East Goshen Township

2015 Proposed Budget

UPDATED ON OCTOBER 15, 2014

East Goshen Township

2015 Proposed General Fund Budget

BUDGET HIGHLIGHTS

- <u>No tax increases are proposed in this budget</u>

- The proposed budget includes $9,976,159 in revenues and $10,199,705 in expenses for a deficit of $223,546, to be paid from existing fund balance.

- Based on the August year-end projection and an additional 2014 year-end transfer to the operating reserve fund, this proposed budget envisions that the Township would end 2015 with a general fund balance of $4.12 million.

East Goshen Township

2015 Proposed General Fund Budget

Key Expense Assumptions

- **Inflation** is trending at 1.7%.
- Selected line items adjusted more/less than inflation based on historical trends.
- One-time costs from 2014 backed out
- This budget reflects an increase in **health insurance** costs of 11% (+$23,997) across all departments based on preliminary forecasts from our broker.
- 12% increases are anticipated for **property & casualty and public officials** insurance lines, reflecting a tightening market and relative high claim activity in 2013-2014.
- 3% increase for **workers compensation** premiums, per actual renewals
- **Salary increases** based on Township compensation policy (Resolution 2008-54)
- **Transfers to sinking fund** across four categories (office, township building, public works & parks) total $445,340, up $66,161 from the 2014 year-end projection.

East Goshen Township 2015 Proposed Budget
Revenue Assumptions

- Conservative assumptions across the board
- **Earned Income Tax** up 1.7% on 2014 year-end projection
- **Real Estate Tax** down 0.7% from 2014 year-end projection
  - Up 0.3% over 2014 adopted budget, due to expected $5 million increase in tax base
  - 2014 year-end projection high due to one large interim billing
- **LST** down 4.6% over 2014 year-end projection
  - Flat over 2014 adopted level
  - 2014 year-end projection high due to various one-time payments
- **Real Estate Transfer Tax** flat over 2014 year-end projection
- **Cable Franchise Tax** growth of 1.7% over 2014 year-end projection
- **Permit** revenue reduced to reflect no major commercial or residential projects

East Goshen Township 2015 Proposed Budget

Spending Requests by Department*

Emergency Services—$4,109,512, up $156,896 or 4.0% from 2014 year-end projection

•Police budget is based on WEGO Budget 2.2, with updated PPUs. Subject to change.

- PPUs trending at 56.91% (EGT)/ 43.09% (WT)
- Assumes 8 hour shifts
- Assumes 12.6% insurance inflation (final numbers available in October)
- Sinking fund expanded to include cameras, license plate reader, video recorder, radios, tasers
- Vehicle sinking fund contribution ($5,000) eliminated and reallocated to other line items
- $15,125 sinking fund weapons purchase
- $50,000 sinking fund Live Scan purchase
- $10,000 for mobile video recorder purchase
- $12,000 for 1 new part-time administrative employee

•WEGO's Other Post Employment Benefit Trust funded at $80,619, for the second straight-year. As of June 30, the balance of the trust was $952,199, compared to EGT's estimated share of the unfunded liability of ~$1.1 million.

- Police Pension Trust funded at $255,272, for the second straight year.

• Fire

- Inflationary increase (1.7%) in Fire Company contributions
- Volunteer Firefight Workers Compensation premiums up 3.2%
- $10,000 for new Fire Marshal radio, as required by County

*** Departmental budget numbers are net of core revenues; some individual line items may increase more or less than reported here due to netting-out one-time costs from 2014 or inflationary adjustments for other expenses charged to a line item**

East Goshen Township 2015 Proposed Budget

Spending Requests by Department*

Public Works—$1,596,892 down $117,622 or -6.9% from 2014 year-end projection

- $70,000 for Supplee Valley stormwater pipe and inlet repair in Materials & Supplies.
- $43,250 increase for Road Resurfacing and $17,000 increase for resurfacing equipment rental. 5 miles of paving/milling proposed (Supplee Valley, Reservoir Road, Park Avenue, East Boot Road & Christine Lane).
- $52,500 for Tree Removal, reflecting 17 ash trees identified in recent "tree census", plus an unidentified number of ash trees in Bow Tree & Milltown.
- $6,500 to replace an old controller at Ellis Lane & Strasburg Rd in Traffic Signal Maintenance & Repair.
- $7,500 to replace tires on the loader & backhoe and to rebuild the sweeper head in Vehicle Maintenance.
- $3,500 for calibration of fuel pump and new nozzles
- $5,000 for a new skid steer pecker attachment and shoring equipment in Minor Equipment (some 2014 one-time Minor Equipment costs netted out).
- $1,800 for replacement of selected traffic/road signs due to lost reflectivity in Signs.
- Snow budget increased $70,461 over 2014 adopted level in anticipation of another snowy winter ($136,489 below 2014 year-end projection).
- Transfer to Sinking Fund ($171,337), reflects $7,800 for new assets (air shoring struts) and $163,537 for existing assets.

