



# CY 2026 Budget Presentation

MOUNT PENN BOROUGH

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## Editors Note

This budget document was developed through an innovative, collaborative process that integrates modern artificial intelligence tools into municipal financial planning. The narrative sections, summaries, and explanatory materials contained within the CY 2026 Budget were generated primarily with assistance from ChatGPT, Microsoft Copilot, and Notebook LLM, which were used to draft content, organize complex financial information, and provide structured explanations of Borough programs, operations, and policies.

All content in this document was assembled, reviewed, and edited by Hunter L. Ahrens, Borough Manager, who directed the research inputs, validated the data, ensured accuracy, and shaped the final structure of the document. The integration of AI assistance reflects the Borough's commitment to leveraging modern technology to improve transparency, enhance public understanding, and increase the efficiency of government operations—while maintaining professional oversight and human judgment in all decision-making.

This Editor's Note is provided in the spirit of transparency and continuous improvement, and to acknowledge the emerging role of AI-supported tools in the public sector's administrative and analytical work.

## Budget Introduction

The Borough of Mount Penn's Annual Budget is the most important policy document produced by the municipal government each year. It outlines how public resources will be allocated, explains the financial condition of the Borough, and connects our day-to-day operations to long-term strategic goals. The Calendar Year 2026 Budget is designed not only to meet legal requirements, but also to serve as a practical guide that helps residents, elected officials, and staff understand how the Borough functions and how tax dollars support essential services.

This budget is organized to be user-friendly, transparent, and consistent with national best practices, including the Government Finance Officers Association (GFOA) Distinguished Budget Award criteria. It is structured around the Borough's strategic goals and program areas, making it easier to understand how each department contributes to Mount Penn's overall mission.

Although every page of the budget is important, most readers do not need to review the entire document word for word. Instead, the budget is designed so that users can quickly find the sections most relevant to their needs. The following approach is recommended:

- **Start with the Manager's Budget Message.**

This section summarizes the Borough's financial condition, identifies major challenges and opportunities, and provides a high-level overview of the spending plan. It is the best "big picture" explanation of the entire budget.

- **Review the Fund Summaries.**

These pages show the revenues, expenditures, and projected fund balances for each of the Borough's seven funds. They provide a clear snapshot of financial performance without getting lost in the detail.

- **Use the Program Area Sections as Reference Material.**

Each department or service area has its own narrative, goals, and performance indicators. These sections are ideal when you need to understand what a specific line item supports, or how a certain program operates.

Overall, this budget is designed to be a reference tool, not a cover-to-cover reading assignment. By focusing on the summary sections and turning to the detailed pages as needed, users can efficiently navigate the document and gain a clear understanding of Mount Penn's financial plan for the year.

## **Program Area Structure**

The Borough of Mount Penn operates with a small staff and does not maintain multiple municipal departments found in larger communities. Therefore, the budget is presented by program areas rather than by formal departments. This approach reflects the Borough's lean organizational structure while still providing clarity, accountability, and comparability.

The program areas were developed by grouping together related services and functions already recognized in the Borough's chart of accounts into categories that mirror the way services are delivered. The program areas are Governance & Administration, Public Safety, Public Works, Sanitation & Environmental Services, Community & Culture, and Debt Service & Benefits. Presenting the budget in this way allows residents and elected officials to see how resources are allocated across the Borough's core services, while also giving outside reviewers a clear framework comparable to the departmental presentations used in larger municipalities.

In addition, these program areas are not tied to a single fund. Instead, they intentionally cross funds where purposes align, demonstrating that Borough services are financed through a combination of general revenues, special purpose taxes, and dedicated funding sources. This structure provides transparency and shows the true cost of providing services.

## **The Principles of Municipal Accounting and Budgeting**

Pennsylvania law requires municipalities to follow specific financial practices to ensure accountability and proper management of public money. The budget is a legal requirement, but also serves as a crucial planning document that allocates revenues, authorizes expenditures, and provides a framework for monitoring financial performance throughout the year. Understanding the budget's core concepts of how municipal finances are organized and reported is essential.

## **Fund Accounting**

A cornerstone of governmental accounting is the use of fund accounting. This method involves creating a complete, self-balancing set of accounts—called a fund—to keep track of specific revenues and the expenditures they finance. The easiest way to visualize a fund is as a distinct "pot" of money kept separate from all other financial resources for legal or managerial reasons.

Establishing separate funds ensures that money collected for a specific purpose is spent only on that purpose, as often required by law or regulation. For example, the Borough of Mount Penn has established several funds to maintain regulatory and GASB (Governmental Accounting Standards Board) compliance and enhance local understanding of its finances.

## Fund Types

### General Fund

This is the Borough's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Unless a specific law or policy dictates otherwise, all general revenues enter the General Fund, and most operating expenditure is made from it.

### Special Revenue Funds

These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. For the Borough of Mount Penn, these include the Street Light Fund, Fire Tax Fund, Ambulance Tax Fund, and State Liquid Fuels Fund. For instance, revenue from a special tax levied for street lighting must be kept in the Street Light Fund and used only for that purpose. Similarly, the State Liquid Fuels Fund is restricted to highway and bridge maintenance and related costs.

### Capital Projects Fund

These funds account for financial resources designated for the acquisition or construction of major capital facilities. The Borough's Capital Reserve Fund is an example, created to accumulate money for anticipated capital expenditures like buildings, equipment, or other major assets. The budget currently utilizes this fund to account for the grant money and expenditures related to the new municipal garage.

### Proprietary/Enterprise Fund

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is to cover the costs of providing goods or services to the general public. They are financed primarily through user charges. The Borough's Solid Waste Fund is established as a proprietary and enterprise fund to account for the revenues (solid waste fees) and expenditures (collection contract) for trash, recycling, and yard waste services.

## Modified-Cash Basis of Accounting

The "basis of accounting" refers to *when* financial transactions are recognized in the accounting system. The Borough utilizes a modified cash basis of accounting, which is common for government entities. To understand the modified cash basis, it is helpful to compare it to other common methods:

- **Cash Basis:** This is the simplest method. Revenues are recorded only when cash is received, and expenditures are recorded only when cash is paid out. While simple, this method can provide a misleading picture of a municipality's true financial position, as it doesn't account for money that is owed to or by the municipality.

- **Accrual Basis:** This method records the financial effects of transactions when they occur, regardless of when cash is exchanged. Revenues are recognized when earned, and expenditures are recognized when the liability is incurred (e.g., when an invoice is received). Proprietary funds, like the Solid Waste Fund, may use a full accrual basis.
- **Modified Accrual Basis:** This hybrid method is used by governmental funds (like the General Fund and Special Revenue Funds) under Generally Accepted Accounting Principles (GAAP). Under this basis, expenditures are generally recognized when a liability is incurred. Revenues, however, are recognized only when they are both "measurable" and "available" to pay liabilities of the current period.
- **Modified Cash Basis:** As described in the 2022 audit report, the Borough of Mount Penn uses this basis. Under this approach, revenues are recognized when received (like the cash basis), but expenditures are recognized when paid (also like the cash basis). This method aligns with common governmental accounting standards and provides a more accurate reflection of the Borough's financial activity.

This basis of accounting is a regulatory one prescribed by the DCED and differs from GAAP, which is why the independent auditor must issue an adverse opinion on the GAAP-basis financials while issuing an unmodified (clean) opinion on the regulatory-basis financials.

### **Modified-Cash Basis of Budgeting**

The Borough of Mount Penn prepares its annual budget using a modified-cash basis of accounting, consistent with the practices prescribed by the Pennsylvania Department of Community and Economic Development (DCED) for municipal reporting. Under this basis, revenues are recognized when they are both measurable and available to finance current-period expenditures, generally when cash is received, while expenditures are recorded when the related payment is made or when a specific obligation has been formally incurred and is expected to be paid shortly thereafter.

This approach provides a practical framework for day-to-day fiscal management and transparent budget oversight while aligning with the Borough's fund accounting structure. The modified-cash basis differs from the full accrual basis used in annual financial audits, as it does not record long-term receivables, payables, or depreciation. This method is consistent across all appropriated funds—including the General Fund, Street Light Fund, Fire Fund, Ambulance Fund, Solid Waste Fund, Capital Reserve Fund, and State Liquid Fuels Fund—to ensure comparability, simplicity, and compliance with statutory reporting standards.

*Summary Table Included on Next Page*

## Financial Bases by Fund

Fund Name	Basis of Accounting	Basis of Budgeting	Fund Type	Purpose & Description
General Fund	Modified Cash	Modified Cash	Governmental	The Borough's primary operating fund that accounts for all financial resources not required to be reported in another fund. Supports general government, public works, police, and administrative services.
Street Light Fund	Modified Cash	Modified Cash	Special Revenue	Used to account for revenues collected through a dedicated real estate tax levy restricted for street lighting expenses within the Borough.
Fire Fund	Modified Cash	Modified Cash	Special Revenue	Accounts for tax revenues designated to support the Mount Penn Fire Company and related fire protection services.
Ambulance Fund	Modified Cash	Modified Cash	Special Revenue	Used to provide support for emergency medical services and related contracts, including shared regional services with Lower Alsace Township.
Solid Waste Fund	Modified Cash	Modified Cash	Enterprise	Accounts for the collection of refuse and recycling fees and related disposal expenditures; operates on a cost-recovery basis to ensure program self-sufficiency.
Capital Reserve Fund	Modified Cash	Modified Cash	Capital Fund	Established to finance long-term capital improvements, equipment replacement, and major infrastructure projects through transfers and designated reserves.
State Liquid Fuels Fund	Modified Cash	Modified Cash	Special Revenue	Accounts for motor fuel tax allocations received from the Commonwealth under the Liquid Fuels Program, restricted for street maintenance and improvement projects.

## DCED Chart of Accounts

The Department of Economic and Community Development (DCED) Chart of Accounts is a standardized numerical system used by Pennsylvania municipalities to classify all financial transactions in a municipality. It serves as the backbone of the accounting system, ensuring consistency in how financial data is recorded and reported across different municipalities. This uniformity allows for meaningful comparisons and is used in state-required reports.

The numbering system is structured to provide detailed information about each transaction:

- Fund Prefix (First two digits): Identifies the fund where the transaction occurred. For example, 01. designates the General Fund, 03. the Fire Tax Fund, and 35. The State Liquid Fuels Fund.
- Account Type (First digit of the main number):
  - 300 series for Revenues and Other Financing Sources.
  - 400 series for Expenditures and Other Financing Uses.
- Program/Function (Main three-digit number for expenditures): Identifies the specific governmental function. For example, in your budget:
  - 401.00 refers to the Borough Manager.
  - 410.00 refers to Police Services.
  - 438.00 refers to Road and Bridge Repair and Maintenance.
- Cost Object/Suffix (Last two or three digits): Provides a more detailed classification of the transaction, such as the specific type of supply or service. For example, an expenditure coded as 01.409.25 would break down as:
  - 01. = General Fund.
  - 409 = General Government Buildings and Grounds.
  - .25 = Repairs and Maintenance Supplies.

By adhering to this structured chart of accounts, you ensure that the CY 2026 budget will be organized chronologically and in a manner that is consistent, transparent, and compliant with state reporting requirements.

## GFOA and Best Budgeting Practices

The Government Finance Officers Association (GFOA) is a professional organization representing more than 23,000 public finance officials throughout the United States and Canada. Founded in 1906, GFOA provides leadership, training, research, and best practices to promote excellence in public financial management. Its mission is to advance sound government financial practices and strengthen transparency, accountability, and trust in the management of public resources.

One of GFOA's most recognized programs is the Distinguished Budget Presentation Award, which sets national standards for preparing and presenting municipal budgets. These standards encourage local governments to go beyond the technical budgeting requirements by clearly communicating their financial plans, policy priorities, and performance goals to elected officials and the public. Public finance peers evaluate budgets prepared under GFOA guidelines in four major categories—Policy Document, Financial Plan, Operations Guide, and Communications Device—each supported by specific criteria designed to ensure clarity, accessibility, and usefulness to stakeholders.

By aligning the Borough's budget with GFOA standards, Mount Penn seeks to demonstrate a strong commitment to fiscal responsibility, transparency, and long-term financial planning, while making the budget a clear and informative guide for both decision-makers and residents. The GFOA criteria guide the staff in preparing a budget document that serves multiple essential functions beyond merely tracking financial figures:

- Policy Document: It reflects the goals and objectives set forth by the Borough Council.
- Financial Plan: It comprehensively forecasts revenues and expenditures for all Borough operations and funds.
- Operations Guide: It explains the budget in terms of programs, policies, activities, and plans.
- Communications Device: It adequately describes the depth and breadth of municipal operations in a simple manner for the public and other users.

### **Value of Benchmarking the Budget Against GFOA Best Practices**

Benchmarking the budget against GFOA best practices is valuable because it directly contributes to Operational Excellence and provides tangible benefits to the Borough's financial health and management quality.

- Institutionalizes Good Practices: Following GFOA recommendations helps institutionalize sound financial management practices, clarify strategic intent for financial management, and define financial boundaries.
- Supports Long-Term Strategy: GFOA criteria require a budget to include long-term financial policies related to financial planning, revenue, and expenditures. The Borough's adoption of GFOA best practices supports the long-term, strategic approach to financial management. This includes:
  - Financial Planning: Requiring long-range projections that extend beyond the current year to assess the financial implications of current and proposed operating and capital budgets.

- Expenditure Policy: Establishing policies for fund balance reserves (e.g., maintaining 15% of operating expenses in the General Fund).
- Transparency and Monitoring: Consistent with GFOA recommendations, regular financial analysis, such as monthly Treasurer reports comparing actual vs. budget status, are mandated to elevate transparency and improve communications.

### **Reason for Compliance with the Distinguished Budget Presentation Award**

The Budget presentation is constructed to comply with the GFOA Distinguished Budget Presentation Award criteria because achieving the award signifies that the budget is a comprehensive, high-quality management tool.

- Comprehensive Communication: The award criteria require the budget document to serve as a policy, financial, operations, and communications document. Compliance ensures the budget adequately describes the depth and breadth of municipal operations to various users.
- Clear Context for Decision-Making: Compliance requires the document to include specific components that aid decision-makers and the public, such as:
  - Strategic Goals: Providing a coherent statement of organization-wide, strategic goals that address long-term concerns and issues.
  - Fiscal Policies: Including a coherent statement of entity-wide long-term financial policies.
  - Program Descriptions: Presenting the budget by department or program, including descriptions of services, accomplishments, and goals.
  - Long-Range Planning: Detailing multi-year capital improvement plans (CIP) and long-range financial projections that extend beyond the budget year.
- External Validation: The award is a formal recognition of excellence in public financial reporting and helps build public trust by demonstrating that the document is organized and transparent according to national standards. The award is only provided after public finance professional peers from around the country evaluate the budget against the GFOA's adopted standards. These criteria guide staff during preparation.

### **Community Profile**

The Community Profile section provides the contextual foundation for Mount Penn Borough's annual budget. A municipality's fiscal outlook is inseparable from the broader regional, demographic, and economic environment in which it operates, and this section is intended to

situate Mount Penn within that larger landscape. The profile frames the conditions that influence revenues and expenditures by highlighting trends in the surrounding metropolitan regions, identifying key economic drivers, and reviewing population and workforce characteristics.

The subheadings within this section guide readers through multiple perspectives. The Regional Landscape establishes the Borough's geographic and economic connections to major markets, including the Greater Philadelphia and Delaware Valley region, the U.S. 422 corridor, and the Lehigh Valley. The August 2025 Economic Snapshot and Berks County overview provide a timely pulse of local and regional economic activity, while Key Economic Drivers and Industries and Workforce and Commuting Dynamics illustrate structural strengths and pressures affecting households and businesses. Demographic patterns and the role of the City of Reading are explored to show how diversity and urban revitalization efforts shape Mount Penn's immediate environment. Emerging infrastructure initiatives like the Schuylkill River Passenger Rail demonstrate how mobility and investment projects may alter long-term opportunities. Finally, the section concludes with a discussion of Bedroom Community Dynamics, drawing comparisons to other commuter municipalities and highlighting both the opportunities and challenges of Mount Penn's position as a residential hub connected to external employment centers.

Together, these elements ensure that Council, staff, and residents can evaluate the Borough's budget not just in terms of line items, but in light of the external trends, challenges, and opportunities that will shape fiscal health in the years ahead.

## **Regional Landscape**

The Borough of Mount Penn is situated within a dynamic economic landscape in southeastern Pennsylvania, influenced by its proximity to several major metropolitan areas and its position within Berks County. The region's economy is shaped by its historical manufacturing and agriculture roots, its diverse and growing population, and its strategic location along key transportation corridors connecting it to the Philadelphia Metropolitan Statistical Area (MSA), the Lehigh Valley, and beyond.

### **Greater Philadelphia and the Delaware Valley Region**

Berks County is geographically positioned adjacent to the Greater Philadelphia region, a major economic and cultural hub along the Northeast Corridor. The Delaware Valley Region includes the neighboring counties of Bucks, Chester, Delaware, and Montgomery. While Berks County is not formally part of the DVRPC region, its economy is intrinsically linked to this larger metropolitan area.

The Greater Philadelphia region has evolved from an industrial powerhouse into a diverse economy driven by healthcare, education, technology, and creative industries. It benefits from world-class academic and research institutions that fuel workforce development and economic growth. The region's strategic location provides access to major markets like New York City and Washington, D.C., supported by a robust transportation network that includes Amtrak, the Port of Philadelphia, and Philadelphia International Airport.

Economic trends in the Philadelphia MSA directly influence Berks County. The outward growth from the Philadelphia area has historically played a significant role in the population and development trends of Berks County. Major transportation links, such as U.S. Route 422 and the Pennsylvania Turnpike (I-76), connect Berks County to the Philadelphia region, making southeastern Berks a "bedroom community" for commuters. This connection is a primary driver of the area's residential and commercial development pressure. The largest flow of outbound commuters from Berks County is to Montgomery and Chester counties, which are tied to the Philadelphia MSA, largely driven by access to higher-wage jobs.

### **The U.S. 422 Corridor**

U.S. Route 422 is a primary arterial highway that functions as a critical economic corridor, connecting the City of Reading eastward to Montgomery and Chester Counties and the broader Philadelphia market, and westward to Lebanon and the Harrisburg region. Development has historically radiated from Reading along this corridor, which has seen significant expansion of commercial and residential uses. The section of U.S. 422 in Montgomery and Chester Counties is an expressway, which has reduced travel times and accelerated growth in southeastern Berks County. This corridor is also a major freight route, supporting the logistics and warehousing industries. It experiences high congestion in the county, suggesting a need for ongoing transportation planning and investment to maintain its economic vitality.

### **August 2025 Economic Snapshot**

This information is based on the Philadelphia Federal Reserve Bank's monthly Beige Book.<sup>1</sup> Summary of the economic data for the Federal Reserve Bank's third region, which extends beyond the Greater Philadelphia MSA.

The region's economy saw a slight improvement in business activity recently, after a period of minor decline. However, the picture is complex, with some parts of the economy doing better than others. Growing concerns exist about the financial strain on lower-income families and small businesses. While businesses are a bit more optimistic about the future, they remain cautious.

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<sup>1</sup> Beige Book Publications, Accessible here: [Link](#)

## What's Happening with Jobs and Paychecks?

The job market appears to be holding steady, with no major changes in the overall number of people employed.

- **Job Seekers and Openings:** Many businesses are finding it easier to find job candidates, partly because there have been some layoffs. One non-profit organization, for example, received 275 applications for just one executive job. At the same time, there seem to be fewer job openings available. This is happening for two main reasons: more employees are choosing to stay in their current jobs rather than look for new ones, and some companies in banking, tourism, and the auto industry are starting to use artificial intelligence (AI) to handle tasks previously done by people.
- **Concerns for Workers:** Non-profit groups are seeing more unemployment among the people they serve. Some individuals who can't find a full-time job have to work multiple part-time jobs, often without benefits, to make enough money to get by. Additionally, some businesses are worried that recent cuts to public transit services, like those in the Philadelphia area, will make it harder for their employees and customers to get around.
- **Wages and Pay Raises:** On average, pay raises have returned to a more normal, modest rate—similar to what we saw before the pandemic. Some smaller companies have even started offering lower salaries for new, entry-level positions. However, some hotel workers in cities with union contracts are still seeing their wages go up. A key concern is that wages are not rising as fast as the cost of living for many families and workers in lower-paying jobs. Inflation, or the rate at which prices are rising, continues to be a significant factor for both families and businesses.
- **Prices Today:** Businesses reported that the prices of their goods and services have continued to increase moderately. Many are noticing that their customers are becoming more sensitive to price changes. In fact, over half of customers are more careful about what they spend compared to a few months ago. Some retailers try to avoid passing higher costs from their suppliers on to customers by finding other ways to save money. Because of these rising prices, non-profit organizations have seen a higher demand for basic needs like food and housing assistance.
- **Future Price Expectations:** Businesses expect to continue raising their own prices over the next year. A major reason for this is the impact of tariffs (taxes on imported goods), which are making many products more expensive. Overall, businesses are bracing for prices to continue rising significantly over the next year.

## How Are Different Parts of the Economy Doing?

- **Manufacturing:** Factories and industrial businesses saw a modest increase in activity, though the most recent reports from August were flat. Still, these companies are optimistic about the next six months and expect to receive more orders and ship more goods.
- **Retail and Services:** Businesses in the service sector, like stores and restaurants, reported a moderate increase in activity. Retail sales were up slightly, partly because stores were offering big discounts to attract shoppers. Car sales also saw a small increase, though tariffs are starting to make new cars more expensive. To help with sales, car manufacturers have been offering more incentives and deals to buyers.
- **Tourism:** The tourism industry saw a slight dip in activity. Fewer people were traveling for leisure, even with discounts being offered. The only area of tourism that seemed to be doing well was luxury travel.
- **Real Estate and Construction:** Sales of existing homes continued to increase slightly. New home construction also saw a small uptick, as some buyers who had been hesitant decided it was time to purchase a home. Commercial real estate saw slight growth, but overall construction activity continued to decline slightly, challenged by the rising costs of materials and labor.
- **Banking and Loans:** Overall, the amount of money banks are lending has remained steady. While there was growth in home mortgages and auto loans, this was canceled out by a sharp drop in lending to businesses (known as commercial and industrial loans). Banks have noticed a small increase in "nonperforming loans," which are loans that are at risk of not being paid back. Financial experts also noted that problems with late payments, which started with lower-income households, are now spreading to other income levels. Small businesses, in particular, are finding it harder to get loans and are being hit hard by the effects of tariffs.

## Berks County: A Diverse and Resilient Economy

Berks County, encompassing 864 square miles and home to over 428,000 residents, serves as the immediate economic environment for Mount Penn. The county's economic base is diverse, transitioning from a historical focus on heavy manufacturing to a more varied economy that now includes significant health care, professional services, and logistics sectors. The City of Reading is the county's largest municipality and primary urban, cultural, and economic center.

## Key Economic Drivers and Industries

- **Manufacturing:** Despite a nationwide decline, manufacturing remains a critical and valuable sector of the Berks County economy, representing 23% of the county's Gross

Domestic Product (GDP) and employing over 18% of its workforce. The county has shown resilience in this sector, ranking 5th in Pennsylvania for manufacturing employment and total wages and demonstrating positive GDP growth in manufacturing between 2001 and 2015, when many other metropolitan areas saw declines. The sector is diverse, with fabricated metals, food processing, and electrical equipment being major components. Major employers like East Penn Manufacturing and Carpenter Technology Corporation anchor this industry.

- **Education and Health Care:** This sector has become a dominant force, representing 12.7% of GDP and 17.7% of employment. The county is home to two primary acute care hospitals—Reading Hospital (part of Tower Health System) and Penn State Health - St. Joseph—which are major employers and economic drivers. The presence of several universities and colleges, including Kutztown University, Albright College, Alvernia University, and Penn State Berks, also contributes significantly to the local economy and workforce development.
- **Agriculture:** Berks County has a strong agricultural tradition, supported by rich soils. Agriculture is the most extensive land use, occupying approximately 36% of the county's total land area. The county ranks among the state's leading dairy products, poultry, corn, and fruit producers. This industry is a key economic driver and a core part of the county's cultural identity and tourism appeal.
- **Trade, Transportation, and Logistics:** Due to its strategic location, Berks County has become a significant hub for transportation and warehousing. This sector has seen strong growth, driven by the rise of e-commerce and the county's proximity to major distribution networks along the I-78 and U.S. 422 corridors.

### **Workforce and Commuting Dynamics**

Berks County's labor force has grown steadily, adding over 17,000 people between 2001 and 2016. However, the county is a net labor exporter, meaning more residents commute out of the county for work than in. In 2014, the deficit was nearly 20,000 workers. This trend is largely attributed to wage differentials; more than half of all outbound commuters leave for jobs paying over \$40,000 annually in neighboring counties like Montgomery, Chester, and Lehigh. Despite this, Berks County remains an affordable place to live, with a cost of living about 4% lower than the national average, which allows residents who commute to higher-paying jobs elsewhere to maximize their purchasing power.

### **Population and Demographics:**

A key dynamic shaping the county's future is its changing demographics. Between 2010 and 2020, Berks County's population grew by 4.2%, a trend largely driven by a 48% increase in its Latino population. Without this growth, the county's population would have declined. This

growing diversity is a significant strength and a critical component of the future workforce and economic landscape.

### **The City of Reading**

As the county seat and fourth-largest city in Pennsylvania, Reading is the economic, social, and cultural heart of Berks County. Historically an industrial center, the city is now focused on revitalization efforts to attract and retain businesses, residents, and visitors. The city's *Downtown Plus Plan* aims to create a unified vision for redevelopment by embracing its diverse culture and rich history. While facing challenges common to many third-class cities, such as an aging housing stock and blight, Reading contains a wealth of historic assets and is a center for government, finance, and healthcare services. Initiatives like the *Main Street Matters* program aim to support the revitalization of its commercial corridors, such as Penn Street. The city's future is pivotal to the economic health of the entire region.

### **Schuylkill River Passenger Rail**

The Schuylkill River Passenger Rail Authority (SRPRA), created in 2022 by Berks, Chester, and Montgomery counties, is leading efforts to restore passenger rail service between Reading and Philadelphia. The Authority serves as the coordinating body for planning, funding, and advocacy, and in 2023 secured entry into the Federal Railroad Administration's Corridor Identification and Development Program, which awarded \$500,000 for corridor planning and positioned the project for future federal support. SRPRA has since held regular public meetings, coordinated with Amtrak as a proposed operator, and engaged state officials, with its charter recently extended through 2072 to ensure long-term oversight.

While significant steps remain, including environmental reviews, track upgrades, and freight rail agreements, the project has gained momentum and regional visibility. For Central Berks County, including Mount Penn, restored rail service promises broad benefits. It would expand commuting and mobility options, reduce traffic congestion, and enhance access to Philadelphia and other employment hubs. Economic development opportunities are expected through transit-oriented growth around stations, higher property values, and a stronger local tax base. Rail access could also promote equity by serving residents without reliable cars, reducing environmental impacts from vehicle traffic, and improving overall quality of life. Additionally, improved connectivity may attract tourism and investment, raising the region's profile within Southeastern Pennsylvania. Together, these benefits suggest that SRPRA's success could help reshape Central Berks into a more connected, competitive, and sustainable community.

## **The Lehigh Valley**

To the east, Berks County is bordered by Lehigh County, which is part of the Lehigh Valley, another significant economic region in Pennsylvania. Growth in the Allentown area has an impact on eastern Berks County municipalities like Maxatawny and Longswamp townships, which have seen increased development pressure. U.S. Route 222 serves as the principal link between Reading and Allentown. The Lehigh Valley has also experienced explosive growth in its warehousing and logistics sector, particularly in the Fogelsville area, which increases truck traffic and economic activity along shared corridors like I-78. The future development of a multi-regional freight plan involving Berks, Lehigh, and other northeastern Pennsylvania counties underscores the economic interdependence of these regions.

## **Bedroom Community Dynamics**

The experience of bedroom communities in the United States provides essential context for understanding Mount Penn Borough's position within the Reading metropolitan area. A case study of Chatham County, North Carolina, illustrates many of the dynamics faced by small communities on the fringe of larger urban centers (Jolley, et al., 2011)<sup>2</sup> As in many commuter jurisdictions, residents often choose to live in such communities because they offer affordable housing, good schools, low crime rates, and quality-of-life amenities while providing convenient access to employment opportunities in nearby cities. In Chatham County, NC, workers commuting outside the county earned, on average, 43 percent more than those employed locally. Housing costs were also significantly lower than in the neighboring metropolitan counties, further enhancing the community's residential appeal.

These strengths are tempered by structural weaknesses accompanying heavy commuter patterns. Residential development tends to generate less tax revenue than it requires in services. Cost of Community Services studies repeatedly show that for every dollar spent on services such as schools, roads, and emergency protection, residential land uses often return less than one dollar in revenue. In contrast, commercial and agricultural uses typically return far more.

In Chatham County, residential development returned only \$0.87 for every dollar in public service costs. This imbalance places sustained fiscal pressure on local governments. Retail leakage represents another major weakness. Studies showed that Chatham County captured only about 42 cents of every retail dollar, with the remainder spent in surrounding counties.

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<sup>2</sup> Jolley, et al., 2011 Article *Economic development planning in bedroom communities: A case study of Chatham County, North Carolina* Accessible Here: [Link](#).

Opportunities nonetheless exist for communities of this type. Retail leakage demonstrates potential for “import substitution,” where local retail and service options development allows residents to spend more of their income locally.

Similarly, the presence of a highly skilled resident workforce represents an untapped asset. Standard economic data often underrepresents this labor pool because it counts jobs where they are located rather than where workers live. Many commuter communities may possess highly educated or specialized residents who could support local employers if given the opportunity. Quality of life factors also offer opportunities. Emphasizing environmental stewardship, clean industries, and open space preservation reflects resident preferences and helps position a community for targeted economic development strategies.

