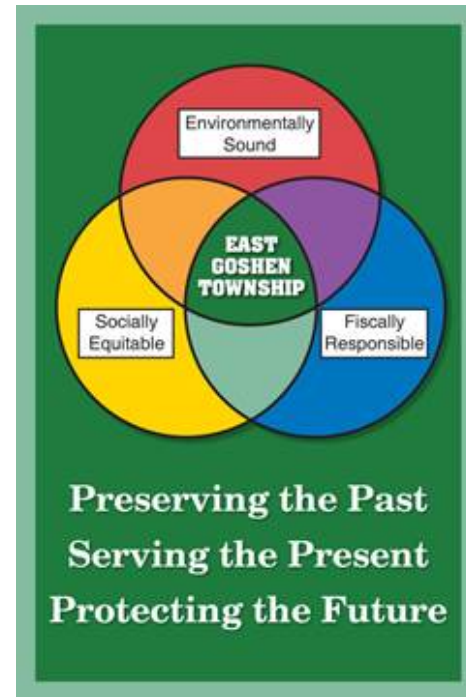


East Goshen Township

2020 Proposed Budget



For presentation to the Board of Supervisors on November 14, 2019

East Goshen Township

2020 Proposed General Fund Budget



BUDGET HIGHLIGHTS

- For the 17th consecutive year, no tax increases are proposed in this budget.
- Net of Pass-throughs, the proposed budget includes \$10,536,277 in revenues and \$10,995,798 in expenses for a deficit of \$459,521, which is reflected in the budget as a transfer from fund balance (revenue) in order to balance the budget.
- Importantly, the budget reflects a \$5.12/quarter increase (to \$75/quarter) to **refuse rates** for residents in detached homes to offset increased costs for processing recycling. The existing refuse rate of \$69.88 has been unchanged since 2011.

East Goshen Township

2020 Proposed General Fund Budget



Key Expense Assumptions

- **Inflation** of 1.6%, equal to the 2020 Social Security increase (CPI-W)
- Selected line items adjusted more/less than inflation based on historical trends.
- One-time costs from 2019 backed out.
- Health insurance reflects premium increase of 7.06%, as well changing participation levels.
- **Other insurance** is expected to increase 4.3%, due to the anticipated cost of a cyber liability policy.
- **Salary increases** based on the existing compensation policy and a 1.6% COLA
- **Transfers to Sinking Fund** across four categories (office, township building, public works & parks) total \$535,982. This figure reflects returning to the pre-2013 method of calculating the transfer to the Sinking Fund. More information on fixed assets can be found on pages 17-20.

East Goshen Township 2020 Proposed Budget

Revenue Assumptions

- Conservative assumptions across the board
- **Earned Income Tax** up 1.6% over 2019 year-end projection.
 - U.S. wage growth projected at 3.5% next year (source: PNC Bank, Sept, 2019).
- **Real Estate Tax** reflects \$2.68m in additional assessments in 2019
- **LST** flat over 2019 year-end projection
- **Real Estate Transfer Tax** increased by \$85,000 over 2019 adopted levels, but \$100,000 or 13.3% below 2019 year-end projections
 - Case-Schiller forecast to increase 3.8% in 2020.
 - No large commercial sales budgeted in 2020 budget.
- **Cable Franchise Tax** increase of 1.6% over 2019 year-end projection.
 - Franchise Fee revenue has stabilized since major fall last year.
- **Permit** revenue budgeted at \$197,000.
 - No major commercial or residential development budgeted.
 - However, \$7,000 in additional revenue anticipated due to planned increase to selected permits fees to reflect growth in Township's permitting costs.
- **Other Income** decrease of \$25,775 (-18.5%)
 - Declining interest rates and smaller fund balance impacting interest income.

East Goshen Township 2020 Proposed Budget

Spending Requests by Department*



Emergency Services—\$4,307,933, up \$115,923 or 2.8% from the 2019 year-end projection

• Police

- Reflects 2020 WEGO budget, v4. PPU split of 55.5% (EG)/44.5% (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 \$6,188
- For 2nd year, cost of retiree health insurance to be borne by Police Commission's OPEB Trust
- Total OPEB contribution of \$207,735, includes \$119,757 to offset the cost of retired officers' coverage and \$99,022 as an additional contribution to the OPEB Trust
- New costs include one promotion to Corporal (\$4,811) and a Community Service Officer to Detective, as well as an automated license plate reader (+\$6,991)
- Note that this budget does not reflect the impending Act 111 arbitration award either for 2020 or retroactively for 2019

• Fire

- Increase for Malvern and Goshen Fire Company contributions based on inflation (+\$4,716)
- \$13,913, in funding for Good Fellowship, compared to \$23,925 requested. This is the same level of funding that is provided to Malvern Fire Company.
- Continue to pass through false alarm fee revenue to fire companies at year end.
- Seven Public Works employees eligible for \$100/month firefighter stipend (same as 2019)

* 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 2019 or inflationary adjustments for other expenses charged to a line item.



East Goshen Township 2020 Proposed Budget

Spending Requests by Department*



Public Works—\$1,774,278, up \$266,502 or 17.7% from 2019 year-end projection

Storm Water

- No major storm water projects (besides dams and ponds), although \$131,552 is budgeted for emergency repairs and routine maintenance.
- New sewer camera will allow for analysis of storm sewer repairs needed in 2021-2026.