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East Goshen Township 2015 Proposed Budget

Spending Requests by Department*

Administration—$1,505,595, up $194,945 or 14.9% from 2014 year-end projection

- $13,782 increase in insurance premiums, reflecting 12% increase for property & casualty and 3% for workers compensation.
- $25,000 for legal costs related to Sunoco proceedings.
- $4,200 to replace the fencing around the Plank House.
- $2,500 for front desk security.
- $2,000 for replacement of utility/real estate invoice printer (last replaced in 2004).
- $17,000 for new document management system, including $7,380 for new system, training and service contract and $9,620 for content migration from old system. New system would break even within 6 years.
- Transfer to Sinking Fund ($245,409) includes $175,000 for engineering costs for E. Boot Road Bridge and Milltown Dam and $60,914 for existing building assets and $9,495 for existing office assets. No offsetting grant revenue for E. Boot Road is expected until project completion.

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East Goshen Township 2015 Proposed Budget

Spending Requests by Department*

Zoning/Code Enforcement—$227,794, up $89,456 or 64.7% from 2014 year-end projection

- Consultant expenses ($110,000) include $70,000 for the bike feasibility study and $40,000 for the anticipated 2015 costs for "Phase II" of the Comp Plan.
- Permit revenue down $60,000 reflecting no major anticipated commercial or residential projects in 2015.
- $52,500 for GRTP (bike feasibility) grant.
- No Vision Partnership Grant revenue expected until 2016.

Parks & Recreation—$409,517, down $56,340 or -12.1% from 2014 year-end projection

- $3,000 budgeted for 3" caliper trees around amphitheater
- $1,305 added for soft fall material at the Tot Lot
- Community Day budget (expense and revenue) only reflects fireworks, free band, police detail, and public works support. No games/activities.
- New sport camp program and additional week of full day camp.
- Recreation revenue reflects various small fee increases (e.g. half day camp up $10 to $90; trips up $5 to $40)
- Transfer to Sinking Fund ($28,594) includes $8,000 for a new park security camera system and $20,594 for existing parks assets.

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East Goshen Township 2015 Proposed Budget

ABC Budget Requests

Commerce Commission (Budgeted in Administration)

- $4,500 (up $1,936 from 2014 year-end projection, net of recording secretary)
- Reflects costs of two business forums & "a tour of excellence"

Conservancy Board (Budgeted in Zoning/Code Enforcement)

- $7,134 (up 21.3% from 2014 year-end projection, net of recording secretary)
- Reflects two tree plantings and spraying at Plank House & Applebrook

Historical Commission (Budgeted in Zoning/Code Enforcement)

- $3,529 (no change from year-end projection, net of recording secretary)
- Includes $1,300 for 19th century materials and supplies for Blacksmith Shop and Plank House
- $650 in supplies for 2-3 historical events

Deer Commission (Budgeted in Administration)

- $3,100 (no change from 2014 adopted budget)