The threats facing bedroom communities stem from both fiscal and social sources. Politically, rapid residential growth can spark, especially land-use-related, tensions between newer residents and long-established populations, or between faster-growing and slower-growing sections of a jurisdiction. Commuting itself has social costs, as longer travel times reduce opportunities for civic engagement, weaken social ties, and impose environmental impacts. Efforts to balance service costs through new taxes or impact fees often face strong opposition, leaving governments with limited tools to address fiscal imbalances.

These dynamics illustrate the complex position of bedroom communities like Mount Penn. They offer residents affordability and quality of life while connecting to larger labor markets. Yet, they face persistent challenges in building a balanced tax base, retaining retail dollars, and maintaining consensus on growth.

## Strategic Challenges for Mt. Penn

### 1. Fiscal Sustainability and Structural Deficit Crisis

The Borough is facing a precarious financial situation characterized by stagnant growth in its major revenue sources against the backdrop of rapidly rising mandated expenditures, leading to a projected **structural deficit**.

- **Projected Growing Structural Deficits:** Mount Penn is projected to experience annual, growing deficits over the next five years that would eventually deplete the borough’s current fund balance if no corrective action is taken. The borough’s fund balance is projected to be depleted by 2027 based on trends prepared as part of the Strategic Management and Planning Program (STMP).
- **Stagnant Property Tax Revenue Base:** Real estate tax revenue, the borough’s largest source of revenue, is likely to be flat or stagnate. This is due to the county using an old

base year for assessments (1994), which causes the municipality's total assessed value to remain relatively flat. The tax base does not naturally grow to produce more revenue as costs rise with inflation. The difference between a property's assessed value and its actual market value creates significant disparity, where Mount Penn's market value grew by almost 65% between 2001 and 2022, but its assessed value declined by 1.4%.

- **Over-reliance on Tax Rate Increases:** Since the assessment rate is flat, the only way for the Borough to increase real estate revenue is to continually increase the millage rate. The Borough has raised property taxes eight times since 2015 to fuel revenue growth.
- **Inadequate Fee Recovery:** The Borough's non-tax revenue sources often fail to cover the cost of the services provided, particularly in the Solid Waste Fund. Historically, sanitation fees have consistently been below the cost of the contracted service. The costs associated with the Joint Codes Division also appear to exceed the revenues generated by the corresponding rental registration program.
- **Dependence on Temporary Funding:** Prior budget surpluses (2021 to 2023) were largely attributable to one-time funding sources, specifically federal American Rescue Plan Act (ARPA) funds and property tax increases, which masked these underlying structural financial vulnerabilities.

## 2. High and Rising Cost of Regional Services

A majority of the Borough's operational budget is consumed by public safety costs managed through regional agreements, over which Mount Penn has limited unilateral control regarding expenditures.

- **Dominance of Police Expenditures:** The Central Berks Regional Police Department represents the Borough's largest cost center, absorbing over half of non-personnel expenditures. Police service costs exceeded the revenue collected from real estate taxes alone during the historical period and are projected to exceed the revenue from both earned income and property taxes by 2029.
- **Lack of Control over Regional Costs:** Since the police services are outsourced to the Central Berks Regional Police Commission, Mount Penn cannot unilaterally determine the expenditures for these services. There may also be a funding inequity in how regional costs are determined and divided, necessitating a review.

- **Escalating Employee Benefit Costs:** The largest growth in in-house operating costs has been for employee benefits, including health and non-health-related insurances, which increased by 78% from 2019 to 2023 and are projected to continue rising significantly.

### **3. Socio-Economic and Community Development Challenges**

Mount Penn faces challenges related to its housing stock, demographic trends, and a lack of proactive strategies to enhance its community appeal and tax base.

- **Aging Housing Stock and Rental Growth:** The housing stock is predominantly older, with 43% of homes built before 1940. The percentage of renter-occupied units has doubled to 40% (as of 2022), leading to potential blight and maintenance concerns. The median housing value significantly trails the county and state averages.
- **Lagging Socio-Economic Indicators:** The Borough's residents comparatively lag the state and county in educational attainment (only 19.5% hold a bachelor's degree or higher) and face higher poverty rates (13.3%).
- **Lack of Economic and Recreation Planning:** The Borough currently has no parks or recreation activities and has not historically engaged in proactive economic and community development activities beyond those tied to codes enforcement. This suggests a need for developing strategies (like capitalizing on the outdoor recreation economy through proximity to preserves) to stabilize and increase the tax base.

### **4. Operational and Administrative Capacity**

The Borough is undergoing a significant administrative transition while struggling with small staff size, limited internal controls, and outdated regulatory tools.

- **Administrative Transition and Staffing Limitations:** The Borough is currently transitioning from a Secretary-Treasurer governance model to a professional Borough Manager system. The overall administrative and public works staff is extremely small, totaling only four full-time employees. This low staffing level makes tasks like implementing proper financial internal controls difficult to maintain.
- **Outdated Regulatory Framework:** The Borough's codification of ordinances has not been updated since 2000. The joint comprehensive plan and zoning ordinance with Lower Alsace Township are aging and need review.
- **Need for Planning and Technology Upgrades:** The Borough lacks a **multi-year Capital Improvement Plan (CIP)** and budget, which is crucial for strategically prioritizing maintenance needs for aging infrastructure and securing grant funding. Furthermore,

technology solutions are needed to integrate data maintained by the borough into a single database for tracking assets, permits, and rentals.

- **Grant Compliance and Audit Issues:** The Auditor General's office identified findings in the Liquid Fuels fund regarding poor record-keeping and overspending on approved projects, requiring the Borough to reimburse the fund. The Borough failed to make a Minimum Municipal Obligation (MMO) payment to its defined benefit pension plan in 2021, though the payment was made later, illustrating past administrative shortcomings.

## Manager's Budget Message

It is my privilege to present the Calendar Year 2026 Proposed Budget for the Borough of Mount Penn. This budget represents the Borough's continued commitment to fiscal stewardship, operational excellence, and strategic investment in the long-term well-being of our community. It also continues the Borough's pursuit of the Government Finance Officers Association (GFOA) Distinguished Budget Award, positioning this document as a model of clarity, transparency, and sound financial planning.

The CY 2026 Budget reflects the realities of rising service demands, aging infrastructure, flat revenue growth, and the costs of maintaining high standards in public safety, public works, and municipal administration. At the same time, it charts a responsible path forward—one that preserves essential services, supports long-term financial sustainability, and strengthens Mount Penn's position as a resilient, well-managed Borough.

### Strategic Framework for Budget Development

The CY 2026 Budget is structured around the Borough's four strategic goals:

1. Placemaking – Ensuring safe, clean, and welcoming neighborhoods that elevate community pride and quality of life.
2. Sustainable Infrastructure – Maintaining and modernizing streets, stormwater systems, public facilities, and equipment through coordinated capital planning.
3. Community Well-Being – Supporting public safety, public health, and access to essential government services for all residents.
4. Operational Excellence – Advancing professional government practices, fiscal transparency, customer service, and organizational capacity.

These goals are supported by 18 program area goals, which guide the allocation of resources throughout each department and function of government. The Borough's lean staffing model requires cross-functional service delivery, and the program budget structure strengthens accountability, transparency, and the ability to measure performance over time.

Throughout 2025, the Borough improved the documentation of program objectives, performance indicators, and operational metrics. The CY 2026 Budget continues that work by integrating measurable outcomes into each department's narrative—consistent with GFOA's expectations for performance-based budgeting.

### Fiscal Landscape & Key Financial Trends

Mount Penn enters CY 2026 with continuing structural pressures across several of its seven funds. The combined All Funds balance, which stood at \$1,158,570 in 2024, is projected to decline to \$1,138,417.61 by December 31<sup>st</sup>, 2025. Based on the presented budget, we staff anticipates the fund balance decreasing to \$804,264.12 by the end of 2026. While most of this reduction reflects grant-funded capital projects (such as the Streets Garage), the underlying trend shows a decrease of overall fund balance.

To maintain a healthy fund balance, the Borough Council requested a 1.00 mill tax increase be included in General Fund budget, specific to fund Police Pension Expenses, and an increase to \$490.00 in the annual Refuse Fee for all properties.

Without these increases, the early budget drafts made clear that the General Fund balance would fall below the 15% reserve threshold which exposes the Borough to risk in the event of emergencies (e.g., natural disasters, stormwater pipe failures, or unexpected street repairs). The refuse fee increase is proposed to cover the full cost of the 2026 J.P. Mascaro contract expenses, pay back a loan from the General Fund that paid for that expense in Q1 of 2025, and build a fund-balance to avoid any seasonal shortages in the Solid Waste Fund.

### **General Fund Pressures**

The General Fund's FY 2026 deficit began at (\$69,686) through strategic allocations, but underlying structural challenges remain:

- Police services, the Borough's largest single expenditure category, rose by 7.5% in 2026 and are projected to continue increasing.
- Regional Codes services increased by more than \$15,000 from 2025 to 2026, driven by caseload, wage increases, as well as zoning services being assumed by Central Berks Codes January 1<sup>st</sup>.
- Employee benefit costs, including healthcare and pensions—have grown 78% since 2019, outpacing revenue growth.
- The Borough continues to rely on limited tax growth, constrained by the County's 1994 base-year property assessment system.
- All major local taxes (EIT, LST, real estate transfer, and business privilege) are at their legal caps.

These pressures underscore the need for long-term fiscal planning, ongoing cost management, and measured adjustments to revenue structures when necessary.

### **Solid Waste Fund Instability**

The Solid Waste Fund continues to face significant structural imbalance. The CY 2026 analysis showed:

- A \$31,849 operational shortfall before delinquent and prior-year revenues
- A \$19,848 net deficit even after those additional revenues
- An interfund loan from the General Fund totaling \$146,775.90, which continues to weigh on core operations

The underlying cost of the Borough's waste, recycling, yard waste, and leaf programs has rendered the current \$450 annual fee unsustainable. Additionally, the timing mismatch between January–March expenses and March–June revenues creates annual cash flow strain, which required the General Fund to front early-year costs.

A multi-year stabilization plan is required to restore the fund to long-term viability. In CY 2026, the budget proposes to raise the refuse fee to \$490.00 per dwelling unit, which is anticipated to raise revenue to \$642,806 and create a \$31,645 surplus.

### **Capital Fund, Liquid Fuels Fund, and Other Funds**

The Capital Fund reflects the completion of the new Borough Garage and the winding down of several transportation-related grants. For 2027–2032, the Borough's capital priorities will focus on:

- Pavement management and reconstruction
- ADA-compliant curb and ramp upgrades
- Traffic signal modernization
- Stormwater and MS4 compliance
- Vehicle and equipment replacement
- Municipal facility upgrades

The Liquid Fuels Fund remains stable but is restricted by state law to streets-related expenditures. This fund plays a critical role in reducing stress on the General Fund, particularly when shifting eligible wages or project costs.

### **Revenue Environment & Structural Constraints**

Mount Penn continues to operate under a constrained revenue structure. Property tax revenue is limited by Berks County's 1994 base-year assessment system, which locks assessed values far below market reality. This results in minimal natural growth in the tax base, even as home values rise and turnover increases. Additional challenges exist with the Act 511 Taxes:

- Earned Income Tax (EIT) has shown stability but limited growth potential.
- Local Services Tax (LST) remains flat due to employment patterns and statutory limits.
- Real Estate Transfer Tax fluctuates with the housing market.
- Business privilege, licensing, and permitting revenue remains modest but stable.

### **Shared Services & Regional Costs**

The Borough participates in regionalized services for police and codes enforcement. While these partnerships achieve economies of scale, they also carry annual cost growth tied to staffing, contractual obligations, and equipment needs.

Combined, these realities require the Borough to rely heavily on disciplined financial management, efficient operations, and prudent policy decisions by the governing body.

### **Expenditure Priorities & Operating Strategies**

The CY 2026 Budget prioritizes core governmental functions while advancing operational modernization. Public safety remains the Borough's largest expenditure category. The CY 2026 Budget supports:

- Sustained participation in the Central Berks Regional Police Commission
- Continued funding for 911 dispatching services
- Support for the Mount Penn Fire Company and Lower Alsace Ambulance
- Strengthened codes enforcement, including rental licensing, property maintenance, and UCC compliance
- Enhanced emergency management coordination

Given the volatility of EMS and ambulance funding statewide, the Borough will continue advocating for federal and state reforms to stabilize the sector.

The Streets Department continues to provide essential services to residents and businesses. The CY 2026 Budget includes:

- Road reconstruction and milling projects
- Snow and ice control
- Street signage, traffic signal maintenance, and ADA improvements
- Preventive maintenance on vehicles and small equipment

The Borough continues its multi-year effort to modernize local government operations. For 2026, priorities include:

- Improved monthly financial reporting
- Enhanced cash-flow modeling and forecasting
- Continued codification of Borough ordinances
- Strengthened internal policies and cost-allocation methods
- Expanded use of digital permitting and document management systems
- Workforce development and ongoing staff training

### **Community Well-Being, Economic Development & Placemaking**

In 2025, the Borough initiated planning for its Economic Development Task Force, an effort that will continue into 2026. This initiative will focus on:

- Supporting local business growth and corridor revitalization
- Improving signage, lighting, and streetscape aesthetics
- Addressing the impact of high property taxes on homeowners
- Strengthening community identity and engagement
- Pursuing grant funding under the Local Share Account (LSA) and other state programs

The Borough also remains committed to parks, walkability, neighborhood improvements, and community events that enhance resident satisfaction and quality of life.

### **Fiscal Management Strategies**

To maintain financial stability, the Borough will pursue:

- Revenue diversification where legally permissible
- Stabilization of the Solid Waste Fund through phased adjustments
- Strategic use of Liquid Fuels where eligible
- Preservation of General Fund reserves
- Strengthening cost allocation and service alignment
- Leveraging grants to offset tax-supported capital costs
- Continued exploration of shared-service efficiencies

The Borough may also require a Tax Revenue Anticipation Note (TAN) in early 2026 to manage cash flow during the first quarter.

## Conclusion: A Path Forward

The CY 2026 Budget is a responsible, forward-looking plan that addresses the Borough's immediate operational needs while advancing its long-term strategic priorities. It acknowledges the fiscal pressures facing Mount Penn—ranging from rising public safety costs to utility inflation, infrastructure needs, and revenue stagnation—yet it also builds upon the Borough's strengths: dedicated staff, strong regional partnerships, community pride, and a commitment to modern, transparent government.

This budget is not only a financial plan but a reflection of the Borough's values: service, integrity, accountability, and continuous improvement. With the support of Borough Council, our residents, and our partners, we will continue to strengthen Mount Penn's financial position and enhance the quality of life for everyone who calls our community home.

## Financial Policies

The Borough's financial operations are guided by a set of formally adopted policies designed to ensure fiscal stability, transparency, and effective management of public resources, consistent with best practices recommended by the Government Finance Officers Association (GFOA).

These policies lay the long-term groundwork for decisions made in the annual budget process, complementing the comprehensive plan that forecasts revenues and expenditures for all Borough operations.

## Fund Balance Policy

The Fund Balance Policy (Policy No. 002) is a fundamental financial planning policy adopted to address critical needs, including meeting seasonal shortfalls in cash flow, supporting capital improvements planning, reducing susceptibility to emergency expenditures or unanticipated revenue shortfalls, and maintaining investment-grade credit ratings. The policy establishes guidelines for classifying and maintaining financial reserves across various funds in compliance with Governmental Accounting Standards Board (GASB) Statement No. 54.

### Core Classifications and Reserve Requirements:

The policy defines several classifications of fund balance, which inform how resources are allocated and managed within the budget:

1. **Restricted Fund Balance (Letter B):** These funds can only be used for specific purposes stipulated by external sources, such as creditors, grantors, or laws/regulations imposed by other governments (e.g., enabling legislation).
  - General Fund: The General Fund contains no restricted fund balance.

- Special Revenue Funds: Specific special levies or grants restrict the use of these funds. Examples include the Streetlight Tax Fund (restricted to maintaining streetlights and utility expenses), the Ambulance & EMS Tax Fund (restricted to subsidizing the appointed ambulance provider), and the Fire Prevention Tax Fund (restricted to subsidizing the appointed fire prevention provider).
- Liquid Fuels Fund: Restricted to the annual state grant (funded by the state gas tax) to cover street maintenance costs.
- Solid Waste Fund: Restricted to proceeds from special fees designed to maintain and improve solid waste collection (recycling, trash, yard waste).

2. **Committed Fund Balance (Letter C):** This balance is set aside by Council action for purposes such as meeting long-term unfunded liabilities, establishing reserves for economic downturns or emergencies, or funding specific pending projects.

- Minimum Municipal Obligation (MMO): Fund balance is required to be committed annually to meet unfunded liabilities like pensions, based on the Minimum Municipal Obligation (MMO) identified in the annual audit report.
- General Fund Operating Reserve Goal: The policy mandates a Committed Fund Balance equivalent to 15% of operating expenditures for the General Fund. The Borough Manager is required to budget to preserve this reserve and must submit a plan to the Borough Council to restore the balance within three years if the annual audit shows it has fallen below this threshold.
- Other Funds: For other funds (like the Streetlight Tax Fund, Solid Waste Fund, etc.), funds not specifically planned for are designated as committed, provided they do not exceed the equivalent of anticipated annual operating revenues. If the fund balance exceeds 15% of operating revenues, the Borough Manager must submit recommendations for its designation.

3. **Assigned Fund Balance (Letter D):** This balance is allocated by the Borough Manager for specific purposes, such as planned capital projects, grant matching funds, or short- and intermediate-term needs for equipment and technology. These funds may be appropriated for expenditure in the subsequent year by a resolution or affirmative vote of the Borough Council.

4. **Unassigned Fund Balance (Letter E):** This classification is exclusive to the General Fund. The policy views this balance as a *public trust* and emphasizes that it should be handled responsibly and invested in community improvement, rather than being treated as a *spend without consequence* category.

## Investment Policy

The **Investment Policy** (Policy No. 003) is designed to ensure the prudent, responsible management of public funds by maximizing return while prioritizing safety and liquidity. It is governed by state statutes, including PA Consolidated Statute Title 20, Chapter 74 (Municipalities Investments) and Borough Code §1316 (Investment of Funds).

### Objectives and Standards of Care:

The policy sets clear objectives in order of priority:

1. Safety: Investments must preserve capital, utilizing high-quality securities and institutions to mitigate credit risk.
2. Liquidity: The portfolio must remain sufficiently liquid to meet all operating and capital requirements that are reasonably anticipated.
3. Return on Investment: The portfolio should aim to attain a market rate of return over budgetary and economic cycles, consistent with the constraints of risk and liquidity.

The policy requires investment officials to adhere to the "prudent man/woman" standard when managing the overall portfolio. It also mandates strict ethical guidelines, requiring officers to disclose conflicts of interest and remove themselves from investment decisions if impartiality is impaired.

### Management and Diversification:

- Delegated Authority: The Borough Council determines the total amount permissible for investment by majority vote. Decisions about specific investments are delegated jointly to the Finance Committee and the Borough Manager.
- Authorized Investments: Authorized types include U.S. Treasury Bills, Government and Federal Agency Obligations (backed by full faith and credit), insured interest-bearing deposits (with collateral for amounts exceeding FDIC/NCUSIF limits), Certificates of Deposit (also requiring collateral above insurance limits), registered Investment Companies (that invest solely in authorized instruments), and bonds of municipal authorities created solely by the Borough.
- Diversification Requirement: To reduce risk, the policy mandates diversification by security type, institution, and maturity. The Borough shall not invest more than 20% of its total portfolio in a single security type or institution, with exceptions only for U.S. Treasury securities and authorized investment pools.
- Reporting: The Borough Manager must provide monthly reports to the Council detailing the portfolio's performance, including yields, maturities, and market values. The Council conducts an annual compliance review in March.

## **Solid Waste Fund Policy**

The Solid Waste Fund Policy (Policy No. 004) governs the financing and operation of the Borough's Solid Waste Fund, which tracks costs associated with trash, recycling, and yard waste collection. This fund is mandated to operate as a Proprietary and Enterprise Fund under GASB Statements No. 34 and 84, using a modified cash basis for accounting. This enterprise fund structure ensures that the service is self-supporting, with costs covered primarily by user fees rather than general tax revenue.

### **Fee Structure and Calculation:**

The policy dictates that the Solid Waste Fee must be adopted annually by resolution and must cover the entirety of the anticipated expenditures plus an administrative fee of 5.00%.

The fee is set using the following formula: (Projected Expenses / Total Dwelling Units) = Solid Waste Fees

- **Projected Expenses:** These include the Curbside Collection contract cost (which is publicly bid), specific Capital Improvements/Purchases for solid waste activities, and the administrative fee.
- **Administrative Fee:** The purpose of the administrative fee (up to 5.00%) is to reimburse the General Fund for the Borough Office activities supporting solid waste collection and disposition, and to maintain a sufficient fund balance to prevent borrowing from the General Fund or incurring indebtedness.
- **Billing:** The Solid Waste fee is collected through the Berks County Treasurer's office as a Special Levy on tax bills.

### **Dwelling Unit Definition and Appeals:**

A "dwelling unit" is defined broadly to include each single-family unit, each apartment in a multi-family building, or a commercial/industrial property. Vacant land is excluded from this calculation. Property owners have the right to appeal their tax roll designation to the Borough Solid Waste Committee if they dispute the number of dwelling units assigned. Changes to the tax rolls are generally initiated based on information provided by the property owner (e.g., permits, registration) and are not based on independent investigations.

## **Capital Fund Policy**

The Capital Fund Policy (Policy No. 005) supports the long-term goal of Strategic Asset Management and Fiscal Sustainability. It applies to all major long-term capital projects, including infrastructure, buildings, equipment, and technology systems. The Borough recognizes the necessity of creating a Capital Improvement Plan (CIP) to effectively use the Capital Fund, which is an Administrative Goal.

### **Guiding Principles for Capital Planning:**

1. **Fiscal Sustainability:** Capital planning must use a multi-year approach to ensure investments do not jeopardize long-term financial health.
2. **Strategic Asset Management:** Decisions must be data-driven, utilizing inventory and condition assessments to optimize asset life and reduce long-term maintenance costs.
3. **Public Safety and Health:** Projects addressing critical health and safety concerns receive the highest prioritization.
4. **Regulatory Compliance:** The policy helps ensure compliance by appropriately segregating grant receipts from other Borough funds.

### **Prioritization and Funding:**

Capital projects are prioritized based on a hierarchy: Health and Safety concerns take precedence, followed by Asset Preservation (extending the life of current assets), and finally Service Expansion (to meet growth demands).

Regarding funding and debt management:

- **Debt Financing:** Debt is used strategically for large capital projects whose benefits span multiple generations, ensuring intergenerational equity.
- **Reserves:** The policy requires allocating a portion of funds to reserves specifically for unforeseen capital needs and emergency repairs.
- **External Funding:** The Borough must actively pursue external funding opportunities, such as state and federal grants, to reduce the reliance on local resources for capital costs.

These guidelines support the Borough's commitment to develop a multi-year financial plan, reflecting a shift toward robust infrastructure maintenance and replacement strategies.

## **Borough Operations**

### **Organization Chart**

The Mount Penn Borough Organizational Chart illustrates the official structure of authority, reporting relationships, and intergovernmental coordination for the Borough's governance and operations during Calendar Year 2026. The chart is designed to clarify how municipal leadership, staff, and partner entities interrelate in the Borough's day-to-day administration, policy direction, and public service delivery.

### **Elected Leadership**

At the top of the hierarchy are the Mount Penn Borough Council and the Mayor, who together constitute the Borough's elected leadership and the primary policy-making body under Pennsylvania Borough Code. They represent the residents of Mount Penn, from whom all local authority is derived. Council exercises legislative authority and fiscal oversight, while the Mayor serves as chief executive for certain statutory and public safety functions.

### **Administrative Management**

Reporting directly to the Borough Council and Mayor is the Borough Manager, who functions as the Borough's chief administrative officer. The Manager implements Council policy, oversees municipal operations, prepares the annual budget, and manages staff and contracted services. Supporting the Manager are the Borough Secretary, who handles official records, public communications, administrative coordination, and oversees the daily office functions. The Borough Solicitor and Borough Engineer, who provide professional legal and technical services respectively.

### **Streets Crew Division**

Under the Borough Manager's supervision, the Streets Foreman leads the Streets Crew, forming the operational component of the Public Works function of the budget. This team manages infrastructure maintenance, snow removal, stormwater, and other essential public works services across the Borough.

### **Boards, Commissions, and Authorities**

The chart also shows several independent or semi-independent bodies that contribute to planning, utilities, and public safety functions:

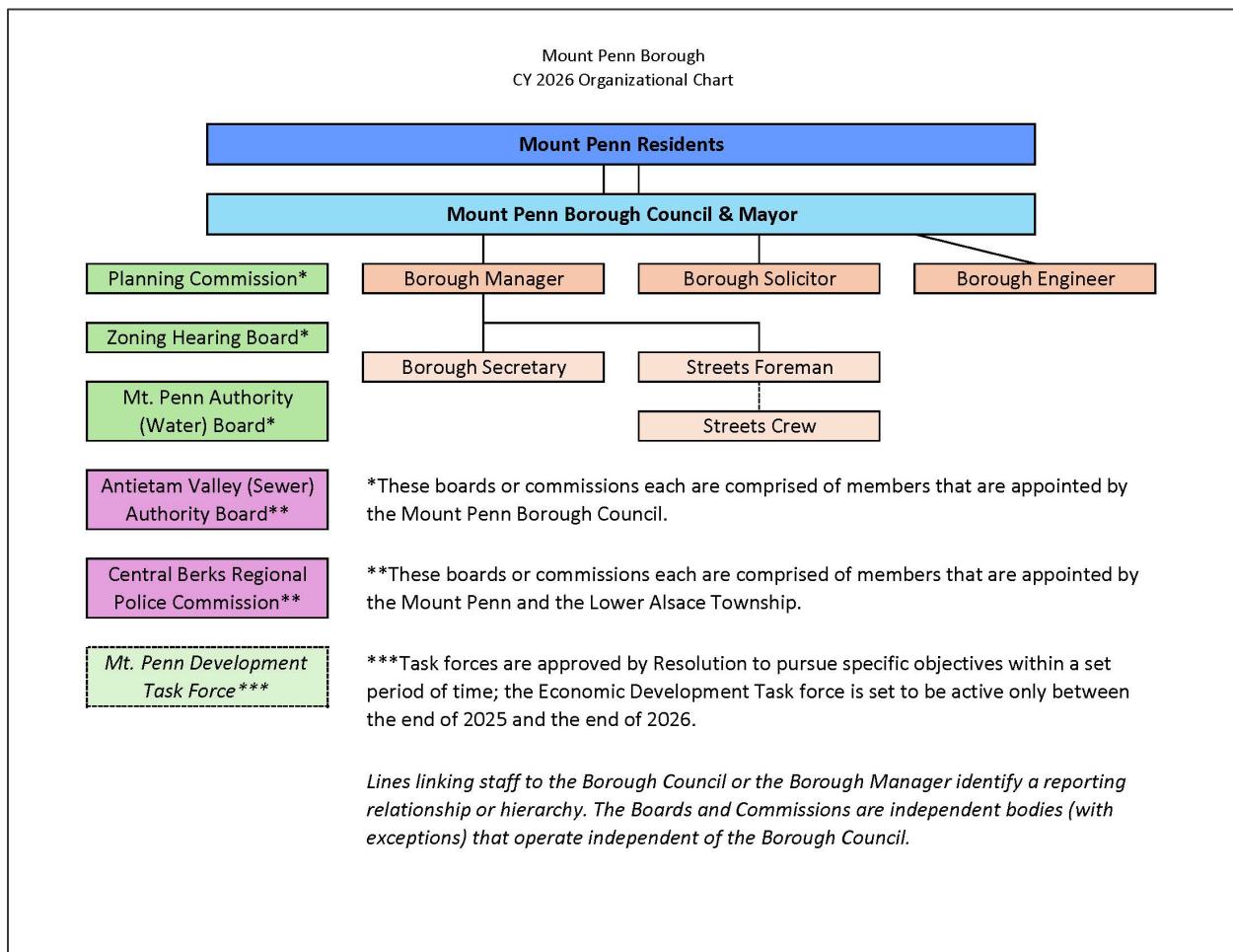
- Planning Commission – Advises on the application of land use, subdivision, and zoning ordinances.
- Zoning Hearing Board – Conducts quasi-judicial hearings on zoning variances, appeals, and special exceptions.
- Mount Penn Water Authority Board – Oversees local water service operations. The Water Authority is solely charted by the Borough of Mount Penn.
- Antietam Valley Sewer Authority Board – Joint authority with Lower Alsace Township for wastewater treatment and sewer infrastructure. The Sewer Authority is jointly charted by the Borough of Mount Penn and Lower Alsace Township; the Borough appoints three of the five seats of the Board.
- Central Berks Regional Police Commission – Joint body governing regional police services for Mount Penn and Lower Alsace. The Borough and Township shift the leadership responsibility each year.

- Mount Penn Development Task Force: A temporary advisory body established by Borough Council resolution to pursue targeted economic development initiatives between late 2025 and the end of 2026.

### Purpose and Use of the Chart

The Organizational Chart serves as both an internal management tool and a public communication aid:

- It clarifies lines of authority and accountability, showing how staff report to the Borough Manager and, through the Manager, to the elected officials.
- For residents and stakeholders, it enhances transparency, illustrating how Borough services and intergovernmental partnerships are structured.
- It provides a visual reference within the “Operations Guide” section that complements the written narrative about governance, personnel, and program management.



## Borough Elected and Appointed Officials

The seven-member Borough Council governs the Borough of Mount Penn, established and governed by the Borough Code. The Borough also has an elected Mayor who has limited legislative and executive powers provided by the Borough Code, but participates in Borough Council meetings and is a member of the Finance Committee.

