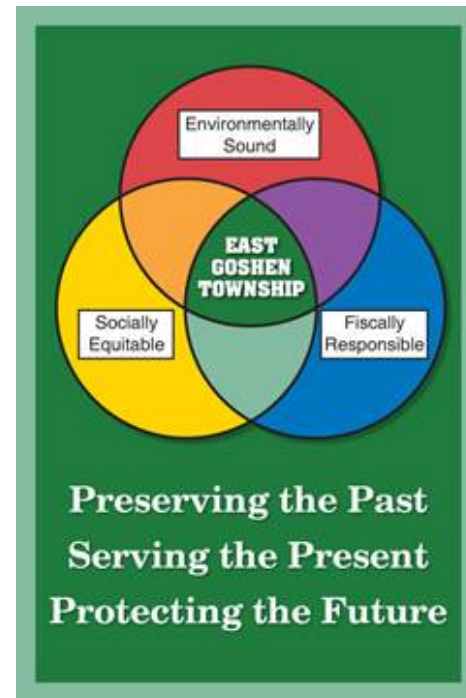


# East Goshen Township

## 2018 Proposed Budget

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For presentation to the Board of Supervisors on November 14, 2017

# East Goshen Township

## 2018 Proposed General Fund Budget



### BUDGET HIGHLIGHTS

- For the 15<sup>th</sup> consecutive year, no tax increases are proposed in this budget.
- Net of Pass-throughs, the proposed budget includes \$10,508,160 in revenues and \$10,925,490 in expenses for a deficit of \$417,330, to be paid from existing fund balance.

# East Goshen Township

## 2018 Proposed General Fund Budget



### Key Expense Assumptions

- **Inflation** of 2.0%, equal to the 2018 Social Security increase (CPI-W)
- Selected line items adjusted more/less than inflation based on historical trends.
- One-time costs from 2017 backed out.
- Health insurance reflects premium increase of 4.88%, as well changing participation levels.
- **Other insurance** is expected to increase 4.7%, due to \$10,000 increase in workers comp premiums.
- **Salary increases** based on the existing compensation policy and a 2.0% COLA
- **Transfers to Sinking Fund** across four categories (office, township building, public works & parks) total \$784,492. More information on fixed assets can be found on pages 16-18.
- We are proposing a number of **account codes changes** in order to better conform with DCED's Chart of Accounts guidelines. These proposed changes are incorporated into the Line Item Detail budgets. A full list of the new account codes is provided on page 28 of this document.

# East Goshen Township 2018 Proposed Budget

## Revenue Assumptions

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- Conservative assumptions across the board
- **Earned Income Tax** up 2.0% over 2017 year-end projection.
  - U.S. wage growth projected at 3.1% next year (source: PNC Bank, Sept, 2017).
- **Real Estate Tax** reflects \$3.75m in additional assessments in 2017.
- **LST** flat over 2017 year-end projection.
- **Real Estate Transfer Tax** increased by 9.5% over 2017 adopted levels, but substantially below 2017 year-end projections
  - Case-Schiller forecast to increase 3.1% in 2018.
  - No large commercial sales budgeted in 2018 budget.
- **Cable Franchise Tax** growth of 2.0% (CPI) over 2017 year-end projection.
- **Permit** revenue budgeted at \$190,000.
  - No major commercial or residential development budgeted.

# East Goshen Township 2018 Proposed Budget

## Spending Requests by Department\*



### **Emergency Services—\$4,026,077 down \$410,409 or 9.3% from the 2017 year-end projection**

- The Police budget is based on the PPU allocation of 43.33%(WT)/56.67% (EGT) and includes the following changes in 2017:
  - \$5,591 for ID card system; \$26,794 for body cameras; \$3,940 for an accelerometer; and \$8,000 for Crime Watch.
  - Per the agreement with Westtown, East Goshen will make no contribution to the Township's Other Post Employment Benefit Trust in 2018. Instead, the balance of this trust (about \$1.45 million) will be transferred to the Police's OPEB Trust, with Westtown contributing a proportionate share. WEGO has budgeted \$125,000 for the annual contribution to its OPEB trust, up from \$66,000 this year.
  - Per the agreement with Westtown, East Goshen and Westtown will both contribute 130% of the market rate MMO to the Police Pension Plan or \$1,382,310 based on an MMO of \$1,063,315 ; East Goshen's additional 30% contribution (or 56.67% \* \$318,995= \$180,774) will be paid from East Goshen's Police Pension Trust, and therefore is an off-budget expense. This fund currently has a balance of \$1.27 million and a withdrawal of this type is explicitly permitted per the trust agreement.
  - The assumed rate of return on the Police Pension Plan was lowered from 8% to 7.5%
- Fire
  - Increase for Fire Company contributions based on inflation, plus the revenue collected from False Alarm Fees (\$20,000), which will no longer be retained by the Township. This revenue line-item moved from Codes to Emergency Services in Financial Reports.
  - \$100/month stipend for Public Works employees who volunteer at the Goshen Fire Company to encourage volunteerism. There are four employees who currently volunteer, corresponding with \$4,800.



