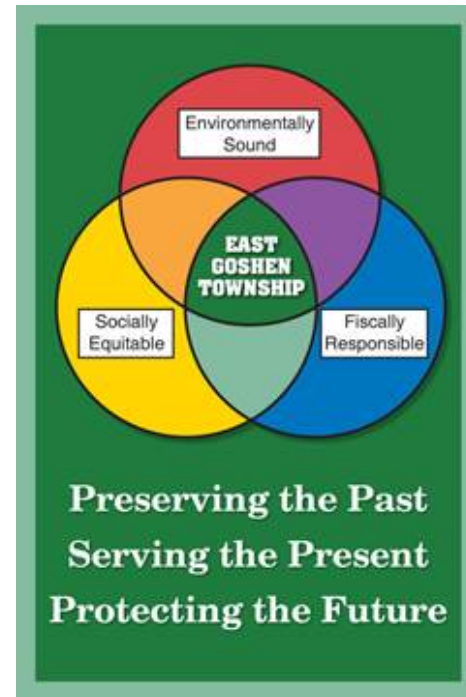


East Goshen Township

2016 Adopted Budget



Updated on December 2, 2015

East Goshen Township

2016 Adopted General Fund Budget



BUDGET HIGHLIGHTS

- For the 13th consecutive year, there will be no tax increases.
- The adopted budget includes \$10,021,640 in revenues and \$10,344,824 in expenses for a deficit of \$323,184, to be paid from existing fund balance.

East Goshen Township

2016 Adopted General Fund Budget



Key Expense Assumptions

- **Inflation** is trending very low for 2015; assumed 1% CPI.
- Selected line items adjusted more/less than inflation based on historical trends.
- One-time costs from 2015 backed out.
- This budget reflects a net increase in **health insurance** costs of 10%, which reflects a 16% increase in “base” premiums, offset by anticipated savings of 6% as a result of the switch to DVHT.
- **Other insurance** is expected to increase 6.22%, due to a 7.3% increase in workers comp premiums and a 4-5% estimated increase for other insurance lines. As always, we are currently reviewing the marketplace for competitive alternatives.
- **Salary increases** based on the existing compensation policy and a 1.5% performance increase.
- **Transfers to Sinking Fund** across four categories (office, township building, public works & parks) total \$365,093. More information on fixed assets can be found on pages 16-17.

East Goshen Township 2016 Adopted Budget

Revenue Assumptions

- Conservative assumptions across the board
- **Earned Income Tax** up 2.0% over 2015 year-end projection.
 - U.S. wage growth projected at 2.7% next year (source: PNC Bank, Sept, 2015).
- **Real Estate Tax** up \$2,947 from 2015 year-end projection.
 - Additional \$2.4 million in 2016 assessments through October.
- **LST** flat over 2015 year-end projection.
- **Real Estate Transfer Tax** reduced by \$440,000 from the 2015 year-end projection, which increased significantly due to two commercial sales in 2015.
 - Case-Schiller forecast to increase 2.6% in 2016.
 - No large commercial sales anticipated in 2016.
- **Cable Franchise Tax** growth of 1% (CPI) over 2015 year-end projection.
- **Permit** revenue reduced by \$75,000 from the 2015 year-end projection, which increased significantly due to construction on Enterprise Drive & Route 3.
 - No major commercial or residential development expected in 2016.



