

East Bradford Township 2019 FINAL Budget



Presentation to the Board of Supervisors on December 11, 2018

East Bradford Township

2019 FINAL General Fund Budget



Budget Highlights

- No tax increases are proposed in this budget
 - The proposed budget includes \$4,578,035 in revenues and \$4,741,862 in expenses for a deficit of **\$163,827**, to be paid from existing fund equity to balance the budget
 - Budgeted Revenue increase 1.47%
 - Budgeted Expenditure increase 5.30%



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Key Assumptions

- **Salary increases** based on the existing compensation policy and a 2.3% COLA
- Selected line items adjusted more/less than inflation based on historical trends
- Earned Income Tax budgeted receipt -4.57% based upon 2018 performance
- Real Estate Transfer Tax budgeted same as 2018 may be optimistic based upon 2018 performance
- Capital Investment Fund (new for 2019) ROI (2.5%) transfer receipt to General Fund
- Legal & engineering services for land development / zoning review expenditures increase offset with estimated reimbursement receipt
- Public Works Department up 15% includes annual mowing contract services (\$64k)
- Parks, Recreation & Open Space Department up 15% increased program activity & maintenance
- Transfer to Capital Reserve Fund continues at \$550,000

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Revenue Assumptions



- Conservative assumptions across the board (exception may be Real Estate Transfer Tax)
- Real Estate Property Tax revenue (1.00 mill) remains unchanged for 2019
- Earned Income Tax down -2.94% 2018 year-end projection (compared with 2017)
- Real Estate Transfer Tax down -7.41% 2018 year-end projection (compared with 2017)
- Local Services Tax down -1.00% for 2018 year-end projection (compared with 2017)
- Fines receipt down -25.03% for 2018 year-end projection (compared with 2017)
- Permit revenue down -33.79% 2018 year-end projection (compared with 2017)
- Township field rental fees down -34.6% year-end projection (compared with 2017)
- Miscellaneous revenue budgeted up 152% (\$16.6k to \$41.5k) with inclusion of employee health insurance anticipated surplus refund (PMHIC)

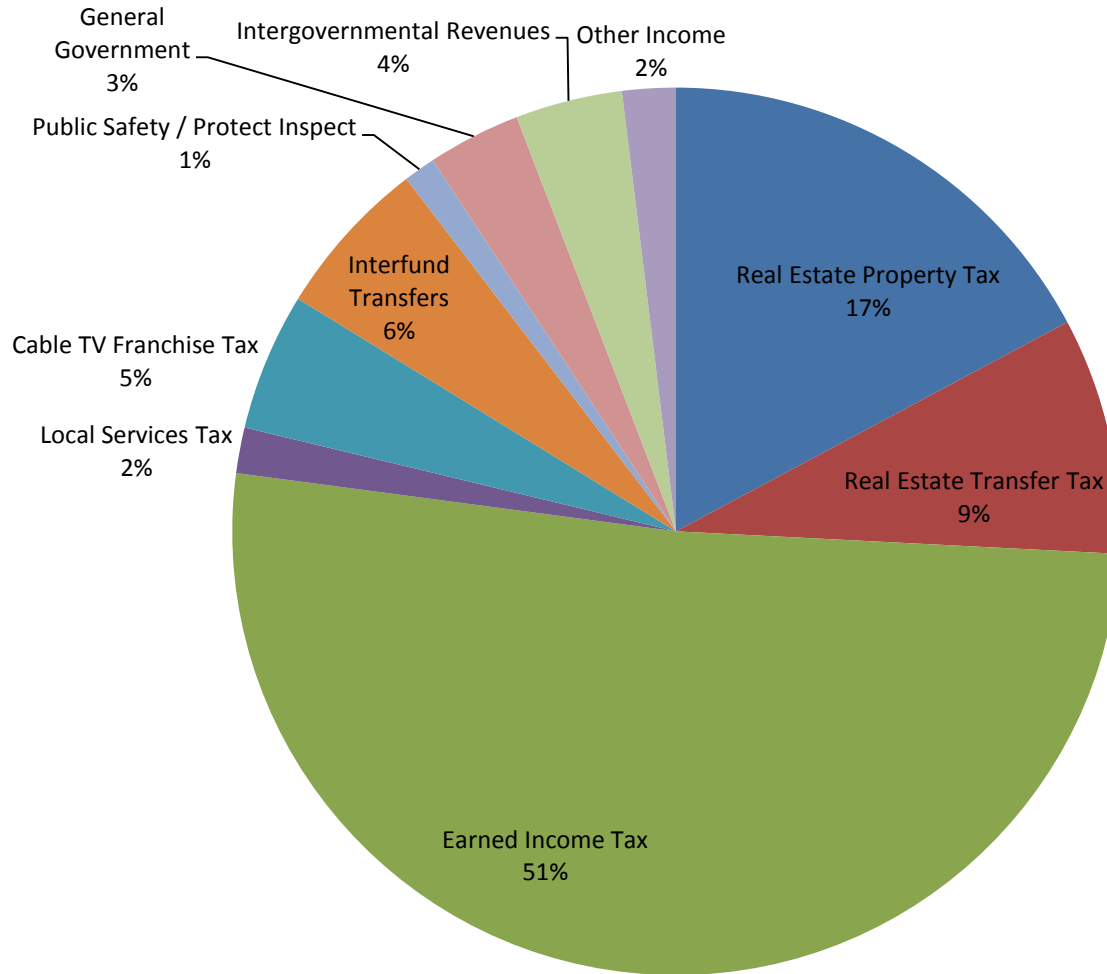
East Bradford Township 2019 FINAL General Fund Budget Expenditure Assumptions