\* 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 2017 or inflationary adjustments for other expenses charged to a line item.

# East Goshen Township 2018 Proposed Budget

## Spending Requests by Department\*



### Public Works—\$1,627,380, up \$31,293 or 2.0% from 2017 year-end projection

#### Storm Water

- The dam projects will count towards our MS4 permit.
- However, \$100,000 is budgeted for slip-lining of stormwater lines in the Meadows development. Damage to infrastructure there was identified during the 2017 paving season.

#### Roads

- 5.2% decrease (-\$29,225) over 2017 year-end projections for resurfacing
  - Bow Tree Phase I (south entrance), Goshen Downs, Hadleigh Dr/Blanford Ln, Forest Lane, Ardleigh Circle
  - Resurfacing Equipment Rental line item reduced by \$46,000 due to purchase of new paver in Sinking Fund, which will allow more paving to be done in house.
- Revenue from State Liquid Fuel allocation up 3.6% (+\$17,387) per PennDOT.
- \$2,000 budgeted in minor equipment for a NGL detection meter.
- Transfer to Sinking Fund (\$203,098), reflects depreciation of existing assets; no non-replacement assets budgeted. More information about fixed assets can be found on pages 16-18.

#### Snow

- Snow expense budget maintained at 2017 adopted level and up \$67,585 over 2017 year-end projections.
- NOAA projects warmer-than-average, but also wetter-than-average 2017-2018 winter.

\* 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 2017 or inflationary adjustments for other expenses charged to a line item.

# East Goshen Township 2018 Proposed Budget

## Spending Requests by Department\*



### **Administration—\$1,884,948, up \$464,024 or 32.7% from 2017 year-end projection**

- \$10,000 for branding consultants, as identified in the Paoli Pike Corridor Master Plan.
- Transfer to Sinking Fund reflects \$124,313 for depreciation of existing assets and \$385,000 for the cost of the vehicle wash bay and \$35,000 the new storefront, both of which are new assets. These transfers to capital therefore represent 91% of the increase in Administration costs. More information about fixed assets can be found on pages 16-18.

### **Parks & Recreation—\$549,280, up \$83,429 or 17.9% from 2017 year-end projection**

- No substantive changes proposed for Recreation programs
- \$100,000 proposed as an estimated cost for pond remediation in 2017. This line item can be revised after National Lands Trust study on the Township's ponds is received in November.
- Transfer to Sinking Fund includes \$19,065 for the depreciation of existing parks assets (including the new playground) and \$10,000 for new capital assets (Picnic Grove gazebo)

### **Zoning & Codes Enforcement—\$226,186, up \$54,512 or 31.8% from 2017 year-end projection**

- \$15,000 for planning consultants and \$5,000 for additional legal costs associated with developing the proposed Paoli Pike zoning overlay



\* 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 2017 or inflationary adjustments for other expenses charged to a line item.

# East Goshen Township 2018 Proposed Budget

## ABC Budget Requests



### **Conservancy Board** (Budgeted in Zoning/Code Enforcement)

- \$5,475 budgeted, reflecting \$475 for materials and supplies, \$500 for general expenses for trainings; \$1,000 for professional services (e.g. a landscaper) and \$3,500 for two plantings.
- \$975 increase over 2017 adopted budget and \$2,475 increase over 2017 Y/E projection (83%)
- Narrative included in budget packet

### **Planning Commission** (Budgeted in Zoning/Code Enforcement)

- \$5,000 for legal and \$15,000 for zoning consultants for proposed zoning overlay
- Budgeted as a departmental, rather than an ABC expense.