- No budget for Planning Commission, Futurist Committee, 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	2014 Budget	2014 Y/E Projection (Aug)	2015 Proposed	$ Variance 2014-2015	% Variance 2014-2015
EMERGENCY SERVICES EXPENSE	4,080,238	4,030,773	4,195,489	164,717	4.1%
PUBLIC WORKS EXPENSE	2,350,469	2,558,829	2,489,426	(69,403)	-2.7%
ADMINISTRATION EXPENSE	1,590,156	1,783,786	1,806,774	22,988	1.3%
ZONING/PERMITS/CODES EXPENSE	448,790	431,438	519,094	87,656	20.3%
PARK AND RECREATION EXPENSE	579,086	568,961	542,504	(26,457)	-4.7%
TOTAL CORE FUNCTION EXPENSES	**9,048,739**	**9,373,786**	**9,553,287**	**179,501**	**1.9%**
EMERGENCY SERVICES REVENUE	87,904	78,156	85,977	7,821	10.0%
PUBLIC WORKS REVENUE	830,930	844,315	892,534	48,219	5.7%
ADMINISTRATIVE REVENUES	321,404	473,136	301,179	(171,957)	-36.3%
ZONING/PERMITS/CODES REVENUE	286,900	293,100	291,300	(1,800)	-0.6%
PARK AND RECREATION REVENUE	135,964	103,104	132,987	29,883	29.0%
TOTAL CORE FUNCTION REVENUES	**1,663,102**	**1,791,811**	**1,703,977**	**(87,834)**	**-4.9%**
NET EMERGENCY SERVICES EXPENSE	**3,992,334**	**3,952,616**	**4,109,512**	**156,896**	**4.0%**
NET PUBLIC WORKS EXPENSE	**1,519,539**	**1,714,514**	**1,596,892**	**(117,622)**	**-6.9%**
NET ADMINISTRATION EXPENSE	**1,268,752**	**1,310,650**	**1,505,595**	**194,945**	**14.9%**
NET ZONING/PERMITS/CODES EXPENSE	**161,890**	**138,338**	**227,794**	**89,456**	**64.7%**
NET PARK AND RECREATION EXPENSE	**443,122**	**465,857**	**409,517**	**(56,340)**	**-12.1%**
CORE FUNCTION NET SUBTOTAL	**7,385,637**	**7,581,975**	**7,849,310**	**267,335**	**3.5%**

East Goshen Township

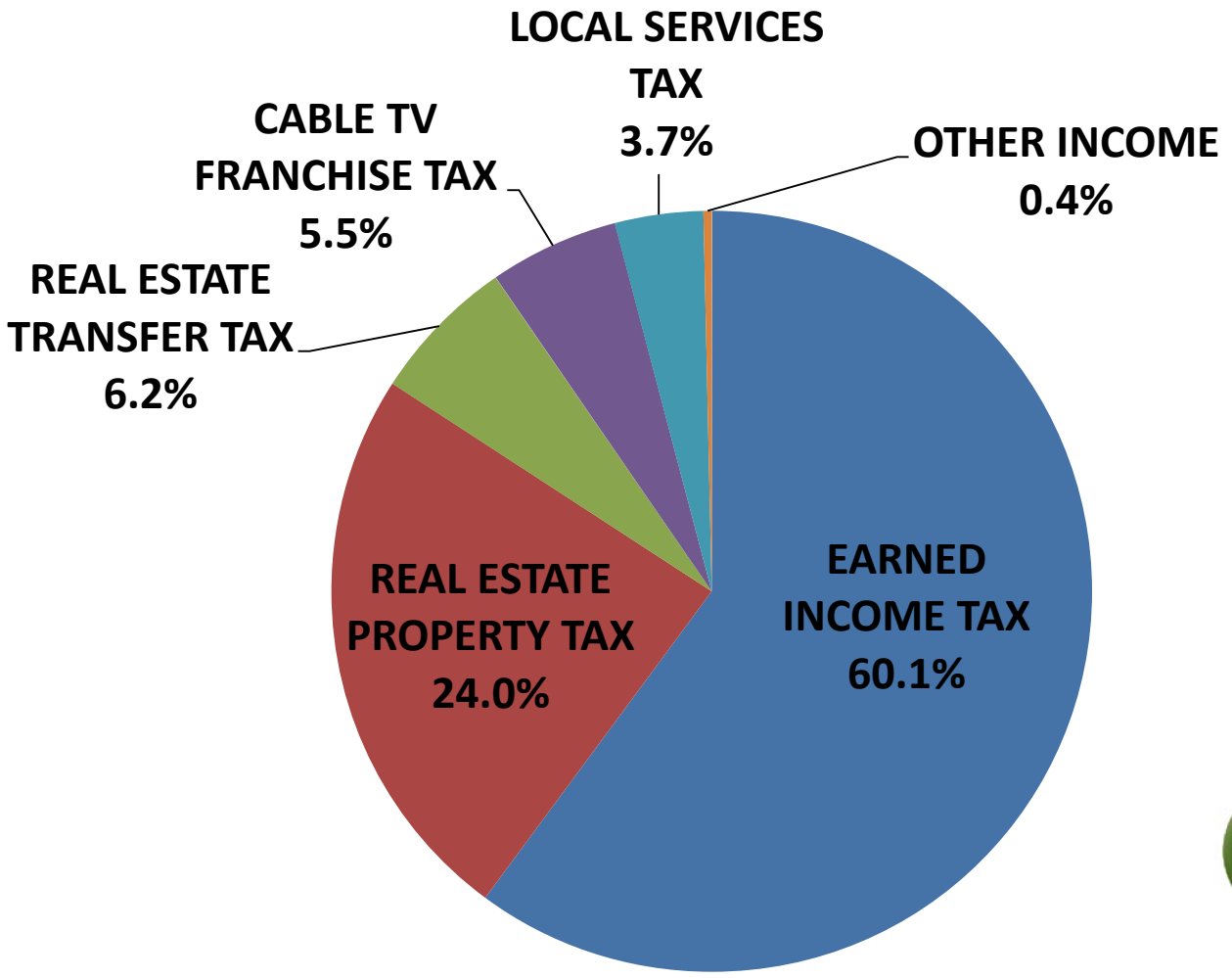
General Fund Budget Summary (Non-Core Functions)