Roads

- \$462,280 budgeted for resurfacing
 - Alcott Circle, Dickens Drive, Culbertson Drive, Eastwick Circle, Great Oak Circle, Killern Lane, Enterprise Drive (carryover from 2019), Saddlebrook Drive (carryover from 2019)
- State Liquid Fuel revenue projected to decrease 3.9% per PennDOT
- \$15,000 additional funds (+21.4%) requested for tree removal for emerald ash borer issues
- \$23,000 in transfer to Capital Reserve Fund for shoring struts not on existing depreciation schedule
- Vehicle depreciation expense up \$127,116 (+56.1%) due to reverting to pre-2013 method of depreciation (see p17 for more information).

Snow

- Snow expense budget projected to increase \$36,227 (+15.7%) from 2019 year-end projection.
- NOAA projects “active winter season” in the US Northeast

Refuse

- Reflects roadside litter (\$18,000), County Hazardous Ewaste (\$6,000) and two e-recycling events (\$5,080).

* 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 2019 or inflationary adjustments for other expenses charged to a line item.



East Goshen Township 2020 Proposed Budget

Spending Requests by Department*



Administration—\$1,565,587, up \$27,833 or 1.8% from 2019 year-end projection

- New capital expenses reflect \$31,000 for radio booster for Township Building (carryover from 2019)
- \$10,000 for consulting costs associated with future clean energy investments, consistent the Council of Government's commitment to renewable energy in our region.
- \$5,000 budgeted for cyber liability policy
- Increase in contribution to Malvern Library by 25% to \$1.25 per resident (+\$4,500).

Parks & Recreation—\$748,385, up \$32,859 or 4.6% from 2019 year-end projection

- \$42,000 budgeted to complete planting for Marydell pond project.
- \$2,500 for a security camera at the Playground to deter vandalism.
- \$200,400 budgeted for Bow Tree I pond project.

Zoning & Codes Enforcement—\$249,141, up \$35,141 or 16.7% from 2019 year-end projection

- No new spending requests for 2020.
- Permit revenues increased \$7,000, reflecting fee increases for decks, pools, signs, working without a permit and zoning. These fees have not been increased in over a decade, and these increases are necessary to keep up with inflationary increases in providing permitting services.
- Otherwise, the budget assumes no major development in 2020.
- Note that the 16.7% net increase compared to the 2019 year-end projections primarily reflects conservative estimates for 2020 permit revenues.

* 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 2019 or inflationary adjustments for other expenses charged to a line item.



East Goshen Township 2020 Proposed Budget

ABC Budget Requests



Conservancy Board (Budgeted in Zoning/Code Enforcement)

- Maintained at 2019 Adopted Levels, per September meeting

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 change in budget request

Historical Commission (Budgeted in Zoning/Code Enforcement)

- Expenses maintained at 2019 adopted level, per September meeting.
- Offsetting revenues of \$2,695 from sale of ornaments to make Commission revenue neutral, other than Recording Secretary cost.

Pipeline Task Force (Budgeted in Administration)

- \$2,000 for educational materials and/or training opportunities to be identified later, per October meeting

Sustainability Advisory Committee (Budgeted in Administration)

- \$2,000 for reusable, hemp shopping bags to discourage use of plastic bags. It is proposed that these bags will be sold at \$2 per bag to encourage their use.
- \$1,000 for miscellaneous marketing expenses

East Goshen Township

General Fund Budget Summary (Core Functions)



Account Title	2019 Budget	2019 Y/E Projection (Sept)	2020 Proposed	\$ Variance 2019-2020	% Variance 2019-2020
EMERGENCY SERVICES EXPENSES	4,290,164	4,263,915	4,379,933	116,018	2.7%
PUBLIC WORKS EXPENSES	2,633,542	2,533,265	2,774,562	241,297	9.5%
ADMINISTRATION EXPENSES	1,834,626	1,919,905	1,884,416	(35,489)	-1.8%
CODES EXPENSES	584,909	506,281	522,011	15,730	3.1%
PARK AND RECREATION EXPENSES	782,875	826,076	881,005	54,929	6.6%
TOTAL CORE FUNCTION EXPENSES	10,126,116	10,049,441	10,441,927	392,486	3.9%
EMERGENCY SERVICES REVENUES	81,901	71,905	72,000	95	0.1%
PUBLIC WORKS REVENUES	1,003,167	1,025,489	1,000,284	(25,205)	-2.5%
ADMINISTRATION REVENUES	314,323	382,150	318,829	(63,321)	-16.6%
CODES REVENUES	258,770	292,737	272,870	(19,867)	-6.8%
PARK AND RECREATION REVENUES	134,735	110,550	132,620	22,070	20.0%
TOTAL CORE FUNCTION REVENUES	1,792,896	1,882,832	1,796,603	(86,229)	-4.6%
NET EMERGENCY SERVICES	4,208,263	4,192,010	4,307,933	115,923	2.8%
NET PUBLIC WORKS	1,630,375	1,507,776	1,774,278	266,502	17.7%
NET ADMINISTRATION	1,520,303	1,537,755	1,565,587	27,833	1.8%
NET CODES	326,139	213,544	249,141	35,597	16.7%
NET PARK AND RECREATION	648,140	715,526	748,385	32,859	4.6%
CORE FUNCTION NET SUBTOTAL	8,333,220	8,166,610	8,645,324	478,714	5.9%



East Goshen Township

General Fund Budget Summary (Non-Core Functions)