Office	Name of Office Holder	Term Ends	First Elected or Appointed
Mayor	Ryan Maurer	Dec. 2025	Jan. 2022
Council President	Richard Lombardo, Jr.	Dec. 2027	Jan. 2016
Council Vice President	Christine Dise	Dec. 2027	Mar. 2023
Council Member [1]	Thomas Baer	Dec. 2025	Jan. 2024
Council Member [2]	Kelly Dudash	Dec. 2025	May 2025
Council Member [3]	Yrisol 'Iris' Garcia	Dec. 2025	Jan. 2024
Council Member [4]	Troy Goodman	Dec. 2025	Jan. 2018
Council Member [5]	Michael Kindlick	Dec. 2027	Jul. 2023

The Borough utilizes a committee structure to provide some executive direction in conjunction with the Borough Manager and specializes in focus on topics that must be reviewed in greater detail than monthly Borough Council meetings offer.

Member	Public Works Committee	Personnel Committee	Codes Committee	Finance Committee
Baer		X		X
Dise	Chair		X	
Dudash		X		X
Garcia			X	
Goodman	X			
Kindlick		Chair		
Lombardo	X		Chair	
Maurer				Chair

In addition to the Borough Council, Mount Penn has several subordinate boards or commissions and Boards to which the Council is responsible for appointing members. These bodies may also be governed by statutes other than the Borough Code.

<b>Body</b>	<b>Total Members</b>	<b>Terms of Office</b>	<b>Relationship to Council</b>	<b>Governing Document or Statute</b>
Antietam Valley Municipal Authority	5 <sup>3</sup>	5 years	Independent	Municipal Authorities Act
Central Berks Regional Police Commission	6 <sup>4</sup>	2 years	Hybrid	Central Berks Department Charter, Intergovernmental Coop. Authority Act
Mt. Penn Borough Municipal Authority	5	5 years	Independent	Municipal Authorities Act
Mt. Penn Economic Development Task Force	6	1 year	Subordinate	Local Resolution
Planning Commission	5	3 years	Subordinate	Municipalities Planning Code
Zoning Hearing Board	4 <sup>5</sup>	3 years	Independent	Municipalities Planning Code

The Borough also elects a tax collector who serves for four-year terms. The office is currently occupied by Alfred Worrall, Jr. The office of the tax collector is responsible for collecting, processing, and remitting property taxes for the Borough and the County of Berks. In many other localities, a tax collector also collects the school taxes, but the Antietam School District appointed Fulton Bank to fulfill that function.

The Borough must appoint and support an Emergency Management Coordinator responsible for coordinating the Borough's response to emergencies (e.g., tornado, hurricane, flood, etc.). The coordinator is paid as needed (primarily during an emergency). The current Emergency Management Coordinator is Jonathan Shrem, a member of the Mt. Penn Volunteer Fire Company and who works professionally as a TAC Officer for the City of Reading Police.

## **Municipal Staff**

The Borough has a limited paid staff, featuring the Borough Manager as the only management employee, the Borough Secretary, who serves as a confidential secretary and the primary clerk

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<sup>3</sup> Antietam Valley Municipal Authority is a joint Authority chartered between Mount Penn Borough and Lower Alsace Township; 3 members of the governing body are appointed by Mount Penn, the other two are appointed by Lower Alsace Township.

<sup>4</sup> The Shared Governance model between Mount Penn Borough and Lower Alsace Township is governed by the shared charter. The current method is to have the chair alternate on an annual basis in favor the minority, and the voting majority alternate mirror the chair (e.g., Mt. Penn Chairs with 2 voting members, 1 alternate; Lower Alsace holds majority with 3 voting members).

<sup>5</sup> The Borough of Mount Penn has a three-member zoning hearing board with allotment for up to three alternates. Currently the Borough has two full-members and two alternates.

for the Borough, and two union street crew members. The Street Crew may also hire seasonal staff to offset the responsibilities that the Street Crew balances in the Summer and Fall. The Borough also directly employs two part-time code inspectors to perform various inspections required by the adopted building codes that Mount Penn enforces. Both positions are part-time and equate to approximately 0.25 of a full-time equivalent unit.

The chart below identifies full-time equivalent units to evaluate these positions' full effect on operations. A full-time equivalent unit is employed in the Borough for more than 2,080 hours.

Employment Type	Full-Time	Part-Time	Total
Management	1.00	0.00	1.00
Confidential/Clerical	1.00	0.00	1.00
Inspector	0.00	0.50	0.50
Union	2.00	0.10	2.10
<i>Total by Type</i>	<i>4.00</i>	<i>0.60</i>	<i>4.60</i>

Personnel costs are the driving force behind municipal budgets, and understanding the associated personnel expenses in any budget clearly identifies where the majority of all costs are held. Beyond the actual personnel costs, additional layers of expenses exist to support municipal employees' responsibilities. For example, while a street crew pickup truck is not a personnel expense, it is necessary when the Borough's employees need to be able to move from one location to another, especially when considering responsibilities to plow or carry materials from one location to another.

Employee	Position	Hire Date	Separation Date	Employment Status
Ahrens, Hunter	Borough Manager	11/13/2023	-	Employed
Lombardo, Richard	Streets Laborer	06/2/2025	-	Employed
Lopez, Elva	Borough Secretary	05/15/2023	05/05/2025	Separated
Okonski, Bryce	PT Streets Laborer	05/15/2025	-	Seasonal
Okonski, David	Streets Foreman	01/05/2015	-	Employed
Sands, Brian	PT Inspector	06/30/2009	-	Employed
Stief, Kaylyn	Borough Secretary	07/14/2025	-	Employed
Stufflet, Mark	Streets Laborer	07/20/2020	05/31/2025	Separated
Waldman, Timothy	PT Inspector	06/30/2009	-	Employed

Municipal staff also perform key tasks and are the central information nodes for the Borough's operations. Retention of key employees is a paramount concern for the Borough, and maintaining quality performance for the community. The Borough must keep staff levels consistent to provide the services expected by the community. The table below depicts the service time of employees who worked in the Borough during CY 2025.

<b>Positions</b>	<b>Full-Time</b>	<b>Part-Time</b>	<b>Total</b>
Borough Manager	1.00	0.00	1.00
Borough Secretary	1.00	0.00	1.00
Street Crew Foreman	1.00	0.00	1.00
Street Crew Laborer	1.00	0.10	1.10
Inspector	0.00	0.50	0.50
<i>Total by Type</i>	<i>4.00</i>	<i>0.60</i>	<i>4.60</i>

#### **Position Description: Borough Manager**

The Borough Manager serves as Mount Penn's Chief Administrative Officer, appointed by the Borough Council to oversee all daily operations, personnel management, fiscal administration, and implementation of policy. The Manager coordinates the preparation of the annual budget, manages contracts and public infrastructure, enforces ordinances, and ensures compliance with state and federal regulations. As the central liaison between elected officials, staff, consultants, and the public, the Manager provides leadership that integrates the Borough's strategic goals with sound management practices, emphasizing transparency, accountability, and service excellence. The role also includes attending all Council and committee meetings, responding to emergencies, and maintaining communication that ensures the efficient and lawful administration of Borough affairs.

#### **Position Description: Borough Secretary**

The Borough Secretary functions as the Borough's principal administrative and clerical officer, supporting both the Borough Manager and Borough Council while providing direct service to residents and stakeholders. This position maintains the official records of the Borough, prepares and processes legal documents, manages payroll and accounts payable, and administers key programs such as property transfers, rental registrations, and permit coordination. The Secretary ensures compliance with Pennsylvania Borough Code requirements for recordkeeping, assists in the development of communications like newsletters, and facilitates meeting preparation and documentation. As a confidential staff member, the Secretary operates with

professionalism, accuracy, and discretion, sustaining the smooth operation of Borough Hall and the delivery of municipal services.

#### **Position Description: Street Crew Foreman**

The Street Crew Foreman leads the Borough's Public Works operations, providing hands-on leadership and daily supervision to the Street Crew. Responsible for maintaining Borough streets, rights-of-way, and public spaces, the Foreman oversees activities including paving, patching, stormwater system maintenance, leaf collection, snow and ice control, and infrastructure repairs. This position ensures compliance with safety protocols, supports the Borough's stormwater management plan, and coordinates with the Borough Manager, Engineer, and other professionals on capital and maintenance projects. The Foreman embodies the Borough's frontline commitment to community safety, reliability, and quality-of-life, demonstrating leadership through teamwork, initiative, and a strong public service ethic.

#### **Position Description: Street Crew Laborer(s)**

A Street Crew Laborer is a core member of the Borough's Street Crew team, directly responsible for maintaining streets, storm drains, parks, and other public infrastructure. Reporting to the Street Foreman and Borough Manager, the Laborer performs skilled and semi-skilled maintenance tasks such as asphalt repair, curb and drainage work, plowing and salting, equipment maintenance, and leaf and debris collection. The position demands physical endurance, flexibility, and teamwork, contributing to the Borough's daily operational needs and emergency responses. Through consistent, dependable performance, the Street Crew Laborer plays an essential role in ensuring Mount Penn remains safe, clean, and well-maintained throughout all seasons.

#### **Position Description: Property Transfer & Plumbing Inspector (Part-Time, Shared Position)**

The Property Transfer and Plumbing Inspector serves as the Borough's designated code official for property resale compliance and plumbing inspections. This dual-role position ensures that properties transferring ownership meet Borough health, safety, and code standards before occupancy, while also enforcing the Uniform Construction Code (UCC) and applicable plumbing regulations. The inspector reviews applications, conducts site inspections, verifies the condition and function of water service connections, other plumbing systems, and issues compliance certificates or correction notices as necessary.

Working part-time under the direction of the Borough Manager, this position plays a critical role in protecting both residents and the integrity of the Borough's infrastructure. By maintaining consistent standards and communication with property owners, contractors, and real estate professionals, the inspector helps safeguard the community's wastewater systems, ensures

proper code enforcement, and promotes confidence in Mount Penn's housing stock and development oversight.

#### **Position Description: Electrical Inspector (Part-Time)**

The Electrical Inspector is a certified professional responsible for reviewing and inspecting all electrical installations, alterations, and repairs within the Borough in accordance with the Pennsylvania Uniform Construction Code (UCC) and the National Electrical Code (NEC). This position verifies that residential and commercial electrical work complies with applicable safety standards and ensures the proper functioning of wiring, service panels, and equipment connections. The inspector maintains documentation of all inspections, issues permits and approvals where required, and coordinates with contractors, property owners, and the Borough Manager to correct deficiencies or hazards.

As a part-time, third-party or contracted official, the Electrical Inspector provides specialized technical expertise that helps the Borough uphold its commitment to public safety and code compliance without requiring a full-time in-house inspection staff. The position supports the Borough's goal of ensuring that all electrical work is performed safely and legally, protecting residents, property, and critical public infrastructure.

#### **Other Agency Personnel**

The Borough interacts with several other agencies, is party to their governance structure, or provides direct funding to their services. Included below are additional details related to the other government agencies the Borough is connected to, specifically the Antietam Valley Municipal Authority, Central Berks Regional Police Commission, and the Mount Penn Borough Municipal Authority. Of those three agencies, the Borough only provides direct funding to the Police Commission, which has expenses divided between revenue from the department's service contracts, other revenues, and the remaining is covered equally between Mount Penn Borough and Lower Alsace Township.

Employment Type	Full-Time	Part-Time	Total
<i>Antietam Valley Municipal Authority</i>			
Management	2.00	0.00	2.00
Operating Staff	3.00	0.00	3.00
<i>Total by Type</i>	<i>5.00</i>	<i>0.00</i>	<i>5.00</i>
<i>Central Berks Regional Police Commission</i>			
Management	2.00	0.00	2.00
Clerical Staff	1.00	0.00	1.00

<i>Inspectors (Codes)</i>	3.00	0.00	3.00
<i>Uniformed Staff</i>	21.00	0.50	21.50
<i>Total by Type</i>	27.00	0.50	27.50
<b>Mount Penn Borough Municipal Authority</b>			
Management	2.00	0.00	2.00
Clerical Staff	1.00	0.00	1.00
Operating Staff	3.00	0.25	3.25
<i>Total by Type</i>	6.00	0.25	6.25
<b>Aggregate Total:</b>	<b>38.00</b>	<b>0.75</b>	<b>38.75</b>

## Strategic Goals

Strategic goals serve as the Borough's long-term guideposts—broad, organization-wide priorities that express the desired outcomes for Mount Penn's future. Under the standards of the Government Finance Officers Association (GFOA), strategic goals differ from departmental or program objectives in both scope and time horizon. While program objectives describe specific actions or service targets achievable within a single fiscal year, strategic goals identify the overarching results the Borough seeks to accomplish over several years. They articulate “what success looks like” at the community level and provide the policy framework within which annual budgets, capital investments, and operational decisions should be made.

Strategic goals are valuable because they ensure that budgeting and decision-making are not solely reactive to immediate needs but instead aligned with a shared vision for the community's future. They help elected officials, staff, and residents evaluate competing priorities and allocate limited resources in a way that advances Mount Penn's long-term vitality, financial health, and quality of life. When developed and applied consistently, strategic goals transform the budget from a financial document into a management and communication tool that links dollars to outcomes and performance.

Over the next several months, the Borough Council and Borough Manager should jointly lead a structured process to review, refine, and formally adopt strategic goals for the Borough of Mount Penn. This process will include public discussion at open meetings, opportunities for residents and community stakeholders to provide input, and alignment with existing planning documents such as the Comprehensive Plan, the Strategic Management Planning Program (STMP) report, and multi-year capital and financial forecasts. The intent is to create a concise set of measurable, community-centered goals to guide Borough operations, policy initiatives, and resource allocation decisions for the next three to five years and beyond.

Once adopted, these strategic goals will serve as the foundation for future budgeting and program evaluation. Each annual budget will link its program area objectives to one or more of the Borough's strategic goals, allowing both Council and residents to see how individual service activities contribute to long-term priorities. Progress toward these goals will be assessed annually through measurable performance indicators, as recommended by GFOA best practices.

## **Placemaking**

***Goal: Cultivate a competitive, safe, and attractive Borough environment by optimizing land use, enforcing property standards to reduce blight, and ensuring sustainable sanitation services to support a thriving local economy and high quality of life.***

This goal is paramount to realizing Mount Penn's future success. It addresses the persistent challenge faced by bedroom communities of building a balanced tax base and retaining retail dollars. It integrates operational efficiency and regulatory oversight, intending to create tangible community improvements, thereby linking core administrative functions directly to long-term financial and community health.

This strategic objective cuts across multiple areas of the budget and Borough operations, including:

### **Economic Development**

The strategic focus on a competitive and attractive environment is foundational to economic development. Quality-of-place initiatives support economic growth by enhancing neighborhood aesthetics and community identity, which are critical for talent attraction and retention. The Borough Manager is advised to take an active role in economic and community development to help stabilize the tax base.

- Strategic Linkage: This goal requires continuous administrative and planning efforts, primarily managed through the Governance & Administration Program and the Department of Sustainable Community & Economic Planning (if established).
- Budgetary Impact: Supporting economic vitality helps to improve the revenue base, including generating revenue sources such as Real Estate Property Taxes (301.00) and local services taxes. Furthermore, achieving economic advancement is vital for building a balanced tax base, alleviating sustained fiscal pressure on the Borough.

### **Code Enforcement and Property Standards**

Maintaining inviting and safe neighborhoods directly depends on Code Enforcement, which regulates building standards and addresses property-related nuisances. Mount Penn utilizes a Joint Code Enforcement arrangement with Lower Alsace Township, which includes a robust

Residential Rental Housing Program. Focusing on Code Enforcement protects the tax base from blight and deterioration, and involves significant administrative resources, as the administrative secretary dedicates a large percentage of time to processing permits and clerical work related to Joint Codes inspections.

- Strategic Linkage: This function directly links to the UCC & Code Enforcement function (413.00), which falls under the Public Safety Program Area. It also aligns with the need to monitor the rental oversight program's cost and effectiveness.
- Budgetary Impact: Expenses are generated from the Regional Codes Department subsidy (413.53) and Code Inspectors' Compensation. Although these are expenditures, successful enforcement supports revenue recovery by covering costs associated with specific services (like permits).

### **Building Permits and Construction Codes**

A central element of placemaking is ensuring safe structures and guiding development in alignment with the Borough's vision. This relies on enforcing the Uniform Construction Code (UCC) and streamlining permit processes. The Borough has identified honing permit and inspection processes as a key administrative goal necessary to facilitate development and foster sustainable growth.

- Strategic Linkage: This effort is managed through the UCC & Code Enforcement function (413.00) and the Planning and Zoning function (414.00). Implementation requires careful management of specialized inspections (e.g., electrical, plumbing) and state-mandated UCC permit fees.
- Budgetary Impact: Revenues generated from Building Permits (e.g., Zoning & Subdivision Fees) are intended to offset the administrative costs and professional services provided by contracted inspectors and the regional codes department. Furthermore, construction activity, tracked by building permits, is a good measure of economic and fiscal health.

### **Public Sanitation (Recycling, Yard Waste, and Trash Disposal)**

A visibly clean community is essential for quality of life and placemaking. This goal emphasizes Public Sanitation services' efficiency and sustainability, including trash, recycling, and yard waste collection. The Borough operates its sanitation services as a Proprietary/Enterprise Fund (Solid Waste Fund), financed by user fees rather than general tax revenues. Therefore, the fees collected must be sufficient to cover the costs of the contracted service, including collection and disposal.

- Strategic Linkage: This goal is managed under the Sanitation & Environmental Services Program Area, focusing on the Solid Waste Collection fund and the General Fund

expenditure area (427.00). A key administrative goal is to review and provide recommendations on solid waste collection contracts to reduce costs and ensure sustainability.

- Budgetary Impact: The entire system relies on the self-sustaining Solid Waste Fund. Policy requires setting the Solid Waste Fee (364.30) annually to cover anticipated expenditures plus an administrative fee to ensure that the service is funded exclusively by the users. Expenses relate primarily to the contracted service for waste collection and recycling.

## **Sustainable Infrastructure**

**Goal: Ensure the long-term viability, efficiency, and resilience of the Borough's critical infrastructure—including street, water, sewer, and stormwater systems—through practical intergovernmental cooperation, sound capital planning, and the appointment of qualified oversight bodies.**

This goal is central to achieving long-run solvency and ensuring service-level solvency. It requires providing funding for future capital expenses, such as the replacement or maintenance of infrastructure. Since the responsibility for maintaining basic infrastructure systems has largely become a local matter, sustainable investment and planning are crucial for the community's future viability.

This strategic objective requires continuous multi-year financial planning and systematic investment, cutting across numerous Borough functions.

### **Governance, Cooperation, and Utility Infrastructure (Water and Sewer Systems)**

While the Borough provides services directly, water and sewer service delivery is assigned to independent agencies to manage these complex and operationally intensive utilities. These independent entities, known as Municipal Authorities, are separate legal entities from the municipal government.

- Role of Independent Authorities: Authorities are created to acquire, construct, or operate projects (such as sewer or water systems) and finance them primarily through user charges or lease rentals, making them self-supporting. The Borough relies on these Authorities – Mount Penn Borough Municipal Authority for water and the Antietam Valley Municipal Authority for sewer – to own and maintain critical infrastructure.

- Borough Council's Governance Role (Appointments): Since an Authority is not directly answerable to the electorate, the Borough Council's primary control mechanism over these independent bodies is the power of appointment.
  - The Borough Council appoints the members of the authority boards, which must consist of at least five members and serve five-year terms.
  - Meeting this strategic goal requires the Council to diligently exercise its appointive powers, selecting interested and qualified individuals to serve on Authority boards. Council can influence authority decisions only by appointing new members as terms are completed.
- Inter-Municipal Cooperation: Cooperation is essential, particularly for regional sewer systems. The Antietam Valley Municipal Authority (AVMA), for example, was created jointly by the Borough and Lower Alsace Township.
  - The Borough's regional wastewater treatment process serves surrounding communities through user charges and agreements. These agreements govern the system expansions to homes and businesses in neighboring communities and require user fees that fund operating and capital costs.
  - Collaboration is required for major capital projects, such as necessary upgrades to biosolids treatment and the installation of processes to mitigate substances like PFAS (Per—and Polyfluoroalkyl Substances).
  - Furthermore, cooperation occurs at the staff level, as the Borough's Public Works Department may assist the Authorities (MPBMA and AVMA) with maintenance as needed.

### **Transportation Infrastructure and Multimodal Connectivity (Roads & Streets)**

The road and street system represents a major capital investment vital for safe and efficient travel. Sustainable infrastructure requires preserving this investment and promoting modern mobility.

- System Preservation and Maintenance: This goal requires preserving the municipal road inventory (e.g., 7.74 miles in the Borough of Mount Penn). This includes preventative maintenance and routine activities funded through Road Maintenance & Repairs (438.00). Municipalities should involve public works officials and the Borough's engineer in the road acceptance process to ensure proper construction.

- Intergovernmental Cooperation: Municipalities increasingly benefit from working with neighbors to share resources, which can include joint purchasing of materials (like salt or signs) or specialized equipment (like a street sweeper) to achieve cost savings and maximum capital utilization.
- Multimodal Safety and Modernization: Investing in transportation infrastructure must support safe and accessible travel for all users, including improvements to Sidewalks and Crosswalks (435.00). Initiatives should aim for compliance with the Americans with Disabilities Act (ADA) and may be supported by grants, such as PennDOT's Multimodal Transportation Fund.

### **Stormwater Management and Regulatory Compliance**

The Borough's infrastructure management must adhere to increasingly strict environmental regulations.

- Stormwater System Maintenance: Maintaining the stormwater system is critical for managing runoff and preventing flooding.
- Regulatory Imperatives: Maintenance and capital work in this area, budgeted under Storm Sewers & Drains (436.00), is often driven by compliance with the Municipal Separate Storm Sewer System (MS4) permit program, which mandates measures to protect local water quality. The Borough currently holds a waiver from these requirements with the PA Department of Environmental Protection.

### **Capital Planning and Financial Sustainability**

Achieving sustainable infrastructure requires robust, long-term financial planning that links capital budgets to strategic goals.

- Capital Improvement Planning (CIP): This goal implies developing and using a multi-year Capital Improvement Plan (CIP) to systematically assess the condition of equipment and infrastructure, prioritize projects, and plan for future requirements.
- Asset Lifecycle Management: Decisions should incorporate lifecycle costing and ensure preventative maintenance extends the useful life of equipment and infrastructure, delaying costly full replacements. This minimizes costs accounted for in areas like Repairs of Tools & Machinery (437.00).
- Financing Strategy: Large-scale infrastructure projects, such as those under Road Construction (439.00), are commonly financed using Debt Principal (471.00) and Debt Interest (472.00) payments. Debt financing ensures that long-lived asset costs are fairly

shared among the generations that benefit from them. The Borough must also actively pursue Grants and External Funding to offset capital project costs.

## **Community Well-Being**

**Goal: Foster a safe, resilient, and inclusive community environment by optimizing professional public safety services through regional governance, ensuring emergency response readiness, and implementing targeted programs that enhance the overall quality of life for all residents.**

This goal prioritizes the delivery of high-quality public safety services—Police, Fire, and EMS—while strategically managing the Borough's financial contributions to its regional partners. Due to the Borough's lean staffing structure, achieving this goal relies heavily on effective intergovernmental cooperation and the appointment of qualified oversight boards.

This strategic objective cuts across multiple program areas and functions, focusing particularly on Public Safety (410.00, 411.00, 412.00) and Administrative functions related to community outreach.

### **Professional Police Services**

Achieving community safety is anchored by the Borough's investment in law enforcement, which is managed collaboratively through a regional structure.

- **Regional Governance Structure:** The Central Berks Regional Police Department (CBRPD) delivers police services, which the Regional Police Commission governs. This arrangement is an example of intergovernmental cooperation that allows for shared resources and efficient coverage.
- **Equal Oversight:** The Commission is a joint board that includes representatives from Mount Penn Borough and Lower Alsace Township. Currently, Mount Penn and Lower Alsace split the Commission's operational costs 50/50 after service contracts and other revenues are included. The Commission is responsible for high-level decision-making, including appointing the Police Chief, setting policies, and adopting the annual budget.
- **Budgetary Impact and Management:** The expense for Police Services is typically the Borough's largest cost center. Given this significant financial impact, a key administrative goal is ensuring communication among all parties regarding expenditure increases and periodically seeking a review of the Commission's finances, operations, and collective bargaining agreement.

- **Regional Service Provision:** The CBRPD extends its regional reach by providing contracted services to additional neighboring municipalities (e.g., St. Lawrence Borough and Oley Township).

## **Fire and Emergency Services**

Emergency response services are managed through financial support and cooperation with separate, legally independent non-profit entities that provide regional coverage.

- **Volunteer Fire Services (411.00 Area):** The Mount Penn Volunteer Fire Company, a non-profit organization, provides fire protection.
  - **Financial Support:** The Borough supports this entity through municipal appropriations, including a dedicated Fire Tax and receiving Foreign Fire Insurance Payments (state aid funds legally required to be distributed to the fire company's relief association).
  - **Regional Benefit:** Volunteer fire companies provide service that often extends regionally through direct service appointment and mutual aid. The Borough supports exploring regional solutions to challenges such as firefighter recruitment and retention.
- **Ambulance and EMS Services (412.00 Area):** The Lower Alsace Ambulance Association, a separate legal entity and non-profit agency, provides ambulance and EMS services.
  - **Regional Reach:** This organization provides critical public safety functions not just for Mount Penn, but also regionally, serving multiple municipalities, including St. Lawrence Borough, Alsace Township, and Lower Alsace Township.
  - **Financial Support:** The Borough levies an EMS and Ambulance tax collected in a separate fund to support this service. The primary General Fund expense is typically for 911 Dispatching Services, while subscriptions, donations, or direct billing by the Association cover operational costs.

## **Operational Excellence**

**Goal: Achieve financial sustainability and service efficiency through fiscal best practices, developing a knowledgeable and engaged workforce, and leveraging modern technology and streamlined processes across all municipal operations.**

This goal is paramount to guaranteeing the long-term financial health and viability of the Borough and ensuring that essential services are delivered with integrity and accountability. Operational Excellence optimizes internal governmental functions—governance, administration,

finance, technology, and personnel management—to support all other service programs effectively. This involves proactively managing risk, fostering a culture of continuous improvement, and systematically connecting administrative activity to measurable community outcomes.

This strategic objective cuts across multiple budget and program areas, primarily encompassing the Governance & Administration Program and the Employee Benefits Program.

### **Financial Stewardship and Accountability**

This pillar focuses on managing the Borough's fiscal affairs responsibly, maintaining long-run solvency, and ensuring transparency regarding the use of public funds. Achieving this involves adhering to established financial policies and pursuing external recognition for fiscal management.

- Financial Administration (402.00): This function funds the essential processes of managing the financial accounting of all Borough activities. Key expenditures include external, independent Auditing Services to ensure fiscal accountability and compliance with federal, state, and local laws.
- Debt Service & Financial Risk Management (471.00 / 472.00): Operational excellence requires responsibly managing long-term financial obligations. This includes payments for Debt Principal (471.00) and Debt Interest (472.00), ensuring that borrowing is used strategically for capital projects and is governed by adopted policies or laws, such as the Local Government Unit Debt Act.
- The Borough of Mount Penn is committed to managing all public funds, ensuring each is used solely for its intended purpose. Sound financial stewardship requires maintaining a clear separation between funds while fairly allocating the cost of shared administrative services. Strategic use of interfund transfers ensures that the General Fund is reimbursed for Borough-wide oversight and that users or ratepayers of enterprise or special-purpose funds contribute their equitable share. The Borough promotes transparency, accountability, and long-term financial sustainability through these practices.

### **Efficient Governance and Process Improvement**

Operational excellence requires a highly efficient administrative structure capable of implementing policy and adapting to changing needs.

- Borough Manager (401.00): This function funds the chief administrative officer, who is responsible for implementing Council policy, preparing the budget, and supervising staff.

The Manager's office is key to advancing innovative initiatives, managing risk, and leading projects such as the multi-year Capital Improvement Plan (CIP) to ensure capital investments align with long-term goals and are integrated into the operating budget.

- General Administration (406.00) and Borough Secretary (405.00): This covers essential costs for overall office operations, including supplies, postage, printing, and bank fees. The Borough Secretary's function is fundamental for transparency, ensuring the preparation of meeting agendas and minutes, and maintaining official records in compliance with the Sunshine Act. Strategic initiatives in this area focus on reducing time and cost investment in paperwork and improving administrative workflow.
- Legal Services (404.00): The solicitor provides necessary counsel on municipal law, drafts ordinances, and reviews contracts. A key administrative goal tied to efficiency is the comprehensive review and codification of Borough ordinances, ensuring that laws are easily accessible and up-to-date for both staff and the public.

### **Human Capital, Technology, and Risk Mitigation**

This pillar focuses on investing in the people and systems necessary for high performance, efficiency, and data-driven decision-making.

- Personnel Costs and Benefits (481.00, 483.00, 487.00): Operational excellence mandates a competitive compensation strategy to attract and retain qualified personnel. This includes funding:
  - Wages (401.10, 405.00, 413.15, 430.12, and 430.14): Wages are the primary source of employee compensation.
  - Payroll Expenses (481.00): Mandatory employer contributions for Social Security and Medicare.
  - Pension-related Expenses (483.00): Required contributions to retirement plans are based on the minimum municipal obligation (MMO).
  - Health Insurance Benefits (487.00): Employee benefits that are an essential, rising cost to maintaining a strong workforce. Managing these costs, possibly through employee contribution increases or plan design modifications, is a key long-term financial consideration.
- Insurance, Casualty, and Risk Management (486.00): These funds pay for policies that protect the Borough's physical assets and guard against liability claims. This involves

developing a Risk Management Committee and periodically reviewing insurance coverage for property and casualty risks.

