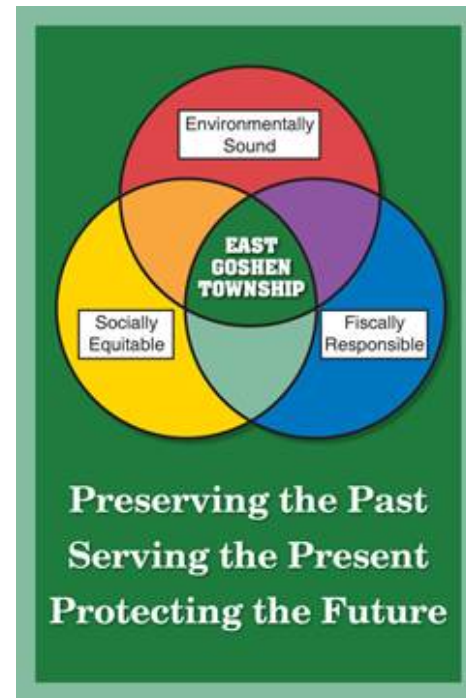


East Goshen Township

2017 Proposed Budget



For presentation to the Board of Supervisors on November 1, 2016

East Goshen Township

2017 Proposed General Fund Budget



BUDGET HIGHLIGHTS

- For the 14th consecutive year, no tax increases are proposed in this budget.
- Net of Pass-throughs, the proposed budget includes \$10,327,216 in revenues and \$10,807,411 in expenses for a deficit of \$480,195, to be paid from existing fund balance.

East Goshen Township

2017 Proposed General Fund Budget



Key Expense Assumptions

- **Inflation** is trending very low for 2016; assumed 1% CPI.
- Selected line items adjusted more/less than inflation based on historical trends.
- One-time costs from 2016 backed out.
- Health insurance increase of 8.5%, based on actual 2017 figures from DVHT
- **Other insurance** is expected to increase 8.6%, due to a 19.6% increase in workers comp premiums. 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 \$486,688. More information on fixed assets can be found on pages 16-18.

East Goshen Township 2017 Proposed Budget

Revenue Assumptions

- Conservative assumptions across the board
- **Earned Income Tax** up 2.0% over 2016 year-end projection.
 - U.S. wage growth projected at 2.9% next year (source: PNC Bank, Sept, 2016).
- **Real Estate Tax** reflects \$25.3m in additional assessments in 2016.
- **LST** flat over 2016 year-end projection.
- **Real Estate Transfer Tax** reduced by \$35,000 from the 2016 year-end projection, which reflects a pending commercial sale at the end of this year.
 - Case-Schiller forecast to increase 4.3% in 2017.
 - No large commercial sales anticipated in 2017.
- **Cable Franchise Tax** growth of 1% (CPI) over 2016 year-end projection.
- **Permit** revenue reduced by \$5,000 from the 2016 year-end projection.
 - No major commercial or residential development expected in 2016.

East Goshen Township 2017 Proposed Budget

Spending Requests by Department*



Emergency Services—\$4,510,635 up \$412,501 or 10.1% from 2016 year-end projection

• The Police budget is based on the PPU allocation of 44%(WT)/56% (EGT) and includes the following changes in 2017:

- \$9,360 for use-of-force training and equipment
- \$5,000 for forensic training for Patrol Sergeants
- \$5,124 for three AEDs
- \$5,000 increase for training
- \$5,330 for alternate light source equipment

• 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 police officers, is to be funded at \$165,437, an increase of \$84,818 over 2016, as recommended by the 2016 actuarial study. At this level, the trust will be fully funded by 2026. As of June 30th, the balance of the trust was \$1,045,085, compared to East Goshen's share (56%) of the unfunded liability of \$1.636 million.

• The Police Pension Trust, which East Goshen established in 2014 to set aside money for East Goshen's share of the unfunded liability of the police's pension plan, is to be funded at \$355,272, an increase of \$100,000. It is further proposed that additional analysis be done on the unfunded liability once the 1-1-17 valuation is complete. As of September 30th, the balance of that trust was \$813,513, compared to an unfunded liability of \$1.93 million, which is East Goshen's share (56%) of the police pension plan's total unfunded liability as of the 1-1-15 pension valuation net of the balance of our trust.

