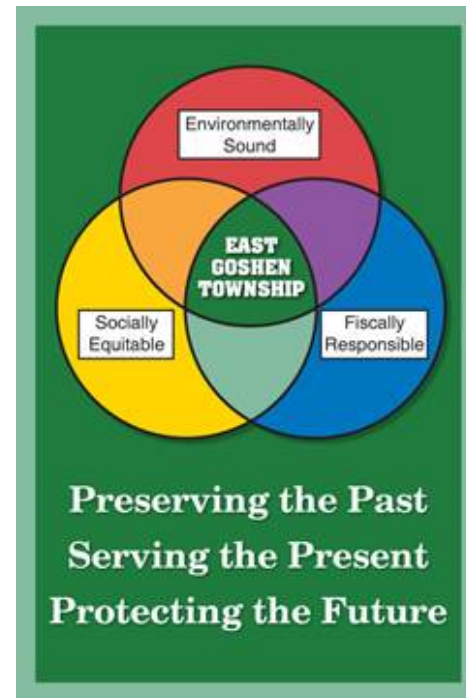


# East Goshen Township

## 2019 Proposed Budget

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For presentation to the Board of Supervisors on November 13, 2018

# East Goshen Township

## 2019 Proposed General Fund Budget



### BUDGET HIGHLIGHTS

- For the 16<sup>th</sup> consecutive year, no tax increases are proposed in this budget.
- Net of Pass-throughs, the proposed budget includes \$10,584,997 in revenues and \$10,910,515 in expenses for a deficit of \$325,518, to be paid from existing fund balance.

# East Goshen Township

## 2019 Proposed General Fund Budget



### Key Expense Assumptions

- **Inflation** of 2.8%, 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 2018 backed out.
- Health insurance reflects premium increase of 4.7%, as well changing participation levels.
- **Other insurance** is expected to decrease 5.1%, due to lower workers comp renewal.
- **Salary increases** based on the existing compensation policy and a 2.8% COLA
- **Transfers to Sinking Fund** across four categories (office, township building, public works & parks) total \$410,175. More information on fixed assets can be found on pages 17-19.

# East Goshen Township 2019 Proposed Budget

## Revenue Assumptions

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- Conservative assumptions across the board
- **Earned Income Tax** up 2.8% over 2018 year-end projection.
  - U.S. wage growth projected at 3.3% next year (source: PNC Bank, Aug, 2018).
- **Real Estate Tax** reflects \$10.6m in additional assessments in 2018.
- **LST** flat over 2018 year-end projection.
- **Real Estate Transfer Tax** increased by \$10,000 (1.74%) over 2018 adopted levels, but substantially below 2018 year-end projections
  - Case-Schiller forecast to increase 3.9% in 2019.
  - No large commercial sales budgeted in 2018 budget.
- **Cable Franchise Tax** decline of 3.1% over 2018 year-end projection.
  - Decrease reflects “cord cutting” and, potentially, impact of switch to Verizon in HMV
- **Permit** revenue budgeted at \$190,000.
  - No major commercial or residential development budgeted.

# East Goshen Township 2019 Proposed Budget

## Spending Requests by Department\*



### Emergency Services—\$4,208,263 up \$207,203 or 5.2% from the 2018 year-end projection

#### • Police

- Reflects 2019 WEGO budget v5; Thornbury Twp contract renewal at \$580,000 and PPU split of 55.39% (EG)/44.61% (WT)
- Funds pension at 110% of MMO, per revised agreement with Westtown
  - EG's share of MMO to be funded 85% from General Fund and 25% from Police Pension Trust
  - For perspective, every 1% of MMO paid by this Trust reduces the General Fund outlay by \$6,051
- Cost of retiree health insurance to be borne by Police Commission's OPEB Trust beginning in 2019
  - Total contribution of \$235,000, includes \$112,000 to offset the cost of retired officers' coverage and \$123,000 as an additional contribution to the OPEB Trust, per agreement with Westtown.
- Non-personnel police budget includes Electronic Ticketing (\$19,582 total), legal expenses for arbitration (\$25,000 total), \$13,864 for temporary staffing, surveillance camera at the East Goshen substation (\$2,400 total) and a 6<sup>th</sup> vehicle (\$36,000 total).
- Actual 2019 Police Budget subject to change, depending on outcome of Act 111 arbitration and the Township's budget will need to be formally revised when arbitration is completed.

#### • Fire

- Increase for Fire Company contributions based on inflation (+\$8,104)
- Continue to pass through false alarm fee revenue to fire companies at year end.
- Seven Public Works employees now eligible for \$100/month firefighter stipend.
- Hydrant expenses increased by 9% to reflect likely Aqua rate increase.
- \$1,100 for two pagers for Emergency Management Coordinators

\* 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 2018 or inflationary adjustments for other expenses charged to a line item.



# East Goshen Township 2019 Proposed Budget

## Spending Requests by Department\*



### Public Works—\$1,630,375, up \$132,439 or 8.8% from 2018 year-end projection

#### Storm Water

- No major storm water projects (besides dams and ponds).
- \$60,000 for stormwater lining or replacement of older, corrugated metal pipe to be done based on need to be determined in 2019.
- \$10,000 for administrative costs for anticipated new MS4 regulations in 2019

#### Roads

- \$435,000 budgeted for resurfacing
  - Tallmadge Drive, Rossmore Drive, Shandon Place, Tramore Circle, Enterprise Drive, Saddlebrook Drive
- State Liquid Fuel revenue projected to decrease 0.1% per PennDOT
- \$4,999 for used roller to reduce vehicle rental costs (Minor Equipment)
- \$4,500 for fuel to reflect possible increases in diesel fuel prices
- New capital purchases include gas-powered pressure washer (\$8,500) and floor machine (\$9,000). These purchases replace existing assets, but were not previously depreciated. Capital purchases also reflects \$30,000 for a new vehicle for the new fire inspector position (see Codes on p7).

