

East Goshen Township

2014 Proposed Budget



PRESENTED TO BOARD OF SUPERVISORS ON OCTOBER 22, 2013

East Goshen Township

2014 Proposed General Fund Budget



BUDGET HIGHLIGHTS

- No tax increases are proposed in this budget
- The proposed budget is balanced with \$9,723,276 in revenues and expenses, net of pass through accounts.
- Based on the September year-end projection, this proposed budget envisions that the Township would end 2014 with a general fund balance of \$6.9 million.

East Goshen Township

2014 Proposed General Fund Budget



Key Expense Assumptions

- **Inflation** is trending at 1.5%.
- Selected line items adjusted more/less than inflation based on historical trends.
- One-time costs from 2013 backed out
- This budget reflects an increase in **health insurance** costs of 17.3% (+\$39,574) across all departments.
- This increase is based on a presumed baseline increase in healthcare premiums of 25% with Blue Cross.
- Other health insurance options, including DVIT, a self-insured municipal trust that uses an Aetna platform, are projected to have premium increases of 7%-8% less than Blue Cross.
- For perspective, the difference between a 25% and 17.3% premium increase is \$17,770.
- **The 17.3% assumption is still a projection based on information by insurance providers and reflects:**
 - DVIT rates being 4%-4.75% less expensive than Blue Cross rates
 - DVIT, as a self-insured trust, not subject to new tax on insurance carriers (approx. 3% savings)
- **Workers Comp** rates remain unchanged, although the cost of providing workers comp coverage for volunteer fire fighters increased 70% due to the PA Compensation Ratings Bureau increasing the number of residents served by Goshen Fire Company from 18,026 (EGT's population) to 36,095 (entire service area), which is partially offset by higher reimbursements from other townships.
 - For 2013, Vol. Firefighter Workers Comp costs moved from Administration to Emergency Services
 - Increased costs of \$18,583 offset by \$18,142 in additional reimbursement from area townships

East Goshen Township

2014 Preliminary Proposed General Fund Budget



Key Expense Assumptions Continued

- **53 pay periods** in 2014
- January 1, 2015 falls on a Thursday, the normal weekly pay day.
- Because our bank cannot process payments on a holiday (when the Federal Reserve is closed, banks can't accept ACH payments), the payday that week will default to Wednesday (12/31/14).
- This extra payday corresponds with an additional \$30,233 in expenses spread across all departments.
- **Salary increases** based on Township compensation policy (Resolution 2008-54)
- **Transfers to sinking fund** across four categories (office, township building, public works & parks) total \$336,859.
- **WEGO's Other Post Employment Benefits** trust funded at \$80,619, based on new actuarial report. This is a \$255,272 decline from 2013.
- **New trust for WEGO pension plan** funded at \$255,272. This means that the total outlay for WEGO trust funds equals the total 2013 outlay.

East Goshen Township 2014 Proposed Budget

Revenue Assumptions

- Conservative assumptions across the board
- Earned Income Tax up 1.2% on 2013 year-end projection
- Real Estate Tax down 0.3% due to \$7.6m in lower net assessments
- Real Estate Transfer Tax decline of 6.4% (up 3% on 2013 adopted budget)
- LST growth of 3.3%
 - Relocation of new business at 1700 Paoli offsets general downward trend
- Cable Franchise Tax growth of 1.2%
- Strong permit revenue due to Goshen Meadows



East Goshen Township 2014 Proposed Budget

Spending Requests by Department*



Emergency Services—\$4,029,145, up \$508,240 or 14.4% from 2013 year-end projection

• Police budget is based on WEGO Budget 2.3, with updated PPU's. Subject to change.

- \$452,953 in new (department-wide) Police operating costs for:
 - Hiring two new full-time patrol officers and one promotion to sergeant
 - 25% projected increase in WEGO health insurance & anticipated changes in family status
 - Adjustments for vacation, sick & comp leave budgets
 - \$104,125 increase in MMO due to actuarial changes to longevity and disability assumptions
 - \$8,400 increase in building expenses reflecting agreement to include building insurance costs in formula
 - \$10,000 increase in building expenses for replacement HVAC unit
- East Goshen's percentage of costs projected to increase from 54.56% to 56.08% (increases our costs by \$86,644)
- \$25,000 for West Goshen Integration study (25% of total anticipated study costs)
- \$34,489 in new capital costs for:
 - Upgrade of camera system
 - 10 desktop computers
 - Live Scan (a digital fingerprinting technology)
 - Commonwealth Photo Imaging Network (a digital imaging solution with facial recognition capabilities)
- Funding for East Goshen's share of WEGO's post-employment benefits stable at \$335,891, but this budget would allocate \$80,619 towards the police's post-employment medical trust and \$255,272 towards a new pension trust.

