Does not include refinancing								

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Sewer Assessment

Revenues collected in the Borough's Sewer Enterprise fund exceeded expenditures by \$12,127, \$607, and \$15,961 in 2010, 2011 and 2013 respectively. The 2012 fiscal year was the only year reviewed which had expenditures exceeding revenues.

Additionally, the Borough has maintained very large cash balances in the Sewer Enterprise fund for the years beginning 2010, 2011, 2012, 2013 and 2014 in the amounts of \$386,481, \$398,608, \$399,215, \$396,641 and \$412,602 respectively. In each of the years reviewed, the cash balance on hand was never less than 295% of annual expenses.

The Borough of Gordon has done a commendable job in limiting the impact of increasing costs of operating the sewer collection system on its rate payers as evidenced by the fact that rates have not been increased since inception. The administration of the sewer fund is managed by a part-time employee who works six (6) hours a day four (4) days a week. The part-time sewer employee is responsible for the maintenance and record keeping of customer accounts, billing, accounts receivable and accounts payable.

The Borough's part-time sewer employee and various members of Council have reported an increase in delinquencies over the years of the study and that delinquencies have become more difficult to collect. In an effort to collect past due accounts, the Borough works with the water company to stop water service on delinquent accounts that utilize the water system; however recourse on delinquent customers that have wells for water service is limited. In addition to stopping water service, the Borough solicitor files liens against the property for delinquent accounts in an effort to collect sewer fees incurred.

Currently the operation and maintenance of the sewer collection system utilizes a significant amount of Borough resources. These resources could be reduced/eliminated or reprogrammed if the Borough transferred the collection system through a long-term lease or sale to the Authority or another vendor. A sale or transfer of the collection system would also eliminate risk of future capital needs as the system ages.

Prior to making a decision on the long term ownership and operation of the Borough's sewer collection system, the Borough should engage the services of consultant that can appropriately evaluate the value and future capital requirements, and detail the costs and benefits of selling, leasing or transferring ownership of the system.

Sewer Enterprise Revenue and Expense Projections

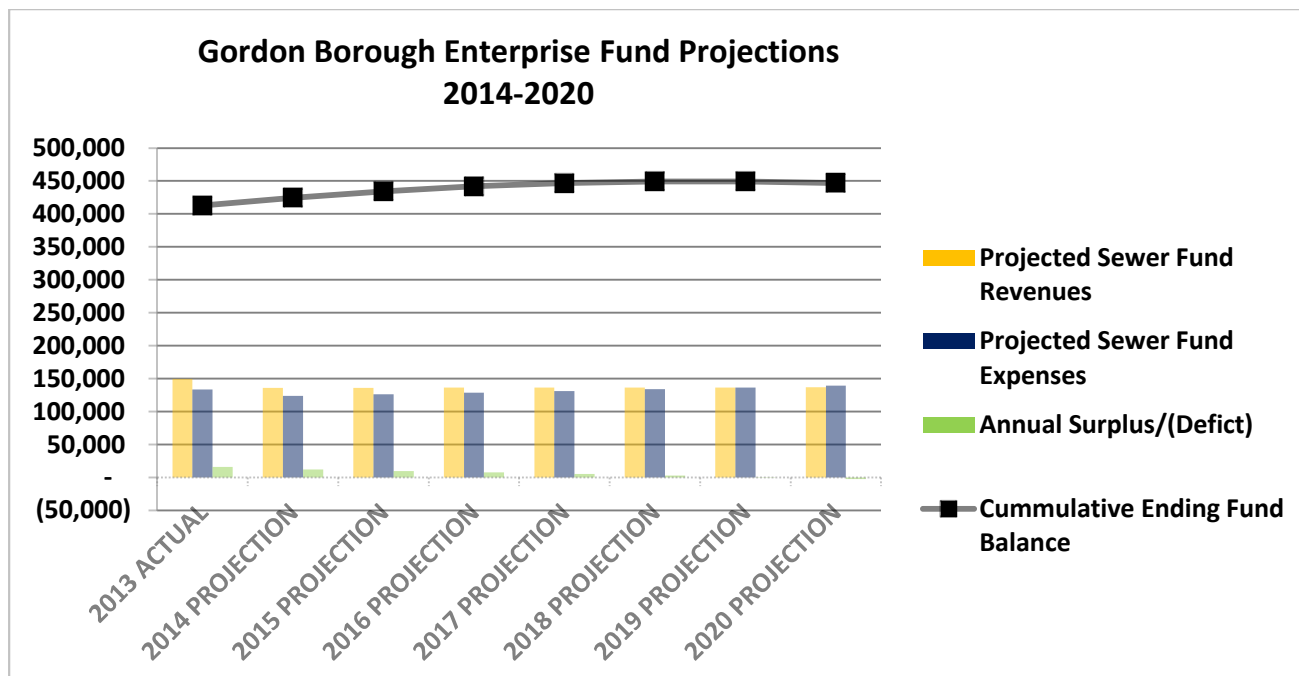
The following chart and graph illustrate the Borough's Sewer Enterprise Fund projections in the coming years:

Gordon Borough, Pennsylvania Enterprise Expenditure Projections General Fund Year Ended December 31

	Actual Jan – Dec 2013	Projection Jan – Dec 2014	Projection Jan – Dec 2015	Projection Jan – Dec 2016	Projection Jan – Dec 2017	Projection Jan – Dec 2018	Projection Jan – Dec 2019	Projection Jan – Dec 2020
Sewer Expense								
Solicitor/Legal Services	\$ 3,484	\$ 1,462	\$ 1,506	\$ 1,551	\$ 1,598	\$ 1,645	\$ 1,695	\$ 1,746
Other General Gov't Administration	1,301	1,221	1,257	1,295	1,334	1,374	1,415	1,457
Secretary/Clerk	-	10,368	10,679	11,000	11,330	11,670	12,020	12,380
Wastewater/Sewage Collection	75,623	64,222	66,148	68,133	70,177	72,282	74,450	76,684
Debt Principal	19,185	30,242	30,940	31,617	32,384	33,132	33,896	34,649
Debt Interest	32,241	14,864	14,166	13,489	12,722	11,974	11,210	10,457
Employee Paid Withholding Taxes	1,288	1,352	1,393	1,435	1,478	1,522	1,568	1,615
Judgement and Losses	200	210	216	223	229	236	243	251
Total – Sewer	\$ 133,322	\$ 123,941	\$ 126,306	\$ 128,742	\$ 131,251	\$ 133,835	\$ 136,497	\$ 139,239

*Projected line items increase 3% annually

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Sewer System Recommendations

Over the time period reviewed in this report, the Enterprise Fund has been extremely fiscally healthy and is projected to remain fiscally solvent. The following recommendations are a means to increase revenues received or limit demand on Borough resources.

- *Hire Professional Delinquent Debt Collector.* The Borough must aggressively pursue any outstanding delinquency and should use the help of an outside agency to recover any outstanding amounts owed. Hiring a professional delinquent collector would free time of the Borough's part-time sewer employee to focus on other tasks or lower the number of hours worked.
- *Evaluate the sale/transfer or long-term lease of the sewer collection system.* Transferring the maintenance and operation of the Borough's sewer collection system to a third party would lessen the demand on the Borough's workforce and elected officials. Lowering the amount of time Council and Borough workforce spends on the collection system will free time to focus on other areas of Borough operations for improvement. The Borough should consider utilizing the services of a consultant that can appropriately evaluate the value and future capital requirements, and detail the costs and benefits of selling, leasing or transferring ownership of the system prior to finalizing any transaction.