Account Title	2014 Budget	2014 Y/E Projection (Aug)	2015 Proposed	$ Variance 2014-2015	% Variance 2014-2015
CORE FUNCTION NET SUBTOTAL	**7,385,637**	**7,581,975**	**7,849,310**	**267,335**	**3.5%**
DEBT - PRINCIPAL	456,000	456,000	476,000	20,000	4.4%
DEBT - INTEREST	189,721	189,721	170,418	(19,303)	-10.2%
TOTAL DEBT	**645,721**	**645,721**	**646,418**	**697**	**0.1%**
TOTAL CORE FUNCTION NET	**8,031,358**	**8,227,696**	**8,495,728**	**268,032**	**3.3%**
NON-CORE FUNCTION REVENUE					
EARNED INCOME TAX	4,840,552	4,890,552	4,973,691	83,139	1.7%
REAL ESTATE PROPERTY TAX	1,981,993	2,003,493	1,988,743	(14,750)	-0.7%
REAL ESTATE TRANSFER TAX	515,000	515,000	515,000	0	0.0%
CABLE TV FRANCHISE TAX	430,000	448,000	455,616	7,616	1.7%
LOCAL SERVICES TAX	310,000	324,803	310,000	(14,803)	-4.6%
OTHER INCOME	39,132	38,132	29,132	(9,000)	-23.6%
TOTAL NON CORE FUNCTION REVENUE	**8,116,677**	**8,219,980**	**8,272,182**	**52,202**	**0.6%**
NET RESULT	**85,319**	**(7,716)**	**(223,546)**	**(215,830)**	

Projected 12/31/14 Fund Balance	$4,346,487
Projected 12/31/15 Fund Balance	$4,122,941