### **Park & Recreation's** request is incorporated under the P&R departmental budget.

- No material change in budget request

### **Historical Commission** (Budgeted in Zoning/Code Enforcement)

- Maintained at 2017 adopted level (\$2,695)



# East Goshen Township

## General Fund Budget Summary (Core Functions)



Account Title	2017 Budget	2017 Y/E Projection (Sept)	2018 Proposed	\$ Variance 2017-2018	% Variance 2017-2018
EMERGENCY SERVICES EXPENSES	4,520,632	4,524,132	4,114,316	(409,816)	-9.1%
PUBLIC WORKS EXPENSES	2,615,463	2,559,123	2,637,576	78,453	3.1%
ADMINISTRATION EXPENSES	1,883,346	1,792,487	2,218,973	426,486	23.8%
ZONING/PERMITS/CODES EXPENSES	413,748	411,177	465,911	54,734	13.3%
PARK AND RECREATION EXPENSES	682,542	688,167	690,256	2,089	0.3%
<b>TOTAL CORE FUNCTION EXPENSES</b>	<b>10,115,731</b>	<b>9,975,086</b>	<b>10,127,032</b>	<b>151,945</b>	<b>1.5%</b>
EMERGENCY SERVICES REVENUES	71,980	87,646	88,239	593	0.7%
PUBLIC WORKS REVENUES	1,005,147	963,035	1,010,196	47,160	4.9%
ADMINISTRATION REVENUES	377,720	371,563	334,024	(37,539)	-10.1%
ZONING/PERMITS/CODES REVENUES	269,375	239,503	239,725	222	0.1%
PARK AND RECREATION REVENUES	272,435	222,316	140,976	(81,340)	-36.6%
<b>TOTAL CORE FUNCTION REVENUES</b>	<b>1,996,657</b>	<b>1,884,064</b>	<b>1,813,160</b>	<b>(70,904)</b>	<b>-3.8%</b>
<b>NET EMERGENCY SERVICES EXPENSES</b>	<b>4,448,652</b>	<b>4,436,486</b>	<b>4,026,077</b>	<b>(410,409)</b>	<b>-9.3%</b>
<b>NET PUBLIC WORKS EXPENSES</b>	<b>1,610,316</b>	<b>1,596,088</b>	<b>1,627,380</b>	<b>31,293</b>	<b>2.0%</b>
<b>NET ADMINISTRATION EXPENSES</b>	<b>1,505,626</b>	<b>1,420,924</b>	<b>1,884,948</b>	<b>464,024</b>	<b>32.7%</b>
<b>NET ZONING/PERMITS/CODES EXPENSES</b>	<b>144,373</b>	<b>171,674</b>	<b>226,186</b>	<b>54,512</b>	<b>31.8%</b>
<b>NET PARK AND RECREATION EXPENSES</b>	<b>410,107</b>	<b>465,851</b>	<b>549,280</b>	<b>83,429</b>	<b>17.9%</b>
<b>CORE FUNCTION NET SUBTOTAL</b>	<b>8,119,074</b>	<b>8,091,022</b>	<b>8,313,872</b>	<b>222,849</b>	<b>2.8%</b>