Appendix – A
Historic & Budgeted General Fund Revenue and Expense Line Items

General Fund Revenues and Expenses

GENERAL FUND REVENUES

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
FUND EQUITY BEGINNING	\$ 135,855	\$ 111,619	\$ 85,327	\$ 137,106	\$ 155,271	\$ 96,571
REVENUES						
Taxes	6.500 Mills	6.500 Mills	8.500 Mills	8.500 Mills	8.500 Mills	8.500 Mills
Real Estate Taxes	64,438	65,033	79,222	90,311	83,979	83,759
Per Capita	1,140	1,284	1,119	-	2,405	2,335
Real Estate Transfer	5,701	3,567	2,463	2,449	2,500	4,000
Earned Income Taxes	61,899	64,776	55,283	77,147	65,000	66,000
Occupation Taxes/Act 511	1,629	1,837	-	-	1,384	1,435
Local Services Tax	954	980	-	4,263	4,982	5,000
	<u>135,761</u>	<u>137,477</u>	<u>138,087</u>	<u>174,170</u>	<u>160,250</u>	<u>162,529</u>
Licenses and Permits						
All Other Licenses and Permits	3,219	2,265	831	2,060	1,500	2,500
	<u>3,219</u>	<u>2,265</u>	<u>831</u>	<u>2,060</u>	<u>1,500</u>	<u>2,500</u>
Fines and Forfeits						
Fines and Forfeits	1,186	977	725	1,099	1,000	1,500
	<u>1,186</u>	<u>977</u>	<u>725</u>	<u>1,099</u>	<u>1,000</u>	<u>1,500</u>
Interest, Rents and Royalties						
Interest Earnings	1,260	996	890	1,103	400	200
Rents and Royalties	2,470	2,480	2,270	2,160	-	-
	<u>3,730</u>	<u>3,476</u>	<u>3,160</u>	<u>3,263</u>	<u>400</u>	<u>200</u>
State						
PURTA	200	161	165	-	-	-
All Other State Capital and Operating Grants	-	-	6,264	-	-	-
Motor Vehicle Fuel Tax	-	-	-	-	-	-
Foreign Fire Insurance Tax Distribution	4,185	6,192	3,536	3,948	-	-
	<u>4,385</u>	<u>6,353</u>	<u>9,965</u>	<u>3,948</u>	<u>-</u>	<u>-</u>
Charges For Services						
Wastewater/Sewage Charges	-	-	-	-	-	-
Other Charges for Sanitation Services	1,440	190	-	-	-	-
	<u>1,440</u>	<u>190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unclassified Operating Revenues						
All Other Unclassified Operating Revenues	-	-	956	150	5,400	5,400
Contributions and Donations from Private Sectors	698	13,750	407	5,747	-	-
	<u>698</u>	<u>13,750</u>	<u>1,363</u>	<u>5,897</u>	<u>5,400</u>	<u>5,400</u>
Other Financing Sources						
Proceeds of General Fixed Asset Distribution	-	1,701	-	-	-	-
Proceeds of General Long-Term Debt	-	-	69,847	-	-	-
Interfund Operating Transfers	-	-	-	-	-	-
Refunds of Prior Years Expenditure	3,788	2,466	1,451	2,893	-	-
	<u>3,788</u>	<u>4,167</u>	<u>71,298</u>	<u>2,893</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 154,207</u>	<u>\$ 168,655</u>	<u>\$ 225,429</u>	<u>\$ 193,330</u>	<u>\$ 168,550</u>	<u>\$ 172,129</u>

