Memo

To: Board of Supervisors
From: Jon Altshul
Re: Adoption of 2015 budget
Date: November 21, 2014

Since October 14, the changes outlined below have been made to the 2015 proposed budget. Collectively, these changes represent an increase on the expense side of $7,899 and a decrease of $68,223 on the revenue side, for a net decline of $76,122. A total of $299,668 will need to be appropriated from unrestricted fund balance to achieve a balanced budget.

No real estate tax increase is necessary to fully fund this budget. If adopted as proposed, General Fund expenditures, net of pass through accounts, would increase by 1.9% over the August year-end projection for the current budget year. The proposed budget notice was advertised in the *Daily Local News* on October 21, 2014.

Line-item Detail of Changes Made to 2015 Proposed Budget Since October 14th

Description	Account	10-14 Budget	12-2 Budget	Increase/ (Decrease)	Explanation
Expenses					
Health insurance (total across all line items)	Various	242,165	244,088	1,935	IBX rate increase of 11.7% (compared to 11% in 10-14 budget)
Zoning Consultants	01414 3050	110,000	114,000	4,000	Phase II of Comp Plan will cost $44,000 (not $40,000)
Comp Plan Wages	01414 1401	100	500	400	Underbudgeted originally
Police General Expense	01410 5300	3,270,645	3,241,552	(29,093)	Reflects WEGO budget 1.6
Capital Contribution- Other Police	01410 5340	34,146	20,003	(14,143)	Reflects WEGO budget 1.6
Capital Purchase - Park & Rec	01454 7450	8,000	48,000	40,000	Reflects denial for ARLE grant. Originally $40,000 was anticipated to offset transfer to capital
Consulting Services	01401 3120	30,744	35,544	4,800	Increase for IT consultant
Total Expenses Increase/(Decrease)				**7,899**	
Revenues					
Earned Income Tax	01310 2000	4,973,691	4,900,000	(73,691)	Adjusted downward based on 2014 year-end trends
Real Estate Tax	01310 1000	2,000,463	2,005,931	5,468	Reflects final 2015 assessment (0.57% increase over 2014)
Total Revenues Increase/(Decrease)				**(68,223)**	
Fund balance needed to balance budget		**223,546**	**299,668**	**76,122**	

Stormwater Budget in General Fund

At the recent Chester County Association of Township Officials meeting, it was strongly suggested that municipalities formally breakout their stormwater-related expenses from other municipal functions. To that end, I would recommend that we reallocate various expenses that were previously charged to other line-items (primarily Public Works Roads) to stormwater specific line-items. Note that this change would simply reallocate existing expenditures and would not increase the Township's total expenses. The table below shows this proposed reallocation for 2015.

Reallocation of Expenditures to Public Works Stormwater Line Items

Description	Account	10-14 Budget	12-2 Budget	Increase/ (Decrease)
Stormwater Wages	01436 1400	-	17,000	17,000
Health/Life/Disab - PW Stormwater	01486 1525	-	1,900	1,900
Stormwater ER Taxes	01487 1655	-	1,320	1,320
Stormwater Equipment Rental	01436 3840	-	1,500	1,500
Stormwater Mgmt Expense-MS4	01436 3000	15,000	15,000	-
Stormwater Materials and Supplies	01436 2450	-	100,000	100,000
Stormwater Engineering	01436 3130		10,000	10,000
Hwy - Salaries & Wages	01438 1400	458,796	441,796	(17,000)
Health/Life/Disab - PW Roads	01486 1524	63,897	61,997	(1,900)
ER Taxes - PW Roads	01487 1654	35,521	34,201	(1,320)
Equipment Rental	01438 3840	25,000	23,500	(1,500)
Materials & Supplies - Highways	01438 2450	200,000	100,000	(100,000)
Engineering Services	01408 3130	31,500	21,500	(10,000)
Net change in general fund budget from reallocations		829,714	829,714	-

Other funds

Given that we did not receive an ARLE grant for the pedestrian crossing lights at the Park, this version of the budget eliminates the grant revenue in the Township's Sinking Fund, but not the expense.

WEGO Budget 1.6

The most recent iteration of the WEGO budget is version 1.6, which is included in the packet. This budget reflects a 12-hour shift (pending resolution of any outstanding labor issues), final insurance figures, $6,000 for scale rental, and $25,000 for WEGO's Sinking Fund for a Livescan and CPIN system. The Board will need to approve the WEGO budget as part of the budget approval process.

Health Insurance

As noted above, the budget reflects an 11.7% increase in health insurance premiums. I will provide more information about health insurance prior to the December 16th meeting.

Draft resolutions

Below, I have drafted a draft motion for your consideration regarding the 2015 budget.

Mr. Chairman:

I move that we adopt a 2015 budget, as follows:

- General Fund expenses of $11,559,267, of which $10,207,604 is for core township functions and $1,351,663 is for pass-through accounts, and general fund revenues of $11,259,599. A further $299,668 is appropriated from the fund balance to cover the shortfall.
- State Liquid Fuel Fund expenses and revenues of $428,763.
- Sinking Fund expenses of $643,300 and revenues of $505,340.
- Transportation Fund expenses of $12,000 and revenues of $2,650.
- Sewer Operating Fund expenses and revenues of $3,436,356
- Refuse Fund expenses of $1,085,672 and revenues of $988,195
- Sewer Sinking Fund expenses of $155,080 and revenues of $177,580.
- Operating Reserve Fund expenses of $0 and revenues of $7,500
- Events Fund expenses of $0 and revenues of $15,010.

I further move that we approve the 2015 Township salaries, which were prepared consistent with Board of Supervisor's Resolution 08-54.

I further move that we adopt the 2014 Westtown East Goshen Police Department Budget, Version 1.6, in the amount of $6,740,110, of which the township's contribution is $3,221,550, plus a capital contribution of $35,000, of which East Goshen's share is $22,003.