#### Snow

- Snow expense budget projected to decrease \$63,924 (20.33%) from year-end projection, but increase 6.7% over 2018 adopted levels.
- NOAA projects warmer-than-average start to winter, turning colder-than-average as the season progresses. Winter precipitation is expected to be average-to-above average in the Mid-Atlantic.

#### Refuse

- Roadside litter (\$18,000), County Hazardous Ewaste (\$2,700) and two e-recycling events (\$5,000) moved from refuse fund to general fund, as these programs are separate from our refuse/recycling contract.

\* 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 2018 or inflationary adjustments for other expenses charged to a line item.



# East Goshen Township 2019 Proposed Budget

## Spending Requests by Department\*



### **Administration—\$1,514,303, down \$439,147 or -22.5% from 2018 year-end projection**

- Large decrease due to washbay and building storefront projects in 2018
- New capital expenses reflect \$31,000 for radio booster for Township Building
- 5% utility increase to reflect PECO rate increase and likely large AQUA increase; hydrants increased by 9%
- Insurance lowered to reflect lower Workers Comp renewals
- District Court rent lowered to reflect new lease
- Consultants lowered to reflect no branding consultant and less grant assistance in 2019.
- Computer expense increased to reflect \$500/mo website contract, but no major website update anticipated in 2019.

### **Parks & Recreation—\$638,140, up \$35,023 or 5.8% from 2018 year-end projection**

- No substantive changes proposed for Recreation programs
- \$6,000 budgeted in Park Maintenance for two directional signs at park.
- \$120,000 budgeted for Pond Work (\$60,000 for Marydell Landscaping and \$60,000 for engineering/dewatering/dredging Bow Tree 1 pond).
- No new park capital improvements planned.

### **Zoning & Codes Enforcement—\$326,139, up \$91,023 or 38.7% from 2018 year-end projection**

- New full-time fire inspector proposed to implement commercial fire inspection and radio booster initiatives (assumes new position hired in April 2019. \$75,303 in personnel costs, plus \$5,000 in building modifications [an Admin expense] and \$30,000 for a new vehicle [a Public Works expense])
- \$13,620 budgeted for cloud-based GIS system, which will allow real-time updates.
- Note, engineering costs for Paoli Pike Master Plan pre-trail implementation reflected in Bond Fund engineering costs.



\* 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 2018 or inflationary adjustments for other expenses charged to a line item.

# East Goshen Township 2019 Proposed Budget

## ABC Budget Requests



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

- Maintained at 2018 Adopted Levels, based on Conservancy Board email

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

- No specific budget items requested/identified

### **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)

- Expenses maintained at 2018 adopted level, per September meeting.
- Offsetting revenues of \$2,695 from sale of historical building ornaments to make Commission revenue neutral, other than Recording Secretary cost.



# East Goshen Township

## General Fund Budget Summary (Core Functions)



Account Title	2018 Budget	2018 Y/E Projection (Nov)	2019 Proposed	\$ Variance 2018-2019	% Variance 2018-2019
EMERGENCY SERVICES EXPENSES	4,101,440	4,083,940	4,290,164	206,224	5.0%
PUBLIC WORKS EXPENSES	2,620,236	2,501,437	2,633,542	132,105	5.3%
ADMINISTRATION EXPENSES	2,236,312	2,336,497	1,828,626	(507,871)	-21.7%
CODES EXPENSES	465,911	499,511	584,909	85,398	17.1%
PARK AND RECREATION EXPENSES	690,256	719,087	772,875	53,788	7.5%
<b>TOTAL CORE FUNCTION EXPENSES</b>	<b>10,114,155</b>	<b>10,140,471</b>	<b>10,110,116</b>	<b>(30,355)</b>	<b>-0.3%</b>
EMERGENCY SERVICES REVENUES	77,628	82,880	81,901	(979)	-1.2%
PUBLIC WORKS REVENUES	1,010,195	1,003,501	1,003,167	(334)	0.0%
ADMINISTRATION REVENUES	334,024	383,047	314,323	(68,724)	-17.9%
CODES REVENUES	259,725	264,395	258,770	(5,625)	-2.1%
PARK AND RECREATION REVENUES	140,976	115,970	134,735	18,765	16.2%
<b>TOTAL CORE FUNCTION REVENUES</b>	<b>1,822,548</b>	<b>1,849,793</b>	<b>1,792,896</b>	<b>(56,897)</b>	<b>-3.1%</b>
<b>NET EMERGENCY SERVICES</b>	<b>4,023,812</b>	<b>4,001,060</b>	<b>4,208,263</b>	<b>207,203</b>	<b>5.2%</b>
<b>NET PUBLIC WORKS</b>	<b>1,610,041</b>	<b>1,497,936</b>	<b>1,630,375</b>	<b>132,439</b>	<b>8.8%</b>
<b>NET ADMINISTRATION</b>	<b>1,902,288</b>	<b>1,953,450</b>	<b>1,514,303</b>	<b>(439,147)</b>	<b>-22.5%</b>
<b>NET CODES</b>	<b>206,186</b>	<b>235,116</b>	<b>326,139</b>	<b>91,023</b>	<b>38.7%</b>
<b>NET PARK AND RECREATION</b>	<b>549,280</b>	<b>603,117</b>	<b>638,140</b>	<b>35,023</b>	<b>5.8%</b>
<b>CORE FUNCTION NET SUBTOTAL</b>	<b>8,291,607</b>	<b>8,290,679</b>	<b>8,317,220</b>	<b>26,541</b>	<b>0.3%</b>



