



November 5, 2020

Dear Residents, Business Owners and the Board of Supervisors of East Goshen Township:

We are pleased to present East Goshen Township's 2021 Proposed Budget. This budget reflects the Township's three co-equal missions of respecting the past, serving the present and preparing for the future to ensure that East Goshen remains the premier municipality in which to live, work and play in Chester County.

Importantly, we are proposing to maintain tax rates at the existing level of 1.25 mills for the 18th consecutive year. However, there is no question that 2021 will be a challenging budget year. This proposed budget requires a transfer from fund balance of \$810,760, an increase of \$349,199 over the 2020 Adopted Budget, and \$561,876 over the 2020 Year-End Projection in order to be in balance, or approximately 10% of the available operating reserve fund and general fund balances. While the Township has ample reserves that will delay the need for tax increases in the short-to-medium term, there is no question that over the next decade, the Township will need to take proactive steps to either further control expenses or increase revenue to ensure that East Goshen retains its prized AAA credit rating and has access to capital markets at the lowest possible interest rates.

Roughly 39% of the deficit is due to one-time deferrals from 2020. While the 2021 deficit is significant, a substantial portion of the shortfall can be explained by \$318,400 in expenditures that the Township had originally planned to undertake in 2020 that were deferred until 2021 due to the on-going COVID crisis. These deferrals include the dredging and rehabilitation of Bow Tree Pond I, the plantings around Marydell Pond, and repaving Eastwick Circle, Great Oak Circle and Killern Lane.

This budget is extremely lean. The budget eliminates a number of discretionary expenditures, including the ABC holiday party, paper newsletters and road-side litter pick-up. The proposed budget also calls for aggressive draws down on existing surpluses in the Capital Reserve Fund and the Police Pension Trust in order to control the deficit. Moreover, the revenue side of the ledger reflects conservative projections for taxes on account of the on-going economic slowdown. In particular, Earned Income Tax and Real Estate Property Tax are essentially unchanged from their 2020 Year-End Projections, while Cable Franchise Fee, Interest Income and Local Services Tax are expected to fall on account of changing economic realities.

This proposed budget reflects the Township's continued commitment to public safety. In particular, the budget reflects the 2020 Act 111 Arbitration Award for the police officers, and a \$29,624 increase in funding for the Goshen Fire Company, as part of a two-year multi-municipal initiative to increase Goshen's funding level by approximately \$276,000 by 2022.

This proposed budget reflects a commitment to pro-actively maintaining aging infrastructure to avoid more costly repairs in the future. \$200,400 is budgeted to dredge and rehabilitate the Bow Tree I pond on Bow Tree Drive, as the second pond to be rehabilitated, after Marydell Pond, as part of a multi-year effort to ensure that the Township's ponds remain viable recreation areas for generations to come. In addition, on the sewer fund/Municipal Authority side of the ledger, \$130,000 is budgeted to continue relining brick manholes and asbestos cement sanitary sewer lines for the fifth straight year.

This proposed budget reflects the Township's continued commitment to ensuring that the Township has the recreational infrastructure to attract the next generation of homeowners. Specifically, the budget reflects the completion of both the Hershey's Mill Dam Park and Milltown Dam Park in 2021, while looking forward to the completion of the Paoli Pike Trail in 2022 and beyond.

Finally, this proposed budget is realistic and conservative in balancing the need to provide critical municipal services within prudent fiscal constraints. As noted above, no real estate tax increase is proposed for the 18th consecutive year.

Pursuant to Section 3202 of the Second Class Township Code, the Board may adopt the budget no earlier than 20 days after the proposed budget has been advertised in a newspaper of general circulation, which we expect to occur on November 11th, the day after the proposed budget is presented at the November 10th Board of Supervisors meeting. Therefore, the Board of Supervisors is scheduled to adopt the budget on the evening of December 1st. State law limits how much the budget can be change between the time it is advertised and it is adopted to "no more than ten percent in the aggregate or more than 25 percent in any major category."

In the meantime, staff welcomes feedback from all residents and business owners on the proposed budget. After all, these proposed expenditures are made with your tax dollars and fees. Everyone in East Goshen is an important stakeholder in this critical democratic process!

Sincerely,

Rick

Louis F. Smith
Township Manager

Jon

Jon Altshul
Assistant Township Manager & Finance Director