• Fire

- Inflationary increase (1%) in Fire Company contributions.

* 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 2016 or inflationary adjustments for other expenses charged to a line item.



East Goshen Township 2017 Proposed Budget

Spending Requests by Department*



Public Works—\$1,610,316, up \$21,414 or 1.3% from 2016 year-end projection

- Increase of headcount by 1 FTE (\$70,795, including benefits). This increase is necessary for Public Works to be able to respond to issues as they arise in the Township more promptly.

Stormwater

- 80% decrease in stormwater maintenance & repairs, as no major work is expected other than repair of Marydell outfall structure (\$10,000)
- \$40,000 for study on silt removal in anticipation of MS4 permit renewal in 2018

Roads

- 5% decrease (-\$32,000) over 2016 year-end projections for resurfacing
 - Reservoir Road (North of Strasburg), eastern half of Hershey's Mill Estates, Meadows, Mill Valley, Wentworth, & Westtown Way scheduled for resurfacing.
- \$70,000 for Tree Removal in Marydell & Grand Oaks, part of multi-year plan to address aging street trees and emerald ash borer and \$5,000 for street tree plantings.
- Revenue from State Liquid Fuel allocation up 2.8% (\$14,204) per PennDOT.
- Transfer to Sinking Fund (\$209,500), reflects \$19,500 for new assets (Iron Worker and Brine Tank) and \$190,000 for the depreciation of existing assets. More information about fixed assets can be found on pages 16-18.
- \$3,800 for three radios
- \$3,500 for new floor cleaner; offset by \$4,000 in shop expense savings from iron worker.

Snow

- Non-personnel snow expenses up \$23,000 over 2016 year-end projections due to anticipated refurbishing of two trucks and above-average snow fall forecast for 2016-2017

* 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 2016 or inflationary adjustments for other expenses charged to a line item.



East Goshen Township 2017 Proposed Budget

Spending Requests by Department*



Administration—\$1,495,626, up \$202,474 or 15.7% from 2016 year-end projection

- \$19,500 budgeted for aerial deer census, as recommended by the Deer Committee.
- Transfer to Sinking Fund reflects \$79,845 for depreciation of existing assets and \$176,800 for new assets including \$20,000 for a new building storefront, \$120,000 for a vehicle wash bay, \$11,800 for Public Works garage doors and \$25,000 for a fire alarm system. More information about fixed assets can be found on pages 16-18.
- Reflects costs of (currently vacant) part-time administrative assistant (\$19,847) to assist with miscellaneous tasks, including stormwater-related matters for MS4 permit renewal.
- \$60,000 for Consultants for 2017 expenses related to Paoli Pike Master Plan study (offset by \$52,500 in grant revenue).

Parks & Recreation—\$410,107 down 96,187 or -19.0% from 2016 year-end projection

- Community Day budget increased to \$90,000. to reflect Bi-centennial event (offset by donations from Friends & Transfer from Events Fund).
- \$5,000 for credit card fees and new general expenses for payment portal (offset by revenue)
- \$75,000 for land planning work for dams.
- Additional \$6,000 in Minor Equipment for temporary Port-a-Potty and screening in Applebrook in response to interest from the P&R Commission. This temporary facility would be operational for about 7 months, and based on usage, the Township may consider the installation of permanent facilities in the future.
- Transfer to Sinking Fund (\$20,543) is for the depreciation of existing parks assets.

Zoning and Codes Enforcement—\$133,873, up \$19,920 or 17.5% from 2016 year-end projection



* 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 2016 or inflationary adjustments for other expenses charged to a line item.

East Goshen Township 2017 Proposed Budget

ABC Budget Requests



Commerce Liaison (Budgeted in Administration)

- \$2,000 budgeted for two business forums related to LERTA.

Conservancy Board (Budgeted in Zoning/Code Enforcement)

- \$5,227 budgeted, reflecting \$500 for gator bags (tree plantings), \$1,800 for bi-annual invasive spraying and \$3,000 for two plantings.

