



ABC Chair Meeting

June 14, 2011



ABC Chair Meeting

- The objective of the meeting is to share the current financial picture and short-term horizon for 2012 as we commence the new budget season. The intent is to consider new projects, programs, services and activities carefully to ensure need and value.

Financial & Budget Overview

	General	Capital	Sewer	Liquid Fuels	Highway Imp.	Open Space
2002	\$1,311,057	\$1,245,849	\$691,111	\$380,746	\$372,216	\$13,225,001
2003	\$1,351,333	\$1,492,115	\$806,167	\$446,717	\$489,524	\$8,830,929
2004	\$1,539,063	\$1,581,108	\$786,952	\$490,551	\$475,891	\$7,478,,650
2005	\$1,611,344	\$1,668,450	\$852,016	\$450,486	\$454,828	\$7,202,342
2006	\$1,750,912	\$1,697,582	\$956,180	\$508,225	\$292,916	\$6,497,641
2007	\$2,123,184	\$1,592,955	\$1,046,949	\$651,381	\$396,468	\$2,657,038
2008	\$1,888,862	\$1,658,219	\$1,117,990	\$501,260	\$385,845	\$2,499,477
2009	\$1,675,791	\$1,733,872	\$1,149,043	\$410,087	\$367,020	\$1,161,217
2010	\$1,644,276	\$1,460,677	\$1,121,476	\$306,822	\$322,226	\$268,589
2011 (thru May 31, 2011)	\$1,701,052	\$1,271,502	\$1,088,613	\$461,276	\$330,077	\$1,555,413
2011 Year End Forecast	\$1,400,000	\$1,200,000	1,100,000	\$50,000	\$300,000	\$800,000

The BOS adopted a Fund Balance Policy in 2011 as a financial management tool that identifies minimum balances to maintain and related financial management policy cues

General Fund Budget History

	Budget Revenue	Actual Revenue	Prior Year % Change	Budget Expenditure	Actual Expenditure	Prior Year % Change
2002	\$2,227,085*	\$2,752,255*		\$3,515,409*	\$2,924,301*	
2003	\$2,398,247	\$2,581,283	-6.20%	\$2,395,454	\$2,542,561	
2004	\$2,515,962	\$2,855,669	10.60%	\$2,514,977	\$2,666,620	4.90%
2005	\$2,688,413	\$2,968,665	3.90%	\$2,688,106	\$2,890,338	8.40%
2006	\$2,895,105	\$3,127,071	5.30%	\$2,882,051	\$2,977,506	3.00%
2007	\$2,975,665	\$3,556,497	13.70%	\$2,975,665	\$3,085,230	3.60%
2008	\$3,329,425	\$3,062,836	-13.90%	\$3,323,839	\$3,297,164	6.90%
2009	\$3,213,498	\$2,990,794	-2.30%	\$3,204,314	\$3,203,871	-2.80%
2010	\$3,179,603**	\$3,027,806	1.20%	\$3,179,603	\$3,059,319	-4.50%
2011	\$3,119,273**	\$		\$3,119,273	\$	

*Pre-Capital Reserve Fund; 2003 was inaugural year of 'independent' Capital Reserve Fund

** Fund Equity to balance

General Fund History

EIT

	Budget	Actual	Prior Year % Change	Performance Actual to Budget
2002	\$1,350,000	\$1,536,972		13.80%
2003	\$1,550,000	\$1,551,419	1.00%	0.10%
2004	\$1,500,000	\$1,613,775	4.00%	7.60%
2005	\$1,655,500	\$1,696,106	5.10%	2.50%
2006	\$1,750,000	\$1,909,464	12.60%	9.10%
2007	\$1,825,000	\$2,245,096	17.60%	23.00%
2008	\$2,025,000	\$2,045,412	-8.90%	1.00%
2009	\$2,075,000	\$1,975,468	-3.40%	-4.70%
2010	\$2,025,000	\$1,967,755	-0.40%	-2.80%
2011	\$2,000,000			

R.E. Transfer Tax

	Budget	Actual	Prior Year % Change	Performance Actual to Budget
2002	\$375,000	\$426,945		13.80%
2003	\$385,000	\$378,097	-11.4%	-1.8%
2004	\$370,000	\$504,362	33.4%	36.3%
2005	\$400,000	\$463,663	-8.1%	15.9%
2006	\$425,000	\$387,010	-16.5%	-8.9%
2007	\$400,000	\$464,768	20.1%	16.2%
2008	\$425,000	\$298,229	-35.8%	-29.8%
2009	\$400,000	\$237,319	-20.4%	-40.7%
2010	\$350,000	\$255,174	7.5%	-27.1%
2011	\$325,000			