Account Title	2019 Budget	2019 Y/E Projection (Sept)	2020 Proposed	\$ Variance 2019-2020	% Variance 2019-2020
CORE FUNCTION NET SUBTOTAL	8,333,220	8,166,610	8,645,324	478,714	5.9%
DEBT - PRINCIPAL	574,000	574,000	349,999	(224,001)	-39.0%
DEBT - INTEREST	226,399	226,399	203,872	(22,527)	-10.0%
TOTAL DEBT SERVICE	800,399	800,399	553,871	(246,528)	-30.8%

TOTAL CORE FUNCTION NET	9,133,619	8,967,009	9,199,195	232,186	(0)
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NON-CORE FUNCTION REVENUE

EARNED INCOME TAXES	5,191,400	5,050,000	5,130,800	80,800	1.6%
REAL ESTATE PROPERTY TAX	2,039,429	2,041,054	2,042,779	1,725	0.1%
REAL ESTATE TRANSFER TAX	585,000	750,000	650,000	(100,000)	-13.3%
CABLE TV FRANCHISE TAX	450,000	450,000	457,200	7,200	1.6%
LOCAL SERVICES TAX	348,000	345,000	345,000	0	0.0%
OTHER INCOME	519,790	139,670	573,416	433,746	310.5%

TOTAL NON CORE FUNCTION REVENUE	9,133,619	8,775,724	9,199,195	423,471	4.8%
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NET RESULT	0	(191,284)	0		
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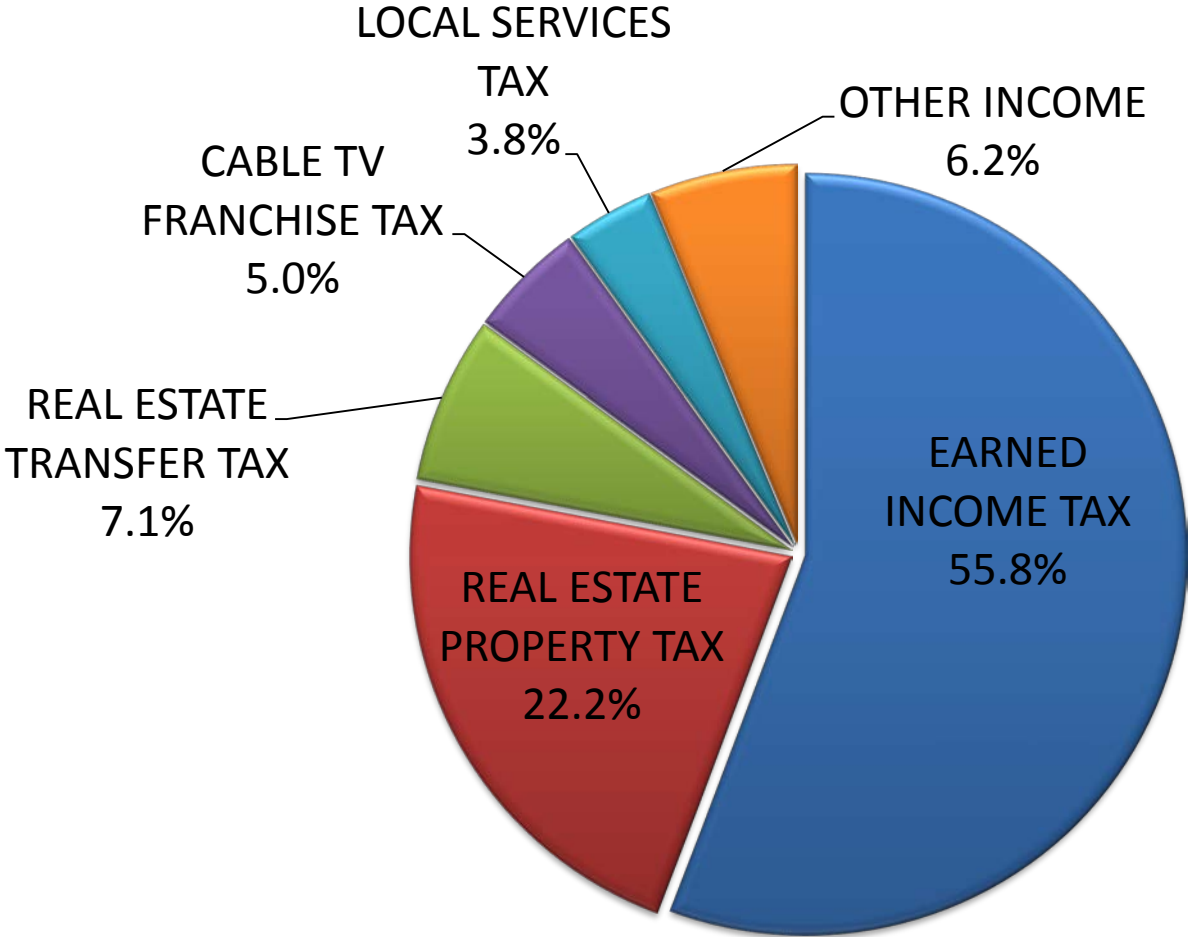
Projected 12/31/19 Fund Balance				\$5,479,878	
Projected 12/31/20 Fund Balance (net of transfer from fund balance)				\$5,038,357	



