

2019 Budget Summary

The East Bradford Township Board of Supervisors approved the 2019 Budget at the December 11, 2018 public meeting. The 2019 Budget consists of seven distinct budgets – General, Capital Reserve, Capital Investment, Sewer, Open Space Liquid Fuels, and Highway Improvement. The paragraphs that follow discuss each budget. More detailed information is available on the website at <https://www.eastbradford.org/departments/budget-taxes-finance/>.

General Fund

The General Fund is the fund most familiar to residents; it is the principal operating fund for the Township. It covers functions like police, fire, public works, administration, recreation, codes, engineering, legal services, and capital funding. The 2019 Budget is balanced, as is required under the PA Second Class Township Code, with no tax increase for 2019. Charts illustrating the breakdown of revenues and expenditures are located on the following page.

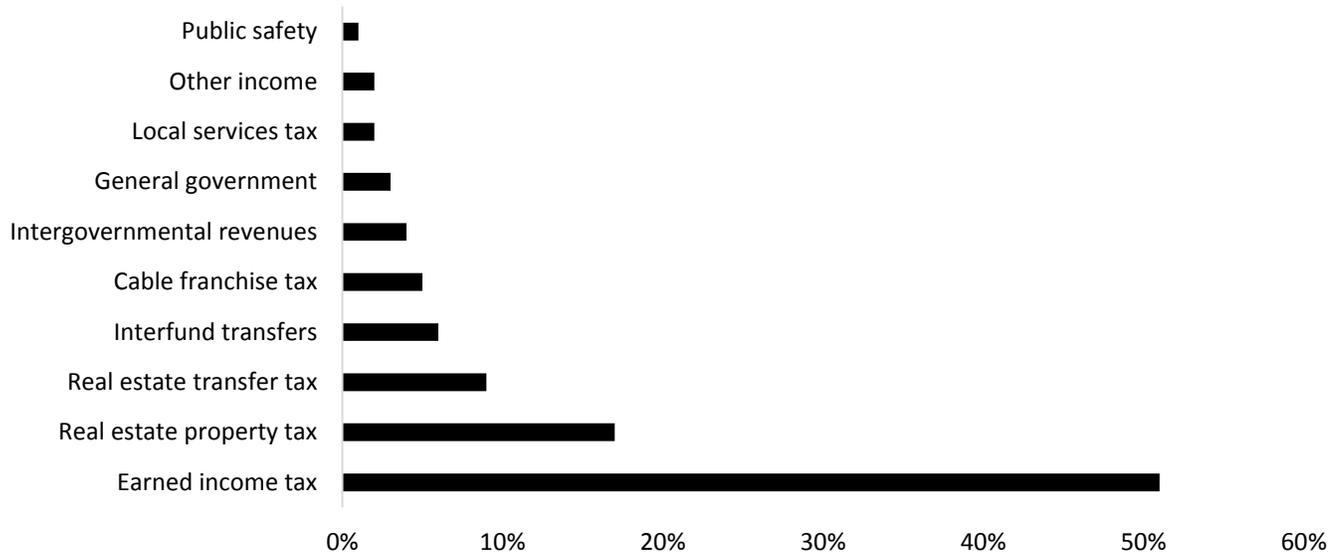
It is important to note that the 2019 General Fund budget was balanced using \$163,827 from fund equity (see below). Revenues are estimated to increase 1.47% while expenditures are expected to increase 5.3% during 2019 (netting out the fund equity “receipt”). Earned income tax and real estate transfer tax receipts account for over 65% of total General Fund revenue. These important receipts did not perform to budget in 2018, which was the primary reason for a year-end deficit of -\$40,706 and a contributing factor to the 2019 estimated gap between budgeted revenue and expenditures. Other notable factors include a 2.3% cost of living compensation increase for employees, increased contributions for police and fire services, escalating legal and engineering fees, and a 6% increase to the employee pension MMO (minimum municipal obligation). In addition, the Public Works Department will be outsourcing mowing services (\$65,000) with the objective of allowing the Department to focus on road and stormwater projects.

General Fund	2017 Actual	2018 Budget	2018 Actual	2019 Budget
Beginning Fund Balance 01-01-XX	\$2,302,440		\$2,454,855	
Revenues	\$4,507,780	\$4,515,829	\$4,465,107	\$4,741,862
Expenditures	\$4,355,368	\$4,503,258	\$4,505,813	\$4,741,862
Budget Performance	\$152,412	\$12,571	(\$40,706)	(\$163,827)
Ending Fund Balance 12-31-XX	\$2,454,855		\$2,414,152	\$2,250,325