# East Goshen Township

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



Account Title	2018 Budget	2018 Y/E Projection (Nov)	2019 Proposed	\$ Variance 2018-2019	% Variance 2018-2019
<b>CORE FUNCTION NET SUBTOTAL</b>	<b>8,291,607</b>	<b>8,290,679</b>	<b>8,317,220</b>	<b>26,541</b>	<b>0.3%</b>
DEBT - PRINCIPAL	549,000	549,000	574,000	25,000	4.6%
DEBT - INTEREST	249,458	249,458	226,399	(23,059)	-9.2%
<b>TOTAL DEBT</b>	<b>798,458</b>	<b>798,458</b>	<b>800,399</b>	<b>1,941</b>	<b>0.2%</b>
<b>TOTAL CORE FUNCTION NET</b>	<b>9,090,065</b>	<b>9,089,137</b>	<b>9,117,619</b>	<b>28,482</b>	<b>0.3%</b>
<b>NON-CORE FUNCTION REVENUE</b>					
EARNED INCOME TAX	5,181,600	5,131,600	5,275,285	143,685	2.8%
REAL ESTATE PROPERTY TAX	2,026,129	2,038,840	2,039,429	589	0.0%
REAL ESTATE TRANSFER TAX	575,000	750,000	585,000	(165,000)	-22.0%
CABLE TELEVIS.FRANCHISE	489,600	464,600	450,000	(14,600)	-3.1%
LOCAL SERVICES TAX	348,000	348,000	348,000	0	0.0%
OTHER INCOME*	469,736	99,670	419,905	320,235	321.3%
<b>TOTAL NON CORE FUNCTION REVENUE</b>	<b>9,090,065</b>	<b>8,832,710</b>	<b>9,117,619</b>	<b>284,909</b>	<b>3.2%</b>
<b>NET RESULT</b>	<b>0</b>	<b>(256,427)</b>	<b>0</b>		

\* Includes \$325,518 transfer from fund balance

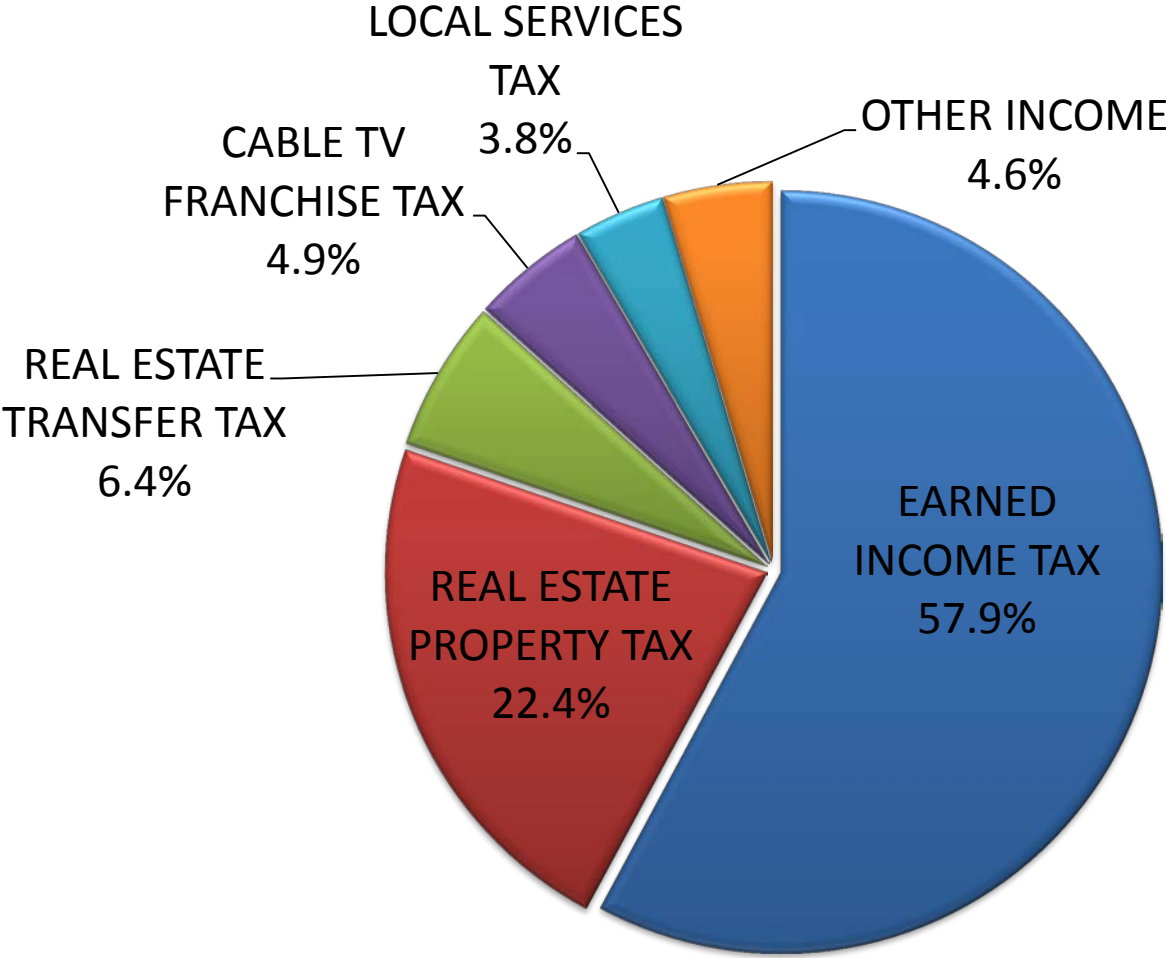
Projected 12/31/18 Fund Balance	<b>\$5,274,863</b>
<b>Projected 12/31/19 Fund Balance (net of transfer from fund balance)</b>	<b>\$4,949,345</b>