- Information Technology Services (407.00): Investing in IT infrastructure is indispensable for efficient operations, supporting everything from financial accounting to records management. Specific goals focus on leveraging technology to:
  - Integrate data into a single database for spatial review and inventorying infrastructure (roads, signs, stormwater) to support future capital planning.
  - Review technology solutions for finance, planning, payroll, and human resources to ensure proficient record maintenance and service delivery.
  - Improve public access technology tools for service delivery, including online applications, payment methods, and emergency communication.

## Program Area Goals

The Borough's program area goals are the essential link between the long-term strategic vision and the annual allocation of resources outlined in the operating budget. Because the Borough of Mount Penn operates with a small staff and does not maintain multiple formal departments, the budget is presented by program areas rather than formal departments.

These program areas group related services and functions in the Borough's chart of accounts, mirroring how services are delivered. The established program areas include:

1. Governance & Administration
2. Public Safety
3. Public Works
4. Sanitation & Environmental Services
5. Community & Culture
6. Debt Service
7. Employee Benefits Program<sup>6</sup>

Importantly, these program areas are not tied to a single fund; instead, they intentionally cross multiple funds, demonstrating that services are often financed through general revenues, special-purpose taxes, and dedicated funding sources.

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<sup>6</sup> Funds not grouped within a program area are assigned to Non-Program Area expenditures, which includes the accounts for refunds of prior year revenues and interfund transfers.

## Purpose Under GFOA Standards

Under the guidelines of the Government Finance Officers Association (GFOA), the budget document must provide a clear context for resource allocation. Program Area Goals facilitate this by ensuring that budgeting and decision-making are not solely reactive to immediate needs, but are aligned with a shared, long-term vision for the community's future.

The goal-setting process transforms the budget from a purely financial document into a management and communication tool that links financial dollars to specific outcomes and performance. GFOA criteria require that the budget present information by function, program, or spending component. By establishing defined goals and objectives within these program areas, the Borough can:

- **Advance the Strategic Plan:** The goals ensure that staff activities and resource expenditures contribute directly to the Borough Council's long-term objectives and the adopted Strategic Management Planning Program Plan.
- **Enhance Accountability:** They provide elected officials and residents a framework to evaluate competing priorities and ensure that public funds are "responsibly and lawfully expended on behalf of taxpayers".
- **Support Service Justification:** They justify the necessary annual expenditures by detailing the specific services performed, the department's accomplishments, and the objectives for the coming year.

## Characteristics of Program Area Goals

Program Area Goals, or objectives, are distinguishable from the high-level Strategic Goals by scope and timeframe.

Goal Characteristic	Goal Description
Scope & Timeframe	Specific actions or service targets that are typically achievable within a fiscal year.
Clarity and Specificity	They must be clearly stated and detail major priorities within each organizational program.
Quantifiability	The objectives supporting the goals must be quantifiable, meaning they can be measured and tracked to assess progress. They focus on results and accomplishments (output, efficiency, and effectiveness) rather than inputs (dollars spent).

Performance-Ready	Each goal is designed to later incorporate measurable performance indicators (e.g., cost recovery rate, audit timeliness). Performance data should be included for at least three years (prior year actual, current estimate, and budget year).
Conciseness	The total number of goals is intentionally limited to allow for clear presentation and reader comprehension.

### Integration with Strategic Goals

Program goals and objectives must be **clearly linked to the entity's strategic goals**. This integration is a foundational element of the Borough's goal structure.

The four overarching, long-term Strategic Goals (Placemaking, Sustainable Infrastructure, Community Well-Being, and Operational Excellence) provide the macro-level policy framework, while the program area goals provide the micro-level implementation steps. Every Program Area Goal is explicitly designed to support one of these four strategic goals.

For example:

- **Operational Excellence** is supported by goals related to financial transparency (Goal 1), modernization (Goal 2), and ensuring equitable reimbursement between funds (Goal 19).
- **Sustainable Infrastructure** is supported by goals to develop long-term road improvement plans (Goal 8) and support the mission of the Utility Authorities (Goal 14).
- **Placemaking** is supported by focusing on Code Enforcement consistency (Goal 6.1) and optimizing sanitation services (Goal 10).
- **Community Well-Being** is supported by goals to optimize regional police services (Goal 4) and promote emergency preparedness (Goal 7).

### Explanation for Disparity in Goal Numbers

The concentration of Program Area Goals under specific Strategic Goals (e.g., Operational Excellence or Sustainable Infrastructure, which often have more goals than others) reflects the complexity, cross-cutting nature, and regulatory burden of their functions and the Borough's specific organizational structure.

1. **Operational Excellence (Internal Functions):** This strategic goal necessarily encompasses many Program Area Goals because it relates to foundational financial, administrative, and personnel management that applies across *all* service areas and funds. Excellence mandates goals for accountability (e.g., achieving an unmodified audit opinion), transparency, technology integration (e.g., leveraging systems for planning and payroll), compliance with pension funding, and managing insurance costs. Since these activities

support every other Borough service, they naturally require more distinct Program Area Goals to cover their diverse requirements.

2. **Sustainable Infrastructure (Capital Intensity and Regulation):** This area requires numerous goals due to the high cost and long-term planning horizon associated with capital assets. Multi-year capital improvement plans (CIPs), long-term debt management, and significant investment are required to manage aging systems and meet environmental mandates (e.g., Prevailing Wage, PennDOT requirements, stormwater MS4 compliance). Securing multi-disciplinary funding and grants for these expensive projects further necessitates dedicated program goals.
3. **Community Well-Being and Placemaking (Service Delivery):** These goals often focus on the *output* of service provision (e.g., police and fire services, neighborhood aesthetics). While critical, many of these services are delivered through **regional partnerships** (like the Police Commission) or independent authorities, meaning the Borough's immediate control lies in **governance and financial subsidy management** rather than direct operational control of every line item. Consequently, the goals focus on governance review, ensuring funding sustainability, and monitoring performance of those external partners, resulting in several focused, but fewer, operational goals compared to the Borough's internal management (Operational Excellence).

Program Area	Placemaking	Sustainable Infrastructure	Community Well-Being	Operational Excellence
Governance & Administration	0	2	0	4
Public Safety	1	0	3	1
Public Works	2	4	0	2
Community & Culture	0	0	0	0
Debt Service	0	0	0	0
Employee Benefits	0	0	0	2
Non-Program Areas	0	0	0	1
<b>Total</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>10</b>

The next page includes program area goals for the CY 2026 Budget, divided by program areas. Each goal is summarized into a brief goal title, linked to a strategic goal, and listed with key objectives that are to be accomplished in the designated timeframe or by the end of the calendar year. Each goal is numbered from 1 to 18, showing each goal independently. Some goals identify two linked strategic goals, demonstrating that the objectives identified include the focus of multiple areas.

Goal No.	Program Area Goal	Linked Strategic Goal	CY 2026 Key Objectives
<b>Governance &amp; Administration Program Area</b>			
1	Enhance Transparency and Fiscal Integrity	Operational Excellence	<p>1.1. Achieve GFOA Distinguished Budget Presentation Award compliance for the CY 2026 budget document, demonstrating excellence in reporting and policy alignment.</p> <p>1.2. Produce and present monthly Treasurer's Reports to Borough Council, including a Summary Balance Sheet Report and General Fund Monthly Cash Flow Analysis, to improve real-time fiscal oversight.</p> <p>1.3. Receive an unmodified opinion on the CY 2025 financial audit by the legislative submission deadline, ensuring data accuracy and compliance.</p>
2	Modernize Administrative Processes	Operational Excellence	<p>2.1. Complete the full codification update for all Borough ordinances enacted since 2015 by the end of CY 2026, making regulatory documents easily accessible to staff and the public (Depending on Grant Funds).</p> <p>2.2. Investigate a new technology solution (e.g., integrated database) for codes, permits, zoning, etc. by Q4 2026, ensuring proficient long-term record maintenance and system efficiency. Recommendation coming from Codes Administrator.</p>
3	Support Informed Policy and Planning	Operational Excellence, Sustainable Infrastructure	<p>3.1. Develop and formally adopt a multi-year Capital Improvement Plan (CIP) for 2026–2030 by Q3 2026, prioritizing projects based on condition assessment, public safety, and long-term financial sustainability.</p> <p>3.2. Review and adopt additional financial policies (e.g., investment, debt, or reserves) as necessary during the CY 2027 budget planning cycle to align with best practices and strengthen fiscal management.</p> <p>3.3. Coordinate future planning and grant application opportunities with the Mt. Penn Borough Economic Development Task Force and complete at least one 1<sup>st</sup> Step grant application in Q3 2026.</p>

4	Ensure Utility System Longevity and Compliance	Sustainable Infrastructure	<p>4.1. Maintain a close working relationship with the Water and Sewer Authorities and actively participate in the appointment process of qualified board candidates to ensure effective governance of these shared utility systems.</p> <p>4.2. Support the Authorities in executing high-priority compliance projects.</p>
5	Maximize External Grant Funding	Operational Excellence	<p>5.1. Actively pursue and secure grant funding for capital projects (e.g., PENNVEST, CDBG, TASA) to offset at least 50% of the eligible local match requirements for new capital projects in the adopted CIP.</p> <p>5.2. Maximize and timely collect reimbursement for all grant-funded expenditures (e.g., road projects, garage construction) during CY 2026.</p>
<b>Public Safety Program Area</b>			
6	Optimize Regional Police Service Delivery	Community Well-Being	<p>6.1. Collaborate with the Chief of Police to formulate a plan for long-term sustainability for the operations and finances of the Regional Police Department during Q2 2026, that shall be presented to the Borough Council in August 2026.</p> <p>6.2. Maintain competitive compensation and recruitment strategies to ensure the department remains a desirable workplace for new officers and support the CBRPC's ability to stabilize staffing levels.</p>
7	Enhance Fire and EMS Regional Partnership	Community Well-Being	<p>7.1. Reengage discussions with neighboring municipalities to advance the regionalization of fire services and explore joint volunteer programs to offset individual municipal costs and mitigate declining volunteer staffing levels.</p> <p>7.2. Support the Mount Penn Volunteer Fire Company in maximizing the number of training and education hours made available to personnel with the goal of achieving 1,200 total hours of training over all personnel.</p>
8	Ensure Consistent Code and	Placemaking, Operational Excellence	<p>8.1. Streamline UCC and Codes processes (including third-party contractors) to reduce the overall turnaround time for permits and inspections by an average of 12 calendar days.</p>

	Permitting Compliance		8.2. Maximize registration, inspection, and licensing for all eligible rental dwelling units, meeting or exceeding the previous target of 455 registered units by year-end 2026.
<b>9</b>	Promote Emergency Preparedness and Community Resilience	Community Well-Being	<p>9.1. Update the Borough's Emergency Management Plan (EMP) by Q3 2026 and conduct at least one annual tabletop exercise involving regional police, fire, and EMS responders to test coordination and communication.</p> <p>9.2. Continue supporting the implementation and effectiveness of the Co-Responder Program to divert non-violent emergencies to appropriate professionals and track the number of individuals successfully connected with community resources.</p>

### Public Works Program Area

			10.1. Develop and formally adopt a multi-year Road Improvement Plan (2026–2045) by Q4 2026, establishing a schedule of maintenance and improvement for Borough streets, and address long-range improvements for curbs and sidewalks.
<b>10</b>	Preserve Transportation Infrastructure	Sustainable Infrastructure	<p>10.2. Execute and seek full reimbursement for all current state-funded road projects, including Endlich Avenue and associated streets (e.g., Laurel, Summit), by the end of 2026.</p> <p>10.3. Implement an annual inspection system of stormwater drains and outlets within the Borough and establish a trustworthy mapping and review schedule. Identify needed improvements for future grants or local improvements.</p>
<b>11</b>	Comply with Environmental and Stormwater Mandates	Sustainable Infrastructure	<p>11.1. Maintain 100% compliance with all MS4 requirements under the 5-year exemption from PA DEP.</p> <p>11.2. Initiate the development of a long-term stormwater system rehabilitation program, using inspections, guide improvements, and plan for ongoing funding needs.</p>
<b>12</b>	Optimize Public Sanitation Services	Placemaking, Operational Excellence	12.1. Align user fees to cover collection, recycling, disposal, and administrative costs to ensure the Solid Waste Fund operates as a financially self-supporting enterprise.

			<p>12.2. Provide a written report and recommendation to Council by Q2 2026 assessing the sustainability of the Solid Waste Fund contract, considering alternative collection options (e.g., evaluating the merit of bringing the service in-house) and cost reduction strategies.</p> <p>12.3. Consider publicly bidding (or extending the existing contract) and awarding trash, recycling, and yard waste collection services for the Borough of Mount Penn, consistent with discussions with the Borough Council.</p>
13	Improve Regional Public Works Cooperation	Sustainable Infrastructure	<p>13.1. Maintain and enhance cooperative relationships with neighboring public works agencies, documenting at least three joint efforts (e.g., shared equipment use, maintenance assistance).</p> <p>13.2. Explore regional grant opportunities for shared capital equipment (e.g., street sweeper) by Q3 2026 to achieve cost savings and maximize utilization of assets.</p>
14	Maintain Fleet and Facilities	Operational Excellence	<p>14.1. Complete construction of the new Borough Garage facility and finalize the move-in process by Q4 2026, fulfilling grant requirements and returning the existing facility to the Sewer Authority.</p> <p>14.2. Implement a documented policy for preventative maintenance on all Public Works equipment to extend the useful life of the assets and reduce emergency repair costs.</p>
15	Advance Strategic Capital Investments	Sustainable Infrastructure, Placemaking	<p>15.1. Execute and complete all remaining road construction activity associated with the current Endlich Avenue and related road revitalization grants by the end of CY 2026.</p>
<b>Employee Benefits Program Area</b>			
16	Promote Workforce Stability and Well-Being	Operational Excellence	<p>16.1. Maintain competitive compensation and benefit packages, including wage adjustments, consistent with collective bargaining agreements and market data, to minimize employee turnover.</p> <p>16.2. Implement continuous training programs for all staff in at least three key areas during CY 2026, as measured by staff participation rates.</p>

17	Control Long-Term Benefit Costs Responsibly	Operational Excellence	<p>17.1. Ensure 100% of the actuarially determined Minimum Municipal Obligation (MMO) is funded for all pension plans in CY 2026, maintaining compliance with Act 205.</p> <p>17.2. Evaluate options to mitigate the average anticipated 6-15% annual increase in healthcare costs through plan design amendments, employee contribution adjustments, or participation in municipal health insurance pools.</p> <p>17.3 Resolve all outstanding findings from 2019 – 2023 Auditor General Pension Audit by Q4 2026.</p>
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#### Non-Program Area Expenditures

18	Ensure Equitable Interfund Cost Allocation	Operational Excellence	<p>18.1. Systematically review and update the funds interaction methodology to accurately reflect shared costs, ensuring that proprietary funds (Solid Waste) plan to equitably reimburse the General Fund for all administrative, oversight services, and any outstanding obligations.</p>
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## Fund Balance Summaries

These tables and line-item budgets are direct summaries of the anticipated expenditures and revenues which have been calculated in QuickBooks Enterprise which is the Borough's central accounting program. The table below summarizes the full fund balance summary for all funds combined with actual figures from CY 2024, projected figures from CY 2025, and proposed figures for CY 2026. The next pages also contain the fund balance summaries for each fund.

All Funds	CY 2024 (Actual) <sup>7</sup>	CY 2025 (Projected) <sup>8</sup>	CY 2026 (Proposed)
December 31 <sup>st</sup> Fund Balance	\$ 1,158,570.72	\$ 1,084,464.03	\$ 624,733.61
Total Revenue	\$ 3,741,727.48	\$ 4,589,394.48	\$ 3,907,806.44
Total Expenditures	\$ 3,449,540.26	\$ 4,686,466.84	\$ 4,367,536.86
Operating Differences	\$ 292,187.22	\$ (97,072.36)	\$ (459,730.42)

General Fund	CY 2024 (Actual)	CY 2025 (Projected)	CY 2026 (Proposed)
December 31 <sup>st</sup> Fund Balance	\$ 1,096,754.73	\$ 463,081.25	\$ 393,395.18
Total Revenue	\$ 3,535,303.09	\$ 3,689,054.63	\$ 2,831,844.53
Total Expenditures	\$ 3,221,887.06	\$ 3,922,728.11	\$ 2,901,350.60
Operating Differences	\$ 313,416.03	\$ (233,673.48)	\$ (69,686.07)

Street Light Fund	CY 2024 (Actual)	CY 2025 (Projected)	CY 2026 (Proposed)
December 31 <sup>st</sup> Fund Balance	\$ 29,906.11	\$ 31,124.83	\$ 31,124.83
Total Revenue	\$ 36,337.38	\$ 37,874.62	\$ 38,194.45
Total Expenditures	\$ 33,464.33	\$ 34,319.75	\$ 38,400.00
Operating Differences	\$ 2,873.05	\$ 3,554.87	\$ (205.55)

<sup>7</sup> The Borough's appointed auditor, Herbein & Co., has not begun the CY 2024 Audit, so these figures are taken from QuickBooks but has not been audited and may be subject to revisions based on any re-classifications that the Auditors require.

<sup>8</sup> Additional Liabilities exist in Fund Balance for the General Fund, creating a difference in the decrease of the total Fund Balance – Operating Differences = \$4,218.57.

<b>Fire Tax Fund</b>	<b>CY 2024 (Actual)</b>	<b>CY 2025 (Projected)</b>	<b>CY 2026 (Proposed)</b>
December 31 <sup>st</sup> Fund Balance	\$ 1,002.46	\$ 1,000.00	\$ 2,000.00
Total Revenue	\$ 111,281.48	\$ 159,894.47	\$ 161,896.47
Total Expenditures	\$ 112,194.08	\$ 159,894.47	\$ 160,896.47
Operating Differences	\$ (912.60)	\$ (0.00)	\$ (1,000.00)

<b>Ambulance Tax Fund</b>	<b>CY 2024 (Actual)</b>	<b>CY 2025 (Projected)</b>	<b>CY 2026 (Proposed)</b>
December 31 <sup>st</sup> Fund Balance	\$ 1,001.31	\$ 1,000.00	\$ 2,000.00
Total Revenue	\$ 22,468.15	\$ 45,548.99	\$ 46,048.99
Total Expenditures	\$ 48,530.46	\$ 45,548.99	\$ 45,048.99
Operating Differences	\$ (26,062.31)	\$ (0.00)	\$ (1,000.00)

<b>Solid Waste Fund</b>	<b>CY 2024 (Actual)</b>	<b>CY 2025 (Projected)</b>	<b>CY 2026 (Proposed)</b>
December 31 <sup>st</sup> Fund Balance	\$ -	\$ 139,308.30	\$ 119,459.50
Total Revenue	\$ -	\$ 573,636.00	\$ 591,312.00
Total Expenditures	\$ -	\$ 434,327.70	\$ 611,160.80
Operating Differences	\$ -	\$ 139,308.30	\$ (19,848.80)

<b>Capital Improvement Fund</b>	<b>CY 2024 (Actual)</b>	<b>CY 2025 (Projected)</b>	<b>CY 2026 (Proposed)</b>
December 31 <sup>st</sup> Fund Balance	\$ -	\$ 379,142.22	\$ 42,542.22
Total Revenue	\$ -	\$ 400,000.00	\$ 153,400.00
Total Expenditures	\$ -	\$ 20,587.78	\$ 490,000.00
Operating Differences	\$ -	\$ 379,142.22	\$ (336,600.00)

<b>Liquid Fuels Fund</b>	<b>CY 2024 (Actual)</b>	<b>CY 2025 (Projected)</b>	<b>CY 2026 (Proposed)</b>
December 31 <sup>st</sup> Fund Balance	\$ 29,906.11	\$ 69,807.43	\$ 34,417.43
Total Revenue	\$ 36,337.38	\$ 83,383.77	\$ 85,110.00

Total Expenditures	\$ 33,464.33	\$ 128,788.04	\$ 120,500.00
Operating Differences	\$ 2,873.05	\$ (45,404.27)	\$ (35,390.00)

## Tax Revenue Explanations

The Borough's ability to provide essential services depends heavily on its revenue base, the majority of which is derived from local taxes authorized under Pennsylvania law. The Tax Revenue Explanations section is designed to give elected officials, staff, and residents a clear understanding of how these taxes are structured, how they are collected, and how they contribute to the Borough's General Fund and other accounts. By demystifying tax mechanisms, this section provides transparency and helps the community see how local fiscal policy directly connects to service delivery and long-term financial stability.

The subsections address each major source of tax revenue in detail. Municipal Property Taxes outline how property values are assessed, how millage rates are applied, and the challenges presented by Berks County's outdated base year assessments. The Real Estate Transfer Tax highlights the volatility of this revenue stream, its calculation methods, and its impact on year-to-year budgeting. Earned Income Taxes, collected through the Berks Earned Income Tax Bureau, are explained in terms of statutory limits, collection processes, and their stable role in funding operations. The section also describes the Business Privilege Tax, emphasizing its "grandfathered" status and the statutory restrictions preventing rate increases. Finally, the Local Services Tax is introduced as a flat-rate levy tied to employment within the Borough, with specific exemptions and earmarked uses that ensure support for critical services such as police, fire, and roads.

These explanations provide an essential guide to the Borough's fiscal foundation. They allow stakeholders to understand the mechanics of taxation and the fiscal pressures, statutory constraints, and economic conditions that shape how Mount Penn can responsibly plan, budget, and invest in the community's future.

### Municipal Property Taxes

For most boroughs in Pennsylvania, including the Borough of Mount Penn, the real estate property tax is the primary source of revenue for the General Fund and other essential services. This tax is levied annually against the assessed value of all taxable real property within the municipality's boundaries. Understanding how this tax works is crucial for residents, elected officials, and other stakeholders to understand the Borough's finances.

#### How Property Taxes are Calculated

The calculation of a property tax bill is a straightforward three-step formula based on a property's market value, its assessed value, and the tax rate (millage) set by the governing body.

1. Market Value of Real Property  $\times$  Assessment Ratio = Assessed Value
2. Assessed Value  $\times$  Tax Rate (Millage) = Taxes Collectible
3. Taxes Collectible  $\times$  Collection Factor = Real Estate Taxes Budgeted

**Millage Rate:** The tax rate is expressed in mills. One mill is equal to one-thousandth of a dollar (\$0.001). Therefore, for every \$1,000 of a property's assessed value, one mill of tax equals \$1.00. For example, a total tax rate of 3.810 mills equals \$3.810 for every \$1,000 of assessed value. A property owner with a home assessed at \$100,000 would pay \$381.00 in municipal real estate taxes at that rate.

**Tax Levies for Specific Purposes:** The Borough Code allows councils to levy real estate taxes for general purposes, up to a maximum of 30 mills. In addition to the general purpose tax, councils are authorized to levy separate, special-purpose taxes for services like fire protection, street lighting, pensions, and ambulance services. When a special tax is levied, the revenue must be kept in a separate fund and used exclusively for its specified purpose. The Borough of Carlisle, for instance, levies a "General Purposes" tax and a separate "Fire Services" tax.

### **The Property Assessment Process**

In Pennsylvania, property assessments are managed at the county level. For Mount Penn, Berks County is responsible for this.

- **Establishing Value:** The assessment begins with establishing a property's market value, which is the price it would sell for in a bona fide transaction. To do this, counties can use one of two methods:
  - **Current Year Market Values:** Valuing properties based on the current market value.
  - **Base Year Market Values:** Adopting a specific "base year" from a past countywide reappraisal. All properties are then valued based on what they would have been worth in that base year. Berks County utilizes a base year of 1994.
- **Assessment Ratio:** Once the market value is established, the county applies a predetermined assessment ratio to calculate the property's assessed value—the value upon which taxes are levied. This ratio must be applied uniformly to all properties to ensure fairness under the Pennsylvania Constitution.
- **Updating Assessments:** Property values are generally not updated county-wide until a full reassessment is conducted after a base year is set. Pennsylvania suggests this be done every 10-years, but the county may delay this. Individual property assessments are updated under specific circumstances, such as when new construction occurs or when a building permit is issued for improvements that add value (e.g., adding a pool or an extra bedroom). These new values are calculated against the established base year valuation.

## Challenges with Old Assessment Data

The use of an old base year for assessments, such as Berks County's 1994 base year, presents significant financial challenges for municipalities like Mount Penn.

- **Stagnant Tax Base:** When a county uses a very old base year, the municipality's total assessed value remains relatively flat. This means that as the costs of providing services rise with inflation, the tax base does not naturally grow to produce more revenue; instead, the tax *rate* must be increased, placing a direct burden on taxpayers.
- **Disparity Between Assessed and Market Values:** Over time, a significant gap develops between a property's assessed value and its actual market value. The Mount Penn STMP report found that while the borough's market value grew by almost 65 percent between 2001 and 2022, its assessed value *declined* by 1.4 percent. This disparity can also make it difficult to accurately project revenues from sources like the real estate transfer tax, which is levied on a property's sale price, not its assessed value.
- **Inequity:** According to a study by the Center for Rural Pennsylvania, the longer the time since the last reassessment, the more inequitable the property tax system becomes. This is because newer homes or those with recent improvements are assessed based on the old base year but reflect more current construction costs, while older, un-renovated properties may be comparatively over-assessed.

## Tax Collection Rates and Budgeting

When preparing the annual budget, it is fiscally prudent not to assume that 100% of levied property taxes will be collected within the same calendar year. Municipalities must budget based on a realistic collection factor.

- **Budgeting for Collections:** Municipalities typically assume a collection rate based on historical performance. Maidencreek Township in Berks County, for instance, budgeted for a 96.5% collection rate on current taxes for 2024. The Borough of Carlisle in Cumberland County assumes a collection factor of 97.0%. A delinquency rate higher than 5-7% is considered a negative financial indicator.
- **Impact on Revenue:** The collection rate directly affects the amount of revenue a municipality can confidently expect to receive and appropriate for expenditures. Underestimating collections can lead to a surprise surplus, while overestimating can contribute to a deficit.
- **Delinquent Taxes:** Taxes not collected in the current year are considered delinquent. Municipalities must pursue collection through legal means, often through the County Tax Claim Bureau. While these delinquent taxes are frequently collected in subsequent years, they are an unpredictable revenue source and should not be relied upon to fund recurring operating expenditures.

## Real Estate Transfer Tax

The Realty Transfer Tax (or Real Estate Transfer Tax) is a tax imposed on the value of real estate when it is transferred by deed, lease, or other instrument of conveyance. It applies to both residential and commercial properties and is a notable, albeit sometimes unpredictable, revenue source for the Borough's General Fund. This tax is authorized by state law, specifically the Pennsylvania Realty Transfer Tax Act, which outlines its imposition, rates, and applicable exemptions.

### How the Realty Transfer Tax is Calculated

Pennsylvania's total Realty Transfer Tax is generally a two percent (2.0%) tax levied on the value of the transferred property. This total tax is divided between the Commonwealth of Pennsylvania and local governments.

- **State Share:** The Commonwealth of Pennsylvania levies a one percent (1.0%) tax.
- **Local Share:** The remaining one percent (1.0%) is shared between the local municipality and the school district. Typically, this is split evenly, with the Borough receiving one-half percent (0.50%) and the school district receiving the other one-half percent (0.50%).

While it is customary for the tax to be paid equally by the buyer and seller, the parties can negotiate who bears the cost. Legally, the buyer and seller are jointly and severally liable for the full tax amount, meaning the taxing authorities can seek payment from either party if it is not paid.

The Realty Transfer Tax is not limited to simple property sales. It can also apply to the sale of "real estate companies" through stock or LLC interest transactions and to long-term leases. However, state law provides for several specific and technical exemptions, which may include transfers between certain family members, some transfers involving trusts and estates, and certain corporate reorganizations.

### Determining the Taxable Value

The tax is calculated based on the "value" of the real estate, which is determined in one of two primary ways:

1. **Actual Consideration Paid:** For most good-faith, arm's-length sales between unrelated parties, the tax is based on the actual price paid for the property. For example, if a property is sold for \$200,000, the total transfer tax would be \$4,000, of which the Borough would receive \$1,000 (0.50% of \$200,000). To ensure proper reporting, Pennsylvania requires a Realty Transfer Tax Statement of Value (Form REV-183) to be filed with any deed that states the sale amount.
2. **Computed Value:** In transactions with no or only nominal consideration (e.g., a gift of property), the tax is based on the property's "computed value". This value is determined by a formula that uses the property's assessed value for local real estate tax purposes

and multiplies it by the county's Common Level Ratio (CLR) factor. The CLR is a factor set by the State Tax Equalization Board (STEB) to equalize property assessments in counties that have not performed a recent countywide reassessment, ensuring the taxable value reflects a more accurate market value.

### **Impact on the Borough's Budget**

The Realty Transfer Tax is an important revenue source for the General Fund, but it is also one of the most unpredictable. Collections are directly tied to the health and activity of the local real estate market, which can fluctuate significantly based on broader economic conditions, interest rates, and housing demand.

- **Volatility:** Revenue from this tax can vary greatly from year to year. A single large commercial property sale can create a significant, one-time revenue boost, while a slowdown in the housing market can lead to a substantial revenue shortfall.
- **Budgeting Conservatively:** Because of this volatility, it is a sound financial practice to budget this revenue conservatively. This helps avoid a situation where the Borough's operating budget depends on an unreliable revenue stream.

### **Earned Income Taxes**

The Earned Income Tax (EIT) is the second-largest revenue source for the Borough of Mount Penn's General Fund after real estate property taxes. Authorized by Pennsylvania's Local Tax Enabling Act (Act 511 of 1965), the EIT is a tax levied on the earned income and net profits of individuals subject to the taxing body's jurisdiction. It is a critical component of the Borough's financial structure, funding a significant portion of general government operating expenditures. The EIT is levied on earned income, which includes wages, salaries, commissions, net profits, and other forms of compensation. For this tax, the definitions of "earned income" and "net profits" are based on the definitions of "compensation" and "net profits" used for the Pennsylvania Personal Income Tax, with certain exceptions. For example, housing allowances for clergy members are not taxable at the local level. Additionally, wages paid to individuals on active military service are exempt from the local EIT.