Emergency Services—\$4,278,061 up \$252,383 or 6.3% from 2015 year-end projection

- The Police budget is based on agreed PPU allocation of 42.9 %(WT)/57.1% (EGT) and includes the following changes in 2016:
 - Hiring of 1 additional Traffic Safety Officer from the Patrol Unit. One of the TSU officers will be assigned primarily to Westtown.
 - Hiring of 2 additional full-time officers; one at the beginning of the year, the other at mid-year, in order to bring the percentage of part-time patrol officer coverage below 30%. Three additional full-time officers are proposed to be hired in 2017 and one in 2018.
 - Scheduling an additional part-time officer to daytime shifts to ensure that the patrol unit has a minimum of five officers on all shifts to improve operational efficiency.
 - Reassignment of one patrol officer to serve as a community resource officer.
 - Purchase of one additional patrol vehicle to accommodate new command structure.
 - \$62,500 for part-time administrative support for Detectives (60 hours per week combined).
 - The Other Post Employment Benefit Trust, which East Goshen established in 2012 to set aside East Goshen's share of the future costs of retiree medical benefits for policer officers, is to be funded at \$80,619, for the third straight-year. As of June 30th, the balance of the trust was \$1,045,085.
 - The Police Pension Trust, which East Goshen established in 2014 to set aside money for the unfunded liability of the police's pension plan, is to be funded at \$255,272, for the third straight year. As of June 30th, the balance of that trust was \$518,995.
- Fire
 - Inflationary increase (1%) in Fire Company contributions.
 - EGT does not expect to receive a request for a capital/building contribution from GFC in 2016.

* Departmental budget numbers are net of core revenues; some individual line items may change more or less than reported here due to netting out one-time costs from 2015 or inflationary adjustments for other expenses charged to a line item.

East Goshen Township 2016 Adopted Budget

Spending Requests by Department*



Public Works—\$1,660,370 reduced \$127,292 or -7.1% from 2015 year-end projection

Stormwater

- \$68,000 for repair of rusted corrugated pipe under Forest Lane bridge.

Roads

- 8% increase (\$47,911) over 2015 year-end projections for resurfacing due to more curb repair.
 - Wentworth, Wyllpen Farms, Pheasant Run, Westtown Way, Hershey Mill Road, Christine Lane, Sturbridge Lane, North Lochwood Lane, Madison Drive, Waterford Road and Brooke Drive scheduled for repaving.
- \$70,000 for Tree Removal, part of multi-year plan to address aging street trees and emerald ash borer and \$5,000 for street tree plantings (a new line item).
- Revenue from State Liquid Fuel allocation up \$59,328 per PennDOT.
- Transfer to Sinking Fund (\$190,624), reflects \$10,000 for new assets and \$180,624 for the depreciation of existing assets.

Snow

- Same as 2015 adopted budget. El Niño expected to bring lots of winter rain, but not snow to Northeast.



* Departmental budget numbers are net of core revenues; some individual line items may change more or less than reported here due to netting out one-time costs from 2015 or inflationary adjustments for other expenses charged to a line item.

East Goshen Township 2016 Adopted Budget

Spending Requests by Department*



Administration—\$1,321,356 reduced \$40,333 or 3.0% from 2015 year-end projection

- \$9,000 for Geothermal HVAC maintenance (maintenance costs were waived in year 1 (2015))
- Transfer to Sinking Fund (\$116,341) includes \$17,750 for new assets (building camera and Board room TV & AV system) and \$98,591 for depreciation of existing assets.

Parks & Recreation—\$378,572 reduced \$73,665 or 16.3% from 2015 year-end projection

- \$31,200 for last three Milltown Dam study payments.
- \$12,500 for last two Parks Master Plan payments.
- Transfer to Sinking Fund (\$58,128) includes \$12,750 for a new park security camera system and \$16,000 for the undepreciated costs of the tennis court repairs (both are carryovers from 2015) and \$29,378 for the depreciation of existing parks assets.
- Tot Lot, Milltown Dam Engineering and Hershey Mill Dam Construction (see fixed assets) to be paid for from Sinking Fund balance. No general fund contribution.

Zoning and Codes Enforcement—\$296,042, up \$154,052 or 108.5% from 2015 year-end projection

- \$90,000 for Zoning Consultants for additional Paoli Pike trail consultation.
- Otherwise, the net increase is due to the anticipated decrease in grant revenue in 2016.
- Permit revenue (\$175,000) same as 2015 adopted budget and \$75,000 lower than 2015 year-end projection, reflecting no major development planned.
 - 2015 permits reflect large projects at QVC, Goshen Meadows, Keystone Food, New Kent and Sunny Ridge.
 - 3 residential lots and no known commercial activity anticipated in 2016.