# 2019 Proposed Revenues



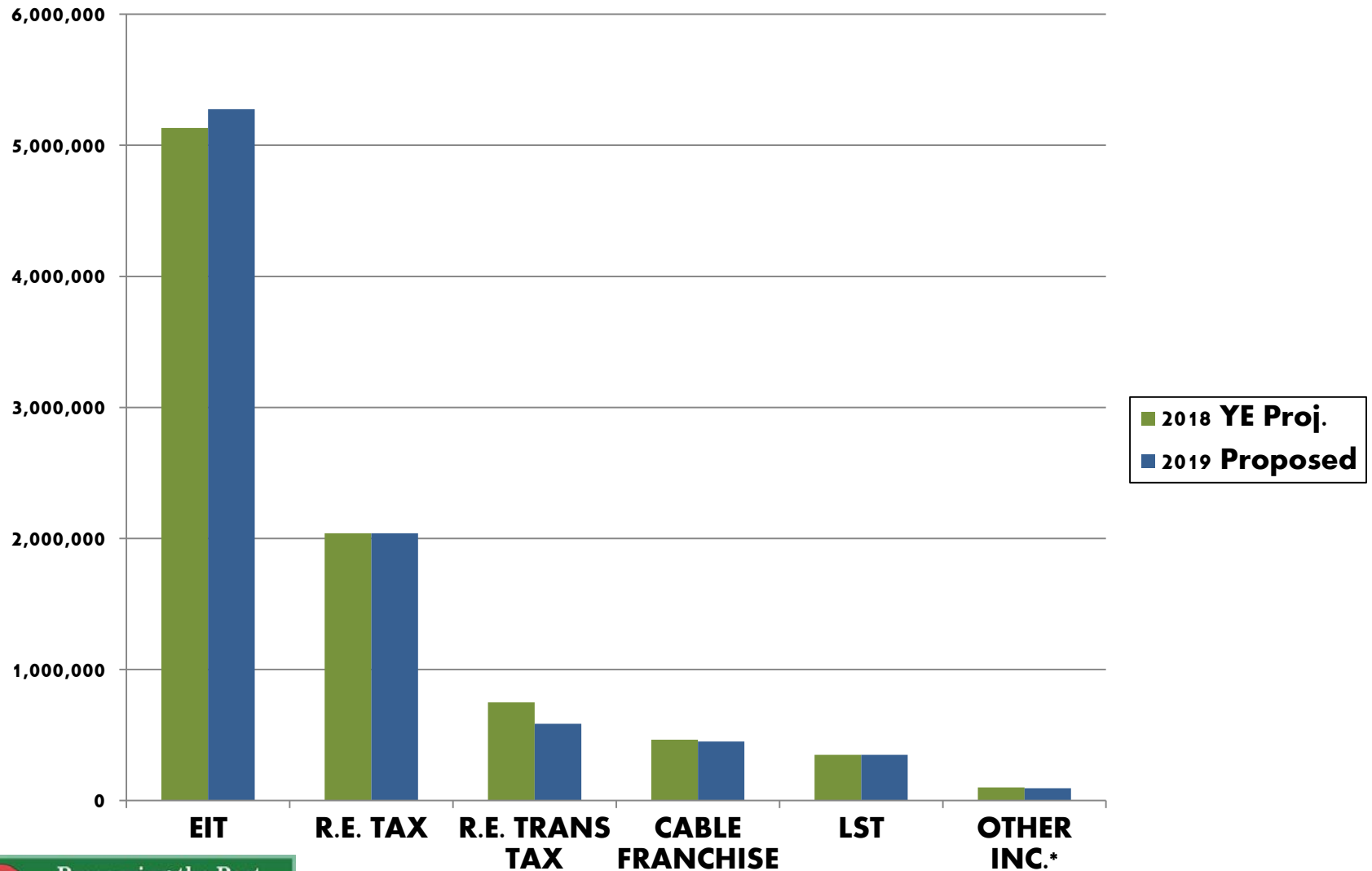
Where the money comes from...