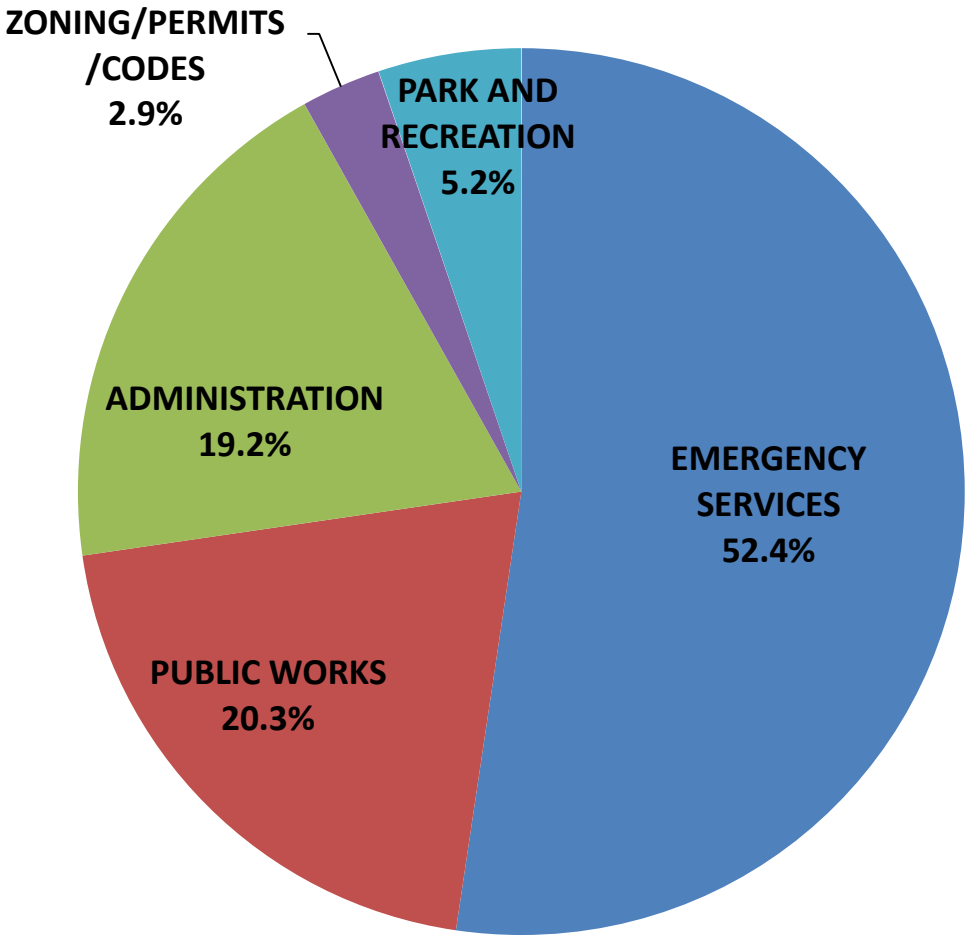
2015 Proposed Revenues

Where the money comes from…



2015 Proposed Expenses

Where the money goes….



* Excludes debt service

Other Funds Proposed Budgets

- State Liquid Fuels Fund
- Sinking Fund
- Transportation Fund
- Sewer Operating Fund
- Refuse Fund
- Municipal Authority
- Sewer Sinking Fund
- Operating Reserve Fund
- Events 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 2015 Proposed Budget is based on correspondence with PennDOT in early October and reflects a 9% increase over the 2014 year-end projection.

	2014 Adopted	2014 Y/E Projection	2015 Proposed
Starting Fund Balance	**152**	**152**	**152**
Revenues	352,000	398,175	428,763
Expenses	352,000	398,175	428,763
Year-End Fund Balance	**152**	**152**	**152**

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). Effective in 2014, funds are transferred from the general fund based on a formula that includes three components: 1) the increase in the replacement value of all Township assets as of December 31, 2013; 2) the cost of any new (non-replacement) assets purchased after December 31, 2013; and 3) the change in the accumulated depreciation of assets purchased after December 31, 2013.

	2014 Adopted	2014 Y/E Projection	2015 Proposed
Starting Fund Balance	**6,595,329**	**6,595,329**	**6,178,611**
Revenues	354,859	442,179	505,340*
Expenses	799,530	858,897	643,300
Year-End Fund Balance	**6,150,658**	**6,178,611**	**6,040,651**

* Other than interest and general fund transfers, 2015 Sinking Fund revenues include $40,000 anticipated grant for park traffic signal

SINKING FUND (Continued)

Project/asset	Replacement	New	Category	Useful Life
E. Boot Road Bridge Engineering		$150,000	TWP	40
Air shoring struts		$7,800	PW	10
Mid-sized dump truck	$130,000		PW	10
Tractor	$42,500		PW	10
Two pickup trucks	$86,000		PW	10
Two Exmark mowers	$20,000		PW	10
Park crossing		$40,000	PARK	40
Milltown Dam Engineering & Permitting		$25,000	TWP	40
Milltown Dam valves (carryover from 2014)	$80,000		TWP	25
Tot Lot (3 spring horses & jeep)	$10,000		PARK	15
Back tennis court resurfacing	$36,000			
Back tennis court fencing	$8,000		PARK	15
Park cameras		8,000	PARK	10
Total	**$412,500**	**$230,800**		

Justification for New Assets

- E. Boot Road Bridge engineering needed to avoid further load limit downgrades. Hopefully 80% grant funded upon project completion
- Air shoring struts would replace 15-year old struts not currently on fixed asset list
- Park Crossing needed for safety reasons; hopefully 100% grant funded
- Milltown Dam Engineering required per DEP
- Park Cameras would be in 4 or 5 locations for security at the park given recent incidents with vandalism

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.