* Departmental budget numbers are net of core revenues; some individual line items may change more or less than reported here due to netting out one-time costs from 2015 or inflationary adjustments for other expenses charged to a line item.

East Goshen Township 2016 Adopted Budget

ABC Budget Requests



Commerce Commission (Budgeted in Administration)

- \$3,666 (up \$2,446 from 2015 year-end projection).
- Reflects costs of two business forums, associated supplies and business newsletter.

Conservancy Board (Budgeted in Zoning/Code Enforcement)

- \$7,134 (same as 2015 adopted budget and up 128% or \$4,009 from 2015 year-end projection).
- 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).
- Includes \$800 for Plank House & meeting room items & \$650 in supplies for 2-3 historical events.

Deer Commission (Budgeted in Administration)

- \$3,100 (no change from 2015 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	2015 Budget	2015 Y/E Projection (Sept)	2016 Adopted	\$ Variance 2015-2016	% Variance 2015-2016
EMERGENCY SERVICES EXPENSES	4,152,253	4,094,989	4,345,656	250,667	6.1%
PUBLIC WORKS EXPENSES	2,497,796	2,640,193	2,634,879	(5,314)	-0.2%
ADMINISTRATION EXPENSES	1,805,260	1,692,737	1,646,376	(46,361)	-2.7%
ZONING/PERMITS/CODES EXPENSES	523,728	527,140	538,192	11,052	2.1%
PARK AND RECREATION EXPENSES	582,149	585,131	531,450	(53,681)	-9.2%
TOTAL CORE FUNCTION EXPENSES	9,561,186	9,540,191	9,696,553	156,362	1.6%
EMERGENCY SERVICES REVENUES	85,977	69,311	67,595	(1,716)	-2.5%
PUBLIC WORKS REVENUES	892,534	852,532	974,509	121,977	14.3%
ADMINISTRATION REVENUES	301,179	331,048	325,020	(6,028)	-1.8%
ZONING/PERMITS/CODES REVENUES	291,300	385,150	242,150	(143,000)	-37.1%
PARK AND RECREATION REVENUES	132,987	132,894	152,878	19,984	15.0%
TOTAL CORE FUNCTION REVENUES	1,703,977	1,770,934	1,762,152	(8,782)	-0.5%
NET EMERGENCY SERVICES EXPENSES	4,066,276	4,025,678	4,278,061	252,383	6.3%
NET PUBLIC WORKS EXPENSES	1,605,262	1,787,662	1,660,370	(127,292)	-7.1%
NET ADMINISTRATION EXPENSES	1,504,081	1,361,689	1,321,356	(40,333)	-3.0%
NET ZONING/PERMITS/CODES EXPENSES	232,428	141,990	296,042	154,052	108.5%
NET PARK AND RECREATION EXPENSES	449,162	452,237	378,572	(73,665)	-16.3%
CORE FUNCTION NET SUBTOTAL	7,857,209	7,769,257	7,934,401	165,144	2.1%



East Goshen Township

General Fund Budget Summary (Non-Core Functions)