Historical Commission (Budgeted in Zoning/Code Enforcement)

- Maintained budget at 2016 adopted budget levels during transitional period.

Deer Commission (Budgeted in Administration)

- \$22,050 budgeted, reflecting \$19,500 for the recommended aerial deer census.

- Park & Recreation's request is incorporated under the Park and Recreation departmental budget.
- No request received from Futurist Committee.

East Goshen Township

General Fund Budget Summary (Core Functions)



Account Title	2016 Budget	2016 Y/E Projection (Sept)	2017 Proposed	\$ Variance 2016-2017	% Variance 2016-2017
EMERGENCY SERVICES EXPENSES	4,345,656	4,159,413	4,572,115	412,702	9.9%
PUBLIC WORKS EXPENSES	2,634,879	2,727,128	2,615,463	(111,665)	-4.1%
ADMINISTRATION EXPENSES	1,646,376	1,665,259	1,873,346	208,087	12.5%
ZONING/PERMITS/CODES EXPENSES	538,192	410,716	413,748	3,032	0.7%
PARK AND RECREATION EXPENSES	531,450	646,270	682,542	36,272	5.6%
TOTAL CORE FUNCTION EXPENSES	9,696,553	9,608,787	10,157,214	548,427	5.7%
EMERGENCY SERVICES REVENUES	67,595	61,279	61,480	201	0.3%
PUBLIC WORKS REVENUES	974,509	1,138,226	1,005,147	(133,079)	-11.7%
ADMINISTRATION REVENUES	325,020	372,107	377,720	5,613	1.5%
ZONING/PERMITS/CODES REVENUES	242,150	296,763	279,875	(16,888)	-5.7%
PARK AND RECREATION REVENUES	152,878	139,976	272,435	132,459	94.6%
TOTAL CORE FUNCTION REVENUES	1,762,152	2,008,351	1,996,657	(11,694)	-0.6%
NET EMERGENCY SERVICES EXPENSES	4,278,061	4,098,134	4,510,635	412,501	10.1%
NET PUBLIC WORKS EXPENSES	1,660,370	1,588,902	1,610,316	21,414	1.3%
NET ADMINISTRATION EXPENSES	1,321,356	1,293,152	1,495,626	202,474	15.7%
NET ZONING/PERMITS/CODES EXPENSES	296,042	113,953	133,873	19,920	17.5%
NET PARK AND RECREATION EXPENSES	378,572	506,294	410,107	(96,187)	-19.0%
CORE FUNCTION NET SUBTOTAL	7,934,401	7,600,436	8,160,557	560,121	7.4%



East Goshen Township

General Fund Budget Summary (Non-Core Functions)