- Budgeted expenditure increase \$238,604 including
 - Public Works public bid contract mowing services \$64,000
 - Police protection services (1 Yr. Contract Extension) \$30,000
 - Legal services \$40,000
 - Employee wage & salary \$24,000
 - Fire protection services \$23,000
 - Property, Parks & Recreation \$23,000
 - Insurance \$8,000
- Other important expenditures
 - Health Insurance decreased from \$295,000 to \$290,000
 - Pension MMO increased 6% (\$112,000 to \$119,000)
 - Public Works Department Budget increased 3.8% netting out new seasonal mowing
 - Wages and salary including CPI and merit overall increase 2.4%

2019 FINAL General Fund Revenues

Where the money comes from...

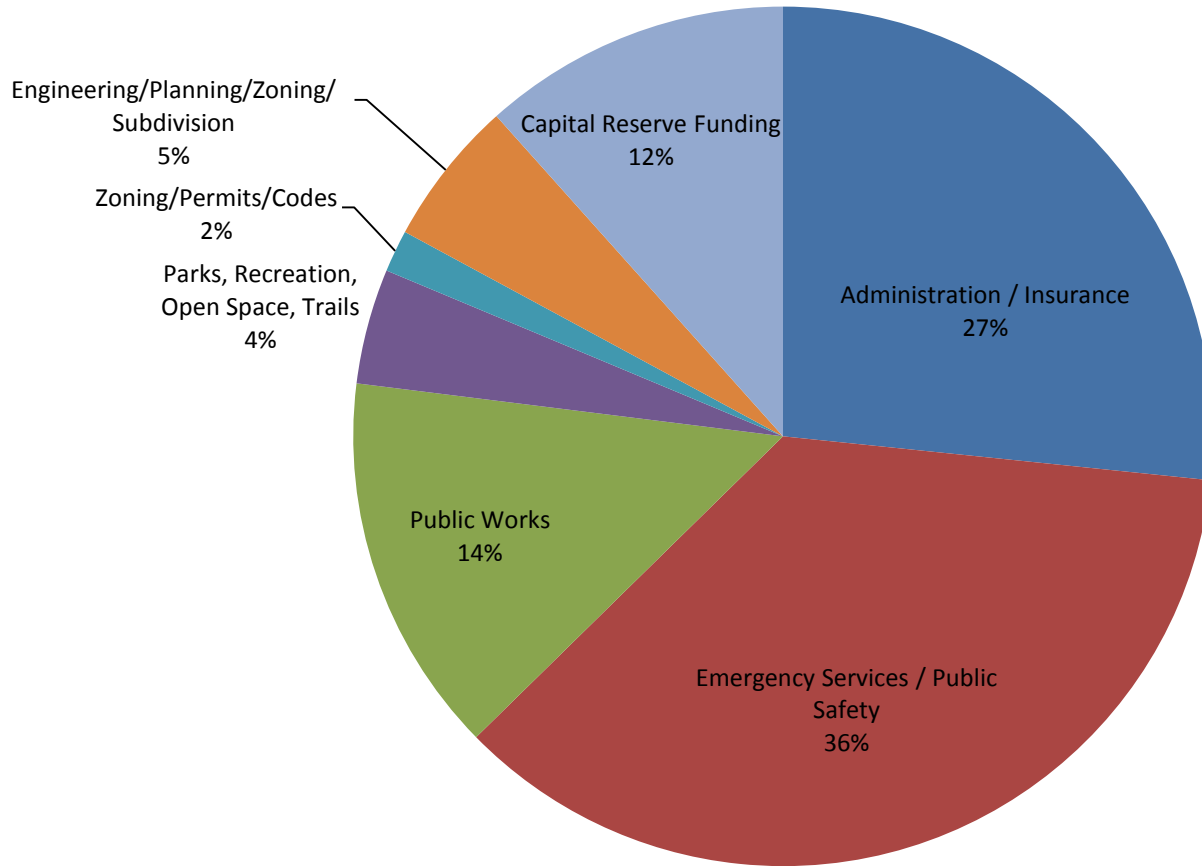


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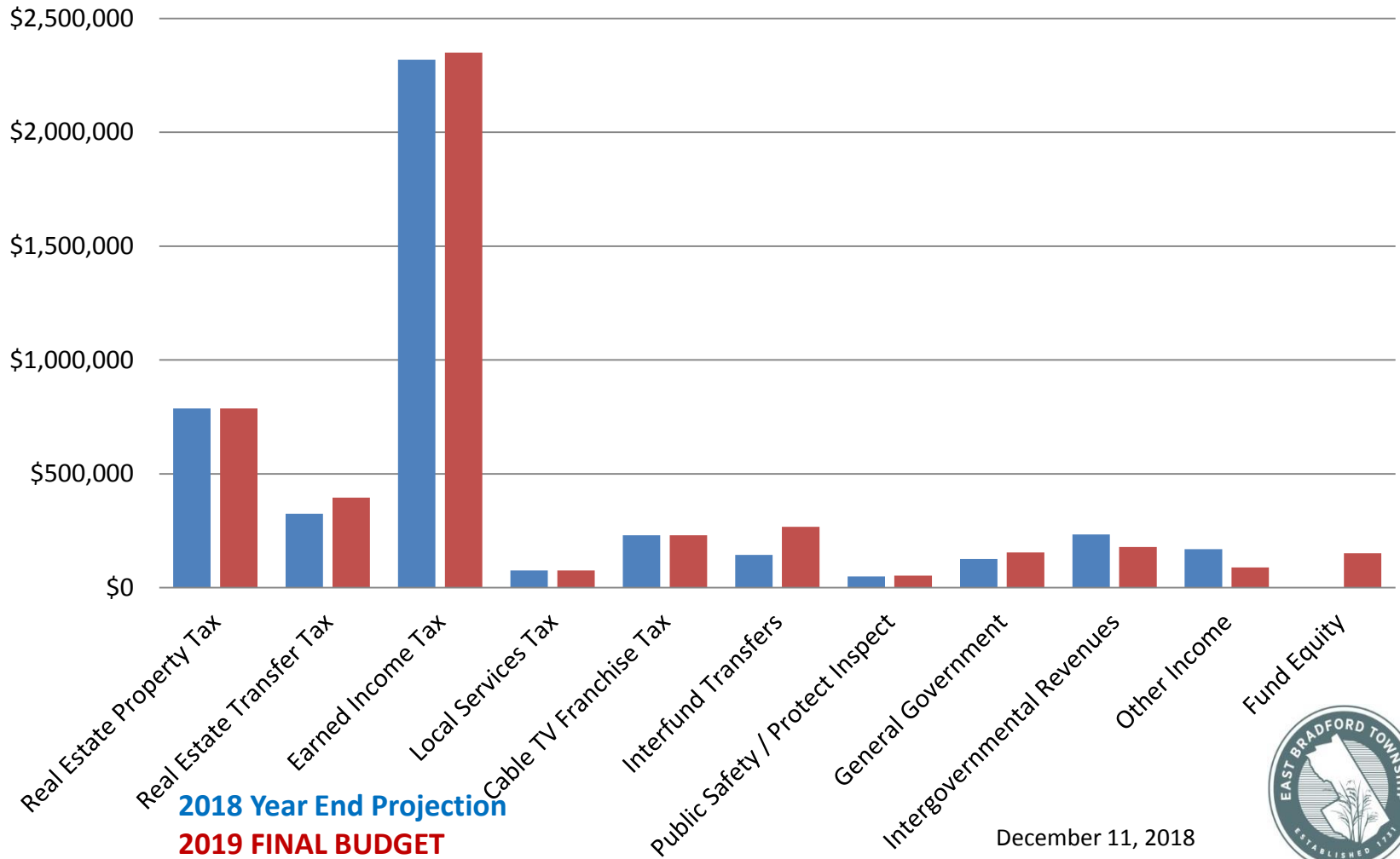
2019 FINAL General Fund Expenditures

Where the money goes...