• Fire

- Inflationary increase (1.5%) in Fire Company contributions
- Workers Compensation for Volunteer Firefighters moved from Administration to Emergency Services category in 2014.
 - Volunteer workers comp up \$18,583 due to the state recognizing a larger service area for the Fire Company, offset by \$18,142 in additional reimbursement revenue from surrounding townships for their proportionate share of increase.

East Goshen Township 2014 Proposed Budget

Spending Requests by Department*



Public Works—\$1,548,491 up \$13,729 or 0.9% from 2013 year-end projection

- \$48,750 increase in materials & supplies for Glenbrook Lane (stormwater) slip line
- \$25,500 increase for equipment rental for road milling that requires increased curb reveal, offset by savings by renting milling machine instead of hiring contractor
- \$12,000 increase in stormwater management/MS4 permit expenses
- \$3,200 for new shop tools for diagnostic equipment
- \$6,185 increase for resurfacing (Ellis Lane, Wilson Drive & 5 streets in Indian Hills development)
- Funding for four new Public Works radios (+\$6,500) offset by elimination of one-time 2013 radio expenses (-\$9,134)
- Transfer to capital (\$189,844), reflects \$45,030 for new assets (brine system, vehicle diagnostic scanner, traffic camera and preseeded) and 144,814 for change in replacement value of existing assets.

Administration—\$1,293,533, down \$56,280 or -4.2% from 2013 year-end projection

- Capital transfer of \$111,934 includes \$50,000 for a new generator and \$61,934 for change in replacement value of existing assets.
- \$4,926 increase for newsletter postage (due to return to paper newsletter)
- \$6,350 increase for computer expenses for website redesign and server hosting and to upgrade operating system on 6 desktops, as Windows XP will not be supported in 2014
- \$11,000 in potential energy and maintenance savings as a result of Geothermal conversion in 2014 and energy efficient fixtures in 2013

East Goshen Township 2014 Proposed Budget

Spending Requests by Department*



Zoning/Code Enforcement—\$169,198, down \$28,072 or 14.2% from 2013 adopted budget

- Compared to the 2013 year-end projections, Zoning/Code Enforcement's request is up substantially. However, this is due to very high permit revenue and low actual expenses this year, rather than any new spending requests next year.
- \$225,000 in permit revenue as a result of Goshen Meadows
- \$37,500 for zoning consultants (\$25,000 for open space plan & \$12,500 for balance of comprehensive plan)

Parks & Recreation—\$440,839, down \$39,150 or -8.2% from 2013 year-end projection

- Capital transfer of \$35,081 includes \$15,000 to complete the amphitheater project and \$20,081 for change in replacement value of existing parks assets.
- \$26,000 budgeted for Community Day.
- \$8,500 budgeted for Farmers Market expenses (marketing)
- \$8,500 budgeted for amphitheater concerts
- \$10,000 budgeted in Parks Maintenance for Hershey Mill Dam Engineering

East Goshen Township 2014 Proposed Budget

ABC Budget Requests



Commerce Commission (Budgeted in Administration)

- \$6,835 (no change from 2013 adopted budget)
- Reflects costs of two business forums & “a tour of excellence”

Conservancy Board (Budgeted in Zoning/Code Enforcement)

- \$8,100 (a \$3,100 increase from the original 2013 adopted budget)
- Reflects costs of two plantings in 2014 (Supplee Valley & East Boot Road), plus increased spraying for invasive species in Applebrook (per National Lands Trust recommendation) and funding for a professional landscaper or arborist to assist with plantings

Historical Commission (Budgeted in Zoning/Code Enforcement)

- \$3,595 (a \$170 increase from the 2013 adopted budget)
- Requests an additional \$130 for review of historical houses & \$40 for membership with coalition of historical places

Deer Commission (Budgeted in Administration)

- \$3,100 (no change from 2013 adopted budget)