2020 Proposed Revenues



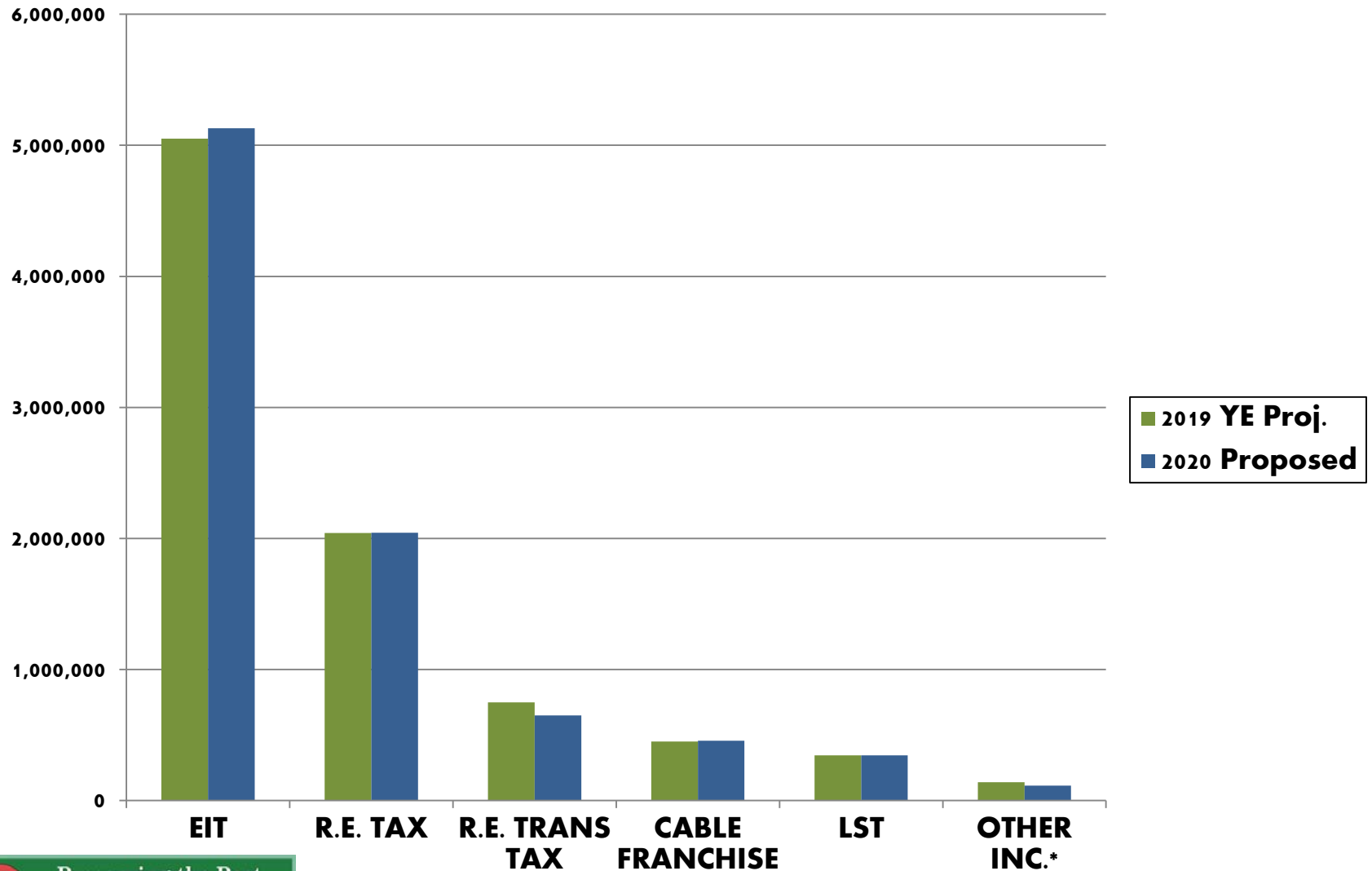
Where the money comes from...



2020 Proposed Revenues



Comparison of 2019 Year-End Projected to 2020 Proposed Revenues



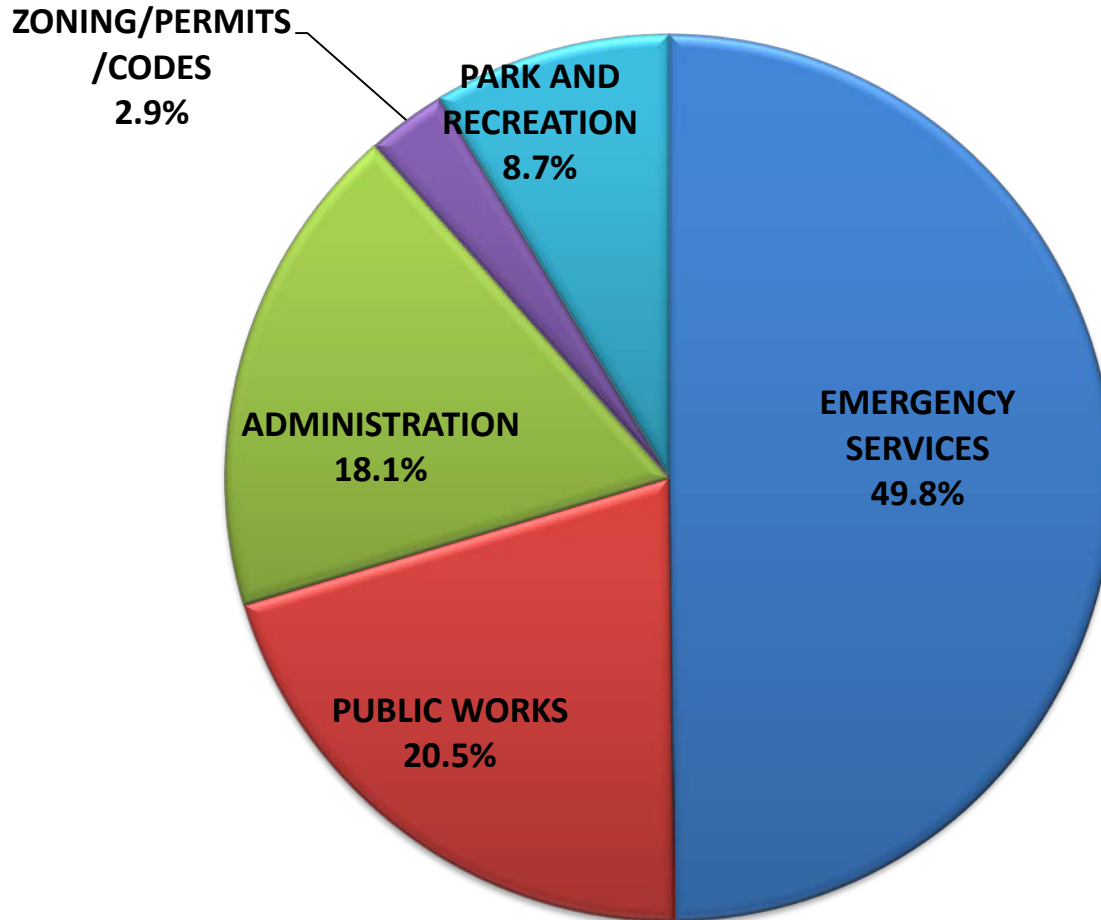
* Other income excludes transfer from fund balance