# 2019 Proposed Revenues



Comparison of 2018 Year-End Projected to 2019 Proposed Revenues



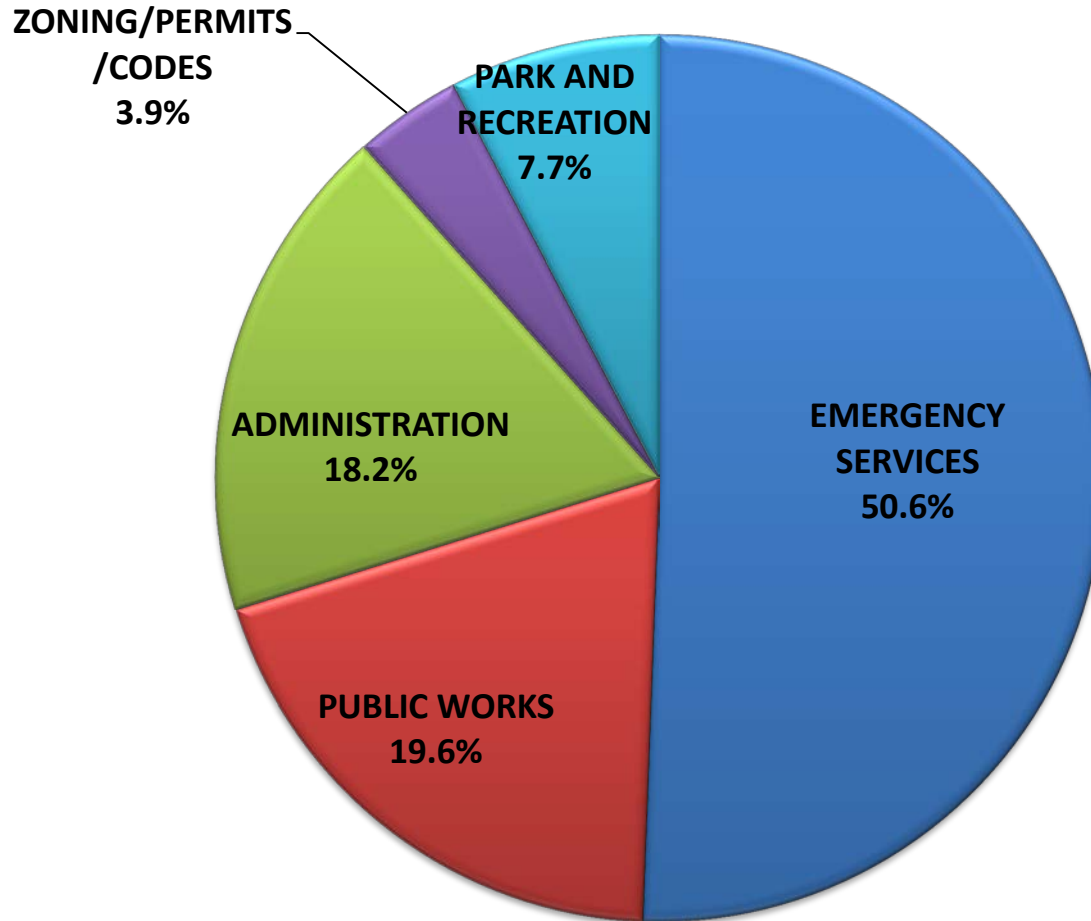
\* Other income excludes transfer from fund balance



# 2019 Proposed Expenses



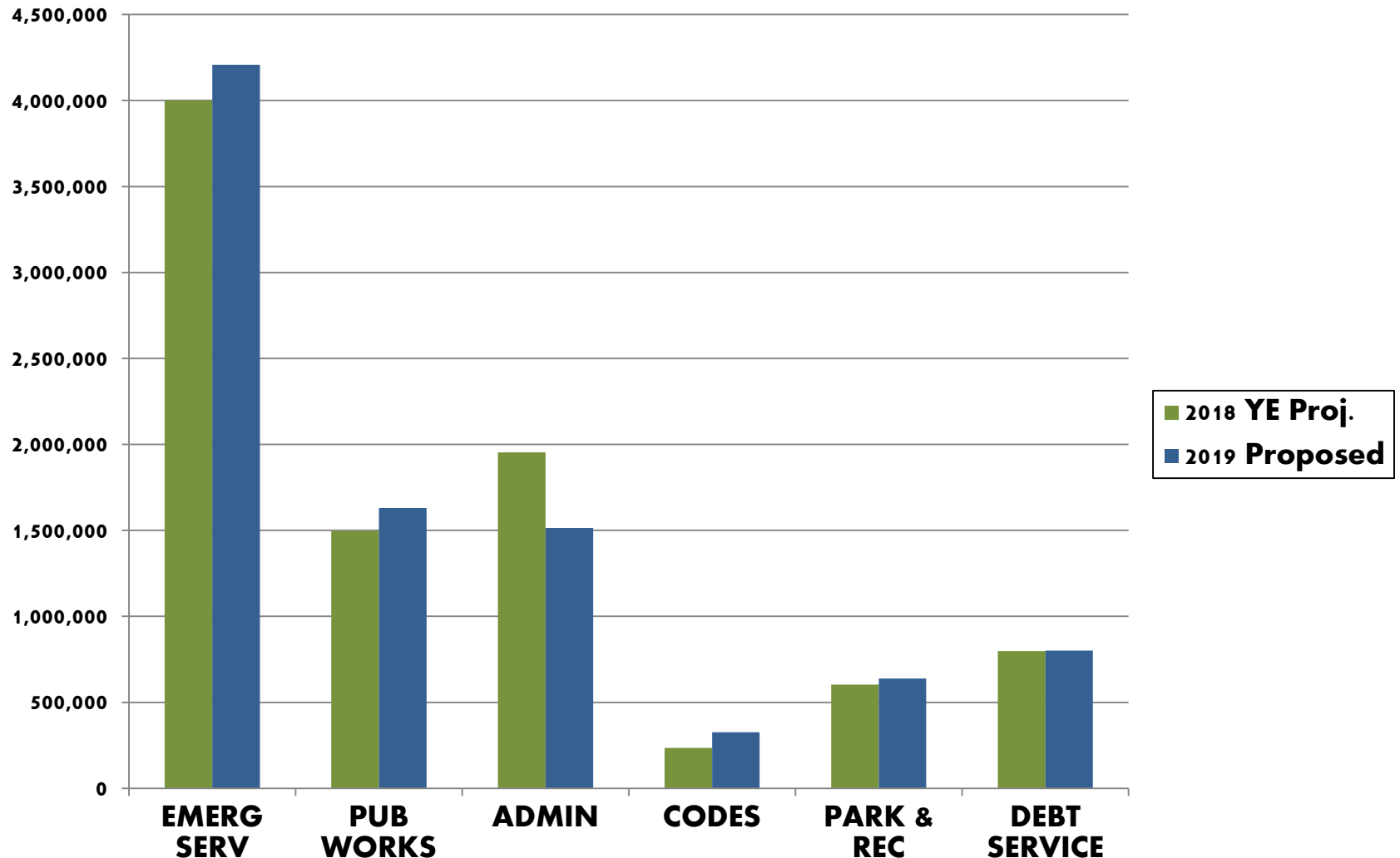
Where the money goes....