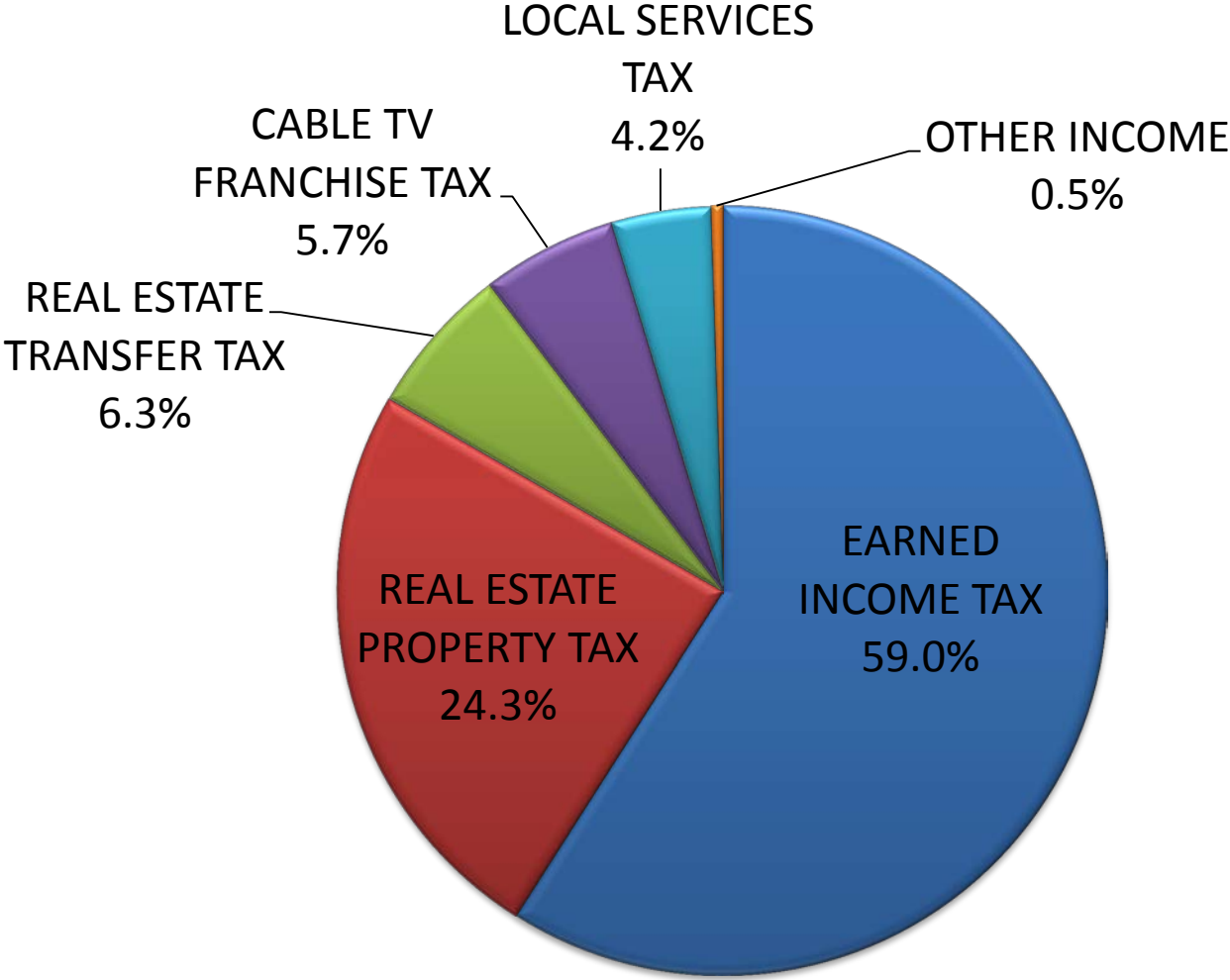
Account Title	2016 Budget	2016 Y/E Projection (Sept)	2017 Proposed	\$ Variance 2016-2017	% Variance 2016-2017
CORE FUNCTION NET SUBTOTAL	7,934,401	7,600,436	8,160,557	560,121	7.4%
DEBT - PRINCIPAL	498,001	498,001	520,999	22,998	4.6%
DEBT - INTEREST	150,270	150,270	129,198	(21,072)	-14.0%
TOTAL DEBT	648,271	648,271	650,197	1,926	0.3%
TOTAL CORE FUNCTION NET	8,582,672	8,248,707	8,810,754	562,047	6.8%
NON-CORE FUNCTION REVENUE					
EARNED INCOME TAX	4,921,500	4,820,000	4,916,400	96,400	2.0%
REAL ESTATE PROPERTY TAX	1,997,165	2,023,658	2,027,128	3,470	0.2%
REAL ESTATE TRANSFER TAX	525,000	560,000	525,000	(35,000)	-6.3%
CABLE TV FRANCHISE TAX	467,747	469,000	473,690	4,690	1.0%
LOCAL SERVICES TAX	320,000	348,000	348,000	0	0.0%
OTHER INCOME	28,076	33,576	40,341	6,765	20.1%
TOTAL NON CORE FUNCTION REVENUE	8,259,488	8,254,234	8,330,559	76,325	0.9%
NET RESULT	(323,184)	5,527	(480,195)		
Projected 12/31/16 Fund Balance			\$4,808,858		
Projected 12/31/17 Fund Balance			\$4,328,663		