2020 Proposed Expenses



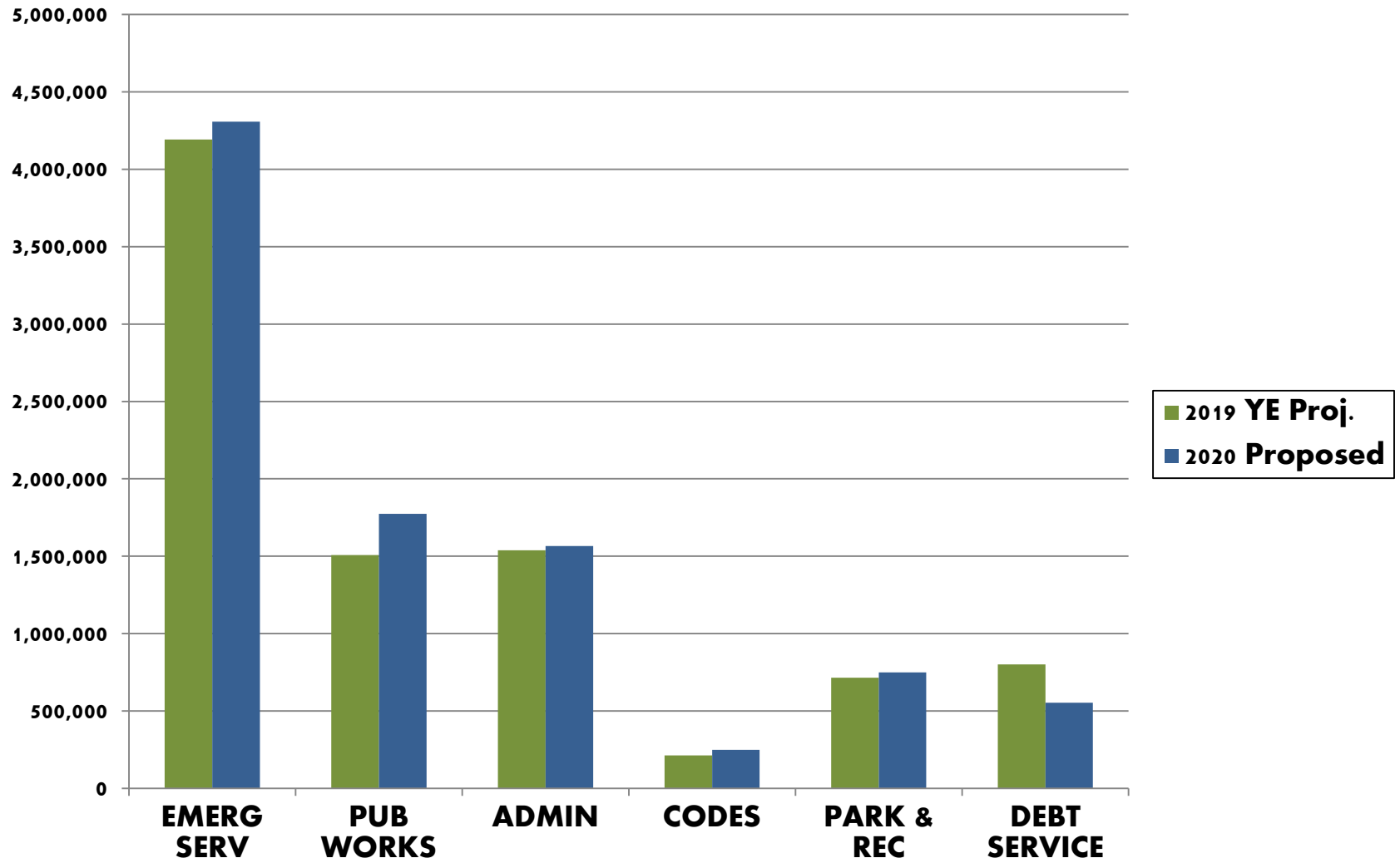
Where the money goes....