# 2019 Proposed Expenses



Comparison of 2018 Year-End Projected to 2019 Proposed Expenses



# 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 2019 Proposed Budget is based on correspondence with PennDOT in late September and reflects a 0.1% increase over the 2018 year-end projection.

	2018 Adopted	2018 Y/E Projection	2019 Proposed
<b>Starting Fund Balance</b>	<b>\$502</b>	<b>\$502</b>	<b>\$502</b>
Revenues	\$548,083	\$562,782	\$562,214
Expenses	\$548,082	\$562,782	\$562,214
<b>Year-End Fund Balance</b>	<b>\$503</b>	<b>\$502</b>	<b>\$502</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.

	2018 Adopted	2018 Y/E Projection	2019 Proposed
<b>Starting Sinking Fund Balance</b>	<b>\$6,024,031</b>	<b>\$6,024,031</b>	<b>\$5,944,780</b>
Revenues	\$844,492	\$1,486,222	\$753,575
Expenses	\$867,500	\$1,565,473	\$1,014,500
<b>Year-End Sinking Fund Balance</b>	<b>\$6,001,023</b>	<b>\$5,944,780</b>	<b>\$5,683,855</b>



# SINKING FUND (Continued)

Project/asset	Replacement	New	Category	Useful Life
Small Pick-up Truck (Codes)	\$35,000		Public Works	10
Small Pick-up Truck/vehicle (for new inspect)		\$30,000	Public Works	10
Mowers	\$18,000		Public Works	10
Gator	\$14,000		Public Works	10
Gas-fired pressure washer (for wash bay)		\$8,500	Public Works	10
Floor machine		\$9,000	Public Works	10
Trailer	\$9,000		Public Works	15
Tar Buggy	\$12,000		Public Works	15
Tractor/Mower	\$56,000		Public Works	10
Sewer camera (Twp portion for storm sewer)*	\$25,000		Public Works	15
Radio Booster		\$31,000	Township	20
Township Building Roof	\$125,000		Township	20
Paoli Pike Trail, Segments F&G		\$100,000	Township	20
PCs	\$12,000		Office	5
Hershey's Mill Dam Construction (reimbursed by grants in 2020)		430,000	Township	n/a (not depreciated)
<b>Total*</b>	<b>\$306,000</b>	<b>\$608,500</b>		

\* Transfer to Sewer Capital Reserve Fund for sanitary sewer portion of sewer camera (\$100,000) not included in table; see p19



November 14, 2017



# SINKING FUND (Continued)

## Justification for New Assets

- Both the **pressure washer** and the **floor machine** replace existing assets. However, because these assets were never previously depreciated, they will be treated as new assets.
- The new **small pick-up truck or vehicle** will be used by the proposed new fire inspector.
- The **radio booster** will ensure that emergency responders can maintain in contact with command and County DES in the event of a police or fire emergency in the Township Building, consistent with the Township's proposal to require emergency radio communication functionality in all commercial buildings.
- \$100,000 is budgeted as an estimate for **construction costs for Segments F&G of the Paoli Pike Trail**, which will be constructed in early 2019. This work will be performed in-house. These non-labor costs will be offset by grant revenues.
- This budget also proposes to transfer \$100,000 for the fully depreciated **sewer camera** to the Sewer Capital Reserve. Because this asset is used about 80% of the time in the sanitary sewer system, moving forward, its eventual replacement should be borne primarily by sewer fees, not general tax dollars.

# 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.

	2018 Adopted	2018 Y/E Projection	2019 Proposed
<b>Starting Fund Balance</b>	<b>\$1,079,157</b>	<b>\$1,079,157</b>	<b>\$1,085,757</b>
Revenues	\$261,793	\$7,600	\$263,000
Expenses	\$615,000	\$1,000	\$575,000
<b>Year-End Fund Balance</b>	<b>\$725,950</b>	<b>\$1,085,757</b>	<b>\$773,757*</b>

- \$515,000 for interactive signals along Route 3, an inter-municipal project with Westtown and West Goshen. This project, which is expected to be complete in early 2019, is being managed by PennDOT and will be offset with a 50% Go Green grant. Carryover from 2016, 2017 & 2018.
- \$60,000 included for new street light and associated infrastructure at West Entrance to Park.

\* Of the \$773,757 projected 2019 ending fund balance, \$339,851 will be from impact fees and \$433,906 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 \$8.74/thousand gallon variable rate and a \$27.02/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.