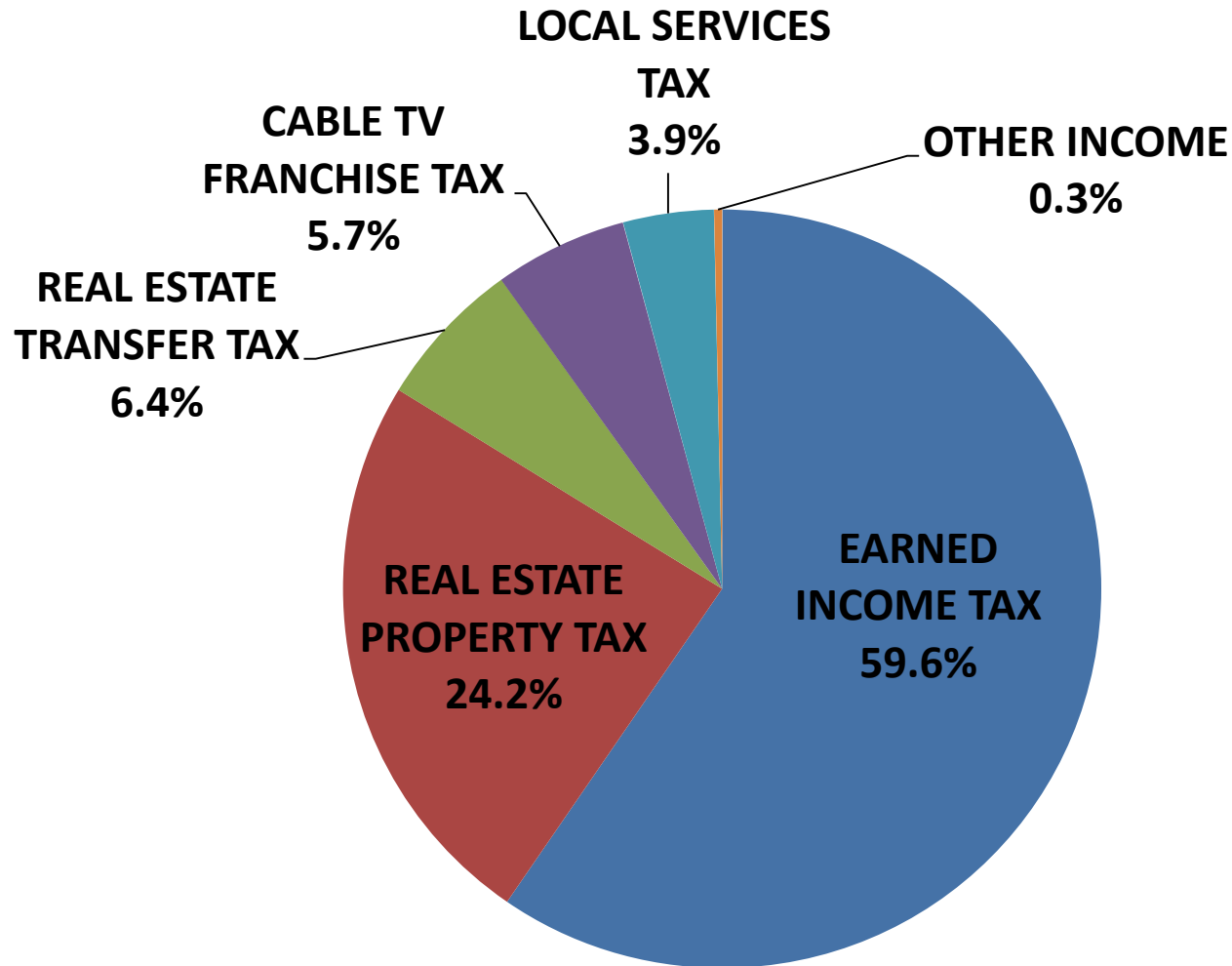
Account Title	2015 Budget	2015 Y/E Projection (Sept)	2016 Proposed	\$ Variance 2015-2016	% Variance 2015-2016
CORE FUNCTION NET SUBTOTAL	7,857,209	7,769,257	7,934,401	165,144	2.1%
DEBT - PRINCIPAL	476,000	476,000	498,001	22,001	4.6%
DEBT - INTEREST	170,418	170,418	150,270	(20,148)	-11.8%
TOTAL DEBT	646,418	646,418	648,271	1,853	0.3%
TOTAL CORE FUNCTION NET	8,503,627	8,415,675	8,582,672	166,997	2.0%
NON-CORE FUNCTION REVENUE					
EARNED INCOME TAX	4,775,000	4,825,000	4,921,500	96,500	2.0%
REAL ESTATE PROPERTY TAX	1,994,211	1,994,218	1,997,165	2,947	0.1%
REAL ESTATE TRANSFER TAX	640,000	965,000	525,000	(440,000)	-45.6%
CABLE TV FRANCHISE TAX	455,616	463,116	467,747	4,631	1.0%
LOCAL SERVICES TAX	310,000	320,000	320,000	0	0.0%
OTHER INCOME	29,132	28,076	28,076	0	0.0%
TOTAL NON CORE FUNCTION REVENUE	8,203,959	8,595,410	8,259,488	(335,922)	-3.9%
NET RESULT	(299,668)	179,735	(323,184)	(502,919)	
Projected 12/31/15 Fund Balance			\$4,638,608		
Projected 12/31/16 Fund Balance			\$4,315,424		