# East Goshen Township

## General Fund Budget Summary (Non-Core Functions)



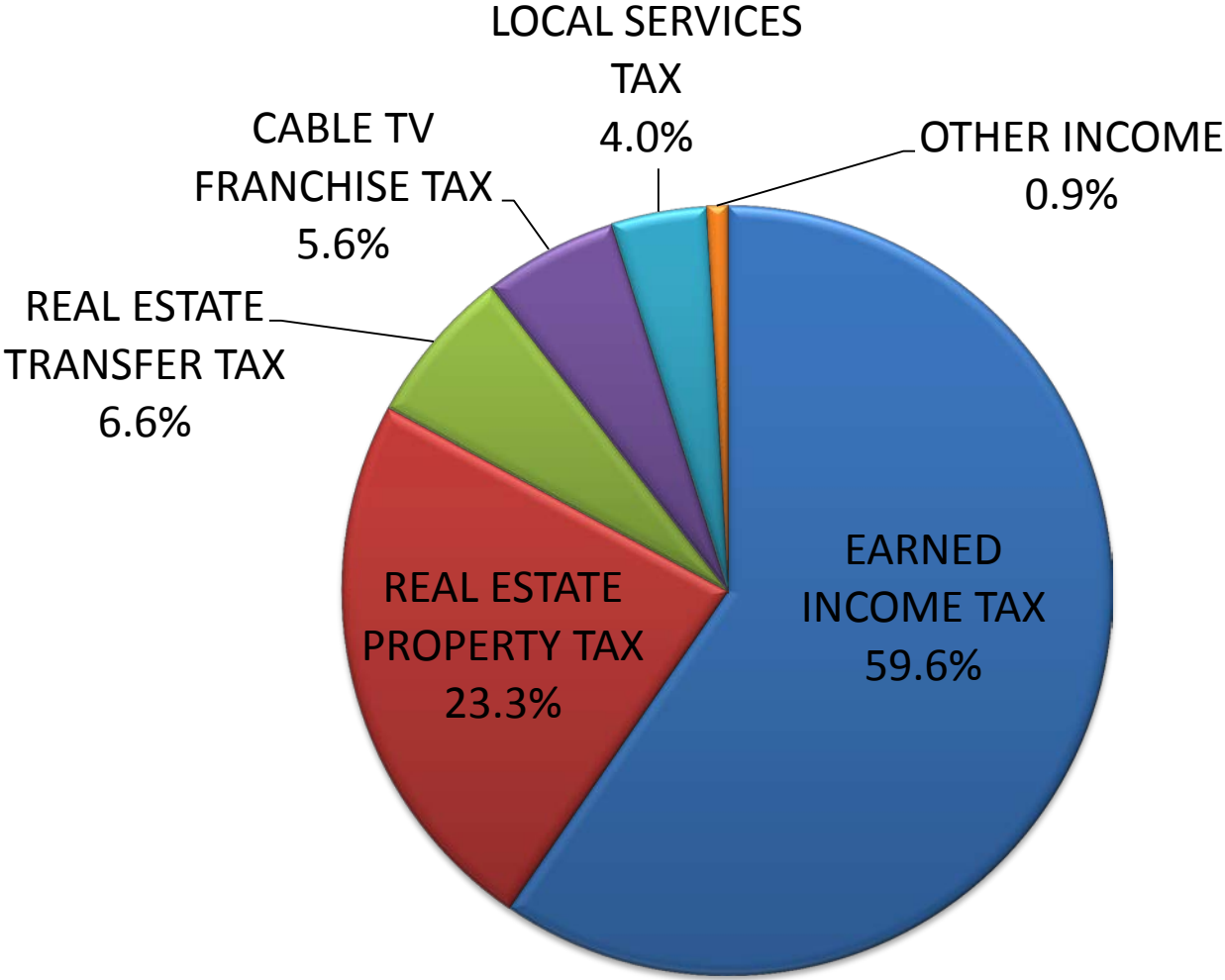
Account Title	2017 Budget	2017 Y/E Projection (Sept)	2018 Proposed	\$ Variance 2017-2018	% Variance 2017-2018
<b>CORE FUNCTION NET SUBTOTAL</b>	<b>8,119,074</b>	<b>8,091,022</b>	<b>8,313,872</b>	<b>222,849</b>	<b>2.8%</b>
DEBT - PRINCIPAL	520,999	520,999	549,000	28,001	5.4%
DEBT - INTEREST	129,198	147,386	249,458	102,072	69.3%
<b>TOTAL DEBT</b>	<b>650,197</b>	<b>668,385</b>	<b>798,458</b>	<b>130,073</b>	<b>19.5%</b>
<b>TOTAL CORE FUNCTION NET</b>	<b>8,769,271</b>	<b>8,759,407</b>	<b>9,112,330</b>	<b>352,922</b>	<b>4.0%</b>
<b>NON-CORE FUNCTION REVENUE</b>					
EARNED INCOME TAX	4,916,400	5,080,000	5,181,600	101,600	2.0%
REAL ESTATE PROPERTY TAX	2,027,128	2,019,935	2,026,129	6,194	0.3%
REAL ESTATE TRANSFER TAX	525,000	1,100,000	575,000	(525,000)	-47.7%
CABLE TV FRANCHISE TAX	473,690	480,000	489,600	9,600	2.0%
LOCAL SERVICES TAX	348,000	347,900	348,000	100	0.0%
OTHER INCOME	40,341	64,670	74,670	10,000	15.5%
<b>TOTAL NON CORE FUNCTION REVENUE</b>	<b>8,330,559</b>	<b>9,092,506</b>	<b>8,695,000</b>	<b>(397,506)</b>	<b>-4.4%</b>
<b>NET RESULT</b>	<b>(438,712)</b>	<b>333,098</b>	<b>(417,330)</b>	<b>(750,428)</b>	
Projected 12/31/17 Fund Balance			<b>\$5,432,204</b>		
<b>Projected 12/31/18 Fund Balance</b>			<b>\$5,014,874</b>		