### **Statutory Limitations and Tax Rates**

Act 511 establishes specific limitations on the EIT rate that municipalities and school districts can levy.

- **General Limitation:** The total EIT rate is capped at one percent (1.0%) for most municipalities and school districts.
- **Split Between Municipality and School District:** When a municipality and its overlapping school district (Borough of Mount Penn & Antietam School District) levy the tax, this 1.0% maximum rate must be shared. Unless the two taxing bodies agree otherwise, the rate is divided evenly, with each entity receiving one-half percent (0.50%).

- **Resident vs. Non-Resident Tax:** Municipalities are authorized to tax their residents and non-residents who work within the municipality's boundaries. However, Act 511 gives taxing priority to an individual's place of residence. This means the tax collector for the place of employment must grant a credit for any EIT paid to the employee's place of residence. Because of this crediting provision, municipalities typically do not derive significant revenue from non-residents. The Borough of Carlisle, for example, anticipates receiving taxes on 0.5% of its residents' earned income but 1.0% of non-residents' earned income (the non-resident portion would be credited against any tax paid to their home municipality). School districts, however, are only permitted to tax their residents.

### **The Collection Process: Act 32 and the Berks Earned Income Tax Bureau**

In 2008, Pennsylvania passed Act 32, which significantly reformed and standardized the collection of local earned income taxes across the Commonwealth. This act established county-wide tax collection districts to consolidate and streamline the collection process. Before Act 32, there were hundreds of individual tax collectors; now, there is generally one appointed tax officer per county.

For the Borough of Mount Penn, the collection of the EIT is handled by the Berks Earned Income Tax Bureau, which serves as the appointed tax officer for the Berks County tax collection district. The Bureau is overseen by a tax collection committee comprised of delegates from each participating municipality and school district in the county. The Department of Community and Economic Development (DCED) oversees all state tax collection committees and tax officers.

The process works as follows:

1. **Employer Registration and Withholding:** Every employer with a place of business in Berks County must register with the Berks Earned Income Tax Bureau.
2. **Remittance to the Bureau:** Employers are required to withhold the EIT from their employees' paychecks and remit those taxes *only* to the Berks Earned Income Tax Bureau. The amount withheld is greater than the employee's resident tax rate or non-resident tax rate.
3. **Distribution to Municipalities and School Districts:** The Bureau is then responsible for accurately distributing the collected funds to the appropriate municipalities and school districts. The Berks Earned Income Tax Bureau does this at the beginning of each month.

This consolidated system improves accountability and ensures that taxes are distributed to the correct jurisdictions.

### **Impact on the Borough's Budget**

The EIT is a vital and relatively stable revenue source for the Borough. Because it is tied to residents' wages and employment, it can be influenced by broader economic conditions. A

strong job market and wage growth tend to increase EIT collections, while economic downturns or a significant increase in resident retirements could potentially decrease them.

## **Business Privilege Tax**

The Business Privilege Tax (BPT), sometimes called a mercantile tax, is a local tax authorized by Pennsylvania's Local Tax Enabling Act (LTEA), Act 511 of 1965. It is a tax imposed on the gross receipts of businesses within a local jurisdiction. The underlying policy of the tax is to serve as a form of payment, or *quid pro quo*, for businesses that take advantage of local government services such as police and fire protection.

### **Statutory Limitations and "Grandfathering"**

The authority of municipalities to levy a BPT has significant limitations imposed by state law.

- **Prohibition on New Taxes:** In 1988, Pennsylvania passed the Tax Reform Act, which incorporated recommendations from the Local Tax Reform Commission. This act prohibited local jurisdictions from imposing *new* Business Privilege Taxes measured by gross receipts.
- **Grandfather Clause:** The 1988 law included a "grandfather" clause that allowed the 272 local jurisdictions already levying a BPT to continue doing so. This means a municipality like the Borough of Mount Penn could maintain the tax as one of the original 272 jurisdictions.
- **Rate Freeze:** A critical limitation for these grandfathered jurisdictions is that they were barred from increasing their BPT rates above what was in effect as of November 30, 1988. This effectively freezes the tax rate, preventing municipalities from increasing it to generate new revenue from this source.

### **Rate Restrictions on Specific Business Types**

The LTEA also established specific rate caps on certain types of businesses, which still apply to the grandfathered BPTs:

- The rate is limited to a maximum of 1 mill (0.1%) on the gross receipts of wholesale vendors.
- The rate is limited to a maximum of 1.5 mills (0.15%) on the gross receipts of retailers and restaurants.
- These rate caps do not apply to service businesses, though the 1988 rate freeze still prevents any rate increases for them.
- If a municipality and its overlapping school district impose a BPT, the combined rate cannot exceed these caps. Antietam School District does impose a BPT.

## **Collection of the Tax**

Local jurisdictions often rely on third-party tax collectors to administer their BPT ordinances. These third parties are typically responsible for conducting audits and for issuing and collecting tax assessments.

Businesses should understand that ordinances and regulations vary significantly among the taxing jurisdictions that levy a BPT. While the foundational authority comes from the state's Local Tax Enabling Act, each municipality has its own specific ordinance language that defines key terms like "doing business," nexus (the connection that allows taxation), and apportionment rules for receipts earned in multiple locations.

## **Exemptions from the Tax**

The Local Tax Enabling Act also provides exemptions for certain types of transactions, which limit a municipality's ability to tax them. The most significant exemption is for manufacturing. This exemption prevents municipalities from taxing the sale of products or byproducts of manufacturing, as well as minerals, timber, natural resources, and farm products produced, processed, or prepared within the jurisdiction. However, any resale of these products by a third party (e.g., a retailer) remains subject to the BPT.

Additionally, institutions that qualify as purely public charities are generally exempt from the BPT on any receipts they receive in connection with their charitable purpose.

## **Local Services Tax**

The Local Services Tax (LST) is a tax levied on individuals employed within the Borough's geographical boundaries. Authorized by Pennsylvania's Local Tax Enabling Act (Act 511 of 1965), it is a flat annual tax that provides a stable and direct funding source for essential municipal services such as police, fire, emergency services, and road maintenance. The LST was previously known as the Emergency and Municipal Services Tax (EMST) and, before that, the Occupational Privilege Tax.

### **How the LST is Levied and Collected**

The LST is levied on individuals based on their place of employment, not their place of residence. The tax is a flat annual amount of \$52.00, of which the Borough receives \$47.00. The remaining \$5.00 may be levied by the school district if it had previously levied an Occupational Privilege Tax. A person is only liable for a maximum of \$52.00 in LST in any calendar year, regardless of the municipalities they may work in. The municipality where an individual holds primary employment has priority on the revenue.

- **Withholding:** For any LST levied at a rate exceeding \$10 annually, employers are required to withhold the tax from employee paychecks on a pro-rata basis. The annual tax amount is divided by the number of payroll periods in the year to determine the

amount to be withheld from each paycheck. For example, for an employee with 24 pay periods, the employer would withhold \$2.17 per pay period ( $\$52 / 24$  pay periods).

- **Collection:** The Berks Earned Income Tax Bureau collects the LST from employers and then remits the appropriate amount to the Borough. Municipalities may elect to use different collection agents depending on local arrangements.

### **Exemptions from the LST**

Act 511 provides specific exemptions from the LST:

- **Low-Income Exemption:** Every municipality levying an LST at a rate higher than \$10 must exempt any individual whose total income from all sources is less than \$12,000 for the calendar year. An individual who reasonably expects to earn less than this amount must file an exemption certificate with their employer and the municipality annually to claim this exemption. If an individual's income later exceeds \$12,000, the employer must begin withholding the tax for the remainder of the year, including a lump-sum amount to cover the missed payments from earlier in the year.
- **Military Service Exemption:** Disabled veterans and any military reservist or National Guard member called to active duty are exempt from the LST.

### **Use of LST Revenue**

The revenue generated by the LST is specifically designated for certain municipal functions. The funds must be used for one or more of the following purposes:

- Emergency services (including police, fire, and emergency medical services).
- Road construction and maintenance.
- Reduction of property taxes.
- Property tax relief through homestead/farmstead exclusions.

Furthermore, a municipality is required to use at least 25 percent of the LST revenue it collects to fund emergency services. Because the LST is tied to the number of people employed within the Borough's limits, collections are influenced by the local economy's health and employment rates. High employment tends to yield stable LST revenue.

## **Other Revenue Explanations**

While taxes make up the largest share of the Borough's income, they are not the only funding source for essential services. The Other Revenue Explanations section provides a comprehensive overview of the non-tax revenues supplementing Mount Penn's financial base. These revenues—ranging from licenses and permits to state aid and interfund transfers—are critical to ensuring the Borough can balance its budget, maintain infrastructure, and provide programs without placing the whole burden on property or income taxes.

The subsections highlight the variety of these sources. Business and Non-Business Licenses & Permits show how regulatory fees support general operations. Fines, Interest Earnings, Rent, and Royalties demonstrate how enforcement, financial management, and Borough-owned property contribute to recurring income. State Grants and Shared Entitlements detail restricted funds the Commonwealth provides, such as pension aid, fire relief allocations, and transportation grants that reduce reliance on local tax dollars. The Borough also benefits from a Payments in Lieu of Taxes (PILOTs) agreement with a nonprofit, which offsets the cost of municipal services.

Additional subsections cover Zoning & Subdivision Fees and Public Safety Fees, which help fund planning, inspection, and enforcement activities, as well as Highway and Streets Revenue, which supports public works. Finally, categories such as Unclassified Operating Revenue, Proceeds of Asset Disposition, Interfund Operating Transfers, and Refunds of Prior Year Expenditures illustrate the occasional and often unpredictable revenues that must be managed prudently to avoid dependency on non-recurring income.

These explanations highlight the Borough's commitment to financial transparency and diversification. By carefully tracking and explaining these non-tax revenues, the budget ensures that decision-makers and residents understand the full spectrum of resources supporting Borough operations and long-range planning.

### **Business Licenses and Permits**

This category includes revenue from fees businesses must pay to operate legally within the Borough. A significant component is the Cable Television Franchise Fee, as well as licenses for various occupations and permits for transient retailers. These funds are directed to the General Fund to support general government operations.

A Cable Television Franchise Fee is a form of revenue a municipality collects from a cable television provider to operate its business within the municipality's boundaries. This fee is a significant component of the Borough's non-tax revenue, and the funds are directed to the General Fund to help support the cost of general government operations.

### **Non-Business Licenses & Permits**

This revenue is generated from fees paid by residents and property owners for activities that are not commercial. It includes fees for driveway permits, street opening permits (for utility work or other excavations), and permits for placing dumpsters or establishing residential handicap parking spaces. These revenues also support the General Fund.

## **Fines**

This category represents revenue collected from penalties for violations of state laws and local ordinances. Sources include fines from Vehicle Code violations, local ordinance violations, parking violations, and those adjudicated by the District Magistrate or the County Court of Common Pleas. This income is generally unpredictable and is deposited into the General Fund to support various services, including public safety and general administration.

## **Interest Earnings**

This revenue is generated from interest earned on the Borough's checking and savings accounts and dividends from investments and Certificates of Deposit (CDs). Per  GFOA best practices and sound financial management, these funds should be maximized through a strategic investment policy. The revenue helps offset general operating costs and contributes to the overall financial health of the General Fund and other funds where cash balances are held.

## **Rent and Royalties**

The primary source of this revenue is the rent paid for the use of space within the municipal building. The Mount Penn Borough Municipal Authority pays rent to the Borough for its office space. This income provides a steady, predictable revenue stream for the General Fund.

## **State Grants**

This revenue consists of funds the Commonwealth of Pennsylvania awarded for specific, designated projects. For CY 2026, this includes grant proceeds from the Multimodal Transportation Fund, which must be used for road improvement projects like street revitalization. These funds are critical to the Borough's strategy to finance major capital improvements without overburdening local taxpayers. They are typically accounted for in the General Fund or a Capital Projects Fund and are restricted for their specified purpose.

## **State Shared Entitlements**

This category includes recurring state aid and revenue shared with municipalities. Primary sources are the annual state pension aid allocation (which must be used to offset the Borough's pension obligations), the Foreign Fire Insurance Tax (which must be passed through to the volunteer fire company's relief association), the Public Utility Realty Tax (PURTA), and Local Share Account Grants that function like traditional grants. These funds are restricted and must be used for their designated purposes, such as supporting pensions, fire services, and other specific state-mandated initiatives.

## **Payments in Lieu of Taxes (PILOT)**

This revenue consists of voluntary payments made by tax-exempt entities, such as certain nonprofit organizations, to help offset the cost of municipal services they receive (e.g., police and fire protection). The Borough has a PILOT agreement with the St. Catharine's Senior Living apartments on Perkiomen Avenue. This income supports the General Fund.

## **Zoning & Subdivision Fees**

This revenue is generated from fees associated with land use and development activities. It includes fees for zoning permits and applications for hearings before the Zoning Hearing Board or the Borough Council. These funds are deposited into the General Fund and help cover the administrative costs of the planning and zoning department. The Municipalities Planning Code (MPC) creates specific constraints on the use of hearing funds and applies to costs associated with Zoning Permits and Inspections.

## **Public Safety Fees**

This is a significant non-tax revenue source derived from fees for various permits and inspections required to ensure public safety and code compliance. Key components include fees for building, electrical, plumbing, and HVAC permits, as well as revenue from the Rental Property Registration Program. This revenue helps to fund the operations of the code enforcement and inspection services, whether provided in-house or through a regional entity.

## **Highway and Streets Revenue**

This revenue comes from charges for services provided by the Public Works department. Sources include fees for repairs to curbs and sidewalks, as well as reimbursement for contracted snow removal services provided to other entities. This income is directed to the General Fund to support the department's operations.

## **Unclassified Operating Revenue**

This revenue category is a miscellaneous account used for any operating income that does not fit into the other, more specific revenue classifications. Due to its "catch-all" nature, revenue in this category is often unpredictable and can fluctuate from year to year. Because sound financial planning discourages reliance on unpredictable revenue sources for ongoing expenditures, the Borough does not typically budget for this line item. The goal of the DCED Chart of Accounts is to avoid unclassified revenues, but they may be recorded here when unpredictable income occurs.

## Proceeds of Asset Disposition

This line item records revenue generated from the sale of municipal property or compensation received for the loss of an asset. This can include proceeds from selling surplus items like used vehicles, old equipment, or borough-owned land. It also includes payments from insurance claims for damaged or lost assets. Since the timing and value of asset sales are unpredictable, and insurance claims are infrequent, it is a fiscally sound practice not to budget for this revenue to avoid dependency on one-time, non-recurring income for regular operations.

## Interfund Operating Transfers

This category represents monies moved from one fund to another to finance the operations of the receiving fund. For example, a municipality might transfer utility funds (e.g., Water or Sewer) to the General Fund to reimburse the General Fund for administrative services, such as payroll, human resources, and financial management.

## Refund of Prior Year Expenditures

This revenue line accounts for refunds received in the current fiscal year for expenses paid in the previous fiscal year. For example, this could include a refund from a vendor for overpayment made in the prior year or a reimbursement from an insurance provider for a previously paid expense. Like asset sales, these refunds are unpredictable and generally not budgeted as a recurring revenue source. The DCED Chart of Accounts notes that this line item can also be used for Workers' Compensation payments to simplify salary account reconciliation.

## Expenditure Explanations

### Governance & Administration Program

#### Introduction Needed

#### Governing Body

This function accounts for the direct costs of the Borough's elected legislative and policy-making body—the Mayor and Borough Council. As the governing body, the council is responsible for setting municipal policy, adopting the annual budget, establishing tax rates, enacting ordinances to protect the public's safety and welfare, and appointing key officials like the Borough Manager. The funds allocated to this category are justified by the legal and operational necessity of having an elected body to govern the municipality and represent the interests of the residents and taxpayers. In addition, the budget includes various expenditures for supporting the governing body, including wages, professional education, and membership in trade associations.

## **Borough Manager**

This function accounts for the expenses related to the chief administrative officer of the Borough. In a Council-Manager form of government, the Borough Manager is appointed by the elected council to oversee all municipal operations, implement policy, prepare the annual budget, and supervise staff. The funds allocated here are justified by the need for a full-time professional administrator to manage the complex day-to-day business of the municipality. This task is often beyond the capacity of part-time elected officials. This position ensures that municipal services are delivered efficiently and effectively, and that the long-term strategic goals set by the Borough Council are actively pursued. In addition to the Manager's wages, their retirement benefits, and the Treasurer's bond are included.

## **Financial Administration**

This function covers the costs associated with managing the financial accounting of all Borough activities. Key responsibilities funded here include strategic planning services and the expenses of the independent audit. These expenditures are essential for maintaining fiscal accountability, transparency, and compliance with federal, state, and local laws. Proper financial administration is a cornerstone of sound fiscal management; it ensures the reported financial data is accurate and safeguards public funds.

## **Tax Collection**

This function provides for the costs of collecting real estate property and other local taxes. In Mount Penn Borough, the elected tax collector is responsible for issuing tax notices and collecting payments on behalf of the Borough and County. The funds in this category cover the tax collector's compensation, which is based on the number of bills collected and the cost of surety bonds and necessary supplies. An effective tax collection system is vital, as real estate taxes are a primary revenue source for the General Fund and other special-purpose funds.

## **Legal Services**

This function accounts for the cost of legal counsel required for the proper administration of the Borough. The municipal solicitor provides advice on a wide range of issues, drafts ordinances and resolutions, reviews contracts, and represents the Borough in legal matters. Access to professional legal services is critical for ensuring that the Borough's actions comply with the complex web of municipal law, thereby minimizing legal risks and protecting the municipality from liability. This function also includes costs associated with Labor Counsel, a specialized form of law necessary when raising employment law matters.

## **Borough Secretary**

This function funds the activities of the Borough Secretary, a key administrative officer responsible for maintaining official records, preparing meeting agendas and minutes, and

attesting to the accuracy of municipal documents. The Secretary's role is fundamental to ensuring transparency and compliance with public records laws and the Sunshine Act. This position supports the legislative process of the Borough Council and serves as a central point of contact for official correspondence and record-keeping.

### **General Administration**

This expenditure category serves as a general account for a variety of administrative costs that are not assigned to a specific official or department but are necessary for overall office operations. Expenses typically include office supplies, postage, advertising for public notices, printing costs, and bank service fees. These funds are justified as they support the basic operational needs of the municipal government, enabling communication, public outreach, and the daily administrative tasks that allow other programs to function smoothly.

The Solid Waste Fund includes general administration expenses. This expenditure is vital for maintaining the fund as a self-supporting Proprietary/Enterprise Fund. The Solid Waste Fund Policy (Policy No. 004) mandates that the annual Solid Waste Fee must cover anticipated expenditures plus an administrative fee of 5.00%. This allocated expense covers the cost of centralized services provided by General Fund staff for tasks related to managing the solid waste contract, handling collections, accounting for fees, and overall fund oversight. This ensures the General Fund can be reimbursed for shared administrative costs and upholds financial accountability.

### **Information Technology Services**

This function covers the costs of the Borough's data processing and technology infrastructure. Expenditures include computer hardware and software, network maintenance, website hosting, and professional IT support. IT services are indispensable for efficient government operations, enabling everything from financial accounting and payroll to public communications and records management. Investing in technology allows the Borough to improve service delivery, enhance transparency, and ensure the security of municipal data.

### **Engineering Services**

This function funds the services of the Borough Engineers, who provide essential technical expertise on public works projects, infrastructure maintenance, and land use matters. The engineer is responsible for designing public works projects, reviewing subdivision and land development plans for compliance with municipal ordinances, and performing other pertinent engineering work. These services are justified by the need to ensure that public infrastructure is appropriately designed, constructed, and maintained, which protects the Borough's significant capital investments and ensures public safety.

## **General Government Buildings and Plant**

This function accounts for the costs associated with operating and maintaining general government facilities, notably Borough Hall and Street Crew Garage. Expenditures include utilities (electricity, heat, water), janitorial services, routine building repairs, and property and casualty insurance. These funds are essential for providing a safe, clean, and functional environment for municipal employees and the public they serve. Proper maintenance protects the public's investment in its physical assets and ensures the continuity of government operations.

## **Public Safety Program**

The Public Safety Program represents one of the Borough of Mount Penn's most critical areas of investment, encompassing police protection, fire and EMS services, code enforcement, land use regulation, and emergency preparedness. Police services are delivered through the Central Berks Regional Police Department, a cooperative arrangement with Lower Alsace Township that provides professional law enforcement and 911 dispatching through Berks County. Fire protection is provided by the Mount Penn Volunteer Fire Company, supported by a dedicated fire tax and state aid, while ambulance and EMS coverage is contracted through the Lower Alsace Ambulance Association, funded in part by a separate ambulance tax.

Building safety and property maintenance are overseen through the Uniform Construction Code and Code Enforcement program, operated regionally through the Central Berks Codes Department, with support from third-party inspectors and part-time staff. Planning and zoning functions, guided by the Pennsylvania Municipalities Planning Code, ensure that land use decisions reflect the Borough's comprehensive plan, supported by legal counsel for the Zoning Hearing Board and a contracted Zoning Officer.

The Borough also maintains an emergency management program, led by an appointed coordinator, to prepare for and respond to disasters, along with budgeted allocations for other safety-related services such as animal control, pest management, and crossing guards. Together, these coordinated efforts reflect a mix of regional partnerships, dedicated tax funds, and contracted professional services that enable the Borough to provide a comprehensive and cost-effective approach to public safety.

While the General Fund pays for critical administrative public safety costs (like Police Dispatching, Foreign Fire Insurance Payments, and Fire Marshal Wages), the majority of the funding for Ambulance and Fire service subsidies is derived from special tax levies that must be held in dedicated, restricted funds.

## Police Services

This expenditure area accounts for the costs associated with ensuring the safety and security of the community through law enforcement services. As one of the Borough's most critical services, this function represents the most significant portion of the public safety budget. This service area's primary responsibility is to preserve citizens' rights, prevent crime, protect persons and property, and maintain public order by enforcing applicable laws.

Funding in this category is typically allocated across two main areas of expense:

- **Regional Department Subsidy:** The largest portion of this budget is typically a subsidy payment to a regional police department. This arrangement reflects a model of intergovernmental cooperation where multiple municipalities join together to fund a single, consolidated police force. This regional approach allows for shared resources, offering more efficient and effective police coverage than a smaller, standalone department might provide. The Central Berks Regional police commission is a joint board with representatives from Lower Alsace Township and Mount Penn Borough, which handles policy decisions, budgeting, and hiring a Chief of Police. The department also provides contracted services to Oley Township and the St. Lawrence Borough. The department's budget is built on the service contracts, other revenues, and an even funds split between Mount Penn Borough and Lower Alsace Township.
- **911 Dispatching Services:** A portion of this budget is allocated for 911 dispatching services. This service ensures that emergency calls from residents are efficiently received and relayed to police officers for response. Berks County handles dispatch services to coordinate responses across various emergency service providers.

## Fire Services

This expenditure area covers the costs associated with providing essential firefighting, rescue, and emergency medical assistance to protect life and property within the Borough. Fire protection is delivered through the Mount Penn volunteer fire company, which relies on a combination of municipal appropriations and its own fundraising activities to maintain operations. The Borough levies a fire tax to support the Fire Company, which is collected in the Fire Tax Fund, separate from the General Fund.

The key components of the Fire Services budget generally include:

- **Foreign Fire Insurance Payment:** This line item represents a pass-through of state aid revenue that the Borough receives from a tax on out-of-state insurance companies doing business in Pennsylvania. These funds are legally required to be distributed to the relief association of the volunteer fire company and used for specified purposes that benefit firefighters.

- **Fire Marshal Wages:** A portion of the budget is allocated for the part-time compensation of the Fire Marshal. This official typically handles fire prevention activities, code enforcement related to fire safety, and investigations.
- **Fire Tax Fund Expenses:** Fire tax funds are statutorily restricted to the proceeds of a special levy dedicated to subsidizing the Borough's appointed fire prevention provider, the Mount Penn Volunteer Fire Company. The budgeted expense in this fund reflects the full tax revenue allocation directly to support the operations of the non-profit Fire Company.

### **Ambulance & EMS Services**

This expenditure area funds emergency medical services (EMS) and ambulance transport for residents. Like fire services, Lower Alsace Ambulance Association, a nonprofit agency supported by municipal contributions, provides these critical public safety functions for Mount Penn Borough. Lower Alsace Ambulance provides ambulatory services for St. Lawrence Borough, Mount Penn Borough, Alsace Township, and Lower Alsace Township.

The budget for this service typically covers the cost of having emergency medical calls dispatched through the county 911 system to ensure a timely response from ambulance and EMS crews. Direct operational costs for Lower Alsace Ambulance Association are covered through other means, such as direct billing for services by the provider, subscriptions, or donations. The Borough also levies an EMS and Ambulance tax, which is collected in the Ambulance Fund, separate from the General Fund.

The Ambulance & EMS Tax Fund is restricted to the proceeds of a special levy used to subsidize the Borough's appointed ambulance provider, the Lower Alsace Ambulance Association. The budgeted expenses represent the full allocation of the special tax revenue dedicated to supporting the EMS service.

### **UCC & Code Enforcement**

The Uniform Construction Code (UCC) and Code Enforcement function ensures that the Borough's construction, renovations, and property maintenance adhere to established safety codes and local ordinances. This service is critical for protecting public health, safety, and welfare by regulating building standards and addressing property-related nuisances. This budget area may be structured to use a hybrid approach, including regional services, contracted professionals, and part-time staff. This allows the Borough to manage a comprehensive code enforcement program.

Expenses in this area are generally allocated across several categories:

- **Regional Codes Department:** A significant portion of this budget is allocated to the Central Berks Regional Codes Department, which functions as a department under the Central Berks Regional Police Commission. Regionalization can offer greater efficiency and localized knowledge. The Department is shared between Lower Alsace Township and Mount Penn Borough.
- **UCC & Codes Contracted Services:** Funds here are allocated to pay for the 3<sup>rd</sup> party inspection services of Systems Design Engineering
- **Code Inspectors PT Compensation:** This includes part-time compensation for various inspectors, such as those for plumbing, property, and electrical work, who ensure compliance with specific trade-related aspects of the building codes.
- **UCC Building Permit Fees:** A portion of the budget is allocated for state-mandated UCC permit fees.

### **Planning and Zoning**

This expenditure area funds activities related to managing land use, development, and long-range community planning. The Pennsylvania Municipalities Planning Code governs these functions, which are essential for guiding orderly growth, preserving community character, and ensuring that new development aligns with the Borough's comprehensive plan.

Expenses are typically divided between professional service categories:

- **Zoning Hearing Board Legal Fees (414.314):** An amount is allocated for legal counsel to the Zoning Hearing Board (ZHB). The ZHB is a quasi-judicial body required in any municipality with a zoning ordinance; it hears appeals and requests for variances and special exceptions. The ZHB must have its own solicitor, separate from the municipal solicitor, to provide independent legal advice.
- **Zoning Officer Services (414.310):** A portion of the budget is designated for the services of a Zoning Officer. This individual is responsible for administering the zoning ordinance, reviewing permit applications for compliance, and investigating potential zoning violations.

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- Zoning Officer Services (414.310): A portion of the budget is designated for the services of a Zoning Officer. This individual is responsible for administering the zoning ordinance, reviewing permit applications for compliance, and investigating potential zoning violations.

### **Emergency Management Expenses**

This line item covers costs associated with the Borough's emergency management program. State law requires every municipality to have an emergency management plan and an appointed Emergency Management Coordinator. This function is critical for preparing for and responding to potential disasters, including severe weather or other large-scale emergencies. This budget line typically compensates the appointed coordinator who leads these preparedness and response efforts.

### **Other Public Safety Expenses**

This category is a placeholder for miscellaneous public safety costs not classified elsewhere. A potential expense in this area could be for Crossing Guard Wages, though funding for this service may vary from year to year.

### **Vector Control**

Vector control refers to services to manage pests or animals that can pose a nuisance or health risk to the community. The primary expenditure in this category is for Animal Control Services. This funding is typically used to contract with a local shelter or animal control officer to handle issues related to stray or loose dogs.

### **Public Works Program**

The Public Works & Infrastructure Program is central to maintaining Mount Penn Borough's essential services, local streets, and public spaces. Solid waste collection is contracted to J.P. Mascaro & Sons under a multi-year agreement that provides trash, recycling, and yard waste services. Seasonal leaf collection is handled directly by the Borough's Street Crew.

The Street Crew also provides daily maintenance and oversight of the Borough's 7.74 miles of roadway, with funding covering wages and benefits, operating supplies, uniforms, fuel, and required compliance programs such as CDL drug testing and PA One Call. Related services include street cleaning to support aesthetics and stormwater compliance, and the upkeep of traffic control devices—six traffic signals and related signage—ensuring safe and efficient movement for vehicles and pedestrians.

Additional responsibilities include maintaining sidewalks and crosswalks, focusing on ADA accessibility; managing storm sewers and drains under state-mandated MS4 requirements; and repairing and maintaining Borough vehicles, tools, and equipment. Routine street maintenance, such as pothole patching and crack sealing, is budgeted separately from major construction projects, which are planned and financed through the Borough's multi-year Capital Improvement Plan. Large road construction projects involve public bidding and engineering services and may rely on outside funding sources, including state and federal grants or municipal bond proceeds.

Expenditures related to maintaining public roads and infrastructure are often financed through restricted state aid, which is kept in the State Liquid Fuels Fund. These funds cover costs similar to those found in the General Fund's road and street budget, but are restricted in their source and use.

The State Liquid Fuels Fund is a Special Revenue Fund mandated by the Commonwealth to receive and expend revenues from the state's liquid fuels tax. These funds are restricted for street and road purposes, and specific regulations, including infrastructure repair and construction requirements, govern their use. The segregation of these costs ensures that the restricted state funding is applied only to eligible transportation infrastructure projects, consistent with the goal of maximizing the life of the Borough's transportation assets.

Through this program, Mount Penn Borough balances routine operations with long-term investment in infrastructure, ensuring the community remains safe, accessible, and well-maintained.