2016 Adopted Revenues



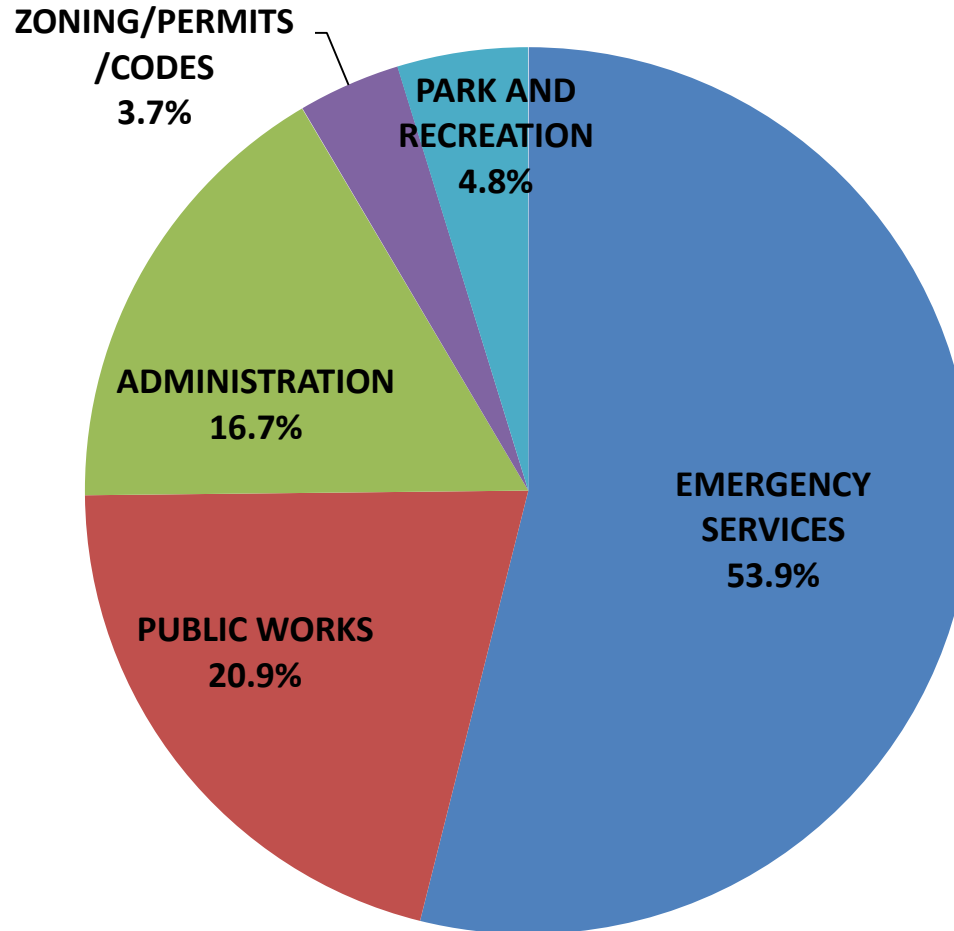
Where the money comes from...