# 2018 Proposed Revenues



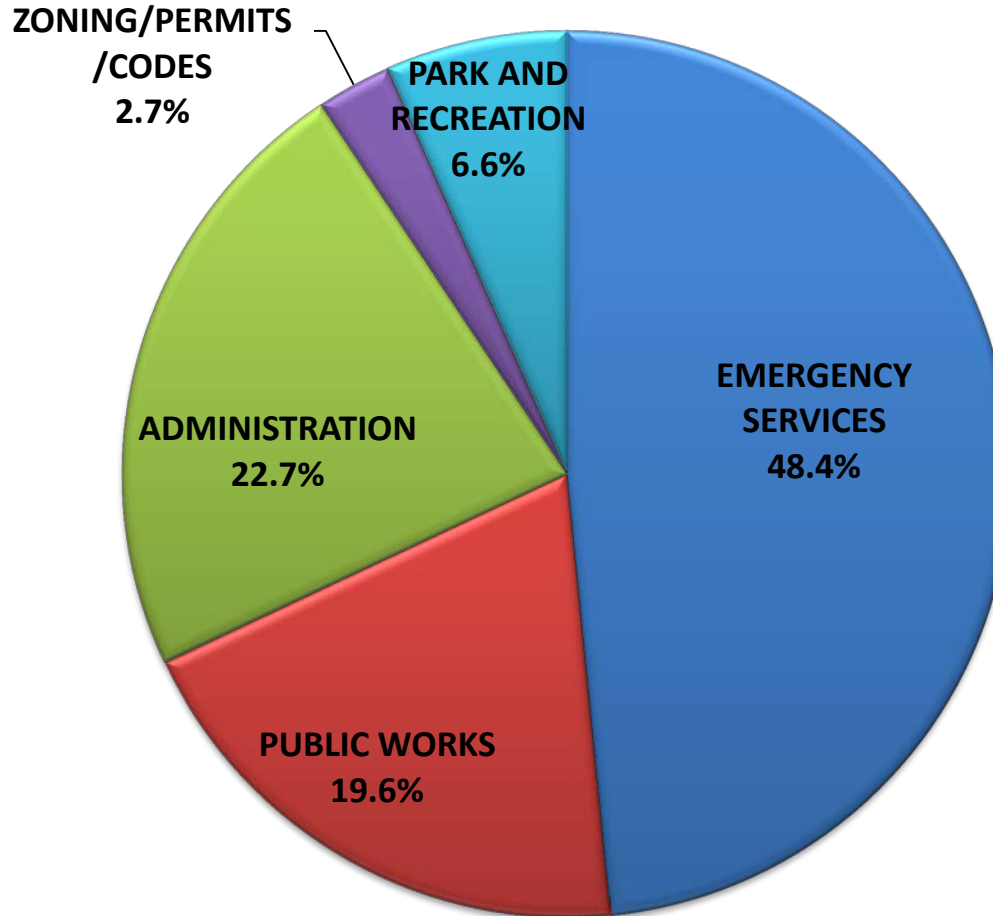
Where the money comes from...



# 2018 Proposed Expenses



Where the money goes....



# Analysis of General Fund Budget-to-Actual 2012-2017



	2012	2013	2014	2015	2016	2017
Budgeted Surplus/ (Deficit)	(239,447)	(452,071)	(86,939)	(299,668)	(323,184)	(438,712)
Actual Surplus/ (Deficit)	1,812,818	760,739	80,667	345,166	294,124	333,098*
<b>Difference Budget-Actual</b>	<b>+2,052,265</b>	<b>+1,212,810</b>	<b>+167,606</b>	<b>+644,834</b>	<b>+617,308</b>	<b>+\$771,810</b>
Notes	<ul style="list-style-type: none"> <li>Bellingham sale</li> <li>Record High EIT (+\$1.06m), due to several large stock option payouts</li> <li>Mild winter, snow removal \$100k under-budget</li> </ul>	<ul style="list-style-type: none"> <li>Geothermal budgeted (\$500K), mostly deferred to 2014</li> <li>HM Dam (\$240k) budgeted in 2013 (deferred)</li> <li>3 small commercial sales caused transfer tax to be \$128k over budget</li> </ul>		<ul style="list-style-type: none"> <li>Wellington Sale</li> <li>Some costs for capital projects deferred (tennis courts; Milltown Dam; E Boot Road Bridge)</li> </ul>	<ul style="list-style-type: none"> <li>Transfer Tax</li> <li>Savings on snow (plus FEMA grant)</li> <li>Deferral of Dam work until 2017 &amp; 2018</li> </ul>	<ul style="list-style-type: none"> <li>Bellingham sale</li> <li>Very strong EIT</li> </ul>

\* Estimated as of September 30



# Other Funds Proposed Budgets

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- State Liquid Fuels Fund
- Sinking Fund
- Transportation Fund
- Sewer Operating Fund
- Refuse Fund
- Series 2017 Bond Funds (Township & Sewer)
- 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 2018 Proposed Budget is based on correspondence with PennDOT in early October and reflects a 3.3% increase over the 2017 year-end projection.