### **Solid Waste Collection**

This expenditure area accounts for the costs of collecting residential trash, recycling, and yard waste. This service is provided by J.P. Mascaro & Sons, Inc. under a three-year contract running from 2024 to 2026. Mascaro provides all three services to the Borough under the same bid. The service is conducted through a self-supporting proprietary/enterprise fund, the Solid Waste Fund, financed by user fees rather than general tax revenues. This approach ensures that the

residents who use it cover the full-service cost. The General Fund budget includes expenses related to leaf disposal that the Borough's Street Crew collects on a weekly basis in October and November each year.

The Solid Waste Fund is the primary engine for this program area, covering the total cost of collection contracts. This expense area is zero or minimal in the General Fund.

These line items represent the contracted services required to operate the Borough's sanitation program. Because the Solid Waste Fund is established as a Proprietary/Enterprise Fund, these expenses are covered by dedicated user fees collected from residents, not general tax revenue.

The expenditures cover the multi-year contract with J.P. Mascaro & Sons, Inc. for residential trash, recycling, and yard waste collection. Recyclables Contract Collection and Yard Waste Contract Collection cover the costs associated with the mandatory separation and disposal of residential recycling and leaf/brush material. The Borough has historically reviewed costs associated with recycling participation. Waste Contract Collection covers the largest component, the residential trash collection and disposal fees.

### **Road Services Administration**

This expenditure area accounts for the administrative and operational costs associated with the Borough's street crew, which maintains the local transportation infrastructure. These services ensure safe and reliable travel for residents and visitors. The street crew department maintains 7.74 miles of streets within the Borough.

Funding within this category typically covers a wide range of essential operational needs, including:

- **Street Crew Compensation:** This is the largest component and includes salaries, leave time, sick time, and any overtime for both full-time and part-time public works employees who perform street maintenance and related duties.
- **Operating Supplies and Uniforms:** This covers the cost of uniforms for the street crew and general supplies necessary for daily operations.
- **Fuel Purchases:** This line item accounts for gasoline and diesel fuel for all municipal vehicles and equipment the street crew uses. The Borough participates in the Wex Fuel card program, which uses competitive fuel rates at specific gas stations statewide.
- **Regulatory Compliance:** This includes costs for mandatory services such as random drug testing for employees with a Commercial Driver's License (CDL) and fees for PA One Call

services, which are required before any excavation work to prevent damage to underground utilities.

### **Cleaning of Streets**

This category accounts for costs related to keeping Borough streets clean and free of debris, which contributes to community aesthetics and public safety. Services may include routine street sweeping performed by either in-house crews or through a contracted service. Regular street sweeping is also a component of complying with Municipal Separate Storm Sewer System (MS4) requirements to protect water quality. These services are normally paid from the Liquid Fuels fund.

### **Traffic Control Devices**

This expenditure area funds the installation, maintenance, and operation of traffic control devices that ensure the safe and efficient flow of vehicular and pedestrian traffic throughout the Borough. The Borough maintains six traffic signals and other timing devices.

Key expenses within this category typically include:

- **Street Signs:** This covers the purchase of new and replacement street signs to maintain regulatory compliance and ensure clear guidance for drivers.
- **Electric for Traffic Signals:** This funds the electricity required to operate the Borough's 43 traffic signals. Municipalities may pursue grants, such as PennDOT's Green Light Go program, to optimize traffic signal control and replace aging equipment.

### **Sidewalks and Crosswalks**

This function covers costs associated with improving, repairing, and maintaining sidewalks and crosswalks. A key focus in this area is often ensuring facilities comply with the Americans with Disabilities Act (ADA) to provide safe and accessible pedestrian mobility for all residents. Municipalities may pursue federal and state grants like the Transportation Alternatives Set-Aside (TASA) program or the Multi-Modal Grant program to fund projects like shared-use paths that provide safer connections for pedestrians and bicyclists.

### **Storm Sewers & Drains**

This expenditure area is dedicated to maintaining, repairing, and capital improving the Borough's storm sewer system. This infrastructure is critical for managing stormwater runoff, preventing flooding, and protecting local water quality. Work in this area is often guided by regulatory requirements under the MS4 permit program, which mandates measures to reduce pollutants entering waterways.

## **Repairs of Tools & Machinery**

This category accounts for the costs associated with repairing and maintaining the Borough's vehicles, small tools, and other machinery used by public works and other departments. Proper maintenance is essential to extend the useful life of equipment and ensure it is safe and reliable for municipal operations. Expenses may include vehicle maintenance supplies, small tools, contracted repair services, and equipment rentals. This budget area also serves capital purchases of new equipment or vehicles, though large expenditures are often planned within a multi-year Capital Improvement Plan (CIP).

## **Street Maintenance & Repairs**

This expenditure area funds the routine maintenance of the Borough's streets, avenues, and public rights-of-way. Unlike major street construction or reconstruction projects, which are typically capital expenses, this category covers the day-to-day work required to keep roadways in good repair. Key activities funded here include pothole patching, crack sealing, and purchasing street materials like asphalt and stone. This category may also include funds for tree and plant materials used for landscaping and beautification within public rights-of-way.

Liquid Fuels funds related to this focus cover the cost of routine, ongoing maintenance of Borough streets, such as crack sealing and pothole patching, which is typically funded by liquid fuels aid.

## **Road Construction**

This expenditure area is dedicated to major road and transportation infrastructure projects, which are typically classified as capital expenditures rather than routine maintenance. These projects often involve significant investment and are planned as part of the Borough's multi-year Capital Improvement Plan.

Funding in this category is typically allocated for several key components of a major construction project:

- **Contracted Construction Bid:** This represents the primary cost of a project and is paid to the contractor who wins the public bid for the construction work itself.
- **Contracted Professional Fees:** This covers payments to engineering firms for design, survey, contract management, and construction inspection services that are essential for large-scale projects.
- **Other Services for Road Bid:** This may include ancillary costs such as other professional services required to execute the project.

Such projects are often financed through a combination of sources, including General Fund transfers, grants from state and federal programs (such as PennDOT's Multimodal Transportation Fund), and the issuance of municipal bonds.

These expenses related to the Liquid Fuels fund account for major construction or reconstruction projects, which are capital expenditures. Liquid Fuels funds are essential for financing portions of these large projects, often alongside state or federal grants.

## **Community & Culture Program**

The Permit Parking function supports the Borough's residential quality of life by managing on-street parking in designated areas. The program ensures that residents in neighborhoods near business districts retain fair access to parking close to their homes. Expenses typically include the purchase of parking permits or decals and the installation and upkeep of signs that mark permit-only zones and communicate restrictions. A well-administered system balances the needs of residents with those of visitors and commuters, helping to reduce congestion and support neighborhood stability.

The Culture function invests in projects that enhance the Borough's character, public spaces, and community spirit. These funds support seasonal decorations, public art installations, beautification projects, or community festivals, which create a more vibrant and welcoming atmosphere for residents, visitors, and local businesses. While modest in scale, these expenditures demonstrate the Borough's commitment to maintaining a strong sense of place and community pride.

### **Permit Parking**

This expenditure area covers the costs associated with administering and maintaining the Borough's permit parking program. Permit parking programs are typically established in residential areas to ensure residents have reasonable access to on-street parking near their homes.

Expenses within this function are related to the supplies and infrastructure necessary to operate the program effectively. These costs may include:

- **Permit Parking Supplies:** This covers the materials needed to administer the program, such as the physical parking permits or decals issued to residents.
- **Permit Parking Signs:** This line item accounts for the purchase, installation, and maintenance of signs that clearly delineate the designated permit parking zones and outline the specific parking restrictions and enforcement hours.

A well-managed permit parking system helps balance the parking needs of residents with those of visitors and commuters, thereby enhancing neighborhood quality of life.

### **Culture**

This expenditure area accounts for costs associated with supporting and enhancing the community's cultural life and aesthetic appeal. These expenditures may fund public art, community events, and beautification projects, contributing to a vibrant environment for residents, businesses, and visitors.

Expenses in this category are typically for specific projects or events within public spaces. For example, the budget line for Culture Expenses for Streets would fund activities that enhance the cultural or aesthetic character of the Borough's streets and public rights-of-way, including Hometown Hero Banners. These could include seasonal decorations or support for community festivals and parades. These investments reflect a commitment to creating an inviting and engaging community atmosphere.

### **Debt Service Program**

The Debt Service Program reflects the Borough's commitment to responsibly managing its long-term financial obligations while investing in major community assets. Debt principal payments reduce the outstanding balance on loans and lease-purchase agreements used to finance capital projects such as infrastructure improvements, building renovations, or large equipment purchases. This financing approach allows the Borough to spread the cost of significant investments over their useful lives, ensuring that current and future residents share the benefits and costs more equitably.

In addition to principal repayment, the Borough budgets for debt interest, representing the cost of borrowing. These payments are made on bank loans, bonds, or lease agreements, and their size depends on factors such as market interest rates and the Borough's creditworthiness. Careful fiscal management—guided by the Pennsylvania Local Government Unit Debt Act—ensures that borrowing remains within statutory limits and that repayment schedules are met on time. Together, principal and interest payments form a structured debt service plan that balances community investment with financial sustainability.

### **Debt Principal**

This expenditure area accounts for the portion of the Borough's debt service payments that is applied to reducing the principal balance of its outstanding long-term debt. Municipalities issue debt, such as general obligation bonds or bank loans, to finance significant capital projects that have a long useful life, such as major road construction, building renovations, or the purchase of

expensive equipment. This financing strategy allows the cost of a major asset to be spread over its useful life rather than being paid for entirely from a single year's revenues.

Funding in this category is allocated to meet the principal repayment schedules for various forms of debt the Borough has incurred. Typical line items may include:

- **Bank Loan Principal:** Payments on loans obtained from financial institutions.
- **Lease Principal:** Principal payments on lease-purchase agreements for assets such as office equipment. Lease-purchase agreements are a common financing tool that allows municipalities to acquire assets and pay for them over a set period, after which ownership is transferred to the municipality.

The Pennsylvania Local Government Unit Debt Act governs debt management, establishing borrowing limits based on a municipality's average revenues. By adhering to a structured repayment plan, the Borough meets its financial obligations while funding essential long-term investments for the community.

Existing debt paid from the Liquid Fuels fund covers a lease-to-purchase of a Bobcat  loader that covers the full cost of the equipment over three years of payments and supports the Street Crew's ability to respond to major incidents.

### **Debt Interest**

This expenditure area accounts for the interest portion of the Borough's debt service payments. When a municipality borrows funds to finance capital projects, it agrees to pay back the principal amount plus interest over a specified period. Interest is the cost of borrowing and represents the compensation paid to the lender for using their funds.

Like the Debt Principal category, funding here is allocated to meet scheduled payments on various forms of debt. The primary line item in this area is typically:

- **Bank Loan Interest:** The interest due on outstanding bank loans and bond issues.

Interest costs are a significant component of the overall cost of a capital project financed through debt. Market conditions and the municipality's credit rating influence the interest rate obtained on a loan or bond issuance. Prudent fiscal management, including maintaining a strong credit rating and strategically timing debt issuance, helps minimize these costs over the life of the debt. Budgeting for interest payments is a critical part of the Borough's financial planning, ensuring that all obligations are met on time.

## Employee Benefits Program

The Employee Compensation & Benefits Program captures the Borough's statutory and contractual obligations as an employer and ensures a competitive compensation package that attracts and retains qualified staff. Payroll expenses include the Borough's share of mandatory contributions for Social Security, Medicare, and unemployment compensation, which are directly tied to employee wages and required by federal and state law.

The Borough also funds pension-related expenses under the Municipal Pension Plan Funding Standard and Recovery Act (Act 205). These contributions, whether to defined benefit or defined contribution plans, are calculated through actuarial analysis and partially offset by annual state pension aid. Together, they provide retirement security for employees and reinforce the Borough's long-term workforce stability.

Personnel insurance expenditures, including life and disability coverage, provide added protection for employees, while broader municipal insurance expenses—such as property, casualty, liability, workers' compensation, and volunteer firefighter coverage—safeguard Borough assets and taxpayer funds against risk.

Health insurance benefits represent one of the largest components of the Borough's personnel costs. These include employer-paid premiums for employee and dependent coverage and contributions to Health Reimbursement Accounts (HRAs) or Health Savings Accounts (HSAs) that help offset out-of-pocket medical expenses. Rising healthcare costs make this area a significant and closely managed budget priority.

Through careful planning across payroll taxes, pensions, insurance, and health benefits, the Borough fulfills its obligations as an employer while maintaining a responsible and sustainable financial framework for supporting its workforce.

## Payroll Expenses

This expenditure area accounts for the Borough's share of mandatory employer payroll taxes and related personnel costs. These are statutory expenses directly tied to the total wages paid to all municipal employees across various departments and funds. Proper budgeting for these costs is a critical component of financial management and is essential for legal compliance as an employer.

The primary expenses within this category include:

- **Social Security (FICA) Expenses:** This line item covers the employer's mandatory contribution to the Federal Insurance Contributions Act (FICA) tax, which funds Social

Security benefits for retired and disabled workers. This is a set percentage of each employee's eligible wages up to an annual limit defined by federal law.

- **Medicare Employer Contribution:** This covers the employer's mandatory contribution to Medicare, which funds health insurance for individuals aged 65 and older. Unlike the Social Security portion, there is no annual wage cap on Medicare contributions.
- **Unemployment Expenses:** These funds the Borough's obligation for unemployment compensation insurance, which provides temporary financial assistance to workers who lose their jobs through no fault of their own. Municipalities in Pennsylvania can choose to pay a quarterly state unemployment tax or elect to be a reimbursable employer, directly repaying the state for benefits paid to former employees.

### **Pension Related Expenses**

This function accounts for the Borough's required contributions to the retirement plans it provides for its employees. Sponsoring a pension plan is a key strategy for attracting and retaining qualified employees and rewarding them for their public service. The funding of these plans is heavily regulated by state law, particularly the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984), which mandates full actuarial funding.

Key expenses within this category typically include:

- **Defined Benefit Retirement:** This represents the employer's required contribution to a defined benefit pension plan. In this type of plan, the employer promises a specific retirement benefit, usually based on a formula involving salary and years of service, and bears the investment risk. The annual contribution amount is determined by an actuarial valuation and is known as the Minimum Municipal Obligation (MMO).
- **Defined Contribution Retirement:** This covers the employer's contribution to a defined contribution plan, where a specific amount (e.g., a percentage of salary) is deposited into an individual account for each employee. The employee bears the investment risk, and the final retirement benefit depends on the account's performance. Municipalities may offer these plans as a primary retirement vehicle for certain staff or as a supplemental option.

The Borough typically receives State Pension Aid from a tax on out-of-state insurance companies to help offset these costs. This aid must be deposited into the pension funds within 30 days of receipt and is used to reduce the amount the Borough must contribute from its general revenues.

## **Personnel Insurances**

This expenditure area is designated for various employer-paid insurance benefits that protect employees from financial hardship due to unforeseen events. These benefits are a standard component of a competitive compensation package. An example of a typical expense in this category would be Life & Disability Insurance, which provides financial support to employees who become disabled and unable to work or to their beneficiaries in the event of their death.

## **Insurance, Casualty, and Surety**

This function accounts for the cost of various insurance policies that protect the Borough's assets and shield it from liability claims. Maintaining adequate insurance coverage is a fundamental part of risk management, protecting taxpayer funds from potentially catastrophic losses arising from accidents, property damage, or legal actions. While Pennsylvania's Political Subdivision Tort Claims Act provides municipalities with immunity from liability in many situations, it includes eight specific exceptions—such as those related to vehicle operations, real property, and streets—where a municipality can be held liable.

Key expenditures in this area include:

- **Property & Casualty Insurance:** This line item covers premiums for a package of policies that typically includes General Liability Insurance, which protects against third-party claims of bodily injury or property damage, and Property Insurance, which covers damage to municipal buildings and contents from perils like fire or storms. It may also include public officials' liability coverage (also known as Errors & Omissions) for wrongful acts committed within the scope of official duties.
- **Workers' Compensation Insurance:** This mandatory coverage provides no-fault medical and wage-loss benefits to employees who are injured on the job. Pennsylvania law also requires municipalities to offer this coverage for volunteer firefighters serving the community.

## **Health Insurance Benefits**

This expenditure area covers the costs associated with providing health insurance coverage to municipal employees and, in many cases, their dependents. Health insurance is a critical component of employee compensation and is essential for attracting and retaining a qualified workforce. Due to rising healthcare costs nationally, this line item often represents one of the most significant and fastest-growing expenses in a municipal budget.

The primary expenses budgeted in this category are:

- **Health Insurance Premiums:** This represents the employer's share of the monthly premiums paid to an insurance carrier or a municipal health insurance cooperative for

the chosen health plan(s). Municipalities may offer different types of plans, such as traditional PPOs or High Deductible Health Plans (HDHPs), to manage costs.

- **Health Reimbursement Accounts (HRA) or Health Savings Accounts (HSA):** This covers the employer's contributions to tax-advantaged accounts that employees can use to pay for medical expenses. These are often offered in conjunction with high-deductible health plans to help employees manage out-of-pocket costs.

## Non-Program Expenditures

The Interfund Transfers function reflects the Borough's internal budgeting practices for moving resources between funds. The Refund of Prior Year Revenues category accounts for reimbursements issued in the current year for revenues collected in error during the prior year, such as a resident's overpayment.

### Interfund Transfer(s)

This expenditure category accounts for the transfer of money from one fund to another within the Borough's accounting system. These transfers are not an external expense but are an internal budgetary mechanism used to move resources between different "pots" of money to fund operations or special projects.

A common use for an interfund transfer is to move money from the General Fund to a Capital Projects Fund to pay for the local share of major infrastructure projects or equipment purchases.

### Refund of Prior Year Revenue(s)

This expenditure line accounts for refunds received in the current fiscal year for revenues collected in the previous fiscal year. For example, this could include a refund for a resident for an overpayment made in the prior year. These refunds are unpredictable and generally not budgeted as recurring expenditures.

## Long Range Financial Planning

The continued progression toward fiscal stability for the Borough of Mount Penn hinges on the Long-Range Financial Planning (LRFP) during Calendar Year 2026, culminating in projections that shape the Calendar Year 2027 budget and extend well beyond it. LRFP is paramount to achieving strategic goals and ensuring the long-term financial sustainability of essential programs. This systematic effort is required because the Borough currently faces a challenging financial outlook characterized by a projected growing structural deficit crisis, threatening to

deplete the General Fund balance potentially by 2027 if no corrective action is taken, and tax increases as the most straightforward solution. Therefore, the CY 2026 LRFP process is essential for achieving the strategic goal of Operational Excellence, which mandates responsibly managing financial resources to maintain long-run solvency. This process moves the organization beyond reactive annual budgeting toward proactive financial management by identifying future revenue and expenditure trends that influence policies and community services.

The core task of LRFP in CY 2026 involves developing comprehensive multi-year projections (forecasting major revenues and expenditures through at least CY 2029) to assess the financial implications of the Borough's current decisions. This necessitates a preliminary analysis of historical data and relevant economic conditions to look for consistent patterns or trends. Specifically, the planning effort must operate under the documented assumption that Mount Penn's primary revenue source, real estate tax revenue, is likely to be flat due to outdated county assessment practices, forcing future revenue growth only through millage rate increases, while other local taxes are already near the state-authorized maximum. Conversely, the projections must conservatively account for expected increases in expenditures, particularly the escalating costs associated with regional services like police and rising employee benefits (health and pension obligations), which are major cost drivers consuming the majority of the operational budget. The output of this financial forecast will inform decision-makers whether the organization is maintaining structural balance—where recurring expenditures are matched by recurring revenues—and if the General Fund is maintaining its 15% minimum operating reserve goal (Policy No. 002).

Crucially, the LRFP in 2026 is directly integrated with the Capital Improvement Plan (CIP) being developed (Goal 3.1). The multi-year planning process is incomplete without quantifying the short-term and long-term financial implications of major capital investments. The CIP serves as the authoritative listing of large, non-recurring projects (such as infrastructure improvements or the new Borough Garage construction slated for completion in Q4 2026). LRFP requires quantifying the lifecycle costing of these projects. For example, replacing or constructing new assets may either generate operating savings (e.g., reduced utility costs from energy-efficient equipment) or, conversely, add ongoing operational and maintenance costs to the CY 2027 operating budget (e.g., maintenance labor, software licensing fees for new systems).

Planning must clearly present the financial data on current and anticipated debt obligations. If borrowing is required (e.g., debt financing for large, generationally beneficial infrastructure projects), the LRFP must include detailed debt service schedules showing principal and interest payments for the CY 2027 budget year and extending through maturity, ensuring the borrowing

term does not exceed the asset's useful life. By integrating these elements, the LRFP provides the necessary foresight to ensure that the CY 2027 budget is balanced not through temporary measures or fund balance drawdowns, but through sound, long-term policy adjustments, such as rate evaluations, targeted cost controls, or the exploration of revenue diversification strategies.

## **Capital Improvement Plan**

The primary focus for the Borough of Mount Penn's financial planning efforts during Calendar Year 2026 will be the development and formal adoption of a multi-year Capital Improvement Plan (CIP), ensuring consistency with GFOA best practices and the Borough's strategic goals of *Sustainable Infrastructure* and *Operational Excellence*. Currently, the Borough lacks a multi-year CIP, a component deemed crucial for strategic asset management, securing grant funding, and aligning capital needs with long-term financial projections. This directive is formalized as a key objective (Goal 3.1) in the Governance & Administration Program Area, requiring the initial CIP for 2026–2030 to be developed and formally adopted by the third quarter (Q3) of 2026. This process is foundational, transforming the budget from a basic financial tracking document into a comprehensive financial plan and management tool that links dollars to long-term outcomes.

The implementation of the CIP in 2026 is critical for the effective use of the dedicated Capital Fund and maintaining compliance with the Borough's adopted Capital Fund Policy (Policy No. 005). The procedural steps undertaken in CY 2026 will follow a structured methodology to ensure the resulting CIP for the CY 2027 budget is robust and compliant with GFOA standards for multi-year capital planning. The process begins with Strategic Asset Management (Principle B), requiring the Borough Manager and Public Works staff to conduct an inventory and condition assessment of all major capital assets, including roads, bridges, storm sewer systems, public buildings (like Borough Hall and the new Garage facility), equipment, and technology systems. This approach is indispensable for identifying critical repair and replacement needs and optimizing the lifespan of assets.

Once needs are identified, projects must be prioritized according to the Capital Fund Policy's hierarchy: Health and Safety concerns receive the highest prioritization, followed by Asset Preservation activities aimed at extending the useful life of current infrastructure and equipment (such as preventative maintenance policies). Projects will also be prioritized based on how well they advance the Borough's adopted strategic goals and implement the comprehensive plan. Crucially, the CIP process must be executed efficiently to finalize the project list by September 2026, ensuring that the formal capital recommendations for the ensuing year, CY 2027, are fully integrated into the operating budget development cycle as a key component of the budget message. This preparation in 2026 directly supports the longer-term

goal of preventing unexpected building repair costs and avoiding future crises caused by deferred maintenance.

For each capital project designated to begin in CY 2027, the 2026 CIP development process will mandate the inclusion of a comprehensive Financial Planning component that assesses the long-term financial implications of the current capital decisions. This includes generating accurate cost estimates for the lifecycle of the asset, including initial design and construction, factoring in anticipated inflation, and explicitly quantifying the resulting impact on the future operating budget. For example, replacing older equipment or infrastructure might lead to operating savings through reduced utility or repair costs, while new facilities (like the new municipal garage) require accounting for ongoing operational maintenance labor and energy costs in the 2027 operating budget.

The plan for CY 2027 must detail the specific sources of financing for the project uses. This includes the planned use of Capital Reserve funds accumulated through transfers from operating or reserve funds, identifying potential outside contributions, and outlining debt proceeds. Furthermore, the Borough is strategically committed to pursuing external funding opportunities (Goal 5.1), such as state grants (e.g., Multimodal Transportation Fund grants) to offset at least 50% of the eligible local match requirements for new capital projects, reducing reliance on local taxpayer funds.

Debt financing will be reserved strategically for large capital projects whose benefits span multiple generations (ensuring intergenerational equity), and the Borough must prepare detailed schedules for CY 2027 debt service (principal and interest payments) that prove the borrowing term does not exceed the asset's expected useful life, providing clear accountability to stakeholders and meeting GFOA criteria. This commitment to proactive planning and integration will be formalized through the preparation and adoption of the Annual Capital Improvement Plan (CIP) document in Q3 2026, which will then serve as the authoritative framework authorizing capital outlays in the CY 2027 annual budget.

## Glossary

This glossary is prepared to support the CY 2026 Draft Budget Presentation Packet for the Borough of Mount Penn, consistent with the Government Finance Officers Association (GFOA) standard that requires definitions for terminology, abbreviations, and acronyms not readily understandable to an informed lay reader.

### Acronyms and Abbreviations

Acronym	Definition
<b>ADA</b>	<b>Americans with Disabilities Act:</b> Federal legislation ensuring accessibility for people with disabilities, often referenced when planning facility or infrastructure improvements like crosswalks.
<b>ARPA</b>	<b>American Rescue Plan Act:</b> Federal legislation providing funding to state and local governments in response to the COVID-19 pandemic, treated as a <b>one-time revenue source</b> .
<b>CDBG</b>	<b>Community Development Block Grant:</b> A federally funded program administered by HUD (Housing and Urban Development) that provides resources to communities to address development needs, such as housing and economic opportunities for low- to moderate-income individuals.
<b>CIP</b>	<b>Capital Improvement Plan:</b> A <b>multi-year listing</b> (typically five or six years) of major capital projects, equipment purchases, or construction activities, along with a schedule detailing how these items will be funded. Developing a CIP (Goal 3.1) is a key objective for Mount Penn in CY 2026.
<b>CY</b>	<b>Calendar Year:</b> The standard twelve-month fiscal period used by the Borough of Mount Penn, beginning January 1 and ending December 31.
<b>DCED</b>	<b>Department of Community and Economic Development:</b> The Pennsylvania state agency responsible for developing and recommending the <b>Chart of Accounts</b> and prescribing regulatory accounting methods for municipalities.
<b>EMST</b>	<b>Emergency and Municipal Services Tax:</b> The former name for the Local Services Tax (LST).
<b>FICA</b>	<b>Federal Insurance Contributions Act:</b> Employer contributions required for Social Security.
<b>FTE</b>	<b>Full-Time Equivalent:</b> A metric used to measure the total number of full-time employee positions based on hours worked, rather than the exact headcount.
<b>GAAP</b>	<b>Generally Accepted Accounting Principles:</b> The standard framework of guidelines for financial accounting used in the United States. The Borough's independent audit

	issues an <b>Adverse Opinion</b> on GAAP financials because Mount Penn uses a Modified-Cash Basis of Accounting for regulatory purposes.
<b>GASB</b>	<b>Governmental Accounting Standards Board:</b> The authoritative accounting standard-setting body for U.S. state and local governments.
<b>GFOA</b>	<b>Government Finance Officers Association:</b> The professional association of state and local finance officers that promotes excellence in public financial management and sets the criteria for the Distinguished Budget Presentation Award.
<b>LRFP</b>	<b>Long-Range Financial Planning:</b> A systematic process involving the multi-year projection of major revenues and expenditures to assess the long-term financial implications of current policy decisions.
<b>LST</b>	<b>Local Services Tax:</b> A flat annual tax levied on individuals employed within the Borough's boundaries, providing a dedicated funding source for essential municipal services (formerly EMST).
<b>MMO</b>	<b>Minimum Municipal Obligation:</b> The actuarially determined amount of money the municipality <b>must contribute</b> to its defined benefit pension plans for a given year, calculated using normal cost, administrative expenses, and anticipated employee contributions. The annual MMO must be budgeted and paid by the municipality.
<b>MPC</b>	<b>Municipalities Planning Code:</b> Pennsylvania state law that governs planning, land use, and development activities, including the constraints on the use of Zoning and Subdivision Fees.
<b>OPEB</b>	<b>Other Postemployment Benefits:</b> Employee benefits other than pensions provided after retirement, representing a long-term liability.
<b>PEL</b>	<b>Pennsylvania Economy League:</b> The consultant hired to conduct the <b>Strategic Management Planning Program (STMP)</b> analysis for Mount Penn Borough.
<b>PIB</b>	<b>Pennsylvania Infrastructure Bank:</b> A state program from which the Borough previously borrowed a loan for infrastructure improvements.
<b>PILOT</b>	<b>Payments in Lieu of Taxes:</b> Voluntary payments made by tax-exempt entities (like certain nonprofits) to a municipality to help offset the cost of municipal services they receive.
<b>PURTA</b>	<b>Public Utility Realty Tax:</b> A recurring state aid revenue shared with municipalities.
<b>STMP</b>	<b>Strategic Management Planning Program:</b> A program administered by DCED that results in an analysis of a municipality's financial condition, leading to recommendations for long-term fiscal management and policy (often conducted by PEL).

	<b>TAN</b> <b>Tax Revenue Anticipation Note:</b> A temporary indebtedness loan that allows the Borough to borrow funds on a short-term basis (repaid within the same fiscal year) to manage cash flow during periods when tax revenues have not yet been received.
	<b>UCC</b> <b>Uniform Construction Code:</b> Pennsylvania's statewide building code.
	<b>ZHB</b> <b>Zoning Hearing Board:</b> A quasi-judicial body required in municipalities with a zoning ordinance that hears appeals and requests for variances and special exceptions.

## Key Budget and Financial Terms

**Accrual Accounting (Full Accrual Basis of Accounting)** - A financial accounting method that recognizes the financial effect of transactions, events, and interfund activity when they occur, regardless of the timing of related cash flows. This method requires recording long-term receivables, payables, and depreciation, which differs from the modified-cash basis used for the Mount Penn budget.

**Appropriation** - A legal authorization made by the governing body (Borough Council) that permits the municipality to incur obligations and make expenditures for specific purposes outlined in the adopted budget.