2017 Proposed Revenues



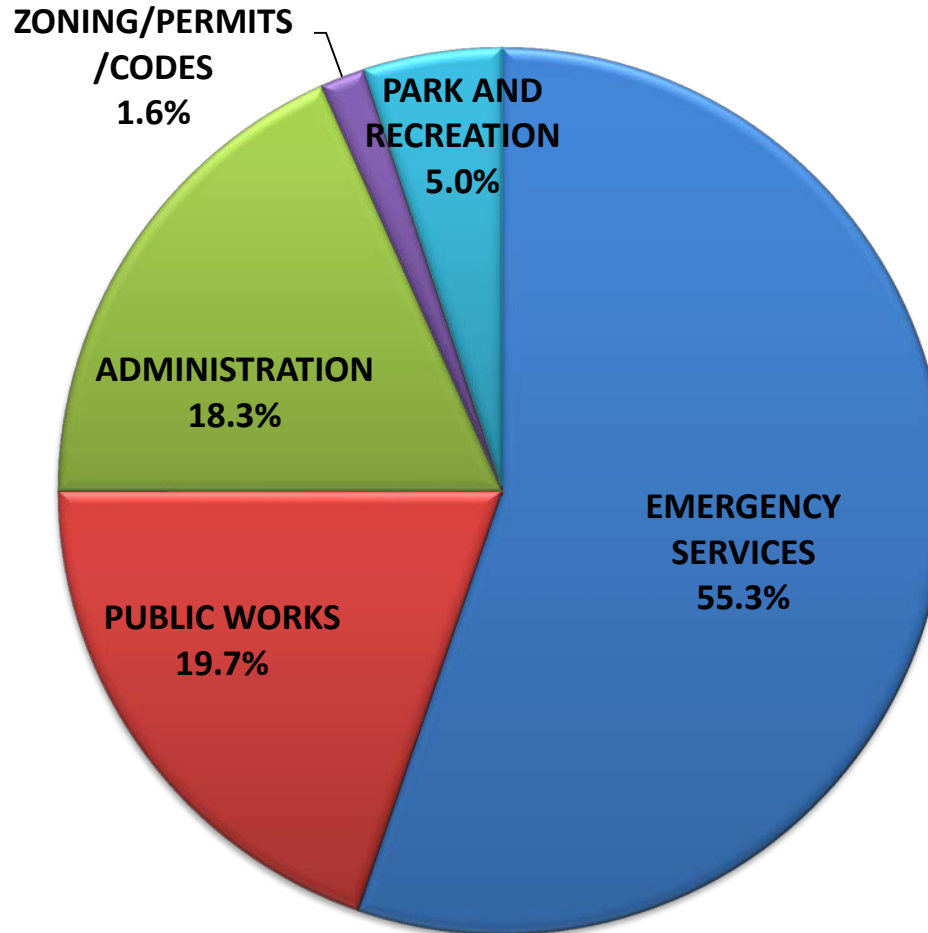
Where the money comes from...



2017 Proposed Expenses



Where the money goes....



Analysis of General Fund Budget-to-Actual 2012-2016



	2012	2013	2014	2015	2016
Budgeted Surplus/(Deficit)	(239,447)	(452,071)	(86,939)	(299,668)	(323,184)
Actual Surplus/(Deficit)	1,812,818	760,739	80,667	345,166	5,527*
Difference Budget-Actual	+2,052,265	+1,212,810	+167,606	+644,834	+328,711*
Notes	<ul style="list-style-type: none"> Bellingham sale Record High EIT (+\$1.06m), due to several large stock option payouts Mild winter, snow removal \$100k under-budget 	<ul style="list-style-type: none"> Geothermal budgeted (\$500K), mostly deferred to 2014 HM Dam (\$240k) budgeted in 2013 (deferred) 3 small commercial sales caused transfer tax to be \$128k over budget 		<ul style="list-style-type: none"> Wellington Sale Some costs for capital projects deferred (tennis courts; Milltown Dam; E Boot Road Bridge) 	<ul style="list-style-type: none"> Transfer Tax Savings on snow (plus FEMA grant) Deferral of Dam work until 2017 & 2018

* Estimated as of September 30



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 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 2017 Proposed Budget is based on correspondence with PennDOT in early October and reflects a 2.8% increase over the 2016 year-end projection.