2020 Proposed Expenses



Comparison of 2019 Year-End Projected to 2020 Proposed Expenses



Other Funds Proposed Budgets

- 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 2020 Proposed Budget is based on correspondence with PennDOT in late September and reflects a 3.9% decrease over the 2019 year-end projection.
- While we base the budget on PennDOT's estimate, historically, we have received more than PennDOT's estimate (e.g. we received 2.2% more than the estimate in 2019).

	2019 Adopted	2019 Y/E Projection	2020 Proposed
Starting Fund Balance	\$1,771	\$1,771	\$1,771
Revenues	\$562,214	\$574,000	\$551,604
Expenses	\$562,214	\$574,000	\$551,604
Year-End Fund Balance	\$1,771	\$1,771	\$1,771

CAPITAL RESERVE 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 Capital Reserve 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.

- For 2020, it is proposed that we revert to the pre-2013 method of calculating depreciation of transferring the accumulated depreciation of existing assets and the value of any new (non-replacement) assets. For the past 6 years, the methodology treated assets purchased prior to January 1, 2014 differently than those purchased after that date.
- The net effect of this change is an increase in the transfer from the General Fund to the Capital Reserve Fund of \$82,404, although the increase is primarily from Public Works.

	2019 Adopted	2019 Y/E Projection	2020 Proposed
Starting Capital Reserve Fund Balance	\$5,959,859	\$5,959,859	\$5,499,138
Revenues	\$753,575	\$824,575	\$2,208,654
Expenses	\$1,014,500	\$1,285,296	\$3,636,672
Year-End Capital Reserve Fund Balance	\$5,698,934	\$5,499,138	\$4,071,120



CAPITAL RESERVE FUND (Continued)

Proposed 2020 Replacement Assets

Project/asset	Cost	Category	Useful Life
Ex-Mark Mowers (2)	\$17,000	Public Works	10
Dump Trucks Large (2)	\$260,000	Public Woks	10
Dump Truck Small (1)	\$90,000	Public Works	10
Trailers (2; one for \$20,000, other for \$12,000)	\$32,000	Public Works	10
Skid Steer/Mill Head	\$72,000	Public Works	10
Forklift	\$15,000	Public Works	10
Jetter/Vacuum	\$35,000	Public Works	10
Mini Excavator	\$50,000	Public Works	10
Chipper	\$47,000	Public Works	10
PC replacement	\$12,000	Office	5
Total	\$630,000		

CAPITAL RESERVE FUND (Continued)

Proposed 2020 New Assets

Project/asset	Cost	Category	Useful Life
Trench Shoring Struts	\$23,000	Public Works	15
Radio Booster	\$31,000	Township	25
Milltown Dam Land Improvements	\$1,304,972	Parks	30
Hershey's Mill Dam Land Improvements	\$287,700	Parks	30
Paoli Pike Trail Segment C Construction	\$492,000	Parks	30
Paoli Pike Trail Segment D-E Construction	\$868,000	Parks	30
Total	\$3,006,672		

Justification for New Assets

- The **trench shoring struts** replace existing assets. However, because these assets were never previously depreciated, they will be treated as new assets.
- The **radio booster**, a carryover from 2019, 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 ordinance adopted in 2019.
- **Milltown Dam & Hershey's Mill Land Improvements** will be paid by the Capital Reserve Fund, as these costs will largely be offset by grant revenue (by contrast, the cost of the breaches/partial breaches, which are not reimbursable, will be borne by the Bond Fund).
- **Paoli Pike Segments C & D-E Construction** reflects 50% of the estimated costs (with the remaining 50% to be reflected in 2021). Because these projects are grant supported, the expenses need to be borne by the Capital Reserve Fund.

CAPITAL RESERVE FUND (Continued)

Additional Information on the Trail and the Dams

- Because the construction costs of the trail and the land improvements to the areas above the Hershey's Mill and Milltown Dams will be reimbursed by grants, the cost of these projects are being charged to the Capital Reserve Fund.
- In general, we have been advised by our Financial Advisor not to mingle grants and bond proceeds, due to IRS arbitrage rules.
- The 2020 proposed budget reflects the entire cost of the dam land improvements, with offsetting grants and 50% of the cost of the Segments C-E of the trail, with no grant reimbursements (i.e. grant revenue would be expected in 2021, after project completion).
- Therefore, the 2020 year-end fund balance in the budget (on a cash basis) does not reflect \$1.36 million in "grants receivable" on an accrual basis.



November 14, 2019

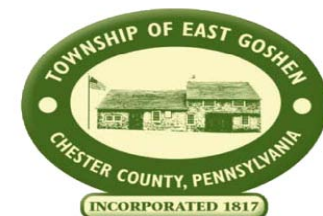


TRANSPORTATION FUND

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.

	2019 Adopted	2019 Y/E Projection	2020 Proposed
Starting Fund Balance	\$1,088,446	\$1,088,446	\$682,054
Revenues	\$263,000	\$266,600	\$4,000
Expenses	\$575,000	\$672,992	\$185,000
Year-End Fund Balance	\$776,446	\$682,054	\$501,054
<i>Impact Fees</i>	340,448	341,840	344,840
<i>Non-Impact Fees</i>	435,998	340,214	156,214

- \$165,000 for **Boot Road Restriping** to add a NW bound lane without widening existing cartway to ease afternoon congestion approaching Route 202; costs shared 50/50 with West Goshen.
- \$20,000 for **temporary improvements to King & Route 352** intersection to improve traffic flow. Total expenses would be shared 50/50 with East Whiteland Township.



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 \$8.42/thousand gallon variable rate and a \$33.74/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.