GENERAL FUND EXPENSES

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
FUND EQUITY BEGINNING	\$ 135,855	\$ 111,619	\$ 85,327	\$ 137,106	\$ 155,271	\$ 96,571
EXPENDITURES OR EXPENSES AND OTHER FINANCING USES						
General Government						
Executive/Manager or Mayor	600	600	600	600	-	-
Auditing Services/Financial Administration	-	2,500	5,000	2,500	-	-
Tax Collection	5,241	5,309	5,014	5,544	-	-
Solicitor/Legal Services	5,769	6,391	6,391	4,175	-	-
Other General Gov't Administration	6,534	6,905	7,552	11,257	-	-
Engineering Services	6,174	17,984	9,537	14,655	-	-
General Government Buildings and Plant	11,991	14,603	20,921	15,213	-	-
Secretary/Clerk	20,790	21,200	20,800	21,520	-	-
	57,099	75,492	75,815	75,464	74,300	66,900
Public Safety (Protection to Persons and Property)						
Police	32,250	33,000	33,000	30,250	-	-
Fire	16,650	12,065	16,243	16,964	-	-
UCC and Code Enforcement	2,063	1,618	327	749	-	-
	50,963	46,683	49,570	47,963	110,250	110,050
Health and Welfare	-	-	-	-	1,000	1,000
	-	-	-	-	1,000	1,000
Public Works						
Sanitation						
Solid Waste Collection and Disposal	10,079	10,951	11,637	5,198	-	-
Wastewater/Sewage Collection and Treatment	-	-	-	-	-	-
	10,079	10,951	11,637	5,198	15,700	16,500
Highways, Roads, and Streets						
General Services - Administration	114	-	34	-	-	-
Winter Maintenance - Snow Removal	-	-	-	-	-	-
Cleaning of Streets and Gutters	-	-	-	-	-	-
Traffic Control Devices	-	-	-	-	-	-
Street Lighting	13,309	13,672	11,026	10,327	-	-
Maintenance & Repairs of Roads & Bridges	-	-	-	1,740	-	-
Highway Construction and Rebuilding Projects	-	-	-	-	-	-
	13,423	13,672	11,060	12,067	20,000	34,300
Other Services						
Storm Water and Flood Control	774	-	-	-	-	-
	774	-	-	-	1,000	1,000
Total Public Works	24,276	24,623	22,697	17,265	36,700	51,800
Culture-Recreation						
Parks	10,961	18,017	2,540	654	1,000	3,500
Libraries	50	25	50	25	-	-
Participation Recreation	-	50	-	-	-	-
All Other Culture and Recreation	-	35	-	-	-	-
	11,011	18,127	2,590	679	1,000	3,500
Community Development						
Community Development and Housing	13,195	-	-	-	-	-
All Other Community Development	-	100	50	-	-	-
	13,195	100	50	-	-	-

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
GENERAL FUND EXPENSES (cont'd)						
Debt Service						
Debt Principal	-	-	-	5,872	-	-
Debt Interest	-	-	-	3,761	-	-
Fiscal Agent Fees	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,633</u>	<u>-</u>	<u>-</u>
Employer Paid Benefits & Withholding Items						
Employer Paid Withholding Taxes & Unemployment Comp	3,891	2,695	2,099	2,941	-	-
Judgement and Losses	-	-	-	-	-	-
Workers Compensation	6,049	6,970	7,267	7,877	-	-
Other Group Insurance Benefits	1,696	1,882	1,997	2,037	-	-
	<u>11,636</u>	<u>11,547</u>	<u>11,363</u>	<u>12,855</u>	<u>-</u>	<u>-</u>
Insurance						
Insurance, Casualty and Surety	5,848	13,667	6,790	6,875	-	-
	<u>5,848</u>	<u>13,667</u>	<u>6,790</u>	<u>6,875</u>	<u>-</u>	<u>-</u>
Miscellaneous Expenditures or Expenses						
All Other Unclassified Expenditures	-	-	75	-	4,000	4,000
	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Other Financing Uses						
Refund of Prior Years Revenues	644	-	-	-	-	-
Interfund Operating Transfers	3,771	4,708	4,700	4,431	-	-
	<u>4,415</u>	<u>4,708</u>	<u>4,700</u>	<u>4,431</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>178,443</u>	<u>194,947</u>	<u>173,650</u>	<u>175,165</u>	<u>227,250</u>	<u>237,250</u>
EXCESS/(DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(24,236)</u>	<u>(26,292)</u>	<u>51,779</u>	<u>18,165</u>	<u>(58,700)</u>	<u>(65,121)</u>
TOTAL FUND BALANCE/(DEFICIT)	<u>\$ 111,619</u>	<u>\$ 85,327</u>	<u>\$ 137,106</u>	<u>\$ 155,271</u>	<u>\$ 96,571</u>	<u>\$ 31,450</u>