	2016 Adopted	2016 Y/E Projection	2017 Proposed
Starting Fund Balance	\$200	\$200	\$200
Revenues	\$490,429	\$503,837	\$519,151
Expenses	\$490,429	\$503,837	\$519,151
Year-End Fund Balance	\$200	\$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 or raise taxes.

	2016 Adopted	2016 Y/E Projection	2017 Proposed
Starting Sinking Fund Balance	6,247,461	6,247,461	5,630,055
Revenues	783,093	761,863	506,688
Expenses	1,831,000	1,399,269	1,866,943
Year-End Sinking Fund Balance	5,219,554	5,630,055	4,269,800



SINKING FUND (Continued)

Project/asset	Replacement	New	Category	Useful Life
PCs	\$13,300		OFFICE	15
Tennis Court Resurfacing (Front Courts only; black-topping of back courts)	\$32,175		PARKS	10
Air Compressor	\$9,000		PW	10
Tractor/Mower	\$56,000		PW	10
Pick-Up Truck	\$47,600		PW	10
Two Mowers	\$14,000		PW	10
Backhoe	\$120,000		PW	10
Building Storefront		\$20,000	TWP	30
Vehicle Wash Bay		\$120,000	TWP	20
Public Works Garage Doors		\$11,800	TWP	20
Fire Alarm System		\$25,000	TWP	20
Playground Engineering		\$93,305	PARKS	20
Picnic Grove		\$42,205	PARKS	15
Iron Worker		\$9,500	PW	10
Brine Tank for 2015 Truck (carryover)		\$10,000	PW	15
Milltown Dam Engineering (on-going)		\$56,764	PARKS	n/a
Paoli Pike Trail Segments A&B Engineering		\$303,000	PARKS	30
Paoli Pike Trail Segment C Engineering (ongoing)		\$237,354	PARKS	30
Paoli Pike Trail Segment D&E Engineering (ongoing)		\$285,439	PARKS	30
Paoli Pike Trail Segment F&G Engineering (ongoing)		\$112,900	PARKS	30
Paoli Pike Trail Segment F&G Construction		\$200,000	PARKS	30
Hershey's Mill Dam Engineering (on-going)		\$47,611	PARKS	n/a
Total	\$292,075	\$1,574,868		



November 1, 2016



SINKING FUND (Continued)

Justification for New Assets

- The Building Storefront is original to the building and is showing evidence of rust; needs replacement to avoid damage to building. Storefront was never depreciated; hence it is “new” for budget purposes.
- Vehicle Wash Bay is needed for environmental/MS4 purposes as we have no way to wash vehicles without draining into the stormwater system. Bay would be connected to sanitary sewer system.
- Public Works Garage doors are original to building and need to be replaced to avoid damage to building structure. Doors were never depreciated; hence they are “new” for budget purposes.
- Fire Alarm system is original to building and has been going off intermittently for the past 6-7 months. System was never depreciated; hence it is “new” for budget purposes.
- Iron Worker saves approximately \$4,000 in fabrication work per year (payback period of 2.5 years); mechanic already trained
- Brine Tank is a carryover from 2015; will allow 4 trucks with brine spreaders to be on roads during storms.
- Milltown & Hershey’s Mill expenses reflect engineering costs associated with decisions made at the 6/28/16 BOS meeting.
- Paoli Pike Trail expenses reflect Paoli Pike Trail Feasibility Study, adopted 1/4/16
- Playground Engineering and Picnic Grove reflect Park Master Plan adopted 3/1/16.

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.