**Assessed Valuation** - The value placed on real estate or other tangible property by a government (in this case, Berks County) that serves as the basis for levying property taxes.

**Assigned Fund Balance** - A GASB classification for funds allocated by the Borough Manager for specific purposes, such as expected capital projects, grant matching funds, or short-term needs. These funds may be appropriated in the subsequent year by a resolution of the Borough Council.

**Audit** - An objective examination and evaluation of the financial statements to ensure that the financial records are an accurate representation of the transactions they claim to represent. Mount Penn strives for an Unmodified Audit Opinion (a "clean" opinion) on its regulatory basis financials.

**Balanced Budget** - A budget where estimated revenues at least equal appropriated expenditures. For Mount Penn, a budget is considered balanced if revenues plus appropriated fund balances equal expenditures. The policy encourages commitment to a balanced operating budget.

**Capital Assets** - Assets that are intended to be held for a period greater than a single reporting period (fiscal year). This includes land, improvements to land, buildings, vehicles, machinery, and infrastructure. The Borough maintains a capitalization threshold of \$5,000.

**Capital Expenditures (or Capital Outlay)** - Amounts spent for the acquisition, maintenance, or improvement of physical or capital assets, typically classified as high-cost, nonrecurring purchases.

**Capital Projects Fund** - A governmental fund used to account for financial resources designated for the acquisition or construction of major capital facilities. Mount Penn utilizes this fund (Fund 18 in one example, or Fund 30 as Capital Reserve Fund in the Mt. Penn structure) to account for capital outlays not financed by proprietary or special assessment funds.

**Capital Reserve Fund (Fund 30)** - A Capital Projects Fund established to accumulate money for anticipated capital expenditures, such as the construction, purchase, replacement, or addition of municipal buildings, equipment, or other major assets.

**Committed Fund Balance** - A GASB classification for funds that can only be used for specific purposes as formally determined by a resolution or ordinance of the Borough Council. This includes operating reserves and long-term unfunded retirement benefit liabilities such as the MMO. The General Fund targets a Committed Fund Balance equivalent to 15% of operating expenditures.

**Debt Service** - Payments made to creditors, primarily the holders of municipal bonds or bank loans, that cover both the principal (the amount borrowed) and interest (the cost of borrowing). These scheduled payments must be met on time.

**Enterprise Fund (Proprietary Fund)** - A fund used to account for operations that are managed like a private business, primarily financed through user charges to cover the costs of providing specific goods or services to the general public. Mount Penn's Solid Waste Fund is established as an Enterprise Fund.

**Expenditure** - Amounts of money paid out for goods or services. In the DCED Chart of Accounts, expenditures and other financing uses are assigned the 400-series account numbers.

**Fund** - A separate accounting entity consisting of a self-balancing group of related accounts used to maintain control over resources segregated for specific activities or objectives, often due to legal requirements or managerial necessity.

**Fund Balance** - The measurement of available financial resources of a fund, calculated as the difference between assets and liabilities. GASB Statement No. 54 defines various classifications of fund balance.

**General Fund (Fund 01)** - The Borough's primary operating fund. It accounts for all financial resources and most operating expenditures unless they are required to be accounted for in another fund by law or policy.

**Governmental Funds** - Funds (including the General Fund, Special Revenue Funds, Debt Service, and Capital Projects Funds) used by municipalities to finance their basic governmental functions. They typically use the modified accrual basis of accounting for GAAP reporting purposes.

**Highway Aid Fund (State Liquid Fuels Fund) (Fund 35)** - A special revenue fund that accounts for motor fuel tax allocations received from the Commonwealth (liquid fuels tax revenue). Use of these funds is restricted to street maintenance and improvement projects.

**Interfund Operating Transfers** - Budgeted allocations of money between different, legally separate funds (e.g., General Fund transferring money to the Capital Reserve Fund). These are distinguished from loans between funds.

**Lease-Purchase Agreement** - A common financing tool used by municipalities (like the Liquid Fuels fund debt for the Bobcat loader) that allows them to acquire assets and pay for them over a set period, after which ownership is transferred to the municipality.

**Modified Accrual Basis of Accounting** - The basis of accounting used for Governmental Funds in conformity with GAAP. Revenues are recognized when they are both measurable and available. This differs from the full accrual basis primarily in how debt and capital are reported.

**Modified-Cash Basis of Accounting/Budgeting** - The basis utilized by the Borough of Mount Penn for its regulatory accounting and budgeting. Under this approach, revenues are generally recognized when cash is received, and expenditures are recognized when paid. This basis is prescribed by DCED and differs from GAAP.

**Operating Position** - A financial factor designed to indicate whether a municipality is breaking even (1.0), operating at a deficit (>1.0), or operating at a surplus (<1.0) by comparing operating expenditures to operating revenues.

**Proceeds of Asset Disposition** - Revenue generated from the sale of municipal property, such as used vehicles, old equipment, or borough-owned land, or compensation received from insurance claims for asset loss. It is considered a non-recurring income source.

**Revenue** - Money received as income, categorized by source (e.g., taxation, fees, fines, grants). In the DCED Chart of Accounts, revenues and other financing sources are assigned the 300-series account numbers.

**Restricted Fund Balance** - A GASB classification for funds whose use is constrained by external sources (creditors, grantors), or by laws/regulations imposed by other governments. Examples include dedicated tax levies like the Streetlight Tax Fund and grants like the Liquid Fuels Fund.

**Special Revenue Fund** - A governmental fund established to account for the proceeds of specific revenue sources (e.g., dedicated taxes or grants) that are legally restricted to finance specific activities. Mount Penn utilizes the Street Light Fund, Fire Fund, Ambulance Fund, and State Liquid Fuels Fund as Special Revenue Funds.

**Structural Deficit** - A deficit that exists due to an underlying, long-term imbalance in government revenues and expenditures (recurring expenditures exceed recurring revenues). This issue cannot be resolved by cyclical economic improvements but requires explicit policy changes, such as spending reductions or tax increases.

**Unassigned Fund Balance** - The residual classification of fund balance, which is exclusive to the General Fund. This classification represents funds that have not been restricted, committed, or assigned to a specific purpose. The Borough views this balance as a public trust that should be handled responsibly.

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## Appendices

The appendices included in this budget document provide the supporting materials, reference policies, and data tables that expand upon the primary budget narrative. They are intended to enhance transparency, demonstrate regulatory compliance, and show the alignment between Mount Penn Borough's financial practices and recognized best standards for public budgeting and reporting.

Each appendix draws directly from the Borough's working financial records, adopted policies, and planning documents. Data tables were **exported directly from QuickBooks** and merged into **Adobe Acrobat** for uniform presentation, ensuring that the figures reflect the same accounting basis as the Borough's operational system. Policies and programmatic materials were developed in accordance with the **Pennsylvania Department of Community and Economic Development (DCED)** Chart of Accounts and **Government Finance Officers Association (GFOA)** standards for distinguished budget presentation.

Together, these appendices—ranging from debt amortization schedules and fund balance compliance certifications to capital planning timelines and full line-item budgets—provide the technical foundation of the CY 2026 Budget. They serve as both an audit-ready reference and a public transparency tool, documenting the Borough's commitment to fiscal integrity, regulatory alignment, and professional budgeting practices consistent with its long-term strategic goals.

## Appendix A - Debt Use and Service

The Borough of Mount Penn borrowed a loan from the Pennsylvania Infrastructure Bank (PIB) in 2015 for the purpose of improving local infrastructure. The amount of that loan was \$421,500. In 2022, the Borough borrowed another loan which paid off the balance of the PIB Loan, the remaining balance was \$141,147.09, and provided loan proceeds to the Borough for upcoming major projects and support for the Central Berks Regional Police Department.

The 2022 Loan was borrowed from M&T Bank and qualified for tax-exempt status, which had a 3.50% interest rate. The loan was a ten-year loan with 120 payments and a monthly payment of \$3,700.47 which are paid by ACH automatically during the first week of the month. The loan's opening occurred in April 2022 and will end in April 2032. The table below depicts the Borough's use of funds since the loan's origination. Also included below is a summary table of the current amortization schedule.

Date	Recipient	Purpose	Amount
<b>7/01/2022</b>		<b>Total Loan Proceeds:</b>	<b>\$231,493.65</b>
9/08/2022	Barrasso Excavation	2022 Glen Terrace Repairs	\$ 74,037.60
9/20/2022	U.S. Municipal Supply	Procurement of Vacuum Leaf Loader	\$ 79,000.00
7/19/2023	CMS, Inc.	Krafczek Streambank Restoration	\$ 29,325.27
1/31/2025	Mt. Penn General Fund	Reimbursement of Police Expenses	\$ 49,130.78
9/30/2025		Total Loan Proceeds Used:	\$231,387.91
		Accrued Interest:	\$1,123.92
		<b>Remaining Funds for Use:</b>	<b>\$1,018.18</b>

### Current Amortization Schedule

Year	Principal	Interest	Outstanding Balance
<b>Accrued by 2025 (est.)</b>	<b>\$112,938.03</b>	<b>\$39,107.86</b>	<b>\$260,346.97</b>
<b>2026</b>	\$35,745.52	\$8,660.12	\$224,601.45
<b>2027</b>	\$37,034.81	\$7,370.83	\$187,566.64
<b>2028</b>	\$38,352.50	\$6,053.14	\$149,214.14
<b>2029</b>	\$39,753.95	\$4,651.69	\$109,460.19
<b>2030</b>	\$41,187.84	\$3,217.80	\$68,272.35
<b>2031</b>	\$42,673.43	\$1,732.21	\$25,598.92
<b>2032</b>	\$25,903.29	\$304.37	\$0.00
<b>Total:</b>	<b>\$373,589.37</b>	<b>\$71,098.02</b>	<b>\$444,687.39</b>

## Appendix B - Fund Balance Policy Compliance Certification

Mount Penn Borough Council  
200 N. 25<sup>th</sup> Street  
Reading, PA 19606

Dear Mt. Penn Borough Council,

I, Hunter L. Ahrens, certify that the Annual Budget submission required to be submitted to Borough Council under Ordinance 890, entitled Creating the Office of the Borough Manager, is in full compliance with Policy 002, entitled Fund Balance Policy. Specifically, the following has been confirmed for each fund, and the specific references herein are met:

- Restricted Fund Balances have not been allocated for impermissible uses.

  - Complies with Letter B. Restricted Fund Balance.*
- Identifies the Minimum Municipal Obligation (MMO) as a Committed Fund Balance.

  - Complies with Letter C. Committed Fund Balance, Paragraph b.*
- General Fund maintains a Committed Fund Balance of 15.00%, equivalent to anticipated expenses for the budget year. *Complies with Letter C. Committed Fund Balance, Paragraph c.*

**The General Fund Balance maintains a 15.00% equivalent, however the anticipated costs in January, February, and March, prior to taxes coming into the Borough exceed a \$300,000.00 net loss. This essentially leaves +/- \$100,000.00 in the bank at the end of this period to maintain.**

  -
- I recommend working with a local bank, such as First National Bank (our current depository) to secure a Tax Revenue Anticipation Note that would allow the Borough to borrow on a short-term basis (repaid within the same year) up to \$300,000.00 in order to cash flow those first three months without effecting the Borough's 15.00% reserve.
- General Fund does not maintain a Committed Fund Balance of 15.00%, equivalent to anticipated expenses for the budget year. I have included a proposal to meet the 15.00% requirement in three years. *Complies with Letter C. Committed Fund Balance, Paragraph c.*

  -
- Other Fund Balances maintain a Committed Fund Balance of less than or equal to 15.00%, equivalent to anticipated revenues by the budget year. *Complies with Letter C. Committed Fund Balance, Paragraph d.*

  -
- Other Fund Balances do not maintain a Committed Fund Balance of less than or equal to 15.00% equivalent to anticipated revenues by the budget year. I have included a proposal to meet that obligation. *Complies with Letter C. Committed Fund Balance, Paragraph d.*

  -

The Solid Waste Fund would require a \$91,674.12 Fund Balance, which the restricted fund balance includes in what the Solid Waste Fund. However, those funds include money loaned by the General Fund to the Solid Waste Fund, which may be required to be paid back. Therefore, the Borough Council should consider increasing the Solid Waste Fee this next year in order to raise the base fund balance to resolve the General Fund loan and build a sustainable 15% Fund Balance.

Additionally, a 15% Fund Balance for the Solid Waste Fund will not sufficiently cover the first three months of the calendar year; the required year-end balance should be reviewed.

The policy's provisions are marked above, and those items not otherwise specified comply with the Mount Penn Borough Fund Balance Policy.

Sincerely,

First and Last Name  
Borough Manager



## Borough of Mount Penn

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November 25, 2025

### Appendix C - CY 2026 Budget Development Timeline

Mt. Penn Borough Council  
200 N. 25<sup>th</sup> Street  
Reading, PA 19606

Mr. Mayor and Borough Council,

For the Calendar Year (CY) 2026 Budget, the following outline is my proposal for constructing, reviewing, and adopting a budget.

1. September 30, 2025
  - a. The Manager has submitted a proposed budget for the General Fund, Fire Tax Fund, EMS/Ambulance Fund, Street Light Fund, Solid Waste Fund, Liquid Fuels Fund, and a Capital Improvement Fund.
  - b. The Chief of Police should submit a draft budget (which may be revised in October) to include in the draft budget provided on September 30, 2025.
  - c. The Manager has reviewed the proposed budgets with Borough Staff and submitted the reviewed product for the Borough Council's consideration.
2. October 17, 2025
  - a. The Finance Committee has met to review the budget proposal and has requested changes from the Manager or has agreed to highlight specific expenses or revenues for a Council discussion.
3. October 21, 2025
  - a. The Manager has submitted the revised (if applicable) to the Council for discussion at the Workshop meeting.
  - b. Borough Council discusses General Fund Highlights identified by the Finance Committee, an Overview of the General Fund budget, and other specific points of Interest. The Manager will revise (if applicable) it based on that discussion.
  - c. Borough Council reviews Other Funds and shares any concerns. Manager will revise if applicable.
4. November 18, 2025
  - a. The Manager has resubmitted (if applicable) the General Fund budget from the prior meeting.
  - b. Borough Council reviews discuss Highlights, Overviews, and points of Interest. The Manager will make applicable changes.

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- c. Borough Council reviews Other Funds and shares any concerns. The Manager will revise if applicable.

5. November 25, 2025

- a. The Manager has resubmitted (if applicable) the General Fund budget from the prior meeting.
- b. Borough Council reviews all Funds and approves for advertisement with any amendments discussed and approved at the November meeting.

6. December 16, 2025 (or Another date for Business Meeting)

- a. Final Budget has been advertised and adopted.

Sincerely,

Hunter L. Ahrens, MPA, SHRM-SCP  
Borough Manager



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## Appendix D - CY 2027 Budget Development Timeline

The development of the CY 2027 Budget will follow a structured, year-round timeline designed to strengthen financial planning, improve transparency, and fully meet the GFOA Distinguished Budget Award criteria.

This schedule incorporates outstanding deliverables from the CY 2026 budget—such as refined program descriptions, performance metrics, cost-allocation clarifications, strategic goal integration, and enhanced fund-level analysis—so that the 2027 budget is a polished, award-ready document. The process emphasizes early data collection, Council workshopping, community input, operational alignment, and comprehensive documentation.

### January – March 2026: Foundation & Prior-Year Closeout

In the first quarter, the Borough completes CY 2025 closeout work, finalizes CY 2026 implementation documents, and begins preliminary planning for CY 2027.

#### *Deliverables & Targets*

- Compile CY 2025 year-end financials and prepare for external CPA certified audit.
- Review outstanding GFOA budget documentation items, including:
  - Expanded fund narratives and crosswalks
  - Updated performance measures for each program area
  - Refined cost-allocation tables (insurance, fleet, IT, admin overhead)
  - Updated strategic plan integration across funds
- Launch internal review meetings with department heads.
- Prepare a documented Budget Calendar and share with Council and staff.
- Initiate long-term financial projection updates through 2032.

### April – June 2026: Strategic Planning, Capital Forecasting & Operational Requests

The second quarter focuses on linking strategic goals to budget development and building the foundation of major operating and capital requests.

#### *Deliverables & Targets*

- Review and reaffirm the Borough's **Strategic Goals & Program Areas** and map them to GFOA criteria.

- Develop the **Capital Improvement Program (CIP)** for 2027–2032, including:
  - Street reconstruction schedule
  - Equipment replacement cycle
  - Facility maintenance and police station capital planning
- Complete personnel cost projections using updated union contract and handbook provisions.
- Begin initial requests from departments for operating changes or new initiatives.
- Develop preliminary **revenue forecasts** (EIT, LST, real estate, fees, liquid fuels).
- Coordinate with Central Berks Regional Police Commission on cost projections.
- Confirm assumptions for: inflation, wage growth, fuel costs, utilities, insurance, and debt service.

### **July – August 2026: Preliminary Budget Construction**

During midsummer, staff assembles the first working drafts of the CY 2027 budget, including GFOA-required narrative components.

#### *Deliverables & Targets*

- Prepare the First Draft Baseline Budget:
  - Revenues by fund
  - Expenditures by fund and program
  - Multi-year forecasting tables
- Identify operational pressures and potential deficits.
- Integrate all outstanding items into the 2027 narrative framework, including:
  - Program descriptions
  - Performance metrics for each department
  - Workload indicators for police, codes, and public works
  - Fund relationship explanations and interfund transfers
- Produce the first draft of supplemental GFOA materials:
  - Budget overview section
  - Organizational chart
  - Fund structure explanation
  - Financial policies (updated and codified)
  - Budget process explanation

### **September 2026: Council Workshops & Public Communication Preparation**

The Borough conducts structured workshops to refine policy decisions and prepare the public engagement materials.

#### *Deliverables & Targets*

- Presentation of the First Budget Workshop with Borough Council.
- Solicit direction on tax rates, capital priorities, and staffing levels.
- Create visual budget communication tools (pie charts, waterfall charts, multi-fund operating deficit analysis).
- Integrate Council guidance into the Second Draft Budget.
- Begin drafting GFOA-required sections:
  - Long-term financial plan narrative
  - Strategic goals and program alignment
  - Departmental accomplishments and objectives
- Prepare initial public-facing summary materials for fall outreach.

#### **October 2026: Final Drafting & GFOA Compliance Completion**

October is dedicated to finalizing the proposed budget, ensuring the GFOA Distinguished Budget Award requirements are fully met.

#### *Deliverables & Targets*

- Release Proposed Budget for CY 2027.
- Complete all GFOA-standard sections:
  - Executive Summary
  - Financial Summaries
  - Strategic Alignment
  - Departmental Program Pages
  - Performance Measures
  - Capital Program Section
  - Fund Policies & Financial Policies
  - Budget Overview & Process
- Finalize updated maps, charts, tables, and narratives for clarity.
- Cross-check the document against the GFOA Checklist and Mount Penn's internal improvement log.
- Distribute proposed budget to Council and post online for public review.

#### **November – December 2026: Adoption, Publication & Submission Preparation**

In the final stretch, the Borough shepherds the budget through adoption, produces the final GFOA-ready document, and prepares formal submission.

#### *Deliverables & Targets*

- Hold official **public hearings** on the proposed budget and any potential tax levy.

- Council adoption of the CY 2027 Budget Resolution.
- Finalize the Budget-in-Brief for residents.
- Complete all document formatting, citations, graphics, and indexing.
- Submit the final CY 2027 Budget Document for the GFOA Distinguished Budget Award by the established deadline.



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November 25, 2025

### Appendix E - Waste and Recycling Disposal

#### Market Analysis – CY 2026 Budget

The Borough Council of Mount Penn Borough indicated their preference for the CY 2026 Proposed Budget to include an increased refuse charge to offset the full cost of the publicly bid contract for municipal trash, recycling, and yard waste removal services. This analysis utilizes public sources of information and details methodology for the information assembled.

Year	Trash Service (Unit \$)	Recycling Service (Unit \$)	Yard Waste Service (Unit \$)	Total Per Unit
CY 2024	\$ 273.36	\$ 110.64	\$ 35.52	\$ 419.52
CY 2025	\$ 284.76	\$ 115.20	\$ 36.96	\$ 436.92
CY 2026	\$ 297.00	\$ 120.24	\$ 38.52	\$ 455.76

Market analysis was conducted with two primary methods; comparison of municipal collections and comparison of private collections. The review of municipal collections included reviewing municipal rates and service for Hamburg Borough, Kenhorst Borough, Mount Penn Borough, City of Reading, Sinking Spring Borough, Spring Township, and Wyomissing Borough. The cost of these services is included in the table below.

Municipality	Service	Company	Cost
Hamburg	Trash	J.P. Mascaro	\$ 261.50
Kenhorst	Trash	Whitetail	\$ 262.00
Mount Penn	Trash	J.P. Mascaro	\$ 284.76
Reading	Trash	J.P. Mascaro	\$ 265.08
Sinking Spring	Trash	Whitetail	\$ 260.00
Spring	Trash	J.P. Mascaro	\$ 265.00
Wyomissing	Recycl., Trash, Yard	J.P. Mascaro	\$ 575.00

To evaluate whether municipal contracts are benefitting residents, the primary factor must be the total cost to residents. In order to review that question, an address in the Reading, PA 19606 zip code was utilized to get quotes from several local companies as to what the cost would be for trash collection. Six companies that were identified for comparison; AJ Blosenski, Casella

(Whitetail), Hollenbaugh's, Jax, JP Mascaro, and Mountz. The identified costs show that the Borough's extended cost for trash collection is below each of those company's costs for trash collection.

Company Name	Service	Invoice Amount	Increment	Extended Price
A.J. Blosenski	Trash	\$ 110.00	Quarterly	\$ 440.00
Casella	Trash	\$ 75.00	Quarterly	\$ 300.00
Hollenbaugh's	Trash	\$ 35.00	Monthly	\$ 420.00
Jax	Trash	\$ 99.96	Quarterly	\$ 399.84
J.P. Mascaro	Trash	\$-	-	\$-
Mount Penn	Trash	\$ 284.76	Annual	\$ 284.76
Mountz	Trash	\$ 33.00	Monthly	\$ 396.00

Additional areas for review should include the extended price for recycling and yard waste collection services to understand the impact on the total bid cost for residents for those services. Bulk items are another area that could do with greater analysis to understand if there are cost differences between these municipalities or organizations. The Borough's curbside collection occurs bi-weekly and this may also be an area to understand the total cost implications as many other municipalities provide only weekly collections.



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November 25, 2025

## Appendix F – GFOA Award Requirements

Included here is a comprehensive, GFOA-aligned review of your budget presentation (including the draft budget presentation, narrative components, fund summaries, and your Manager's Budget Message). This evaluation identifies what needs refinement and what must be added in order to achieve an award-winning GFOA Distinguished Budget Presentation Award for CY 2027.

### 1. GFOA CATEGORY: POLICY DOCUMENT

*A budget that clearly states policy direction, priorities, and alignment with strategic plans.*

#### A. Explicit Connection Between Strategic Goals and Budget Decisions

GFOA requires a clear link between:

- Each fund → its primary objectives
- Each department → program goals
- Each program → strategic goals
- Budget decisions → how resources advance those goals

You need:

- A table or matrix showing **strategic goals vs. program areas**
- Narrative in each program area explaining **how line items support objectives**

#### B. Clear Budget Calendar

Your internal timeline is strong, but GFOA requires it **visibly inside the budget document**.

#### C. Organizational Chart

Include a visual org chart reflecting:

- Elected governance structure
- Appointed officials
- Departments/programs
- Reporting relationships

#### D. Financial Policies Section

You should include a dedicated policy section covering:

- Fund balance policy
- Reserve policy

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- Capital asset policies
- Debt management policies
- Investment policies
- Budget amendment policy
- Forecasting assumptions

You already use many of these internally – but GFOA requires them published directly in the document.

## 2. GFOA CATEGORY: FINANCIAL PLAN

*A multi-year financial perspective with clear fund summaries and forecasting.*

### A. Required: Five-Year Forecast for All Major Funds

You mention future challenges, but you must include **actual tables** showing projected:

- Revenues (5 years)
- Expenditures (5 years)
- Fund balance impacts

GFOA requires explicit forecasts—not narrative alone.

### B. Required: Description of Capital Improvement Program (CIP)

You discuss it, but for award eligibility you need:

- A separate CIP section
- 5–6 year project list
- Project priority ranking
- Funding sources
- Operating impacts of capital projects
- Map or geographic description (optional but strengthens score)

### C. Required: Explanation of Key Financial Trends

You have strong narrative, but you should include visuals showing:

- Historic property tax revenue (10-year lookback ideal)
- Personnel cost increases
- Public safety cost increases
- Healthcare/pension inflation
- Solid Waste Fund operational imbalance

## 3. GFOA CATEGORY: OPERATIONS GUIDE

*A budget that explains what departments do, what services they deliver, and how performance is measured.*

## **A. Department / Program Structure Pages**

Each should include:

- Mission statement
- Services provided
- Workload indicators
- Performance measures (inputs, outputs, efficiency, outcomes)
- Organizational chart for the department (simple diagram OK)
- 3–5 year historical spending (graph required)
- Current year budget summary

This is the area where most municipalities fail the application.

## **B. Performance Measures**

You have narrative-level performance expectations, but GFOA requires measurable metrics, such as:

- Police: Calls for service, response times, clearance rates
- Codes: Number of inspections, violations, abatements
- Streets: Miles paved, tonnage of materials, snow events handled
- Admin: Permit processing times, Treasury reporting accuracy

If needed, we can create starter metrics.

## **4. GFOA CATEGORY: COMMUNICATIONS DEVICE**

*A budget that is readable, accessible, visually intuitive, and well organized.*

### **A. Required: Reader's Guide / "How to Use This Document"**

This section must be prominently placed.

### **B. Required: Borough & Community Profile Section**

This should include:

- History of Mount Penn
- Population, income, demographics
- Commuting patterns
- Housing stock and median values
- School district information
- Regional services and partnerships

### **C. Required: Fund Structure Diagram**

A clear hierarchical chart showing:

- Governmental Funds
- Proprietary Funds
- Fiduciary Funds (if any)
- How your seven funds are categorized

#### **D. Required: Glossary of Terms**

- Fund balance
- Revenues/expenditures
- Enterprise vs governmental funds
- CBA terms
- Reserve terminology

#### **Summary of What You Need to Add to Win the GFOA Award**

- Community Profile section
- Financial Policies section
- Capital Improvement Plan (CIP) with operating impacts
- Five-Year Forecast (revenues, expenditures, fund balance)
- Departmental program pages with metrics
- Fund structure diagram
- Glossary
- Clear link between goals → programs → spending decisions

#### **Medium Priority (Strongly Helps)**

- Charts/visuals of major trends
- Workload vs performance indicators
- Multi-year historical spending charts per department
- Enhanced narrative about regional partnerships
- Clear, reader-friendly formatting

#### **Optional (But Polishes Your Application)**

- Visual map of capital projects
- Description of major accomplishments from prior year



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November 25, 2025

## Appendix G – Line-Item Budgets

This appendix provides the full All Funds Budget Summary for the Borough of Mount Penn for Calendar Year 2026, as prepared directly from the Borough's QuickBooks accounting system. Each fund—General, Street Light, Fire, EMS, Solid Waste, Capital Improvement, and Liquid Fuels—is presented in its own Profit & Loss Budget Overview report, reflecting a cash-basis format for revenues and expenditures from January through December 2026.

The reports were exported from QuickBooks and merged into Adobe Acrobat to form this consolidated document for Council review and public reference. This format ensures full transparency between the Borough's working financial model in QuickBooks and the adopted annual budget, capturing the detailed line items that support each fund's operating totals. Together, these reports illustrate the Borough's comprehensive financial outlook across all operating and restricted funds and provide the underlying data supporting the summary tables presented in the main budget narrative.

### Budget Amendments from November 18, 2025

The Borough Council discussed budget requests regarding specific expenditures and corresponding revenue. From that discussion, consensus approved three revisions reflected in the line-item budgets herein.

1. General Fund Amendment 1 – Increase of \$22,762.34 in Police Pension Levy from 1.00 mills to 1.25 mills.
2. General Fund Amendment 2 – Increase of \$22,762.34 in Police Pension Expenditures to offset agreed increase in Police Expenses.
3. General Fund Amendment 3 – Increase of \$3,000.00 for cultural expenses to support the Antietam Pool and AVRCC in their effort to maintain the Carsonia Park grounds per lease agreement with the Mount Penn Borough Municipal Authority (Water Authority).