	2017 Adopted	2017 Y/E Projection	2018 Proposed
<b>Starting Fund Balance</b>	<b>\$302</b>	<b>\$302</b>	<b>\$302</b>
Revenues	\$519,151	\$530,711	\$548,083
Expenses	\$519,151	\$530,711	\$548,083
<b>Year-End Fund Balance</b>	<b>\$302</b>	<b>\$302</b>	<b>\$302</b>

# 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 purchased before 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.

	2017 Adopted	2017 Y/E Projection	2018 Proposed
<b>Starting Sinking Fund Balance</b>	<b>\$6,079,275</b>	<b>\$6,079,275</b>	<b>\$6,052,684</b>
Revenues	506,688	\$1,793,005	\$844,492
Expenses	1,906,443	\$1,819,595	\$867,500
<b>Year-End Sinking Fund Balance</b>	<b>\$4,679,520</b>	<b>\$6,052,684</b>	<b>\$6,029,676</b>



# SINKING FUND (Continued)

Project/asset	Replacement	New	Category	Useful Life
Vehicle Wash Bay		\$385,000	TWP	20
Storefront		\$35,000	TWP	20
Street Sweeper	\$145,000		PW	10
Mower	\$20,000		PW	10
Roller	\$50,000		PW	10
Paver	\$115,000		PW	10
Pick-up	\$45,000		PW	10
Explorer SUV	\$38,000		PW	10
PCs	\$12,500		OFFICE	5
Server	\$12,000		OFFICE	5
Gazebo for Picnic Grove		\$10,000	PARKS	10
<b>Total</b>	<b>\$437,500</b>	<b>\$430,000</b>		

# SINKING FUND (Continued)

## Justification for New Assets

- The **Vehicle Wash Bay** is needed for environmental/MS4 purposes as we have no way to wash vehicles without draining into the stormwater system. The bay would be connected to sanitary sewer system. This is a carry over from 2017, but at a higher price (\$385,000) based on engineering plans presented to the Board on July 11, 2017. Note that only \$150,000 of this cost—representing the equipment only and not the structure itself—will be depreciated.
- **Storefront** is also a carryover from 2017 and also at a higher price, based on engineering design to bump out existing storefront. The existing storefront has never been depreciated as a fixed asset, and therefore will be treated as new.
- The **Picnic Grove** was identified in the Park Master Plan. Most of the improvements were handled in-house; however, the existing gazebo needs to be replaced. This asset has never been depreciated and thus is treated as new for the purpose of the 2018 budget.
- Note that the existing **paver** was purchased in 2010 and will not fully depreciate until 2020; however, by purchasing a new paver now—which will be more versatile than the existing paver—we can reduce machine rental expenses by \$46,000 annually in the operating budget.

# 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.

	2017 Adopted	2017 Y/E Projection	2018 Proposed
<b>Starting Fund Balance</b>	<b>\$1,074,859</b>	<b>\$1,074,859</b>	<b>\$1,074,152</b>
Revenues	\$260,493	\$5,793	\$261,793
Expenses	\$600,000	\$6,500	\$615,000
<b>Year-End Fund Balance</b>	<b>\$735,352</b>	<b>\$1,074,152</b>	<b>\$720,944*</b>

- \$100,000 for Boot Rd restriping, shared with West Goshen; carryover from 2016 & 2017.
- \$515,000 for interactive signals along Route 3, an inter-municipal project with Westtown and West Goshen. This project will be managed by PennDOT and will be offset with a 50% Go Green grant. Carryover from 2016 and 2017.

\* Of the \$720,944 projected 2018 fund balance, \$334,529 will be from impact fees and \$386,415 will be from non-impact fees.



# 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.

	2017 Adopted	2017 Y/E Projection	2018 Proposed
<b>Starting Fund Balance</b>	<b>\$552,175</b>	<b>\$552,175</b>	<b>\$655,077</b>
Revenues	\$3,443,980	\$3,648,937	\$3,682,636
Expenses	\$3,543,980	\$3,546,035	\$3,682,636
<b>Year-End Fund Balance</b>	<b>\$452,175</b>	<b>\$655,077</b>	<b>\$655,077</b>

See explanations on next page.