	2016 Adopted	2016 Y/E Projection	2017 Proposed
Starting Fund Balance	\$1,061,213	\$1,061,213	\$1,074,488
Revenues	\$260,089	\$13,275	\$260,493
Expenses	\$616,000	-	\$600,000
Year-End Fund Balance	\$705,302	\$1,074,488	\$734,981

- \$515,000 for five Adaptive Traffic Signals on Route 3, offset by \$257,500 in PennDOT grant revenue (awarded in 2016). Project expected to be completed in 2017.
- \$85,000 for Boot Rd restriping; carryover from 2016.

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. This fund is entirely segregated from the General Fund to ensure that residents with septic systems do not subsidize those on public sewer. The sewer rate consists of a \$8.38/thousand gallon variable rate and a \$27.26/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.

	2016 Adopted	2016 Y/E Projection	2017 Proposed
Starting Fund Balance	\$629,037	\$629,037	\$549,384
Revenues	\$3,278,607	\$3,353,841	\$3,443,980
Expenses	\$3,378,607	\$3,433,494	\$3,543,980
Year-End Fund Balance	\$529,037	\$549,384	\$449,384

- Transfer to Sewer Sinking Fund (\$235,000) includes \$10,000 for a flow meter along Line Road to measure I&I at Ridley Creek STP and \$65,000 for a trailer mounted sewer pump. See page 23 for more information on these proposed assets.
- \$760,000 for West Goshen/Chester Creek O&M expenses, per West Goshen
- Maintain RC & CC Collection Maintenance & Repairs at 2016 year-end projections, to reflect 25 brick manhole relinings and sliplining 2,500’ of Asbestos Cement pipes to prevent more serious system failure.
- \$100,000 applied from fund balance for 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.

	2016 Adopted	2016 Y/E Projection	2017 Proposed
Starting Fund Balance	\$655,683	\$655,683	\$597,077
Revenues	\$993,720	\$993,870	\$997,844
Expenses	\$1,077,069	\$1,052,476	\$1,072,825
Year-End Fund Balance	\$572,334	\$597,077	\$522,096

- 2.7% increase in service contract, per awarded bid.
- 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.

	2016 Adopted	2016 Y/E Projection	2017 Proposed
Starting Fund Balance	\$1,461,276	\$1,461,276	\$1,408,719
Revenues	\$103,342	\$129,535	\$118,311
Expenses	\$146,924	\$182,092	\$330,797
Year-End Fund Balance	\$1,417,694	\$1,408,719	\$1,196,233

- \$212,486 budgeted in 2017 for the MA's share of planned capital upgrades to West Goshen's STP, as well as the Westtown Way Pump Station; this would be paid from the remaining proceeds of the 2013 note.

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.

	2016 Adopted	2016 Y/E Projection	2017 Proposed
Starting Fund Balance	\$2,103,325	\$2,103,325	\$2,112,722
Revenues	\$208,250	\$195,500	\$242,500
Expenses	\$170,750	\$186,103	\$75,000
Year-End Fund Balance	\$2,140,825	\$2,112,722	\$2,280,222

- Trailer-mounted pump (\$65,000) is proposed to protect us in the event of a catastrophic storm. The pump would divert flows around pump stations. We currently rent these pumps, but potential exists that they would not be available in the event of regional emergency. Break-even period of around 9.5 years.
- Flow meter along Line Road (\$10,000) would allow us to measure I&I at Ridley Creek. Currently the only flow meters for Ridley Creek are at the STP, meaning that we have no way to measure system I&I.

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.

	2016 Adopted	2016 Y/E Projection	2017 Proposed
Starting Fund Balance	\$2,482,535	\$2,482,535	\$2,489,035
Revenues	\$6,500	\$6,500	\$6,500
Expenses	\$0	\$0	\$0
Year-End Fund Balance	\$2,489,035	\$2,489,035	\$2,495,535

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.

	2016 Adopted	2016 Y/E Projection	2017 Proposed
Starting Fund Balance	\$45,015	\$45,015	\$60,027
Revenues	\$15,012	\$15,012	\$15,014
Expenses	\$0	0	\$75,041
Year-End Fund Balance	\$60,027	\$60,027	\$0

- This fund will be closed in 2017, after the conclusion of the bi-centennial celebrations.