	2018 Adopted	2018 Y/E Projection	2019 Proposed
<b>Starting Fund Balance</b>	<b>\$886,672</b>	<b>\$886,672</b>	<b>\$838,846</b>
Revenues	\$3,682,636	\$3,521,727	\$3,634,621
Expenses	\$3,682,635	\$3,569,553	\$3,643,621
<b>Year-End Fund Balance</b>	<b>\$886,673</b>	<b>\$838,846</b>	<b>\$838,846</b>

See explanations on next page.

# SEWER OPERATING FUND (Cont.)

- Overall, proposed **Sewer Fund up \$65,068 (+1.8%) over 2018 year-end projection**
- The 2019 proposed sewer fund budget reflects a substantial increase in the “**Transfer to Municipal Authority**” line item, reflecting that all capital costs will be paid directly by the Municipal Authority and would then be reimbursed by the Sewer Operating Fund (for new assets) and the Sewer Capital Reserve (for existing assets).
- Therefore, in addition to customary expenses (quarterly overhead/administrative charge-back, legal fees and engineering fees), the transfer will include:
  - \$130,000 for relining sewer lines and brick man holes
  - \$13,877 for the Barkway P/S Muffin Monster project (this reflects a project cost of \$67,000, net of a \$32,307 DCED grant and \$20,816 from East and West Whiteland’s share of the cost)
  - \$5,000 for Hunt Country P/S Bypass Connection
  - \$12,000 for a Ridley Creek flow meter to measure I&I through the Ridley Creek system
  - \$7,500 for air splitter at RCSTP to replace inefficient blowers and control room temp to prevent equipment damage.
- **West Goshen O&M** increased by 5% (\$32,500) over 2018 Y/E levels, per discussions with West Goshen.
- **Westtown is expected to increase its quarterly sewer rates from \$195 to \$205 per unit.** Because Cider Knoll (96 units) and Summit House (426 units) are on Westtown’s system, this increase corresponds with \$20,880 in higher costs.
- This budget assumes \$4,000 for computer costs for a **payment portal**, as well as \$4,500 for the Township absorbing the cost of credit card payments (shared with refuse 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.

	2018 Adopted	2018 Y/E Projection	2019 Proposed
<b>Starting Fund Balance</b>	<b>\$614,128</b>	<b>\$614,128</b>	<b>\$642,682</b>
Revenues	\$1,002,921	\$1,106,902	\$995,121
Expenses	\$1,091,534	\$1,078,348	\$1,140,699
<b>Year-End Fund Balance</b>	<b>\$525,515</b>	<b>\$642,682</b>	<b>\$497,104</b>

- 2.8% estimated CPI increase in service contract, per awarded contract.
- Cost for County Hazardous Waste event and two e-recycling events at park moved to General Fund.
- Significant increase projected for recycling cost due to higher tonnage fee (+\$27,000 over 2018 year-end projection)
- \$1,250 budgeted for refuse fund's share of one-time payment portal expenses, plus \$4,500 for the Township absorbing credit card payments (cost shared with sewer operating fund).
- No increase necessary for refuse rate next year, although Board may wish to consider increases for 2020 or 2021.

# 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.

	2018 Adopted	2018 Y/E Projection	2019 Proposed
<b>Starting Fund Balance</b>	<b>\$7,336,323</b>	<b>\$7,336,323</b>	<b>\$6,388,448</b>
Revenues	\$30,000	\$100,000	\$56,000
Expenses	\$2,997,163	\$1,047,875	\$3,860,040
<b>Year-End Fund Balance</b>	<b>\$4,369,160</b>	<b>\$6,388,448</b>	<b>\$2,584,408</b>
<i>General Fund Share</i>	<i>\$2,109,625</i>	<i>\$3,743,246</i>	<i>\$2,326,818</i>
<i>Sewer Fund Share</i>	<i>\$2,259,535</i>	<i>\$2,645,202</i>	<i>\$257,590</i>



# BOND FUND (Cont.)\*

Project	Incurred as of 12/31/18 (proj.)	2019	2020	2021	Total Actual or Budget
PPT Segments A&B Engineering	-	\$461,080	\$461,081	-	\$922,161
PPT Segment C Engineering	\$576,808	-	-	-	\$576,808
PPT Segments D&E Engineering	\$25,000	\$545,858			\$570,858
Misc. PPT Expenses (e.g. surveying, appraisals & Right of Ways)-- <b>NEW</b>	\$67,293	\$300,000			\$367,293
Playground engineering, construction & cameras	\$231,126				\$231,126
Tennis Courts	\$41,806				\$41,806
Mid-term Park Improvements	\$5,760	-		\$27,924	\$33,684
Area Around Playground		-	\$84,756		\$84,756
Milltown Dam Engineering	\$275,000	\$145,490	-	-	\$420,490
Hershey's Mill Dam Engineering	\$293,092	-	-		\$293,092
Milltown Dam Construction	\$7,500	-	-	\$1,060,472	\$1,067,972
Hershey's Mill Dam Construction	\$1,000	-	\$14,206	-	\$15,206
West Goshen Sewer Plant	\$256,359	\$2,407,612	\$402,559		\$3,066,530
<b>Total</b>	<b>\$1,780,744</b>	<b>\$3,860,040</b>	<b>\$962,602</b>	<b>\$1,088,396</b>	<b>\$7,691,782**</b>

\*All costs listed are net of grants and/or donations

\*\*Compared to a total borrowing of \$8,097,485. See reconciliation on next page.