# SEWER OPERATING FUND (Cont.)

- Principal payments on **2008 DeVal notes** (for RCSTP upgrade) increase from \$333,000 in 2017 to \$533,700 in 2018
- **New debt service for Series 2017 bonds** included (\$100,039 Principal & Interest)
- **1998 Municipal Authority Upgrade Loan** paid off in 2017.
- Maintain 2017 budget of **\$100,000 for Ridley Creek & Chester Creek Collection Maintenance & Repairs, to reflect 25 brick manhole relinings and sliplining 2,500' of Asbestos Cement pipes** to prevent more serious system failure.
- Transfer to Sewer Sinking Fund includes **\$10,000 for new flow meters and \$89,500 for a muffin monster and safety improvements at the Barkway Pump Station.** The cost of the improvements at Barkway is partially offset by higher invoices (+\$53,700) to East & West Whiteland, with which we have a cost sharing agreement for this facility (See Sewer Sinking Fund, p26, for more information on these projects)
- **West Goshen O&M** maintained at 2017 Y/E levels, per discussions with West Goshen.
- **Westtown is considering increasing its quarterly sewer rates from \$185 to \$205 per unit.** Because Cider Knoll (96 units) and Summit House (426 units) are on Westtown's system, this increase corresponds with \$41,760 in higher costs.

# 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.

	2017 Adopted	2017 Y/E Projection	2017 Proposed
<b>Starting Fund Balance</b>	<b>\$616,907</b>	<b>\$616,907</b>	<b>\$602,287</b>
Revenues	\$997,844	\$1,056,300	\$1,002,921
Expenses	\$1,072,825	\$1,070,920	\$1,091,534
<b>Year-End Fund Balance</b>	<b>\$541,926</b>	<b>\$602,287</b>	<b>\$513,674</b>

- 2.0% estimated CPI increase in service contract, per awarded contract.
- No increase necessary for refuse rate next year.

# BOND FUND

The Bond Fund consists of proceeds from the Township's \$8.1 million Series 2017 General Obligation Bonds. Proceeds are being used for capital costs related to the Paoli Pike Trail, improvements in the Park, the breaching and subsequent improvements to the Milltown and Hershey's Mill dams, and East Goshen's share of improvements at West Goshen's Sewage Treatment Plant. Debt service on the bonds is paid out of the general fund, with the exception of the portion of the bonds reserved for the West Goshen Sewage Treatment Plant, which is paid from the sewer fund.

	2017 Adopted	2017 Y/E Projection	2018 Proposed
<b>Starting Fund Balance</b>	-	-	<b>\$7,202,576</b>
Revenues	-	\$8,112,485	\$30,000
Expenses	-	\$909,909	\$2,997,163
<b>Year-End Fund Balance</b>	-	<b>\$7,202,576</b>	<b>\$4,235,413</b>

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# BOND FUND (Cont.)\*

Project	Incurred as of 12/31/17 (projected)	2018	2019	2020	Total Budget
PPT Segments A&B Engineering	\$100,000	\$400,000	\$409,000	-	\$909,000
PPT Segment C Engineering	\$252,100	\$324,708			\$576,808
PPT Segments D&E Engineering	\$135,429	\$435,429			\$570,858
Misc. PPT Expenses (e.g. surveying)	\$67,293				\$67,293
Playground engineering	\$52,000				\$52,000
Playground construction (net of grants)	\$147,035				\$147,035
Tennis Courts	\$32,175				\$32,175
Amphitheater		\$25,000			\$25,000
Mid-term Park Improvements		-		\$3,852	\$3,852
Area Around Playground		-	\$5,000		\$5,000
Park Cameras		\$12,000			\$12,000
Milltown Dam Engineering	\$112,130	\$50,000	\$258,360		\$420,490
Hershey's Mill Dam Engineering	\$78,500	\$25,000	\$189,592		\$293,092
Milltown Dam Construction		\$678,000	-	\$804,972	\$1,482,972
Hershey's Mill Dam Construction		\$430,000	-	\$215,206	\$645,206
West Goshen Sewer Plant		\$617,026	\$2,143,501		\$2,760,527
<b>Total</b>	<b>\$976,662</b>	<b>\$2,997,163</b>	<b>\$3,005,453</b>	<b>\$1,024,030</b>	<b>\$8,003,308</b>