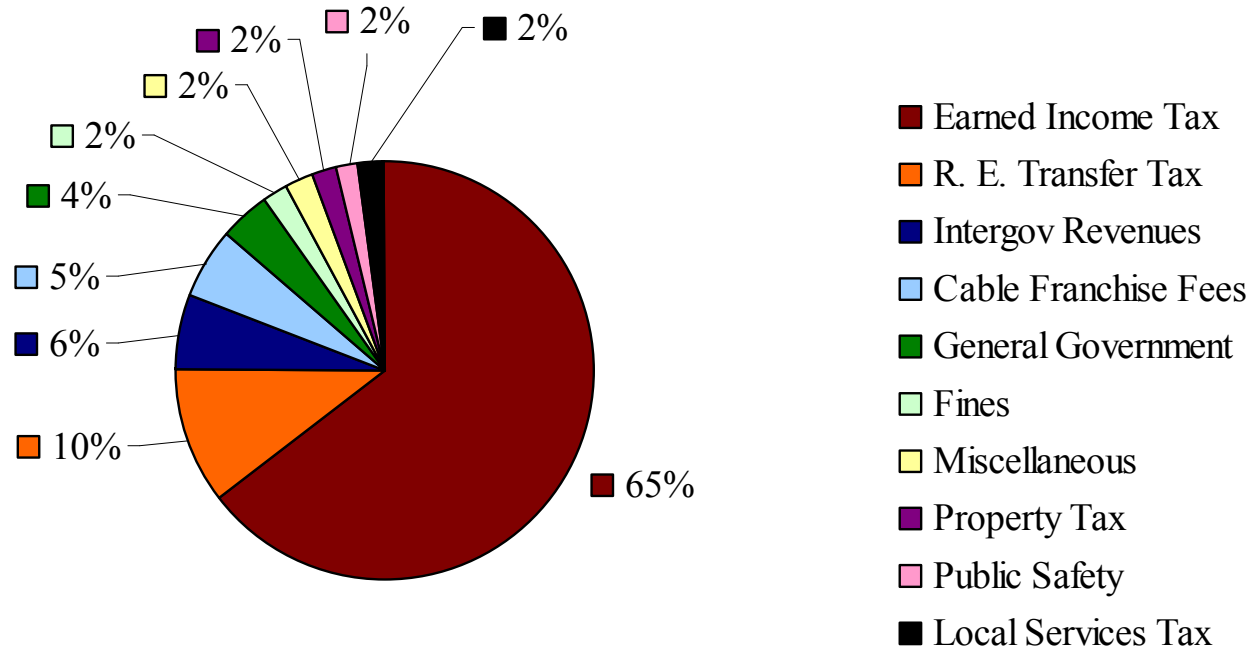
General Fund History (Cont.)

R.E. Property Tax (0.071 mills)

	Budget	Actual	Prior Year % Change	Performance
				Actual to Budget
2002	\$53,085	\$51,653		-2.70%
2003	\$54,345	\$55,056	6.5%	1.30%
2004	\$55,485	\$54,372	-1.2%	-2.00%
2005	\$57,230	\$57,622	5.8%	0.60%
2006	\$58,455	\$57,389	-0.4%	-1.80%
2007	\$58,455	\$57,746	0.6%	-1.20%
2008	\$59,700	\$56,807	-1.6%	-4.80%
2009	\$59,800	\$60,080	5.7%	0.50%
2010	\$62,300	\$56,912	-5.2%	-8.60%
2011	\$58,800			

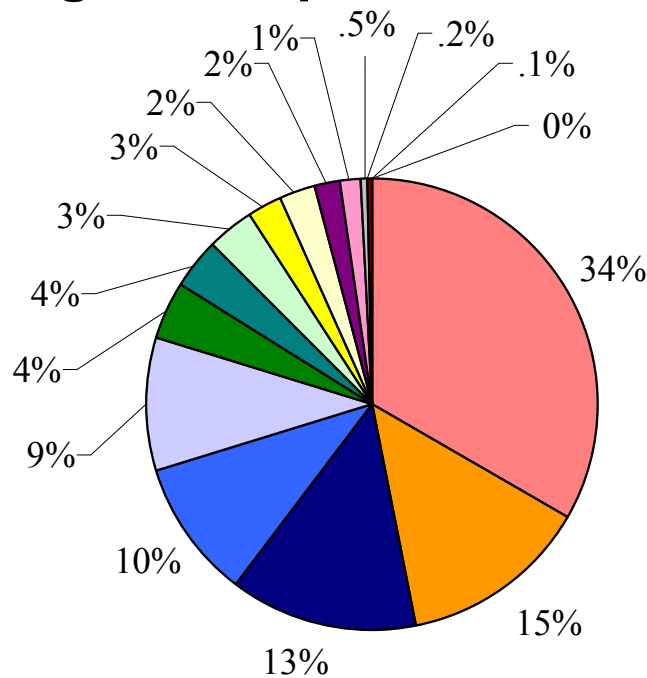
General Fund Budget

2011 Budgeted Revenues: \$3,119,273



General Fund Budget (Cont.)