Mount Penn Borough  
All Funds Budget - Proposed Summary

Calendar Year 2026  
Date: 11/24/2025

<b>General Fund (01)</b>		<b>Street Light Tax Fund (02)</b>		<b>Fire Tax Fund (03)</b>		<b>EMS Tax Fund (04)</b>	
Dec. 31, 2025	\$ 524,411.64	Dec. 31, 2025	\$ 31,124.83	Dec. 31, 2025	\$ 1,000.00	Dec. 31, 2025	\$ 1,000.00
2026 Revenue	\$ 2,943,480.58	2026 Revenue	\$ 38,129.75	2026 Revenue	\$ 163,861.41	2026 Revenue	\$ 46,864.69
2026 Expend.	\$ 2,942,019.42	2026 Expend.	\$ 38,400.00	2026 Expend.	\$ 162,861.41	2026 Expend.	\$ 45,864.69
Operatig Diff.	\$ 1,461.16	Operatig Diff.	\$ (270.25)	Operatig Diff.	\$ 1,000.00	Operatig Diff.	\$ 1,000.00
Dec. 31, 2026	\$ 525,872.80	Dec. 31, 2026	\$ 30,854.58	Dec. 31, 2026	\$ 2,000.00	Dec. 31, 2026	\$ 2,000.00

<b>Solid Waste Fund (05)</b>		<b>Capital Fund (30)</b>		<b>Liquid Fuels Fund (35)</b>		<b>All Funds</b>	
Dec. 31, 2025	\$ 131,931.49	Dec. 31, 2025	\$ 379,142.22	Dec. 31, 2025	\$ 69,807.43	Dec. 31, 2025	\$ 1,138,417.61
2026 Revenue	\$ 642,806.40	2026 Revenue	\$ 153,400.00	2026 Revenue	\$ 85,110.00	2026 Revenue	\$ 4,073,652.83
2026 Expend.	\$ 611,160.80	2026 Expend.	\$ 490,000.00	2026 Expend.	\$ 120,500.00	2026 Expend.	\$ 4,410,806.32
Operatig Diff.	\$ 31,645.60	Operatig Diff.	\$ (336,600.00)	Operatig Diff.	\$ (35,390.00)	Operatig Diff.	\$ (337,153.49)
Dec. 31, 2026	\$ 163,577.09	Dec. 31, 2026	\$ 42,542.22	Dec. 31, 2026	\$ 34,417.43	Dec. 31, 2026	\$ 801,264.12

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Cash Basis

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

Jan - Dec 26

**Income****300.00 · Revenue**

301.00 · Real Estate Property Taxes	
301.10 · Current Real Estate Levy	1,224,614.11
301.12 · Police Pension Real Estate Levy	113,811.72
301.20 · Prior Year Real Estate Levy	20,000.00
301.22 · Police Pension Prior Year Levy	0.00
301.40 · Delinquent Real Estate Tax	40,000.00
301.42 · Police Pension Delinquent	0.00
301.60 · Real Estate Levy Interims	1,000.00
301.62 · Police Pension Interims	0.00

<b>Total 301.00 · Real Estate Property Taxes</b>	1,399,425.83
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**310.00 · Local Tax Enabling Act Taxes**

310.01 · Per Capita Tax	0.00
310.10 · Real Estate Transfer Tax	80,000.00
310.21 · Earned Income Tax	492,013.00
310.36 · Business Privilege Tax	78,000.00
310.50 · Local Services Tax	60,006.00
310.80 · Berks EIT Excess 511 Tax Income	5,000.00

<b>Total 310.00 · Local Tax Enabling Act Taxes</b>	715,019.00
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**321.00 · Business Licenses and Permits**

321.45 · Business Privilege Licenses	500.00
321.60 · Occupational Licenses	1,000.00
321.61 · Transient Retailer Permit	300.00
321.80 · Cable Television Franchise	28,000.00

<b>Total 321.00 · Business Licenses and Permits</b>	29,800.00
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**322.00 · Non-Business Licenses & Permits**

322.30 · Driveway Permit	150.00
322.50 · Street Opening Permit	1,250.00
322.83 · Dumpster or Storage Use Permit	500.00
322.84 · Handicap Parking Permits	750.00

<b>Total 322.00 · Non-Business Licenses &amp; Permits</b>	2,650.00
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**330.00 · Forfeits**

330.10 · Cancelled Permit Fees	0.00
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<b>Total 330.00 · Forfeits</b>	0.00
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**331.00 · Fines**

331.10 · District Magistrate Fines	2,000.00
331.11 · Vehicle Code Violations	10,000.00
331.12 · Local Ordinance Fines	5,000.00
331.13 · Common Pleas Court Fines	500.00
331.14 · Parking Violations	2,000.00
331.15 · Code Enforcement Violations	0.00

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Cash Basis

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>Total 331.00 · Fines</b>	19,500.00
<b>341.00 · Interest Earnings</b>	
341.01 · Interest on GF Checking	250.00
341.02 · Interest on GF Savings	500.00
341.03 · Investment Dividends	24,000.00
341.04 · Investment Dividends on CDs	4,000.00
<b>Total 341.00 · Interest Earnings</b>	28,750.00
<b>342.00 · Rent and Royalties</b>	
342.20 · Rent for Municipal Building	33,000.00
<b>Total 342.00 · Rent and Royalties</b>	33,000.00
<b>354.00 · State Grants</b>	
354.15 · Recycling Grants	0.00
354.18 · Multimodal Transportation Grant	144,438.52
354.20 · STMP Grant Proceeds	0.00
<b>Total 354.00 · State Grants</b>	144,438.52
<b>355.00 · State Shared Entitlements</b>	
355.01 · Public Utility Realty Tax	1,000.00
355.04 · Alcoholic Beverage Licenses	200.00
355.05 · State Pension Aid	14,000.00
355.07 · Foreign Fire Insurance Tax	12,500.00
355.08 · Local Share Grants	377,299.50
<b>Total 355.00 · State Shared Entitlements</b>	404,999.50
<b>359.00 · Payments in Lieu of Taxes</b>	
359.01 · Catholic Housing PILOT	11,429.47
<b>Total 359.00 · Payments in Lieu of Taxes</b>	11,429.47
<b>361.00 · Zoning &amp; Subdivision Fees</b>	
361.30 · Subdivision & Land Dev. Fees	0.00
361.33 · Zoning Permit	3,000.00
361.34 · Hearing Fees	3,000.00
361.42 · Stormwater Plan Review Fee	0.00
361.50 · Sale of Municipal Publications	0.00
<b>Total 361.00 · Zoning &amp; Subdivision Fees</b>	6,000.00
<b>362.00 · Public Safety Fees</b>	
362.40 · Building Permits	40,000.00
362.42 · Electrical Permit	8,000.00
362.43 · Plumbing Permits	12,000.00
362.45 · Transfer and U&O Fees	15,000.00
362.47 · HVAC Permit	12,000.00
362.51 · Rental Property Program	
362.511 · Rental Registration Current	52,000.00
362.512 · Rental Registration Prior Years	500.00

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Cash Basis

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>362.513 · Rental Unit Change of Tenant</b>	500.00
<b>Total 362.51 · Rental Property Program</b>	53,000.00
<b>362.53 · Vacant Property Registration</b>	1,000.00
<b>362.85 · Permit Re-Inspection Fees</b>	0.00
<b>Total 362.00 · Public Safety Fees</b>	141,000.00
<b>363.00 · Highway and Streets Revenue</b>	
363.10 · Repairs to Curbs and Sidewalks	600.00
363.34 · Street Crew Reimbursable Work	800.00
363.51 · Contracted Snow Removal	6,068.26
363.55 · Street Signage Reimbursement	0.00
<b>Total 363.00 · Highway and Streets Revenue</b>	7,468.26
<b>364.00 · Sanitation</b>	
364.30 · Solid Waste Collection Fees	0.00
364.50 · Sale of Recyclable Materials	0.00
<b>Total 364.00 · Sanitation</b>	0.00
<b>389.00 · Unclassified Operating Revenue</b>	0.00
<b>391.00 · Proceeds of Asset Disposition</b>	
391.20 · Insurance Claim on Assets	0.00
391.21 · Compensation Claim for Assets	0.00
<b>Total 391.00 · Proceeds of Asset Disposition</b>	0.00
<b>392.00 · Interfund Transfer(s)</b>	0.00
<b>395.00 · Refund of Prior Year Expense</b>	0.00
<b>Total 300.00 · Revenue</b>	2,943,480.58
<b>Total Income</b>	2,943,480.58
<b>Expense</b>	
<b>400.00 · Expenditures</b>	
<b>400.01 · Governing Body</b>	
400.05 · Borough Council Pay	13,125.00
400.06 · Borough Mayor Pay	2,500.00
400.08 · Controller	60.00
400.10 · Recording Secretary Wage	0.00
400.42 · Dues or Memberships	2,000.00
<b>Total 400.01 · Governing Body</b>	17,685.00
<b>401.00 · Borough Manager</b>	
401.10 · Borough Manager Salary	87,986.00
401.19 · Borough Manager Retirement	8,798.60
401.35 · Borough Manager Bond	2,100.00
<b>Total 401.00 · Borough Manager</b>	98,884.60

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>402.00 · Financial Administration</b>	
<b>402.310 · Auditing Services</b>	12,500.00
<b>402.311 · Bookkeeping Services</b>	0.00
<b>402.312 · Strategic Planning Services</b>	0.00
<b>402.313 · Pension Actuarial Services</b>	0.00
 <b>Total 402.00 · Financial Administration</b>	 12,500.00
 <b>403.00 · Tax Collector</b>	
<b>403.05 · Tax Collector Wages</b>	32,000.00
<b>403.34 · Printing Expenses</b>	520.00
<b>403.35 · Tax Collector Bond</b>	0.00
 <b>Total 403.00 · Tax Collector</b>	 32,520.00
 <b>404.00 · Legal Services</b>	
<b>404.31 · Solicitor Services</b>	18,000.00
<b>404.32 · Labor Counsel Services</b>	2,000.00
 <b>Total 404.00 · Legal Services</b>	 20,000.00
 <b>405.00 · Borough Office Personnel</b>	
<b>405.12 · Office FT Compensation</b>	
<b>405.121 · Secretary Regular Wages</b>	45,968.00
<b>405.122 · Office Leave Time</b>	6,032.00
<b>405.123 · Office Sick Leave</b>	2,080.00
<b>405.128 · Office Overtime</b>	0.00
<b>405.129 · Office Compensatory Wages</b>	1,040.00
 <b>Total 405.12 · Office FT Compensation</b>	 55,120.00
<b>405.14 · Office PT Compensation</b>	0.00
 <b>Total 405.00 · Borough Office Personnel</b>	 55,120.00
 <b>406.00 · General Administration</b>	
<b>406.21 · Office Supplies</b>	1,200.00
<b>406.23 · Postage</b>	4,000.00
<b>406.33 · Mileage Reimbursements</b>	500.00
<b>406.34 · Public Advertising</b>	3,000.00
<b>406.39 · Bank Services or Fees</b>	500.00
<b>406.46 · Continuing Education Expenses</b>	4,000.00
<b>406.49 · Reimbursements to Community</b>	500.00
<b>406.53 · Dues, Subscripts. &amp; Memberships</b>	2,000.00
 <b>Total 406.00 · General Administration</b>	 15,700.00
 <b>407.00 · Information Technology Services</b>	
<b>407.26 · Minor IT Equipment</b>	250.00
<b>407.27 · Software</b>	
<b>407.271 · Accounting Software</b>	1,650.00
<b>407.272 · Payroll Software</b>	3,200.00
<b>407.273 · Document Editing Software</b>	2,000.00
<b>407.274 · Virtual Meeting Software</b>	500.00

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
407.275 · Survey Software	0.00
407.276 · Codes and Public Works Software	0.00
<b>Total 407.27 · Software</b>	<b>7,350.00</b>
407.31 · IT Professional Services	500.00
407.32 · Communication Expenses	
407.321 · Telephone Charges	2,400.00
407.322 · Email Service	1,543.80
407.323 · Website Hosting	750.00
407.324 · Wireless Phone Charges	1,700.00
<b>Total 407.32 · Communication Expenses</b>	<b>6,393.80</b>
407.74 · Capital Equipment Purchases	0.00
<b>Total 407.00 · Information Technology Services</b>	<b>14,493.80</b>
408.00 · Engineering Services	
408.31 · Professional Engineering Fees	30,000.00
<b>Total 408.00 · Engineering Services</b>	<b>30,000.00</b>
409.00 · Building & Grounds	
409.25 · Building Supplies	6,000.00
409.317 · Cleaning Service	4,320.00
409.318 · Pest Control Service	500.00
409.36 · Building Utilities	
409.361 · Gas for Buildings	4,500.00
409.362 · Electric for Buildings	6,500.00
409.366 · Water for Buildings	600.00
409.367 · Internet for Buildings	2,000.00
<b>Total 409.36 · Building Utilities</b>	<b>13,600.00</b>
409.37 · Repair & Maintenance Services	3,000.00
409.60 · Capital Construction	0.00
409.75 · Minor Capital Purchases	0.00
<b>Total 409.00 · Building &amp; Grounds</b>	<b>27,420.00</b>
410.00 · Police Services	
410.24 · Supplies for PD	0.00
410.26 · Reimbursed Supplies for PD	0.00
410.45 · 911 Dispatching Services	26,700.00
410.46 · Police Pension MMO Contribution	124,416.50
410.53 · Regional Department Subsidy	1,267,020.36
<b>Total 410.00 · Police Services</b>	<b>1,418,136.86</b>
411.00 · Fire Services	
411.15 · Fire PT Staff Compensation	
411.150 · Fire Marshal Wages	600.00

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Cash Basis

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>Total 411.15 · Fire PT Staff Compensation</b>	600.00
411.24 · General Operating Supplies	0.00
411.45 · 911 Dispatching Services	0.00
411.54 · Foreign Fire Insurance Payment	<u>12,500.00</u>
<b>Total 411.00 · Fire Services</b>	<b>13,100.00</b>
412.00 · Ambulance & EMS Services	
412.45 · 911 Dispatching Services	<u>8,000.00</u>
<b>Total 412.00 · Ambulance &amp; EMS Services</b>	<b>8,000.00</b>
413.00 · UCC & Code Enforcement	
413.15 · Code Inspectors PT Compensation	
413.150 · Electrical Inspector Wages	3,200.00
413.151 · Plumbing Inspector Wages	19,200.00
413.152 · Property Inspector Wages	<u>9,750.00</u>
<b>Total 413.15 · Code Inspectors PT Compensation</b>	<b>32,150.00</b>
413.30 · SEO Contracted Services	0.00
413.31 · UCC & Codes Contracted Services	40,000.00
413.42 · UCC Building Permit Fees	450.00
413.53 · Regional Codes Department	<u>156,252.37</u>
<b>Total 413.00 · UCC &amp; Code Enforcement</b>	<b>228,852.37</b>
414.00 · Planning and Zoning	
414.310 · Zoning Officer Services	2,000.00
414.314 · Zoning Hearing Board Legal Fees	<u>5,000.00</u>
<b>Total 414.00 · Planning and Zoning</b>	<b>7,000.00</b>
415.00 · Emergency Management Expenses	
415.10 · Emergency Manager Wages	<u>600.00</u>
<b>Total 415.00 · Emergency Management Expenses</b>	<b>600.00</b>
419.00 · Other Public Safety Expenses	
419.15 · Crossing Guard Wages	<u>0.00</u>
<b>Total 419.00 · Other Public Safety Expenses</b>	<b>0.00</b>
422.00 · Vector Control	
422.45 · Animal Control Services	<u>5,260.00</u>
<b>Total 422.00 · Vector Control</b>	<b>5,260.00</b>
427.00 · Solid Waste Collection	
427.45 · Waste Removal Contract	
427.451 · Waste Collection	0.00
427.452 · Recycling Collection	0.00
427.453 · Leaf & Brush Collection	<u>0.00</u>

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Cash Basis

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>Total 427.45 · Waste Removal Contract</b>	<b>0.00</b>
<b>Total 427.00 · Solid Waste Collection</b>	<b>0.00</b>
<b>430.00 · Road Services Administration</b>	
<b>430.12 · Road Crew FT Compensation</b>	
<b>430.121 · Road Crew Regular Wages</b>	80,999.00
<b>430.122 · Road Crew Leave Wages</b>	16,246.00
<b>430.123 · Road Crew Sick Leave</b>	4,680.00
<b>430.128 · Road Crew Overtime</b>	0.00
<b>430.129 · Road Crew Compensatory Wages</b>	4,095.00
<b>Total 430.12 · Road Crew FT Compensation</b>	<b>106,020.00</b>
<b>430.14 · Road Crew PT Compensation</b>	14,400.00
<b>430.238 · Road Crew Uniforms</b>	2,400.00
<b>430.24 · Road Crew Operating Supplies</b>	3,000.00
<b>430.315 · CDL Random Drug Testing</b>	250.00
<b>430.33 · Fuel Purchases</b>	6,500.00
<b>430.38 · Rental Equipment &amp; Vehicles</b>	0.00
<b>430.42 · PA One Call Services</b>	500.00
<b>Total 430.00 · Road Services Administration</b>	<b>133,070.00</b>
<b>431.00 · Cleaning of Streets</b>	
<b>431.45 · Street Cleaning Services</b>	0.00
<b>Total 431.00 · Cleaning of Streets</b>	<b>0.00</b>
<b>433.00 · Traffic Control Devices</b>	
<b>433.24 · Street Signs</b>	500.00
<b>433.36 · Electric for Traffic Signals</b>	500.00
<b>Total 433.00 · Traffic Control Devices</b>	<b>1,000.00</b>
<b>435.00 · Sidewalks and Crosswalks</b>	
<b>435.67 · Crosswalk Improvements for ADA</b>	0.00
<b>Total 435.00 · Sidewalks and Crosswalks</b>	<b>0.00</b>
<b>436.00 · Storm Sewers &amp; Drains</b>	
<b>436.67 · Storm System Capital Work</b>	0.00
<b>Total 436.00 · Storm Sewers &amp; Drains</b>	<b>0.00</b>
<b>437.00 · Repairs of Tools &amp; Machinery</b>	
<b>437.24 · Vehicle Maintenance Supplies</b>	0.00
<b>437.26 · Small Tools &amp; Minor Equipment</b>	0.00
<b>437.37 · Repair and Maintenance Services</b>	0.00
<b>437.74 · Capital Equipment Purchase</b>	0.00
<b>Total 437.00 · Repairs of Tools &amp; Machinery</b>	<b>0.00</b>
<b>438.00 · Road Maintenance &amp; Repairs</b>	
<b>438.25 · Road Materials</b>	0.00

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Cash Basis

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>438.60 · Trees &amp; Plant Materials</b>	1,000.00
<b>Total 438.00 · Road Maintenance &amp; Repairs</b>	1,000.00
<b>439.00 · Road Construction</b>	
<b>439.45 · Other Services for Road Bid</b>	5,000.00
<b>439.66 · Contracted Professional Fees</b>	47,173.80
<b>439.67 · Contracted Construction Bid</b>	469,564.22
<b>Total 439.00 · Road Construction</b>	521,738.02
<b>445.00 · Permit Parking</b>	
<b>445.24 · Permit Parking Supplies</b>	500.00
<b>445.25 · Permit Parking Signs</b>	0.00
<b>Total 445.00 · Permit Parking</b>	500.00
<b>451.00 · Culture</b>	
<b>451.28 · Culture Expenses for Streets</b>	4,000.00
<b>Total 451.00 · Culture</b>	4,000.00
<b>471.00 · Debt Principal</b>	
<b>471.20 · Bank Loan Principal</b>	35,745.52
<b>471.35 · Ricoh Copier Lease</b>	1,051.00
<b>Total 471.00 · Debt Principal</b>	36,796.52
<b>472.00 · Debt Interest</b>	
<b>472.20 · Bank Loan Interest</b>	8,660.12
<b>472.35 · Ricoh Copier Lease Interest</b>	0.00
<b>Total 472.00 · Debt Interest</b>	8,660.12
<b>481.00 · Payroll Expenses</b>	
<b>481.10 · Social Security (FICA) Expenses</b>	22,191.10
<b>481.20 · Medicare Employer Contribution</b>	5,189.85
<b>481.30 · Unemployment Expenses</b>	3,394.89
<b>Total 481.00 · Payroll Expenses</b>	30,775.84
<b>483.00 · Pension Related Expenses</b>	
<b>483.30 · Defined Benefit Retirement</b>	22,196.00
<b>483.31 · Defined Contribution Retirement</b>	7,862.40
<b>Total 483.00 · Pension Related Expenses</b>	30,058.40
<b>484.00 · Personnel Insurances</b>	
<b>484.19 · Life &amp; Disability Insurances</b>	0.00
<b>Total 484.00 · Personnel Insurances</b>	0.00
<b>486.00 · Insurance, Casualty, and Surety</b>	
<b>486.20 · Property &amp; Casualty Insurance</b>	27,548.18

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Cash Basis

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

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	<b>Jan - Dec 26</b>
<b>486.70 · Workers Compensation Insurance</b>	<b>26,068.96</b>
<b>Total 486.00 · Insurance, Casualty, and Surety</b>	<b>53,617.14</b>
<b>487.00 · Health Insurance Benefits</b>	
<b>487.18 · Health Reimbursement Accounts</b>	3,000.00
<b>487.19 · Health Insurance Premiums</b>	112,530.75
<b>Total 487.00 · Health Insurance Benefits</b>	<b>115,530.75</b>
<b>492.00 · Interfund Transfer(s)</b>	<b>0.00</b>
<b>Total 400.00 · Expenditures</b>	<b>2,942,019.42</b>
<b>Total Expense</b>	<b>2,942,019.42</b>
<b>Net Income</b>	<b><b>1,461.16</b></b>

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Cash Basis

**Street Light Tax Fund**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>Income</b>	
300.00 · Revenue	
301.00 · Real Estate Property Taxes	
301.13 · Current Real Estate Taxes	36,419.75
301.23 · Prior Year Real Estate Tax	200.00
301.43 · Delinquent Real Estate Tax	760.00
	<hr/>
Total 301.00 · Real Estate Property Taxes	37,379.75
341.00 · Interest Earnings	
341.01 · Interest of Checking	0.00
341.05 · Dividends on Investments	750.00
	<hr/>
Total 341.00 · Interest Earnings	750.00
392.00 · Interfund Transfer(s)	0.00
395.00 · Refund of Prior Year Expense	0.00
	<hr/>
Total 300.00 · Revenue	38,129.75
<b>Total Income</b>	<b>38,129.75</b>
<b>Expense</b>	
400.00 · Expenditure	
406.00 · General Administration Expenses	0.00
430.00 · Road Services Administration	0.00
434.00 · Street Lighting	
434.36 · Street Lights Electric	38,400.00
434.00 · Street Lighting - Other	0.00
	<hr/>
Total 434.00 · Street Lighting	38,400.00
492.00 · Interfund Transfers	0.00
	<hr/>
Total 400.00 · Expenditure	38,400.00
<b>Total Expense</b>	<b>38,400.00</b>
<b>Net Income</b>	<b>-270.25</b>

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Cash Basis

**Fire Tax Fund**  
**Profit & Loss Budget Overview**  
January through December 2026

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	Jan - Dec 26
<b>Income</b>	
300 · Revenue	
301.00 · Real Property Taxes	
301.10 · Current Real Estate Tax	159,336.41
301.20 · Prior Year Real Estate Tax	875.00
301.40 · Delinquent Real Estate Tax	3,200.00
	<hr/>
Total 301.00 · Real Property Taxes	163,411.41
341.00 · Interest Earnings	
341.01 · Interest on Checking Account	0.00
341.02 · Dividends on Checking Accou...	450.00
	<hr/>
Total 341.00 · Interest Earnings	450.00
350.00 · Intergovernmental Revenue	0.00
395.00 · Refund of Prior Expenses	0.00
	<hr/>
Total 300 · Revenue	163,861.41
<b>Total Income</b>	<b>163,861.41</b>
<b>Expense</b>	
400 · Expenditures	
406.00 · General Administration	
406.39 · Bank Service Charges	0.00
	<hr/>
Total 406.00 · General Administration	0.00
411.00 · Fire Expenses	162,861.41
493.00 · Refund of Prior Revenues	0.00
	<hr/>
Total 400 · Expenditures	162,861.41
<b>Total Expense</b>	<b>162,861.41</b>
<b>Net Income</b>	<b>1,000.00</b>

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11/10/25

Cash Basis

**EMS & Ambulance Tax Fund**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>Income</b>	
300 · Revenue	
301.00 · Real Property Taxes	
301.10 · Current Real Estate Tax	45,524.69
301.20 · Prior Year Real Estate Tax	250.00
301.40 · Delinquent Real Estate Tax	950.00
	<hr/>
Total 301.00 · Real Property Taxes	46,724.69
341.00 · Interest Earnings	
341.01 · Interest on Checking Account	0.00
341.02 · Dividends on Checking Accounts	140.00
	<hr/>
Total 341.00 · Interest Earnings	140.00
350.00 · Intergovernmental Revenue	0.00
395.00 · Refund of Prior Expenses	0.00
	<hr/>
Total 300 · Revenue	46,864.69
<b>Total Income</b>	<hr/> 46,864.69
<b>Expense</b>	
400 · Expenditures	
406.00 · General Administration	
406.39 · Bank Service Charges	0.00
	<hr/>
Total 406.00 · General Administration	0.00
412.00 · Ambulance & EMS Expenses	45,864.69
493.00 · Refund of Prior Revenues	0.00
	<hr/>
Total 400 · Expenditures	45,864.69
<b>Total Expense</b>	<hr/> 45,864.69
<b>Net Income</b>	<hr/> <b>1,000.00</b>

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Cash Basis

**Solid Waste Fund**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>300 · Revenue</b>	
<b>341.01 · Interest on Accounts</b>	2,000.00
<b>364.30 · Solid Waste Collection Fee</b>	630,806.40
<b>364.31 · Solid Waste Fee Prior Year</b>	2,500.00
<b>364.32 · Solid Waste Fee Delinquent</b>	7,500.00
<b>Total 300 · Revenue</b>	<b>642,806.40</b>
<b>Total Income</b>	<b>642,806.40</b>
<b>Expense</b>	
<b>400 · Expenditures</b>	
<b>401.00 · Borough Manager</b>	0.00
<b>405.00 · Borough Office Personnel</b>	0.00
<b>406.00 · General Administration Expenses</b>	5,000.00
<b>407.00 · Information Technology Expenses</b>	0.00
<b>426.00 · Recycling Collections</b>	
<b>426.30 · Recyclables Contract Collection</b>	159,919.20
<b>426.31 · Yard Waste Contract Collection</b>	51,231.60
<b>Total 426.00 · Recycling Collections</b>	<b>211,150.80</b>
<b>427.00 · Waste Disposal Collections</b>	
<b>427.30 · Waste Contract Collection</b>	395,010.00
<b>Total 427.00 · Waste Disposal Collections</b>	<b>395,010.00</b>
<b>495.00 · Prior Year Expenditure</b>	0.00
<b>Total 400 · Expenditures</b>	<b>611,160.80</b>
<b>Total Expense</b>	<b>611,160.80</b>
<b>Net Ordinary Income</b>	<b>31,645.60</b>
<b>Net Income</b>	<b>31,645.60</b>

Capital Improvement Fund  
Profit & Loss Budget Overview  
January through December 2026

Jan - Dec 26

Ordinary Income/Expense	
<b>Income</b>	
300 · Revenue	
301.00 · Property Taxes	0.00
341.00 · Interest Earnings	
341.01 · Interest on Checking Account	0.00
341.05 · Dividends on Investments	3,400.00
<b>Total 341.00 · Interest Earnings</b>	<b>3,400.00</b>
351.00 · Federal Grants	0.00
354.00 · State Grants	0.00
357.00 · Local Government Grants	0.00
391.00 · Proceeds from Asset Sales	0.00
392.00 · Interfund Transfers	150,000.00
393.00 · Proceeds from Debt Issuance	0.00
395.00 · Refunds of Prior Expenses	0.00
<b>Total 300 · Revenue</b>	<b>153,400.00</b>
<b>Total Income</b>	<b>153,400.00</b>
<b>Expense</b>	
400 · Expenditures	
406.00 · General Administration Expenses	0.00
407.00 · Information Technology Expenses	0.00
409.00 · Facilities Expenses	490,000.00
410.00 · Police Expenses	0.00
411.00 · Fire Expenses	0.00
412.00 · Ambulance Expenses	0.00
426.00 · Recycling Expenses	0.00
427.00 · Solid Waste Expenses	0.00
437.00 · Streets Vehicle Expenses	0.00
439.00 · Streets Construction Expenses	0.00
471.00 · Debt Principal Expenses	0.00
472.00 · Debt Interest Expenses	0.00
492.00 · Interfund Transfers	0.00
495.00 · Prior Year Expenditures	0.00
<b>Total 400 · Expenditures</b>	<b>490,000.00</b>
<b>Total Expense</b>	<b>490,000.00</b>
<b>Net Ordinary Income</b>	<b>-336,600.00</b>
<b>Net Income</b>	<b>-336,600.00</b>

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

	Jan - Dec 26
<b>Income</b>	
300.00 · Revenue	
341.00 · Interest Earnings	
341.01 · Interest on Checking Account	1,110.00
Total 341.00 · Interest Earnings	1,110.00
355.00 · State Shared Revenue	
355.02 · Liquid Fuels Tax Disbursement	84,000.00
Total 355.00 · State Shared Revenue	84,000.00
392.00 · Interfund Operating Transfers	
392.01 · Transfer from General Fund	0.00
Total 392.00 · Interfund Operating Transfers	0.00
395.00 · Refund of Prior Expenditures	0.00
Total 300.00 · Revenue	85,110.00
<b>Total Income</b>	<b>85,110.00</b>
<b>Expense</b>	
400.00 · Expenditures	
430.00 · Road Services Administration	
430.26 · Minor Equipment Purchases	0.00
Total 430.00 · Road Services Administration	0.00
431.00 · Cleaning of Streets & Gutters	3,500.00
432.00 · Snow & Ice Removal	
432.12 · Snow & Ice Removal Wages	6,000.00
432.241 · Ice Control Material - Salt	16,000.00
Total 432.00 · Snow & Ice Removal	22,000.00
433.00 · Traffic Control Devices	
433.25 · Traffic Control Materials	4,000.00
433.36 · Traffic Lights Electric	4,000.00
433.37 · Traffic Light Repairs	4,000.00
Total 433.00 · Traffic Control Devices	12,000.00
437.00 · Repairs of Tools & Machinery	
437.12 · Repair of Vehicles Wages	6,000.00
Total 437.00 · Repairs of Tools & Machinery	6,000.00
438.00 · Work on Roads & Bridges	
438.12 · Road Work Wages	6,000.00
438.25 · Road Materials	20,000.00
Total 438.00 · Work on Roads & Bridges	26,000.00

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11/24/25

Cash Basis

**Mount Penn Borough**  
**Profit & Loss Budget Overview**  
January through December 2026

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	<b>Jan - Dec 26</b>
439.00 · Road Construction Projects	35,000.00
471.00 · Debt Principal	16,000.00
495.00 · Prior Year Expenditures	0.00
<b>Total 400.00 · Expenditures</b>	<b>120,500.00</b>
<b>Total Expense</b>	<b>120,500.00</b>
<b>Net Income</b>	<b>-35,390.00</b>