\* All costs listed are net of grants



November 14, 2017





# 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.

	2017 Adopted	2017 Y/E Projection	2018 Proposed
<b>Starting Fund Balance</b>	<b>\$1,415,651</b>	<b>\$1,415,651</b>	<b>\$131,385</b>
Revenues	\$118,311	\$170,558	\$87,605
Expenses	\$330,797	\$1,454,824	\$147,291
<b>Year-End Fund Balance</b>	<b>\$1,203,165</b>	<b>\$131,385</b>	<b>\$71,699</b>

- Most 2017 year-end expenditures reflect draw down of 2013 DelVal Notes for the upgrades at the West Goshen STP; \$59,736 in capital expenditure in 2018 will close out the loan.

# 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.

	2017 Adopted	2017 Y/E Projection	2017 Proposed
<b>Starting Fund Balance</b>	<b>\$2,083,864</b>	<b>\$2,083,864</b>	<b>\$2,208,000</b>
Revenues	\$242,500	\$246,000	\$277,500
Expenses	\$75,000	\$121,864	\$133,500
<b>Year-End Fund Balance</b>	<b>\$2,251,364</b>	<b>\$2,208,000</b>	<b>\$2,352,000</b>

- **Muffin Monster and Safety-Related improvements** at Barkway Pump Station (\$89,500) are new assets that will address safety concerns at this pump station, which has a 20 foot drop from ground level, and improve pump efficiency. 60% of these costs are borne by East and West Whiteland, and will be offset by higher reimbursements in the sewer operating fund.
- **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.
- **Variable frequency drive** at Hershey's Mill Pump Station (\$14,000) and **Wet-Well Pump** at Ashbridge Pump Station (\$20,000) replace existing assets.

# 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.

	2017 Adopted	2017 Y/E Projection	2018 Proposed
<b>Starting Fund Balance</b>	<b>\$2,490,604</b>	<b>\$2,490,604</b>	<b>\$2,507,604</b>
Revenues	\$6,500	\$17,000	\$24,906
Expenses	\$0	\$0	\$0
<b>Year-End Fund Balance</b>	<b>\$2,497,104</b>	<b>\$2,507,604</b>	<b>\$2,532,510</b>

# PROPOSED CHANGES TO CHART OF ACCOUNTS

DCED provides local governments with guidelines for their chart of accounts (the numbering system for cash, liability, revenue and expenditures). Over the years, East Goshen has created a number of accounts that do not conform with these guidelines. Accordingly, this budget reflects the following changes:

Line Item Description (General Fund and Pass Thrus)	Old Account Code	New Account Code
INSURANCE PROCEEDS - PUBLIC WORKS	01322 8300	01391-2000
PENN DOT RECHARGE GRASS CUTTING	01322 9000	01363-6000
MAINTENANCE RECHARGES - CCCBI	01322 9001	01363-6001
FIRE COMPANY FUEL REVENUE (PASS-THRU)	01322-8500	01380-0129
RENT REVENUE - DISTRICT COURT	01342 3000	01342-2100
HYDRANTS – RECHARGE REVENUE (PASS THRU)	01362 2000	01383-1200
VOL.FIRE RELIEF ASSOC.- REVENUE (PASS THRU)	01362 2010	01355-1000
WEGO POLICE PENSION PLAN REVENUE (PASS-THRU)	01362 2020	01355-0525
ALARM ORDINANCE FEES	01362 4520	01331-1200
FF PENSION - REVENUE (STATE AID) (PASS THRU)	01380 0135	01355-0515
POLICE PENSION OFFICE - STATE AID (PASS-THRU)	01380 0145	01355-0520
ON-LOT MANAGEMENT FEES	01380 0150	01364-1000
SEWER INSPECTION FEES	01380 0160	01364-1001

Line Item Description	Old Account Code	New Account Code
INSURANCE CLAIMS (SINKING FUND)	03341 3000	03391-2000
SEWER INSURANCE CLAIMS	05380 3500	05391.2000
TRANSFER TO SINKING FUND	05429 0710	05492.3000
DVRFA -INTEREST –UPGRADE (1998 NOTE)	05471 7210	05472-7200
DVRFA - INTEREST ON \$9,500,000 LOAN (2008 NOTE)	05471 7230	05472-7220
MACHINERY/EQUIPMENT - REPLACEMENT (SEWER SINKING)	09409 7400	09429-7400
MACHINERY/EQUIPMENT - NEW (SEWER SINKING)	09409 7450	09429-7450



November 14, 2017