December 11, 2018

2019 FINAL General Fund Revenues



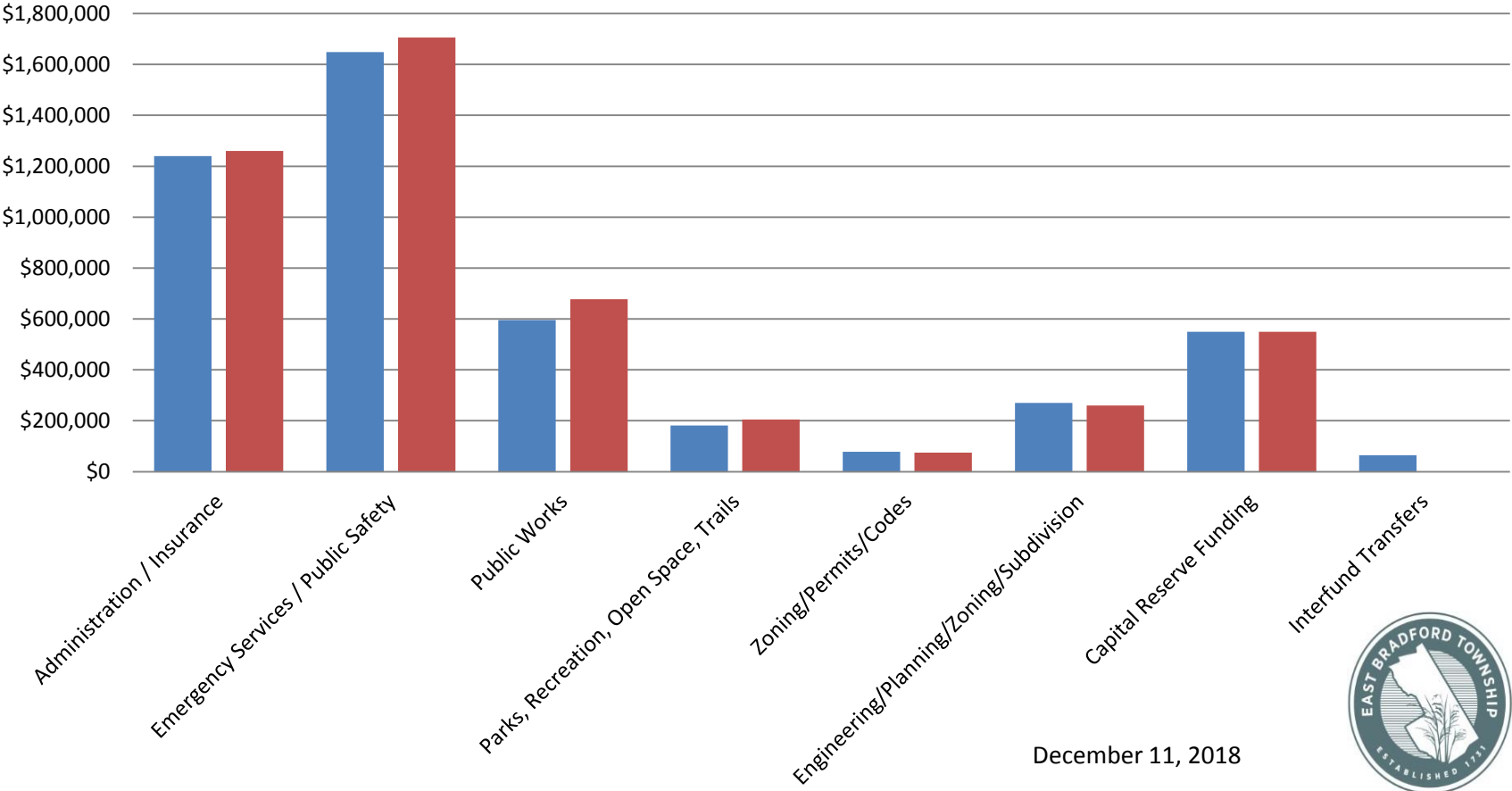
2018 Year End Projection

2019 FINAL BUDGET

December 11, 2018



2019 Proposed General Fund Expenditures



December 11, 2018



2018 Year End Projection
2019 FINAL BUDGET

East Bradford Township

2019 FINAL Budget

5-Year General Fund Forecast

Budget Highlights



- Conservative estimates and assumptions –
 - 1.0% to 1.5% for important revenues based upon historical trends
 - 2.0% for expenditures generally unless known , i.e., contracts, historical trends
 - Forecast includes estimated annual ROI \$125,000 from Capital Investment Fund
- Forecast currently projecting increasing budget deficits through 2023 exceeding \$500,000 in 2023
- General Fund balance (as a % of budgeted expenditures) forecasts decline to 25% by 2022 triggering BOS action to address (per 2011 Fund Balance Policy)
- The implications of the 5-Year General Fund Forecast combined with the 2019 Budget requiring fund equity to balance; a 5-Year Capital Schedule with increased infrastructure replacement demands (bridges, stormwater, roads); and, relatively flat (or decreasing) important revenue trends indicates with some certainty the need for tax increases in the short-to-medium term and proactive management to further control spending

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Capital Reserve Fund

Budget Highlights



- The Capital Reserve Fund primary source of revenue is the General Fund
- 2019 funding from the General Fund continues at \$550,000
- Capital expenditure demands continue to increase
- 2019 budgeted expenditures include
 - Police vehicle \$51,500
 - Public Works fleet / equipment \$60,000
 - Stormwater projects (roads and MS-4 DEP permit) \$170,000
 - Completion of Broad Run (aka Valley Creek) Bridge \$125,000 (total cost estimate \$500k)
 - 2019 Road Maintenance Program \$250,000 (also see Liquid Fuels Fund Budget)
 - Debt service (2014 Public Works Building) \$100,000
- Total budgeted capital expenditures exceed budgeted revenue with estimated year-end 2019 fund balance of \$200,000

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Open Space Fund

Budget Highlights



- Earned income tax is the primary revenue source of the Open Space Fund
Earned Income Tax down -2.91% for 2018 year-end projection (compared with 2017)
- Proceeds from the pending sale of a portion of the Township-owned Brandywine Farm (\$1.5M) to extinguish the existing 2011 Bond Issue outstanding debt (reducing annual debt service by approximately \$70,000)
