



South Coatesville Borough 2025 Draft Budget

Prepared by

Keystone Municipal Solutions

December 10, 2024



2025 Draft Budget Summary

	General Fund	Fire Services	Debt Service	Capital Improvement	Highways Fund	Sewer Fund	Total
Millage	8.6	0.5	1.2	0	0	0	10.30
Revenues	\$1,393,991	\$43,291	\$69,600	\$1,255,061	\$108,216	\$413,300	\$2,761,942
Expenses	\$1,421,701	\$43,291	\$66,371	\$1,255,061	\$46,500	\$317,050	\$2,786,424
Net Income/(Loss)	(\$27,710)	\$0	\$3,229	\$0	\$61,716	\$96,250	\$133,484
<i>Est. Beg Fund Balance</i>	<i>\$100,000</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$99,500</i>	<i>\$2,150,000</i>	\$2,349,500
<i>Est. Ending Fd Balance*</i>	<i>\$72,290</i>	<i>\$0</i>	<i>\$3,229</i>	<i>\$0</i>	<i>\$161,216</i>	<i>\$2,246,250</i>	\$2,482,984

- Draft 2025 budget includes three new funds:
 - Debt Service Fund – Funded by 1.2 special millage; accounts for activity associated with the planned unfunded debt financing
 - Fire Services Fund– Funded by 0.5 mill special millage; funds contributions to volunteer fire companies
 - Capital Improvement Fund – Funded mainly by grant revenue; accounts for capital improvement activity

General Fund Revenues by Major Category

Revenue	2023 Actual	2024 Budget	2025 Draft Budget (11/19/24)	2025 Draft Budget (12/10/24)	Diff from 11/19/24 Budget
Real Estate Tax	\$558,355	\$519,465	\$530,000	\$508,800	(\$21,200)
Earned Income Tax	\$0	\$335,000	\$280,000	\$280,000	\$0
Local Services Tax	\$364,926	\$0	\$38,000	\$38,000	\$0
Real Estate Transfer Tax	\$53,393	\$40,000	\$30,000	\$30,000	\$0
Licenses & Permits	\$52,170	\$21,850	\$19,850	\$19,850	\$0
Fines & Fees	\$14,605	\$13,500	\$13,500	\$13,500	\$0
Other Revenue	\$43,336	\$3,650	\$4,200	\$2,700	(\$1,500)
Intergov Revenue & Grants	\$218,285	\$106,000	\$801,781	\$129,491	(\$672,290)
Development Reimb & Fees	\$3,450	\$46,500	\$102,500	\$104,500	\$2,000
Protective Insp Fees & Permits	\$10,508	\$14,000	\$12,000	\$12,000	\$0
Trash & Recycling Fees	\$97,706	\$199,650	\$200,150	\$195,150	(\$5,000)
Sale of Assets	\$0	\$300,000	\$0	\$0	\$0
Transfer from Sewer Fund	\$50,000	\$80,000	\$85,000	\$60,000	(\$25,000)
Transfer from Liquid Fuels	\$0	(\$58,358)	\$0	\$0	\$0
Total Revenue	\$1,466,734	\$1,621,257	\$2,116,981	\$1,393,991	(\$722,990)

General Fund Expenses by Major Category

Expenses	2023 Actual	2024 Budget	2025 Draft Budget (11/19/24)	2025 Draft Budget (12/10/24)	Diff from 11/19/24 Budget
Salaries & Wages	\$483,409	\$559,391	\$566,408	\$462,480	(\$103,928)
Overtime	\$26,164	\$18,500	\$13,000	\$13,000	\$0
Social Security Tax	\$47,310	\$35,000	\$43,000	\$35,000	(\$8,000)
Healthcare	\$69,737	\$80,000	\$63,000	\$50,000	(\$13,000)
Pension	\$36,636	\$47,000	\$57,491	\$55,283	(\$2,208)
Workers' Compensation	\$31,987	\$30,000	\$32,271	\$32,271	\$0
Other Employee Benefits	\$14,113	\$19,750	\$26,250	\$18,000	(\$8,250)
Recycling & Landfill Disposal Fees	\$178,197	\$207,636	\$212,000	\$207,636	(\$4,364)
Professional Services	\$241,709	\$181,075	\$252,425	\$273,625	\$21,200
Legal Services	\$71,127	\$62,000	\$123,000	\$53,000	(\$70,000)
Materials & Supplies	\$12,197	\$53,700	\$60,700	\$54,100	(\$6,600)
Communication & Utilities	\$45,464	\$32,350	\$50,850	\$29,100	(\$21,750)
Maintenance & Repairs	\$103,704	\$33,750	\$46,500	\$37,000	(\$9,500)
Vehicles & Equipment	\$99,304	\$25,250	\$53,750	\$34,227	(\$19,523)
Modena Fire Contribution	\$71,633	\$20,000	\$35,000	\$5,000	(\$30,000)
Insurance	\$55,186	\$40,000	\$44,311	\$44,311	\$0
Other Expenses	\$20,599	\$9,500	\$697,700	\$17,668	(\$680,032)
Total Expenses	\$1,608,477	\$1,454,902	\$2,377,656	\$1,421,701	(\$955,955)

2025 Draft Budget – Key Changes/Issues

- Faced with a preliminary budget deficit of about \$260,000 in addition to new annual debt service costs of about \$66,000, the Borough identified significant expense reductions.
- The December 10, 2024 budget draft reduces operating expenses by almost \$300,000 compared to previous drafts.
- Workforce expenses, in particular police-related workforce expenses, are the Borough's primary budget driver and is the area most impacted by the budget reductions.
- Police Department expenses are about \$170,000 lower from previous budget versions.
- The budget also includes significant reductions in consulting and legal services expenses .
- Even after these cuts, a deficit of about \$28,000 remains.
- The Borough has a history of operating deficits which has led to its current situation.
- Cash levels are low and the operating budget does not have any room for error.
- The cost reductions are an important step towards restoring fiscal stability; however, the Borough must consider the risk that some cost reductions will not materialize which would result in pressure on the budget.
- Moreover, the Borough must begin to rebuild its fund balance to avoid cash shortfalls in the future; the Borough should assume it will not be able to issue a TAN in early 2026.