Appendix – B
Historic & Budgeted Liquid Fuels Fund Revenue and Expense Line Item

Liquid Fuels Revenues and Expenses

LIQUID FUELS REVENUES

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
FUND EQUITY BEGINNING	\$ 131,734	\$ 128,419	\$ 146,615	\$ 139,970	\$ 138,927	\$ (73)
REVENUES						
Taxes						
Real Estate Taxes	-	-	-	-	-	-
Per Capita	-	-	-	-	-	-
Real Estate Transfer	-	-	-	-	-	-
Earned Income Taxes	-	-	-	-	-	-
Occupation Taxes/Act 511	-	-	-	-	-	-
Local Services Tax	-	-	-	-	-	-
	-	-	-	-	-	-
Licenses and Permits						
All Other Licenses and Permits	-	-	-	-	-	-
	-	-	-	-	-	-
Fines and Forfeits						
Fines and Forfeits	-	-	-	-	-	-
	-	-	-	-	-	-
Interest, Rents and Royalties						
Interest Earnings	2,916	908	958	691	600	300
Rents and Royalties	-	-	-	-	-	-
	2,916	908	958	691	600	300
State						
PURTA	-	-	-	-	-	-
All Other State Capital and Operating Grants	-	-	-	-	-	-
Motor Vehicle Fuel Tax	17,591	18,011	18,029	17,735	17,000	21,000
Foreign Fire Insurance Tax Distribution	-	-	-	-	-	-
	17,591	18,011	18,029	17,735	17,000	21,000
Charges For Services						
Wastewater/Sewage Charges	-	-	-	-	-	-
Other Charges for Sanitation Services	-	-	-	-	-	-
	-	-	-	-	-	-
Unclassified Operating Revenues						
All Other Unclassified Operating Revenues	-	-	-	-	-	-
Contributions and Donations from Private Sectors	-	-	-	-	-	-
	-	-	-	-	-	-
Other Financing Sources						
Proceeds of General Fixed Asset Distribution	100	-	-	-	-	-
Proceeds of General Long-Term Debt	-	-	-	-	-	-
Interfund Operating Transfers	-	-	-	-	-	-
Refunds of Prior Years Expenditure	-	-	-	-	-	-
	100	-	-	-	-	-
TOTAL REVENUES	\$ 20,607	\$ 18,919	\$ 18,987	\$ 18,426	\$ 17,600	\$ 21,300

LIQUID FUELS EXPENSES

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
FUND EQUITY BEGINNING	\$ 131,734	\$ 128,419	\$ 149,615	\$ 139,970	\$ 138,927	\$ (73)
EXPENDITURES OR EXPENSES AND OTHER FINANCING USES						
General Government						
Executive/Manager or Mayor	-	-	-	-	-	-
Auditing Services/Financial Administration	-	-	-	-	-	-
Tax Collection	-	-	-	-	-	-
Solicitor/Legal Services	-	-	-	-	-	-
Other General Gov't Administration	-	-	-	-	-	-
Engineering Services	-	-	-	-	-	-
General Government Buildings and Plant	-	-	-	-	-	-
Secretary/Clerk	-	-	-	-	-	-
	-	-	-	-	-	-
Public Safety (Protection to Persons and Property)						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
UCC and Code Enforcement	-	-	-	-	-	-
	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
	-	-	-	-	-	-
Public Works						
Sanitation						
Solid Waste Collection and Disposal	-	-	-	-	-	-
Wastewater/Sewage Collection and Treatment	-	-	-	-	-	-
	-	-	-	-	-	-
Highways, Roads, and Streets						
General Services - Administration	-	-	-	-	-	-
Winter Maintenance - Snow Removal	1,879	472	265	1,400	-	-
Cleaning of Streets and Gutters	-	-	24	-	-	-
Traffic Control Devices	-	-	1,136	-	-	-
Street Lighting	-	-	-	-	-	-
Maintenance & Repairs of Roads & Bridges	156	251	428	130	-	-
Highway Construction and Rebuilding Projects	21,887	-	23,779	17,939	-	-
	23,992	723	25,632	19,469	156,600	14,300
Other Services						
Storm Water and Flood Control	-	-	-	-	-	-
	-	-	-	-	-	-
Total Public Works	23,922	723	25,632	19,469	156,600	146,300
Culture-Recreation						
Parks	-	-	-	-	-	-
Libraries	-	-	-	-	-	-
Participation Recreation	-	-	-	-	-	-
All Other Culture and Recreation	-	-	-	-	-	-
	-	-	-	-	-	-
Community Development						
Community Development and Housing	-	-	-	-	-	-
All Other Community Development	-	-	-	-	-	-
	-	-	-	-	-	-