	2014 Adopted	2014 Y/E Projection	2015 Proposed
Starting Fund Balance	**1,053,158**	**1,053,158**	**1,067,152**
Revenues	25,967	25,633	2,650
Expenses	12,000	11,639	12,000
Year-End Fund Balance	**1,067,125**	**1,067,152**	**1,057,802**

- No 2015 impact fee revenue is anticipated at this time.
- $12,000 in expenses is proposed for two traffic light video systems. 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 $7.68/thousand gallon variable rate and a $26.56/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.

	2014 Adopted	2014 Y/E Projection	2015 Proposed
Starting Fund Balance	**586,512**	**586,512**	**661,121**
Revenues	3,268,123	3,322,732	3,436,356
Expenses	3,268,123	3,248,123	3,436,356
Year-End Fund Balance	**586,512**	**661,121**	**661,121**

- Transfer to Sewer Sinking Fund ($175,080) includes $15,080 for 8 new cellular meter readers on Chester Creek flow meters (offset by $3,770 from West Goshen for two of them). Will reduce Public Works labor costs by $11,000.
- $10,000 is requested for surveillance equipment at Ridley Creek STP, a carryover from 2014.
- $12,000 increase in Chester Creek I&I for inflow repair and smoke testing
- $5,000 increase in Ridley Creek for manhole repair and smoke testing
- $5,000 increase for pump and wet well repair at Ashbridge and Mill Valley
- $9,949 increase in insurance due to lack of MRM dividend in 2015 (shared with sewer fund)
- $84,105 increase in transfer to Municipal Authority
- $10,000 for tree removal on sewer easements (previously borne by general fund)

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.

	2014 Adopted	2014 Y/E Projection	2015 Proposed
Starting Fund Balance	**783,647**	**783,647**	**777,350**
Revenues	988,195	989,595	988,195
Expenses	995,892	995,892	1,085,672
Year-End Fund Balance	**775,950**	**777,350**	**679,873**

- $80,280 increase in contracted services, per contract
- $2/ton increase (+$9,695) in the Chester County Solid Waste Authority tip fee
- No increase necessary for refuse rate for next few years

MUNICIPAL AUTHORITY

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.

	2014 Adopted	2014 Y/E Projection	2015 Proposed
Starting Fund Balance	**1,598,270**	**1,598,270**	**1,570,894**
Revenues	147,471	169,736	121,016
Expenses	192,328	197,112	221,016
Year-End Fund Balance	**1,553,413**	**1,570,894**	**1,470,894**

- $9,000 for legal expenses
- $37,300 for engineering
- $100,000 for Reservoir Road Pump Station engineering (paid from 2013 note proceeds)

SEWER SINKING FUND

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

	2014 Adopted	2014 Y/E Projection	2015 Proposed
Starting Fund Balance	**1,820,492**	**1,820,492**	**1,945,992**
Revenues	173,000	170,500	177,580
Expenses	156,000	45,000	155,080
Year-End Fund Balance	**1,837,492**	**1,945,992**	**1,968,492**

- Hunt County Pump Station Rebuild ($120,000), carryover from 2014
- $15,080 for 8 new cellular meter readers on Chester Creek flow meters (offset by $3,770 from West Goshen for two of them in Sewer Operating Fund); will eliminate about $11,000 in Public Works labor costs per year
- Year 2 of media filter and UV bulb for Ridley Creek ($20,000)

OPERATING RESERVE FUND

The Second Class Township Code authorizes municipalities to set aside up to 25% of their estimated general fund revenues into an operating reserve fund. East Goshen established an operating reserve fund in 2013, electing to fund it at 5% of general fund revenue.

	2014 Adopted	2014 Y/E Projection	2015 Proposed
Starting Fund Balance	**500,008**	**500,008**	**2,500,708**
Revenues	0	2,000,700	7,500
Expenses	0	0	0
Year-End Fund Balance	**500,008**	**2,500,708**	**2,508,508**

EVENTS FUND

East Goshen created an Events Fund (technically a component part of the General Fund) in 2013, as a way to set aside funds in anticipation of the 2017 bicentennial celebration of East Goshen Township.

	2014 Adopted	2014 Y/E Projection	2015 Proposed
Starting Fund Balance	**15,000**	**15,000**	**30,006**
Revenues	15,000	15,006	15,010
Expenses	0	0	0
Year-End Fund Balance	**30,000**	**30,006**	**45,016**