- No budget for Planning Commission, Pension Committee or Zoning Hearing Board
- Park & Recreation’s request is incorporated under the Park and Recreation departmental budget

East Goshen Township

General Fund Budget Summary (Core Functions)



Account Title	2013 Budget	2013 Y/E Projection (Sept)	2014 Proposed	\$ Variance 2013-2014	% Variance 2013-2014
EMERGENCY SERVICES EXPENSE	3,587,260	3,570,548	4,078,788	508,240	14.2%
PUBLIC WORKS EXPENSE	2,344,518	2,492,745	2,379,421	(113,324)	-4.5%
ADMINISTRATION EXPENSE	2,120,392	1,731,591	1,605,937	(125,654)	-7.3%
ZONING/PERMITS/CODES EXPENSE	473,095	422,848	456,098	33,250	7.9%
PARK AND RECREATION EXPENSE	785,482	587,816	557,311	(30,505)	-5.2%
TOTAL CORE FUNCTION EXPENSES	9,310,747	8,805,547	9,077,555	272,008	3.1%
EMERGENCY SERVICES REVENUE	51,643	49,643	49,643	0	0.0%
PUBLIC WORKS REVENUE	846,600	957,983	830,930	(127,053)	-13.3%
ADMINISTRATIVE REVENUES	309,797	381,778	312,404	(69,374)	-18.2%
ZONING/PERMITS/CODES REVENUE	275,825	323,880	286,900	(36,980)	-11.4%
PARK AND RECREATION REVENUE	114,183	107,827	116,472	8,645	8.0%
TOTAL CORE FUNCTION REVENUES	1,598,048	1,821,111	1,596,349	(1,699)	-0.1%
NET EMERGENCY SERVICES EXPENSE	3,535,617	3,520,905	4,029,145	508,240	14.4%
NET PUBLIC WORKS EXPENSE	1,497,918	1,534,762	1,548,491	13,729	0.9%
NET ADMINISTRATION EXPENSE	1,810,595	1,349,813	1,293,533	(56,280)	-4.2%
NET ZONING/PERMITS/CODES EXPENSE	197,270	98,968	169,198	70,230	71.0%
NET PARK AND RECREATION EXPENSE	671,299	479,989	440,839	(39,150)	-8.2%
CORE FUNCTION NET SUBTOTAL	7,712,699	6,984,436	7,481,206	496,770	7.1%

East Goshen Township

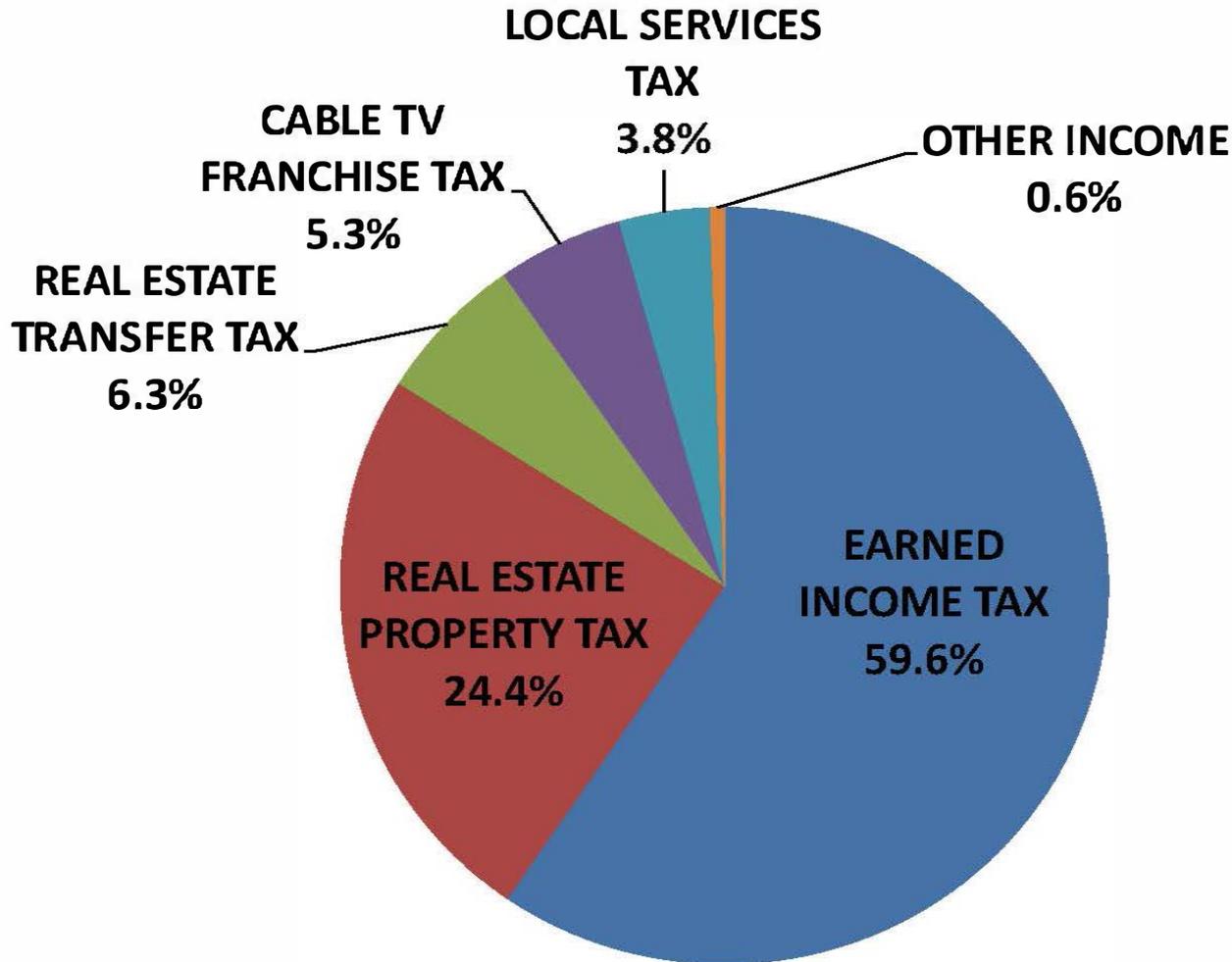
General Fund Budget Summary (Non-Core Functions)