2016 Adopted Expenses



Where the money goes....



Other Funds Adopted 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 Fuels 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 2016 Adopted Budget is based on correspondence with PennDOT in early October and reflects a 13.8% increase over the 2015 year-end projection.

	2015 Adopted	2015 Y/E Projection	2016 Adopted
Starting Fund Balance	\$204	\$204	\$200
Revenues	\$428,763	\$431,101	\$490,429
Expenses	\$428,768	\$431,105	\$490,429
Year-End Fund Balance	204	\$200	\$200

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. This is done so that equipment and other assets can be replaced on a regular cycle without the need to incur debt to raise taxes. 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.

	2015 Adopted	2015 Y/E Projection	2016 Adopted
Starting Fund Balance	6,237,436	6,237,436	6,210,024
Revenues	505,340	383,127	783,093
Expenses	643,300	403,023	1,831,000
Year-End Fund Balance	6,099,476	6,217,540	5,169,633

- Other than interest and general fund transfers, 2016 Sinking Fund revenues include \$400,000 in awarded grant funds from DVRPC for the E. Boot Road Bridge.
- No grant revenue factored in for Tot Lot or Paoli Pike Trail.
- Accumulated depreciation at the end of 2015 will be ~\$5.1m.



SINKING FUND (Continued)

Project/asset	Replacement	New	Category	Useful Life
E. Boot Road Bridge Construction		\$400,000	TWP	40
Milltown Dam Engineering		\$500,000	TWP	30
Hershey Mill Dam Construction		\$300,000	TWP	30
Utility Truck with Crane (#8)	\$130,000		PW	10
Pick-up Truck	\$45,000		PW	10
Skid Steer	\$36,000		PW	10
Trailer	\$10,000		PW	10
Tennis Court Fencing (carryover)	\$8,000		PARK	15
Tennis Court Resurfacing (carryover)	\$16,000	\$16,000	PARK	20
Brine Tank for 2015 Truck		\$10,000	PW	10
Park Security Camera System (carryover)		\$12,750	PARK	10
PCs	\$4,500		OFFICE	5
Building Camera System (carryover)		\$12,750	TWP	10
Township Roof	\$100,000		TWP	
Paoli Pike Path Engineering		\$50,000	TWP	30
Tot-Lot Construction	\$175,000		PARK	15
AV & TV System for BOS Room		\$5,000	TWP	10
Total	\$524,500	\$1,306,500		

Justification for New Assets

- E. Boot Road Bridge-As required by recent inspection (funded 80% by DVRPC grant)
- Milltown & Hershey Mill Dam figures are worst case scenarios
- \$16,000 of tennis court resurfacing project has been depreciated; the other half has not and is treated as a new asset
- Brine Tank will allow for 4 brine tanks to be on the roads prior to snow storms.
- Security Cameras to deter vandalism/crime
- Paoli Pike Path Engineering will likely be eligible for grants
- AV & TV System for BOS Room will allow the Township to provide visitors/residents with important announcements/information about the Township before and during ABC/BOS meetings

TRANSPORTATION FUND

The Transportation Fund consists of developer contributions and transportation “impact fees” as permitted in 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.

	2015 Adopted	2015 Y/E Projection	2016 Adopted
Starting Fund Balance	\$1,067,853	\$1,067,853	\$1,059,442
Revenues	\$2,650	\$3,589	\$260,089
Expenses	\$12,000	\$12,000	\$616,000
Year-End Fund Balance	\$1,058,503	\$1,059,442	\$703,531

- \$12,000 in expenses is proposed for two traffic light video systems. These systems would replace aging traffic loops, which are losing effectiveness.
- \$515,000 for five Adaptive Traffic Signals on Route 3, offset by \$257,500 in grant revenue.
- \$85,000 for Boot Rd restriping & \$4,000 for left-turn signal at St Peter & Paul.

