

Budget Notes & Comments

General (01), Sewer (08), HIF (18), Liquid Fuels (35), Capital (50) & Open Space (99)

The 2016 Budget consists of six (6) distinct budgets.

01 GENERAL FUND

The 2016 General Fund Budget, the primary budget, is balanced as required under the Second Class Township Code (and sans use of the Unappropriated Fund Balance).

Preliminary Revenues \$4,497,286

Preliminary Expenditures \$4,493,977

The 2016 Budget includes a Property Tax increase from .34 mills to 1.00 mill. The tax increase is estimated to generate an additional \$545,000. All of these funds for 2016 are targeted to the Capital Reserve Fund. The Capital Reserve Fund is the source for existing and on-going Township asset replacements (buildings, parks, Public Works fleet and equipment) and major existing infrastructure project work (drainage, roads, bridges). The Capital Reserve fund balance has decreased annually since 2009 the result of insufficient revenue and increased capital obligations.

The 2014 mean residential sales price in East Bradford Township was \$395,252 but it is important to note that the Property Tax is based upon the Chester County official real estate assessment (1996 last county-wide re assessment valuation).

Based upon the current mean East Bradford Township residential property assessment of \$227,983, the mean real estate property tax bill in East Bradford Township for 2015 is about \$77.51.

With the proposed Property Tax increase, the mean property tax bill for 2016 is estimated to increase to \$228.

The General Fund 2016 Budget continues to experience pressure to balance revenues and expenses. Earned Income Tax and Real Estate Transfer Tax, the two largest revenue sources, have not performed to budget estimates in recent years.

Annually, expenditures increase for municipal services and administration including police, fire, road and drainage maintenance and employee wages and benefits. For example, emergency services (35% of the total budget) are increasing at an annual rate of approximately 3.0%.

The current Preliminary Budget version indicates 2015 Year-End Projection estimates Expenditures in excess of receipts of a minimum of \$15,000 (subject to change before 12-31-15).

12-31-15 Projected Fund Balance (as of 10-31-15)	\$2,236,245
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12-31-16 Projected Fund Balance (as of 10-31-15)	\$2,239,554
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50 CAPITAL FUND

The 2016 Budget:

Preliminary Revenues \$794,200 (includes a \$769,600 transfer from the General Fund that includes 100% of the proposed Property Tax rate increase of \$545,000)

Preliminary Expenditures \$652,309

The infusion of new revenues into the fund (from the proposed 2016 property tax increase) is intended to rebuild the fund and sustain it for the years ahead.

Budgeted expenditures for 2016 are almost entirely (98.5%) related to current obligations and existing facilities and infrastructure including capital debt service, police contract capital requirement, replacement of existing Public Works fleet / equipment and office equipment/technology, parks and road maintenance (resurfacing, drainage). There are no new significant capital projects planned for 2016.

\$10,000 is pledged to WCFD – Fame FC Capital Campaign (Yr. 1 of a 3 Year Pledge).

12-31-15 Projected Fund Balance (as of 10-31-15)	\$269,838
12-31-16 Projected Fund Balance (as of 10-30-15)	\$411,729

The Capital Reserve Budget does not include any Capital Reserve Schedule (asset depreciation) funding at this time to address the life expectancy for infrastructure (buildings, roads, bridges). When funding permits, there is a long term benefit to fund annually the diminished value of a capital asset so funds can be accumulated and earmarked to replace systematically the capital item at the end of the life cycle.

99 OPEN SPACE FUND

Preliminary Revenues \$1,601,400

Preliminary Expenditures \$1,751,154

2016 Revenues estimates are the dedicated (1/4 of 1%) EIT and anticipated grant receipts (\$400K from Chester County for the Comerford open space easement and \$100K for the Strode Barn property acquisition).

2016 Expenditures include \$994,454 debt service and \$550,000 for conservation easement acquisition.

The balance of the budgeted expenditures is related to open space stewardship maintenance and improvements totaling approximately \$206,000. These include a planned new position (fully funded by the Open Space Fund) for property and stewardship management and approximately \$80,000 for various maintenance of and improvements to existing open space properties (as permitted under Act 115 of 2013).

The 2016 Fund Budget is capable of meeting current debt obligations \$994,454 for 2016.

The 2016 Open Space Budget legislative authority to expense stewardship expenditures (Act 115 of 2013) is beneficial to both the General Fund and Capital Fund budgets where these expenditures might otherwise reside.

12-31-15 Projected Fund Balance (as of 09-30-15)	\$ 603,746
12-31-16 Projected Fund Balance (as of 09-30-15)	\$ 456,452

08 SEWER FUND

There is no sewer rate increase planned from the Borough of West Chester for 2016.

There is no change in fees charged by the Township to customer costs related to administration / operation of the sewer system inclusive of capital reserve) for 2016.

2016 Quarterly Single Family Detached fixed rate is \$204.27

2016 Quarterly Townhome fixed rate is \$158.16

The Township will be fully outsourcing sewer billing invoicing and collections in 2016 with the services of MuniBilling. One advantage to customers will be multiple payment options including online and auto pay.

The Preliminary 2016 Sewer Budget estimates an excess of expenditures over revenues in the amount of \$64,739. The primary reason is the in-progress AUS (consultant) valuation / original cost study (total cost \$77K / \$70K expended in 2016). This study will provide a basis for valuing the sewer system for both capital reserve planning and future financial management.

The 2016 Sewer Budget includes a dedicated capital reserve contribution expense of \$44,680 (same as 2015).

The sewer system and fund budget is well capitalized and includes the recommended capital contribution (from the 2012 Carroll Engineering Reserve Analysis) of \$44,680 and also recommended funding for related

annual system inspection and maintenance.

18 HIGHWAY IMPROVEMENT FUND

The current Preliminary 2016 version includes the Low Volume Dirt / Gravel Road Grant for Ravine Road (award receipt pending (\$10K) and an offsetting expenditure.

Also planned for inclusion in the HIF for 2016 is an ARLE Grant (if awarded) for the Rt. 322 and Bradford Plaza pedestrian improvements. This joint application with the Borough and Township commits \$5,000 each. If awarded (potential \$80K grant) the receipt and related expenses is planned to be processed through the Highway Improvement Fund.

The projected fund balance 12-31-2016 for this sinking fund is estimated at \$195,000.

35 LIQUID FUELS FUND

As of this date, the 12-31-15 fund balance is projected at \$244,728 and reflects a reimbursement to the fund from the Highway Improvement Fund and includes an expected road salt expense in the 4th Quarter.

The 12-31-16 fund balance is projected at \$49,078.

The 12-31-14 fund balance was \$19,502.

The preliminary allocation notice from the Commonwealth is for a 14% increase in the annual receipt from \$276,077 in 2015 to estimated \$314,732 for 2016.

Expenditures for 2016 include \$459,000 for road maintenance (combined with Capital Reserve Budget allocation of \$41K = \$500K for 2016).

Also included are a 25% increase for road salt (from \$40K to \$50K) and an increased budget for annual line painting (from \$15K to \$17.5K based on 2015 YTD).

A combination of internal management (expenditure oversight to ensure adequate carry-forward funds) and a trend of increased annual Liquid Fuels allocation (from PADOT) indicates an improved and more stable fund balance and ability to continue to fund effectively road maintenance for 2016.