Account Title	2013 Budget	2013 Y/E Projection (Sept)	2014 Proposed	\$ Variance 2013-2014	% Variance 2013-2014
CORE FUNCTION NET SUBTOTAL	7,712,699	6,984,436	7,481,206	496,770	7.1%
DEBT - PRINCIPAL	436,000	436,000	456,000	20,000	4.6%
DEBT - INTEREST	208,182	208,182	189,721	(18,461)	-8.9%
TOTAL DEBT	644,182	644,182	645,721	1,539	0.2%
TOTAL CORE FUNCTION NET	8,356,881	7,628,618	8,126,927	498,309	6.0%
NON-CORE FUNCTION REVENUE					
EARNED INCOME TAX	4,631,700	4,781,700	4,840,552	58,852	1.2%
REAL ESTATE PROPERTY TAX	2,001,978	1,989,659	1,983,243	(6,416)	-0.3%
REAL ESTATE TRANSFER TAX	500,000	550,000	515,000	(35,000)	-6.4%
CABLE TV FRANCHISE TAX	410,000	425,000	430,000	5,000	1.2%
LOCAL SERVICES TAX	315,000	300,000	310,000	10,000	3.3%
OTHER INCOME	48,132	47,432	48,132	700	1.5%
TOTAL NON CORE FUNCTION REVENUE	7,906,810	8,093,791	8,126,927	33,136	0.4%
NET RESULT	(450,071)	465,172	0	(465,172)	
Projected 12/31/13 Fund Balance			\$6,894,776		
Projected 12/31/14 Fund Balance			\$6,894,776		