	2019 Adopted	2019 Y/E Projection	2020 Proposed
Starting Fund Balance	\$948,943	\$948,943	\$924,015
Revenues	\$3,634,621	\$3,549,349	\$3,735,274
Expenses	\$3,634,621	\$3,574,277	\$3,735,274
Year-End Fund Balance	\$948,943	\$924,015	\$924,015

See explanations on next page.

SEWER OPERATING FUND (Cont.)

- Overall, proposed **Sewer Fund up \$160,997 (+4.5%) over 2019 year-end projection**
- No large increases for West Goshen STP O&M anticipated
- \$130,000 shared between the Ridley and Chester Creek systems for planned asbestos cement sewer line (i.e. pre-1975) and brick manhole relining.
- The **Transfer to Municipal Authority** line item (\$319,435), 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 administrative costs) include:
 - Caustic Soda Project (\$160,000) to improve worker safety and efficiency at the plant. Currently, caustic soda is manually poured into tanks.
 - Two **Ridley Creek System Flow Meters** (\$55,000; one of which was a carryover from 2019) to measure I&I. The cost of the flow meters was higher than originally expected last year due to system configurations and the need for a small structure.
 - \$5,000 for **Hunt Country Pump Station Bypass Pump** (carryover from 2019).
 - Net Engineering, Legal and Administrative MA expenses of \$99,435.

REFUSE FUND

The Refuse Fund pays for the collection and disposal of household solid waste and recycling and is funded by a user fee on all single-family residences.

- An increase in the Refuse fee of \$5.12 per quarter, from \$69.88 to \$75 per quarter is proposed.
- This increase is necessary to pay for the increased cost of processing recyclables.
- Without a rate increase, the refuse fund would likely run out of funds by about 2022.
- Future rate increase may still be necessary depending on the recycling market, but this increase will ensure that the refuse fund remains solvent for about an additional 2 years and will avoid sharp future increases (see p25).
- At \$75 per quarter, our rate remains very competitive (see p26).
- The Refuse rate was last changed in 2011.

	2019 Adopted	2019 Y/E Projection	2020 Proposed
Starting Fund Balance	\$667,149	\$667,149	\$593,908
Revenues	\$995,121	\$1,038,703	\$1,058,198*
Expenses	\$1,140,699	\$1,111,944	\$1,136,729
Year-End Fund Balance	\$521,571	\$593,908	\$515,377

* Reflects \$5.12/quarter increase to refuse rate



REFUSE FUND (cont.)—Rate Scenarios

Without Rate Increase	2020	2021	2022 (contract renewal)	2023	2024
Starting Fund Balance	593,908	446,300	274,457	77,926	(143,759)
Revenues	989,121	987,621	986,121	984,621	983,121
Expenses	1,136,729	1,159,464	1,182,653	1,206,306	1,230,432
Year-End Fund Balance	446,300	274,457	77,926	(143,759)	(391,070)

With \$5.12 Rate Increase (to \$75/quarter)	2020	2021	2022 (contract renewal)	2023	2024
Starting Fund Balance	593,908	514,627	411,861	285,157	134,049
Revenues	1,057,448	1,056,698	1,055,948	1,055,198	1,054,448
Expenses	1,136,729	1,159,464	1,182,653	1,206,306	1,230,432
Year-End Fund Balance	514,627	411,861	285,157	134,049	(41,935)

With \$10.12 Rate Increase (to \$80/quarter)	2020	2021	2022 (contract renewal)	2023	2024
Starting Fund Balance	593,908	581,370	546,098	487,636	405,522
Revenues	1,124,191	1,124,191	1,124,191	1,124,191	1,124,191
Expenses	1,136,729	1,159,464	1,182,653	1,206,306	1,230,432
Year-End Fund Balance	581,370	546,098	487,636	405,522	299,281



The Township needs to take action on refuse rates soon



November 14, 2019



REFUSE FUND (cont.)—Rate Comparison

Municipality	Rate per quarter
West Goshen	\$85
Westtown	\$80
East Goshen	\$69.88 (current)/\$75 (proposed)
Uwchlan	\$67
East Bradford	\$64.90
West Chester	Pay as you throw, \$3/bag
West Whiteland	Pay as you throw, \$2.50/bag, plus flat annual \$49 fee


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.

	2019 Adopted	2019 Y/E Projection	2020 Proposed
Starting Fund Balance	\$6,368,308	\$6,368,308	\$3,668,090
Revenues	\$56,000	\$110,000	\$50,000
Expenses	\$3,860,040	\$2,810,218	\$2,374,901
Year-End Fund Balance	\$2,564,268	\$3,668,090	\$1,343,189
<i>General Fund Share</i>	<i>\$2,299,257</i>	<i>\$2,858,595</i>	<i>\$570,330</i>
<i>Sewer Fund Share</i>	<i>\$265,011</i>	<i>\$809,496</i>	<i>\$772,860</i>