# BOND FUND (Cont.)

## Reconciliation of Series 2017 Bond Fund:

	Township Portion	Sewer Portion	Total
<b>Original Proceeds</b>	<b>5,247,170</b>	<b>2,850,315</b>	<b>8,097,485</b>
Interest Accrued as of 9/30/18	70,525	43,490	114,015
Additional Interest Projected	60,000	60,000	120,000
Additional Awarded Grants for Milltown Dam since borrowing*	415,000		415,000
Additional Awarded Grants for Hershey Mill Dam since borrowing	630,000		630,000
<b>MINUS</b> -Additional cost estimate for Parks since borrowing	153,383		153,383
<b>MINUS</b> -Additional cost estimate for Dams since borrowing	-		-
<b>MINUS</b> -Additional cost estimate for Trail since borrowing**	300,000		300,000
<b>MINUS</b> -Additional cost estimate for West Goshen Sewer since borrowing		216,216	216,216
<b>Projected Surplus/(Deficit)</b>	<b>722,142</b>	<b>(112,726)</b>	<b>609,107</b>
*\$915,000 has been awarded, but the Township assumed \$500,000 at time of borrowing			
**\$300,000 added for appraisals & easements			



Future (2020) decision point about how to reallocate Township surplus and drawing Sewer deficit from Sewer Funds (Operating or Capital)

# 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. Beginning in 2019, it is proposed that all sewer capital purchases be made through the Municipal Authority, with transfers from the Sewer Operating Fund for both general operating costs and new capital assets and the Sewer Capital Reserve for replacement capital assets. Previously, only the MA's operating costs and selected capital expenses were borne by the Municipal Authority.

	2018 Adopted	2018 Y/E Projection	2019 Proposed
<b>Starting Fund Balance</b>	<b>\$142,331</b>	<b>\$142,331</b>	<b>\$1,928</b>
Revenues	\$101,605	\$106,278	\$700,425
Expenses	\$161,291	\$246,681	\$700,425
<b>Year-End Fund Balance</b>	<b>\$82,645</b>	<b>\$1,928</b>	<b>\$1,928</b>

# MUNICIPAL AUTHORITY (cont.)

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2019 MA Budget Highlights include:

- \$32,307 in grant revenue for the Barkway Pump Station Muffin Monster through the PA Small Water & Sewer Grant Program (awarded September 2018)
  - Note that East and West Whiteland's 60% share of the net (post-grant) share of this project is reflected in the Barkway Pump Station revenue line item in the Sewer Operating Fund.
- \$357,000 as a Transfer from the Sewer Capital Reserve Fund, reflecting the Ridley Creek STP generator replacement, Hunt Country PS Muffin Monster replacement, Hunt Country PS Mag Meter replacement and Hershey's Mill PS generator replacement.
- \$290,325 from the Sewer Operating Fund for:
  - \$12,000 for a new flow meter along the Ridley Creek line to measure infiltration & inflow, which we are not currently able to measure;
  - \$34,693 for the Barkway PS Muffin Muffin Monster (i.e. net of grants)
  - \$130,000 for pre-mid 1970s era brick manhole and asbestos cement pipe relining, as part of maintenance plan agreed to four years ago
  - \$7,500 for an air splitter in the RCSTP control room to replace blowers and prevent damage to equipment from overheating
  - \$5,000 for Hunt Country PS bypass pump connection
  - \$121,948 for miscellaneous operating expenses, including general engineering, legal and administrative overhead

# SEWER CAPITAL RESERVE FUND

The Sewer Sinking Fund was created to ensure that the Municipal Authority can replace the Authority’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 Authority 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.

Beginning in 2019, it is proposed that the Sewer Sinking Fund not directly pay invoices, but reimburse the Municipal Authority for replacement capital costs incurred through the new **Transfer to Municipal Authority** line item. Note that, importantly, the sewer sinking fund is owned and controlled by the Township, not the MA.

	2018 Adopted	2018 Y/E Projection	2019 Proposed
<b>Starting Fund Balance</b>	<b>\$2,162,678</b>	<b>\$2,162,678</b>	<b>\$2,231,381</b>
Revenues	\$277,500	\$202,000	\$327,000
Expenses	\$183,500	\$133,267	\$482,000
<b>Year-End Fund Balance</b>	<b>\$2,256,678</b>	<b>\$2,231,381</b>	<b>\$2,076,381</b>



# SEWER CAPITAL RESERVE FUND (cont.)

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For 2019, the following transfers to the Municipal Authority are proposed for replacement capital assets:

- \$125,000 for Hershey's Mill Pump Station Generator replacement
  - \$15,000 for Hunt Country Pump Station Mag Meter replacement
  - \$67,000 Hunt County Muffin Monster replacement
  - \$150,000 for Ridley Creek Generator Replacement
- =\$357,000 Transfer to Municipal Authority**

In addition, a one-time transfer of \$125,000 is proposed from the Capital Reserve Fund to the Sewer Capital Reserve Fund to replace the sewer camera (\$125,000). This asset is currently being depreciated in the regular Capital Reserve Fund, but is really a sewer asset. Therefore, moving forward, the cost of this asset should be borne by sewer rate payers and not general tax dollars.

# 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.

	2018 Adopted	2018 Y/E Projection	2019 Proposed
<b>Starting Fund Balance</b>	<b>\$2,504,354</b>	<b>\$2,504,354</b>	<b>\$2,546,354</b>
Revenues	\$24,906	\$42,000	\$42,000
Expenses	\$0	\$0	\$0
<b>Year-End Fund Balance</b>	<b>\$2,529,260</b>	<b>\$2,546,354</b>	<b>\$2,588,354</b>