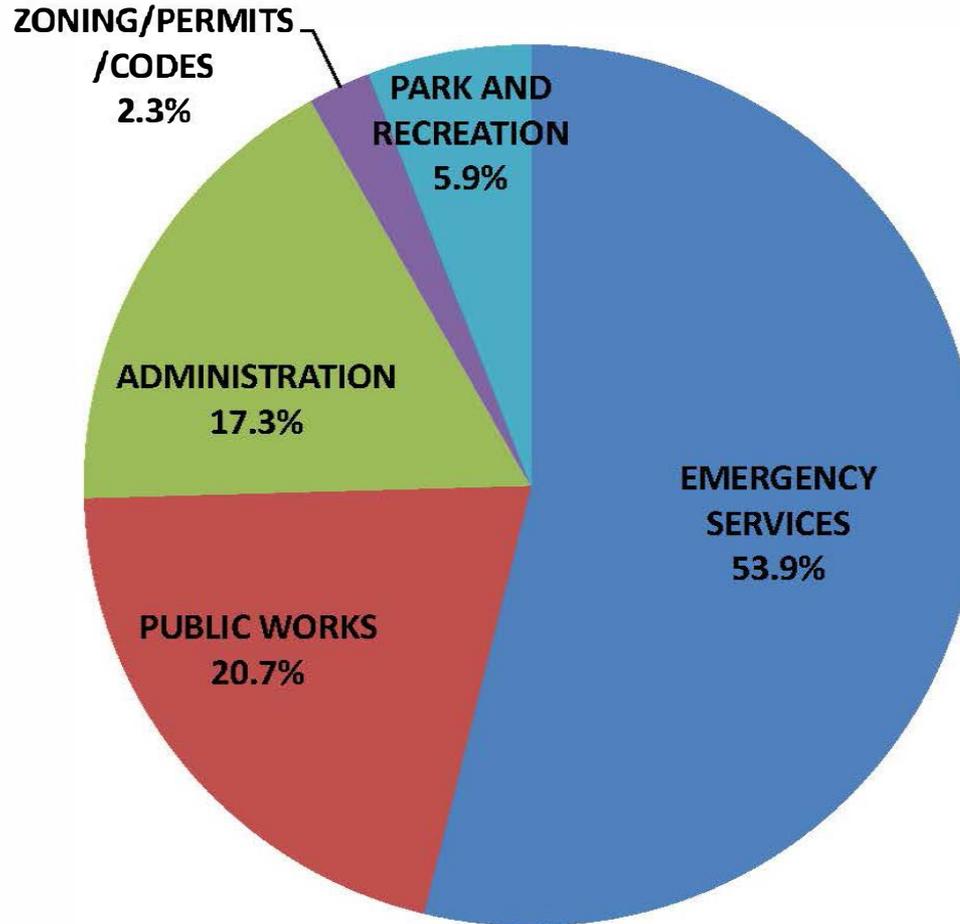
2014 Proposed Revenues

Where the money comes from...



2014 Proposed Expenses

Where the money goes....



* Excludes debt service



Other Funds Proposed Budgets

- State Liquid Fuels Fund
- Sinking Fund (formerly Capital Reserve Fund)
- Transportation Fund
- Sewer Operating Fund
- Refuse Fund
- Municipal Authority
- Sewer Sinking Fund (formerly Sewer Capital Reserve Fund)



STATE LIQUID FUELS FUND

Pennsylvania municipalities receive state funding from the state gasoline tax for the maintenance and repair of streets, roads and bridges. The allocation is based on the number of miles of locally-maintained roads in a municipality and the municipality's population. Traditionally, East Goshen deposits these state funds into its State Liquid Fuel fund in late winter and then reimburses the general fund for eligible maintenance and repair expenses at the end of the year, so that the liquid fuels fund is "zeroed out" by December 31.

- The 2014 proposed budget is based on the estimated liquid fuels allocation that we received in early September.

	2013 Adopted	2013 Y/E Projection	2014 Proposed
Starting Fund Balance	61	61	61
Revenues	354,984	530,050	352,000
Expenses	354,984	530,050	352,000
Year-End Fund Balance	61	61	61



SINKING FUND

East Goshen Township pays for capital assets—generally defined as assets valued over \$5,000 and with a useful life of over 1 year—from the sinking fund (formerly known as the Capital Reserve Fund). Funds are transferred from the general fund annually based on the change in the “accumulated depreciation” of capital assets in a given year.

	2013 Adopted	2013 Y/E Projection	2014 Proposed
Starting Fund Balance	6,095,927	6,095,927	6,277,308
Revenues	444,206	444,206	354,859
Expenses	281,520	262,825	799,530
Year-End Fund Balance	6,258,613	6,277,308	5,832,637

A complete list of capital assets proposed to be purchased from the sinking fund in 2014 can be found in the 2014-2018 capital improvement program



TRANSPORTATION FUND

The Transportation Fund consists of developer contributions and transportation “impact fees” imposed pursuant to the Municipal Planning Code. This fund is dedicated to meeting future transportation needs within the Township, such as ensuring adequate transportation infrastructure to meet the demands of a growing community.