- 78% of the budget is debt service (\$879,000) (net of the Brandywine Farm sale proceeds (revenue) and debt extinguishment (expenditure))
- 2019 open space projects include Year 2 of 2 payment (\$100,000) for acquisition of the Marshall Strode property and funding for the Plum Run Greenway (also Strode Barn) Master Plan
- 2019 year-end fund balance currently estimated < \$40,000

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Capital Investment Fund

Budget Highlights



- New Fund created in 2018 to manage proceeds from the pending sale of the Township public sewer conveyance system to Aqua PA
- BOS objective to preserve the principal and utilize the annual ROI to support the General Fund (and Capital Reserve Fund)
- Proceeds \$5,000,000 (\$4,375,000 at settlement 12-2018 / \$625,000 escrowed for release 2019)
- Projected for 2019 2.5% ROR or \$125,000
- PLGIT – Pennsylvania Local Government Investment Trust – designated entity for funds management and investment by the Township

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Sewer Fund

Budget Highlights



- Sale of the Township sewer conveyance system occurred December 2018
- Most but not all Township sewer operations will be transitioned to Aqua PA commencing January 2019
- The 2019 Sewer Budget reflects estimated adjusted revenues and expenditures as the transfer to Aqua PA unfolds
- The Township will purchase, own and operate the Darlington Ridge Pump Station – estimated capital expenditure \$560,000
- Sewer rates, charged by the Borough of West Chester, remain unchanged for 2019
- Operationally, 2019 will be a transition year for the Township and the approximate 1,220 residential and 30 commercial / institutional customers as Aqua PA and the Township commence new service obligations

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Liquid Fuels & Highway Improvement Funds Budget Highlights



- Liquid Fuels and Highway Improvement Funds are targeted to road maintenance and improvements
- The annual State Liquid Fuels allocation for 2019 \$358,000
- Liquid Fuels budgeted expenditures include road resurfacing (\$275,000), winter maintenance materials (\$60,000) and pavement marking / signs (\$40,000)
- Township roads proposed for resurfacing maintenance and drainage improvements in 2019 will be announced in early 2019
- The 2019 Highway Improvement Fund Budget provides funds for pedestrian safety improvements at the intersection of Downingtown Pike and Bradford Plaza Shopping Center (\$80,000) made possible through a State ARLE (Automated Red Light Enforcement) Grant award