2011 Budgeted Expenditures \$3,119,273



- Police / Safety (34%)
- General Government (15%)
- Public Works (13%)
- Fire Protect / Ambulance (10%)
- Benefits, Employer Taxes (9%)
- Pension (4%)
- Engineering (4%)
- Protective Inspections (3%)
- Plan/Sub/Zon (3%)
- Insurance (2%)
- Parks, Trails, Cultural (2%)
- Legal (1%)
- Health/Solid Waste (0.5%)
- Twp Publications (0.2%)
- ABC's (0.1%)
- Capital Reserve (0%)

2011 Budgeted Staff Comp / Benefits Summary (included in above)

Staff Compensation (12 FT, 1 PT) = \$730,010

Benefits (health, dental, life, 457 plan, pension) = \$366,992

Sub-total = \$1,097,002 (35.2%) of Total Budgeted Expenditures



2011 Forecast

- ❑ Act 32 transition (County-wide earned income tax collection) has been more problematic than expected with significant decrease in EIT receipts through April 2011 but noted improvement toward expected performance thru early June 2011 compared with 2010 (and prior years).
- ❑ General Fund EIT is down -6.0% through 06-11-11 compared with same period 2010 (\$1,066,000 compared to \$1,142,000).
- ❑ Open Space Fund EIT is down -3.0% through 06-11-11 compared with same period 2010 (\$534,000 compared to \$550,000).
- ❑ It is too early in the year to know whether the Act 32 transition will settle and reconcile the current EIT receipt gap. End of 3rd Qt. 2011 will provide a better picture to forecast end of year actuals.
- ❑ Real Estate Transfer Tax continues to impact General Fund revenues and is not expected to perform close to budget.
- ❑ Local Services Tax, Reimbursed Review Fees, Building Permit Fees also underperforming YTD 2011.
- ❑ Expenditures being carefully managed by both Staff and BOS – revised legal service protocol has been effective, more frequent use of RFP's for professional services, governing non-essential expenses, some deferred maintenance.
- ❑ Capital Reserve Fund contribution from General Fund for 2011 will depend upon General Fund (budget) performance.



2012 Outlook

- Revenues:
 - Likely continuation of trend – stagnant / decreased
 - EIT possible continued impact of Act 32 transition (remaining 65 PA counties 01-01-2012 commence)
 - R.E. Transfer Tax – depressed housing sector direct relationship
 - Other receipts – building permits, Local Service Tax, reimbursed legal / consultant fees decreases likely

- Expenditures:
 - Police contract expires end 2012 – services to be carefully reviewed for potential cost reduction (commence 2013)
 - Review of staffing positions / value to maximize efficiency & employee benefit / pension review part of 2012 budget planning process
 - Stewardship planning / maintenance of open space

- Options:
 - Increase receipts – taxes, fees, friends of
 - Decrease expenses – staff, services (police...)
 - Combination of both likely scenario



Other Funds

- Capital Reserve Fund (established in 2002 as a ‘spin off’ from General Fund) / dependent relationship to the General Fund. Due to overall General Fund revenue decreases over last few years and overall performance of General Fund contributions to the Capital Reserve Fund have been limited (none in 2010 and none budgeted for 2011).
 - Public Works Garage expansion project bids were rejected in 2010.
 - April 2011 decision with replacement of Twp Bldg HVAC system to proceed w/ conventional vs. geo-thermal due to cost.
- Sewer Fund – Rates determined by Borough of West Chester which processes wastewater for Township. Township maintains (6) pump stations and conveyance system. As pump stations age expenses are increasing costs for maintenance, repair, and replacement. Administrative costs for Township processing are added to customer fees and increase annually. Over past five (5) years very few new public sewer connections have occurred. Act 527 Sewage Facilities Plan 2010 / 2011 Update – public sewer area decreased, on-site sewage system maintenance program key component to mitigate public sewer service extensions.



Other Funds (Cont.)

- Liquid Fuels Fund – State allocation has decreased 4% each of past three (3) years (due to less fuel consumption by motorists) while cost of materials increasing substantially (particularly paving asphalt and fuel).
 - Liquid Fuels Fund has ‘absorbed’ expenses traditionally funded by the General Fund (pavement marking, winter maintenance materials and signs (totaling \$57.5K in 2011 Budget) to shift expense burden from General Fund
 - Township has utilized funds (as permitted) for major truck / equipment purchases. Township maintains 48+ miles of roads.
 - Pending State Transfer of Sconnelltown Road (and Price Street) to Township will add (1.15 miles).
- Highway Improvement Fund – accumulated from developer contributions in 1990’s and 2000’s and used to supplement road and drainage improvements / maintenance. It paid the Township required match to State & Federal \$\$ for the Rt. 322 / Rt. 322 Bypass Intersection Improvement Project.
 - The HIF is a non-renewing fund.
- Open Space Fund – The open space program, since 2002, has been effective to limit development and preserve the rural character of EBT. The 2011 Bond Issue (\$4.1M) primarily targeted at one acquisition. Foreseeable future years focus on servicing debt (to 2028) with limited funds available for new acquisitions. Placing easements and reselling portions of one or more properties could provide additional funds to further the program. Since the inception of the program the Township has received approximately \$3.4M in grants that has supplemented the fund and its goals..



Next

- 2012 Budget Season is here
- #1 BOS Budget WS scheduled – 07-28-11, 12:00 P.M.
- Annual budget request to ABC's / Staff – August 2011
- Budget work sessions are public meetings
- BOS invites participation at the work sessions