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
LIQUID FUELS EXPENSES (cont'd)						
Debt Service						
Debt Principal	-	-	-	-	-	-
Debt Interest	-	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-	-
	-	-	-	-	-	-
Employer Paid Benefits & Withholding Items						
Employer Paid Withholding Taxes &						
Unemployment Comp	-	-	-	-	-	-
Judgement and Losses	-	-	-	-	-	-
Workers Compensation	-	-	-	-	-	-
Other Group Insurance Benefits	-	-	-	-	-	-
	-	-	-	-	-	-
Insurance						
Insurance, Casualty and Surety	-	-	-	-	-	-
	-	-	-	-	-	-
Miscellaneous Expenditures or Expenses						
All Other Unclassified Expenditures	-	-	-	-	-	-
	-	-	-	-	-	-
Other Financing Uses						
Refund of Prior Years Revenues	-	-	-	-	-	-
Interfund Operating Transfers	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL EXPENDITURES	23,922	723	25,632	19,469	156,600	146,300
EXCESS/(DEFICIT) OF REVENUES OVER EXPENDITURES	(3,315)	18,196	(6,645)	(1,043)	(139,000)	(125,000)
TOTAL FUND BALANCE/(DEFICIT)	<u>\$ 128,419</u>	<u>\$ 146,615</u>	<u>\$ 139,970</u>	<u>\$ 138,927</u>	<u>\$ (73)</u>	<u>\$(125,073)</u>

Appendix – C
Historic & Budgeted Enterprise Fund Revenue and Expense Line Items

Enterprise Fund Revenues and Expenses

ENTERPRISE FUND REVENUES

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
FUND EQUITY BEGINNING	<u>\$ 386,481</u>	<u>\$ 398,608</u>	<u>\$ 399,215</u>	<u>\$ 396,641</u>	<u>\$ 412,602</u>	<u>\$ 412,602</u>
REVENUES						
Taxes						
Real Estate Taxes	-	-	-	-	-	-
Per Capita	-	-	-	-	-	-
Real Estate Transfer	-	-	-	-	-	-
Earned Income Taxes	-	-	-	-	-	-
Occupation Taxes/Act 511	-	-	-	-	-	-
Local Services Tax	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Licenses and Permits						
All Other Licenses and Permits	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fines and Forfeits						
Fines and Forfeits	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest, Rents and Royalties						
Interest Earnings	6,702	5,042	4,497	4,267	-	-
Rents and Royalties	-	-	-	-	-	-
	<u>6,702</u>	<u>5,042</u>	<u>4,497</u>	<u>4,267</u>	<u>-</u>	<u>-</u>
State						
PURTA	-	-	-	-	-	-
All Other State Capital and Operating Grants	-	-	-	-	-	-
Motor Vehicle Fuel Tax	-	-	-	-	-	-
Foreign Fire Insurance Tax Distribution	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Charges For Services						
Wastewater/Sewage Charges	128,254	121,240	117,217	140,585	-	-
Other Charges for Sanitation Services	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unclassified Operating Revenues						
All Other Unclassified Operating Revenues	-	-	400	-	-	-
Contributions and Donations from Private Sectors	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources						
Proceeds of General Fixed Asset Distribution	-	-	-	-	-	-
Proceeds of General Long-Term Debt	-	-	-	670,000	-	-
Interfund Operating Transfers	3,771	4,708	4,700	4,431	-	-
Refunds of Prior Years Expenditure	-	-	-	-	-	-
	<u>3,771</u>	<u>4,708</u>	<u>4,700</u>	<u>674,431</u>	<u>-</u>	<u>-</u>
TOTAL ENTERPRISE FUND REVENUES	<u>\$ 138,727</u>	<u>\$ 130,990</u>	<u>\$ 126,814</u>	<u>\$ 819,283</u>		