	2013 Adopted	2013 Y/E Projection	2014 Proposed
Starting Fund Balance	1,049,423	1,049,423	1,027,379
Revenues	28,564	4,756	25,967
Expenses	26,800	26,800	12,000
Year-End Fund Balance	1,051,187	1,027,379	1,041,346

- For 2014, impact fee revenue is anticipated from Goshen Meadows and developer contributions are expected from the Ashleybrook development.
- \$12,000 in expenses is proposed for two traffic light video systems at Rte 3 & Manley Road and Rte 3 & Westtown Way. These systems would replace aging traffic loops, which are losing effectiveness.



SEWER OPERATING FUND

The Sewer Operating Fund pays for the operation of the Township's sanitary sewer system and is funded by fees imposed on users of the sewer system. The sewer rate consists of a \$7.51/thousand gallon variable rate and a \$26.20/quarter fixed rate. Sewer rates are amended by the Board of Supervisors every year in April, based on winter water consumption and the revenue requirements of sewer operations.

	2013 Adopted	2013 Y/E Projection	2014 Proposed
Starting Fund Balance	576,005	576,005	589,636
Revenues	3,091,600	3,192,988	3,276,192
Expenses	3,091,600	3,179,357	3,276,192
Year-End Fund Balance	576,005	589,636	589,636

- The issuance of \$2.5 million in Municipal Authority debt for various sewer diversion projects throughout the Township in October 2013 corresponds with \$166,531 in new debt service costs.
- Anticipated rising sewer rates in Westtown & East Whiteland should add \$28,138 in expenses for sewer flows into those municipalities.
- \$17,737 is requested for surveillance equipment and lab equipment at Ridley Creek STP.
- Upwards adjustment of various line items, including Ridley Creek STP chemicals, contracted services & sludge to reflect 2013 expenditure trends. Overall, Ridley Creek expenses up 4.4% over 2013 projection (including new lab & surveillance equipment).
- Modest savings are anticipated in payments to West Goshen as a result of diverting flows from the Reserve to Ridley Creek, as well as associated utility costs.
- No operating transfers to the Municipal Authority are anticipated in 2014, saving \$126,606.



REFUSE FUND

The Refuse Fund pays for the collection and disposal of household solid waste and recycling and is funded by a user fee (currently \$69.88/quarter) on all single-family residences.

	2013 Adopted	2013 Y/E Projection	2014 Proposed
Starting Fund Balance	809,099	809,099	769,470
Revenues	987,081	999,694	988,195
Expenses	1,055,687	1,039,323	995,892
Year-End Fund Balance	740,493	769,470	761,773

- The new contract with Blosenski will reduce the cost of contracted services by \$65,171 in 2014
- This decrease is partially offset by a \$2/ton increase (+\$9,695) in the Chester County Solid Waste Authority tip fee



MUNICIPAL AUTHORITY

Updated 11-18-13

The Municipal Authority, which is a legally separate entity from the Township, is responsible for financing the construction, expansion and upgrade of the Township's sewage collection and treatment infrastructure.

	2013 Adopted	2013 Y/E Projection	2014 Proposed
Starting Fund Balance	61,884	61,884	1,677,433
Revenues	2,075,035	3,488,956	147,471
Expenses	1,932,935	1,873,407	192,328
Year-End Fund Balance	203,984	1,677,433	1,632,577

- \$75,000 is budgeted for engineering for the Reservoir Road pump station project
- \$35,525 is proposed for general engineering costs
- \$124,000 is anticipated in tapping fees from Goshen Meadows and \$21,444 from Colonial Lane.



SEWER SINKING FUND

The Sewer Sinking Fund (formerly the Sewer Capital Reserve Fund) functions like the Sinking Fund for non-sewer capital assets. It is funded at a level that the Township has sufficient reserves to cover the accumulated depreciation of sewer assets.

	2013 Adopted	2013 Y/E Projection	2014 Proposed
Starting Fund Balance	1,476,350	1,476,350	1,638,521
Revenues	1,384,970	1,052,100	173,000
Expenses	829,769	889,929	156,000
Year-End Fund Balance	2,031,551	1,638,521	1,655,521

A complete list of capital assets proposed to be purchased from the Sewer Sinking Fund in 2014 can be found in the 2014-2018 capital improvement program