BOND FUND (Cont.)—General Fund Portion, Budget to Actual & Projected Surplus

Project	Original Budgeted Cost	Original Budget Adjusted for Interest Income	Current Actual as of 9/30	Additional 2019 Projected Exp.	2020 Proposed	Projected Actual	Surplus/ (Deficit)
Paoli Pike Trail Misc Costs (e.g. surveying)*	67,293	69,610	68,816			68,816	794
Segment A-B*	922,161	953,906	237,400	19,583	782,000	1,038,983	(85,077)
Segment C*	576,808	598,759	407,502	-	108,962	516,463	80,201
Segment D-E*	570,858	592,582	700,892	-	262,923	963,816	(373,307)
Segment F-G as net cost reimbursement	-	-			56,380	56,380	(56,380)
Park Playground	189,035	196,229	231,129		-	231,129	(35,587)
Misc. Park Improvements	79,175	82,188	93,173		-	93,173	(11,272)
Milltown Dam	1,903,462	1,975,899	370,148	60,420	678,000	1,108,568	860,419
Hershey's Mill Dam	938,298	974,005	314,745	35,314	430,000	780,059	190,539
Total General Fund	5,247,090	5,446,770	2,423,805	115,317	2,318,265	4,857,387	570,330

 As of now, the General Fund portion of the Bond Proceeds has a **healthy projected surplus of \$570,330**, although we would caution that depending on how the construction bids for the dams and the trail come back, this surplus may need to be used to offset any overages net of grant revenue.

* Note that ROW/Easement costs are budgeted/recorded in the GL as a Misc Cost, whereas in this table these costs are allocated to their specific trail segments. However, this distinction does not impact the overall projected surplus in the Bond Fund.

BOND FUND (Cont.)

Projected Spend on General Fund Portion Proceeds (Trail & Dams)

Projected remaining funds from 2017 Bond Proceeds as of 12/31/19 (Twp portion)	\$2,858,595
Projected additional interest income	+30,000
Projected remaining Trail Expenses (net of grants)	-\$1,108,000
Projected remaining Dam Expenses (net of grants)	-\$1,210,265
Projected surplus/deficit in Bond Fund at projects completion (Twp portion)	\$570,330

Sewer Portion-West Goshen Sewer Treatment Capital Expenses

- A \$56,636 drawdown is anticipated in early 2020 for East Goshen's share of engineering, legal and project management expenses associated with the various West Goshen projects.
- Note that West Goshen has reported substantially higher than originally estimated costs for the WWTP Phase 2 Project (Comag & Dewatering) for which East Goshen will make payments in late 2019 and for the Westtown Way Pump Station Improvements for which payment is anticipated in 2021.
- Collectively, East Goshen's share of these overruns are greater than the available proceeds in the Sewer portion of the bond fund by approximately \$877,140.
- The Board will need to work with the Municipal Authority to evaluate financing options, including borrowing from ourselves via the Sewer Capital Reserve Fund to bridge this anticipated shortfall in 2021. See p13 of the CIP for more information.

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, all sewer capital purchases are 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.

	2019 Adopted	2019 Y/E Projection	2020 Proposed
Starting Fund Balance	\$26,213	\$26,213	\$37,792
Revenues	\$700,425	\$358,060	\$592,000
Expenses	\$700,425	\$346,481	\$597,000
Year-End Fund Balance	\$26,093	\$37,792	\$32,792

MUNICIPAL AUTHORITY (cont.)

2020 MA Budget highlights include:

- **\$277,000 as a Transfer from the Sewer Capital Reserve Fund** (Replacement assets) for the following expenses:

\$45,000 for Hershey's Mill Pump Station Generator replacement (deferral)

\$15,000 for Hunt Country Pump Station Mag Meter replacement (deferral)

\$67,000 Hunt County Muffin Monster replacement (deferral)

+\$150,000 for Ridley Creek Generator Replacement (deferral)

=\$277,000

- **\$314,435 as Transfer from the Sewer Operating Fund (New Assets & Administrative Expenses)** for the following expenses:

\$160,000 for Caustic Soda Project to improve worker safety and efficiency at the plant. Currently, caustic soda is manually poured into tanks.

\$55,000 for 2 **Ridley Creek System Flow Meters** (\$55,000; one of which was a carryover from 2019) to measure I&I. The cost of the flow meters was higher than originally expected last year due to system configurations and the need for a small structure.

\$5,000 for **Hunt Country Pump Station Bypass Pump** (carryover from 2019)

+\$99,435 for the net Engineering, Legal and Administrative expenses.

=\$314,435



SEWER CAPITAL RESERVE FUND

The Sewer Capital Reserve 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, the Sewer Capital Reserve Fund does not directly pay invoices, but reimburses the Municipal Authority for replacement capital costs incurred through the new **Transfer to Municipal Authority** line item. Note that, importantly, the Sewer Capital Reserve Fund is owned and controlled by the Township, not the MA.

	2019 Adopted	2019 Y/E Projection	2020 Proposed
Starting Fund Balance	\$2,253,592	\$2,253,592	\$2,311,536
Revenues	\$302,000	\$312,050	\$195,000
Expenses	\$457,000	\$254,106	\$277,000
Year-End Fund Balance	\$2,098,592	\$2,311,536	\$2,229,536

SEWER CAPITAL RESERVE FUND (cont.)

For 2020, the following transfers to the Municipal Authority are proposed for replacement capital assets:

- \$45,000 for Hershey's Mill Pump Station Generator replacement (deferral)
 - \$15,000 for Hunt Country Pump Station Mag Meter replacement (deferral)
 - \$67,000 Hunt County Muffin Monster replacement (deferral)
 - \$150,000 for Ridley Creek Generator Replacement (deferral)
- =\$277,000 Transfer to Municipal Authority**

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.

	2019 Adopted	2019 Y/E Projection	2020 Proposed
Starting Fund Balance	\$2,545,404	\$2,545,404	\$2,590,404
Revenues	\$42,000	\$45,000	\$40,000
Expenses	\$0	\$0	\$0
Year-End Fund Balance	\$2,587,404	\$2,590,404	\$2,630,404