ENTERPRISE FUND EXPENSES

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
FUND EQUITY BEGINNING	\$386,481	\$398,608	\$399,215	\$396,641	\$	\$
EXPENDITURES OR EXPENSES AND OTHER FINANCING USES						
General Government						
Executive/Manager or Mayor	-	-	-	-	-	-
Auditing Services/Financial Administration	-	-	-	-	-	-
Tax Collection	-	-	-	-	-	-
Solicitor/Legal Services	-	-	2,364	3,484	-	-
Other General Gov't Administration	943	1,172	1,466	1,301	-	-
Engineering Services	-	-	-	-	-	-
General Government Buildings and Plant	-	-	-	-	-	-
Secretary/Clerk	13,982	13,763	13,728	-	-	-
	<u>14,925</u>	<u>14,935</u>	<u>17,558</u>	<u>4,785</u>	-	-
Public Safety (Protection to Persons and Property)						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
UCC and Code Enforcement	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Health and Welfare	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Works						
Sanitation						
Solid Waste Collection and Disposal	-	-	-	-	-	-
Wastewater/Sewage Collection and Treatment	53,929	56,424	52,820	75,623	-	-
	<u>53,929</u>	<u>56,424</u>	<u>52,820</u>	<u>75,623</u>	-	-
Highways, Roads, and Streets						
General Services - Administration	-	-	-	-	-	-
Winter Maintenance - Snow Removal	-	-	-	-	-	-
Cleaning of Streets and Gutters	-	-	-	-	-	-
Traffic Control Devices	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-
Maintenance & Repairs of Roads & Bridges	-	-	-	-	-	-
Highway Construction and Rebuilding Projects	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Services						
Storm Water and Flood Control	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Works	53,929	56,424	52,820	75,623	-	-
Culture-Recreation						
Parks	-	-	-	-	-	-
Libraries	-	-	-	-	-	-
Participation Recreation	-	-	-	-	-	-
All Other Culture and Recreation	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community Development						
Community Development and Housing	-	-	-	-	-	-
All Other Community Development	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
ENTERPRISE FUND EXPENSES (cont'd)						
Debt Service						
Debt Principal	16,638	18,600	18,208	665,085	-	-
Debt Interest	41,108	39,146	39,538	32,241	-	-
Fiscal Agent Fees	-	-	-	24,100	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>721,426</u>	<u>-</u>	<u>-</u>
Employer Paid Benefits & Withholding Items						
Employer Paid Withholding Taxes & Unemployment Comp	-	1,278	1,264	1,288	-	-
Judgement and Losses	-	-	-	200	-	-
Workers Compensation	-	-	-	-	-	-
Other Group Insurance Benefits	-	-	-	-	-	-
	<u>-</u>	<u>1,278</u>	<u>1,264</u>	<u>1,488</u>	<u>-</u>	<u>-</u>
Insurance						
Insurance, Casualty and Surety	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Expenditures or Expenses						
All Other Unclassified Expenditures	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Uses						
Refund of Prior Years Revenues	-	-	-	-	-	-
Interfund Operating Transfers	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ENTERPRISE EXPENDITURES	<u>126,600</u>	<u>130,383</u>	<u>129,388</u>	<u>803,322</u>		
EXCESS/(DEFICIT) OF REVENUES OVER EXPENDITURES	<u>12,127</u>	<u>607</u>	<u>(2,574)</u>	<u>15,961</u>	<u>-</u>	<u>-</u>
TOTAL ENTERPRISE FUND BALANCE	<u>\$398,608</u>	<u>\$399,215</u>	<u>\$396,641</u>	<u>\$412,602</u>	<u>\$ -</u>	<u>\$ -</u>