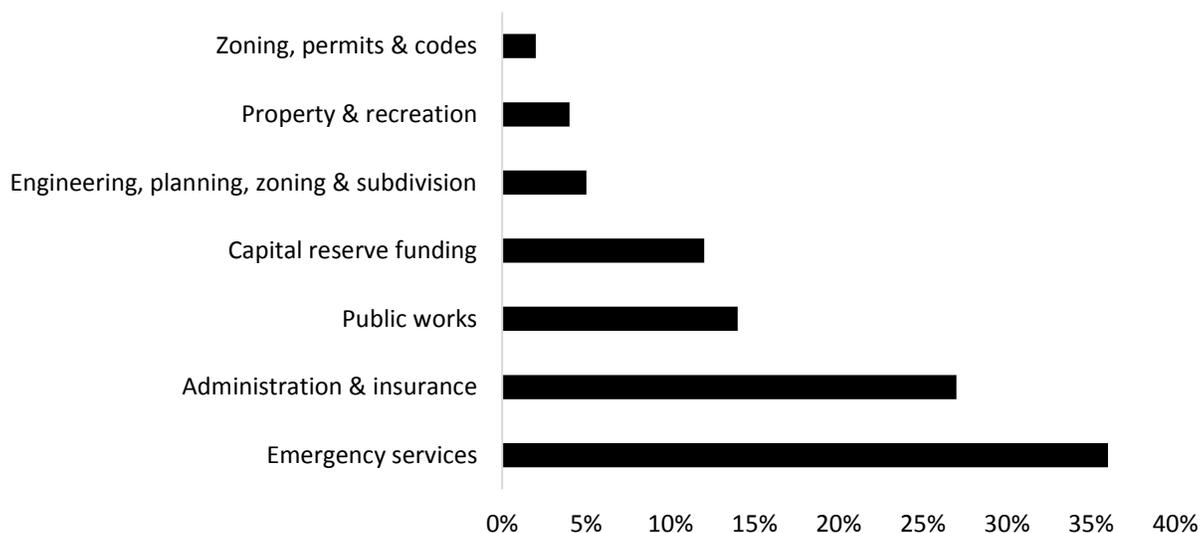
As the below 5-Year Forecast illustrates, a widening budget gap (deficit) currently is projected to increase over the forecast period. Throughout 2019, the Board of Supervisors and staff will be considering this forecast carefully as it reviews the monthly 2019 budget performance to determine whether an indicated revenue (tax) increase will be needed for 2020. Visit the website listed above throughout the year for budget-related updates.

General Fund 5-Year Forecast 2020-2024	2019 Budget	2020 Forecast Budget	2021 Forecast Budget	2022 Forecast Budget	2023 Forecast Budget	2024 Forecast Budget
Beginning Fund Balance 01-01-XX	\$2,414,150	\$2,250,323	\$2,050,969	\$1,810,260	\$1,466,392	\$986,949
Revenues	\$4,741,862	\$4,679,750	\$4,717,550	\$4,742,350	\$4,740,150	\$4,771,450
Expenditures	\$4,741,862	\$4,879,104	\$4,958,259	\$5,086,218	\$5,219,593	\$5,373,210
Budget Performance	\$0	(\$199,354)	(\$240,709)	(\$343,868)	(\$479,443)	(\$601,760)
Ending Fund Balance 12-31-XX	\$2,250,323	\$2,050,969	\$1,810,260	\$1,466,392	\$986,949	\$385,189
<i>Notes: 2019 Budget balanced with (\$163,827) from Fund Balance Minor differences attributed to rounding</i>						

2019 General Fund Revenues (where the money comes from)



2019 General Fund Expenditures (where the money goes)



Other Funds

The remaining six funds are discussed briefly below:

- **Capital Reserve Fund** – The Capital Reserve Fund complements the General Fund and is funded primarily by the General Fund. It provides for the replacement and improvement of vehicles and equipment, parks/recreation facilities, road and bridge infrastructure, buildings, stormwater and road drainage projects, and the like. A significant capital construction project completed in 2018 is the Broad Run Bridge replacement at the intersection of Valley Creek and Sunset Hollow Roads. The project costs (approximately \$530,000) will carry over into 2019. Managing the necessary capital expenditures with available funds is a perennial fiscal challenge. In fact, capital expenditures are expected to exceed revenues in 2019.
- **Open Space Fund** – The Open Space Fund, created in 1999, is funded principally from earned income tax (¼ of 1%) pursuant to the Open Space Preservation Act (153 of 1996). Expenditures are restricted to acquisition of

interests in real property and costs associated with these acquisitions, including maintenance and improvements. At the end of 2018, the Township sold a portion of the Brandywine Farm, subject to a conservation easement. These proceeds were used to refund the 2011 bond issue that originally was used to purchase the property.

- Sewer Fund – In December 2018, East Bradford Township sold its public sewer conveyance system to Aqua PA. The assets sold consist of the public sewer mains located within sewer easements and streets (not private lines to individual houses/units), the sewer pump stations, and sewer billing and collections. The Township will continue to have contractual and regulatory obligations through its intergovernmental cooperation agreement with the Borough of West Chester. The Township also is obligated to operate and maintain public sewer service for the pending Darlington Ridge subdivision.
- Liquid Fuels – Receipts for the State Liquid Fuels Fund are provided by the Commonwealth of Pennsylvania from gas taxes distributed to all municipalities. The receipts are based upon Township road miles and population. Use of the fund is restricted to road maintenance/reconstruction and related equipment purchases. The annual receipt represents an essential funding source for the Township's annual road maintenance program.
- Highway Improvement Fund – This fund supports the design and construction of road improvements. It generally functions as a capital improvement and contingency fund for roads and related infrastructure. Revenues originally were derived from developers' contributions in the 1990's, but the fund balance has been declining since. The primary project planned for 2019 is a pedestrian improvement at Bradford Plaza and Downingtown Pike (\$80,000) which is to be refunded (likely in 2020) from an ARLE grant award.
- Capital Investment Fund – This fund was created in 2018 to manage the proceeds from the sale of the public sewer system (\$5,000,000). The intent of the Township is to conserve the principal and utilize the annual return on investment to supplement the Township's General and Capital Reserve Funds. The Township utilizes the investment services of PLGIT (Pennsylvania Local Government Investment Trust) for this Fund.

Again, the Township will continue to post budget-related updates on the website throughout the year. Do you have a budget question? If so, contact Director of Finance Michael Lynch at mlynch@eastbradford.org or (610) 436-5108 x101.