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 \$7.90/thousand gallon variable rate and a \$30.07/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.

	2015 Adopted	2015 Y/E Projection	2016 Adopted
Starting Fund Balance	\$593,541	\$593,541	\$527,436
Revenues	\$3,437,641	\$3,202,328	\$3,278,607
Expenses	\$3,436,351	\$3,268,433	\$3,378,607
Year-End Fund Balance	\$594,831	\$527,436	\$427,436

- Transfer to Sewer Sinking Fund (\$205,750) includes \$33,000 for a back-up lift station pump, a filter pump and \$12,750 for a security system at Ridley Creek.
- \$17,000 for smoke testing carried over from 2015.
- \$93,832 transfer to Municipal Authority for operating costs.
- \$4,766 increase in electricity costs, primarily at Ridley Creek Sewer Treatment Plant, due to a new charge in second half of 2016 to regulate peak electric capacity in the PJM region.
- \$100,000 applied from fund balance to rate stabilization.

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.

	2015 Adopted	2015 Y/E Projection	2016 Adopted
Starting Fund Balance	\$748,898	\$748,898	\$663,467
Revenues	\$988,195	\$980,809	\$993,720
Expenses	\$1,085,672	\$1,066,240	\$1,077,069
Year-End Fund Balance	\$651,421	\$663,467	\$580,118

- No change in service price, per contract.
- \$2/ton increase (+\$9,365) in the Chester County Solid Waste Authority tip fee anticipated.
- No increase necessary for refuse rate next year.

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.

	2015 Adopted	2015 Y/E Projection	2016 Adopted
Starting Fund Balance	\$1,598,177	\$1,589,177	\$1,478,377
Revenues	\$121,016	\$120,661	\$103,342
Expenses	\$221,016	\$231,461	\$146,924
Year-End Fund Balance	\$1,489,177	\$1,478,377	\$1,434,795

- \$9,000 for legal expenses & \$9,500 for auditing.
- \$38,500 for engineering.
- \$25,000 for an engineering study on concrete asbestos pipes to develop long-range plan for maintaining/replacing aging infrastructure.
- Reservoir Road Pump Station Engineering has been completed.

SEWER SINKING FUND

The Sewer Sinking Fund was created to ensure that Township can replace the township's four pump station and pumps, filters and other miscellaneous equipment at the Ridley Creek Sewer Treatment Plant without incurring debt or raising sewer rates. It is funded at a level that the Township has sufficient reserves to cover the accumulated depreciation of sewer assets, with the exception of the physical plant and most of the sewer lines in the Township.

	2015 Adopted	2015 Y/E Projection	2016 Adopted
Starting Fund Balance	\$1,950,312	\$1,950,312	\$2,077,732
Revenues	\$177,580	\$172,218	\$208,250
Expenses	\$155,080	\$44,798	\$170,750
Year-End Fund Balance	\$1,972,812	\$2,077,732	\$2,115,232

- Hunt County Pump Station Rebuild (\$120,000), carryover from 2015.
- Security camera/system at Ridley Creek to deter crime/vandalism (\$12,750).
- One back-up lift station pump & one back-up filter pump to ensure continuity in operations in the event of an emergency (\$33,000).

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.

	2015 Adopted	2015 Y/E Projection	2016 Adopted
Starting Fund Balance	\$2,475,611	\$2,475,611	\$2,482,111
Revenues	\$7,500	\$6,500	\$6,500
Expenses	\$0	\$0	\$0
Year-End Fund Balance	\$2,483,111	\$2,482,111	\$2,488,611

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.

	2015 Adopted	2015 Y/E Projection	2016 Adopted
Starting Fund Balance	\$30,006	\$30,006	\$45,014
Revenues	\$15,010	\$15,008	\$15,012
Expenses	\$0	0	\$0
Year-End Fund Balance	\$45,016	\$45,014	\$60,026