

East Bradford Township 2020 Proposed Budget



For presentation to the Board of Supervisors on December 10, 2019

East Bradford Township

2020 Proposed General Fund Budget



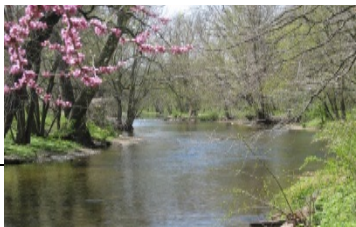
Budget Highlights

- A .5mill Property Tax increase is proposed in this budget.
- 2019 Year-end 12-31 Projection (-\$127,791) deficit (2018 -\$40,706 deficit).

- The proposed budget is balanced.

\$5,234,261 in revenues and \$5,234,166 in expenses *(surplus of \$95).*

- Budgeted Revenue increase 14.3% \$656,225.
- Budgeted Expenditure increase 10.4% \$492,300.
- The difference in R & E increase is related to prior year (2019) budget gap of \$164,000 balanced with fund equity (savings).



East Bradford Township

2020 Proposed General Fund Budget



Important Points & Assumptions

- Organization change related to administrative and service needs and demands has precipitated the addition of (2) new professional staff positions.
- Salary increases based on the existing compensation policy with a base 3.1% COLA.
- Police Contract services from WCPD despite the significant increase in cost from 2019 to 2020 remains a good value comparatively with other area municipalities with local police.
- Earned Income Tax and Real Estate Transfer Tax budgeted receipts for 2020 reflect positive EIT performance in 2019 and a boost in Real Estate Transfers from the Darlington Ridge development.
- Capital Investment Fund ROI (2.5% e) will continue in 2020 as a transfer receipt to support the General Fund.
- Legal & engineering professional services for ongoing legal services and appeals during 2019 likely to continue during 2020 and are difficult to budget.
- Capital Reserve Fund funding (budgeted from the General Fund) remains at \$550,000 for 2020 while added demands for capital funding challenge the sustainability of the CRF.

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Revenue Assumptions



- Measured / reasonable assumptions (based upon Actual 2019 figures and available info/ data).
- Real Estate Property Tax revenue (1.50 mill) 51% increase for 2020.
- Earned Income Tax up 2.9% (compared with 2019 Budget and based on 2019 Actual YTD).
- Real Estate Transfer Tax up 34% (based upon 2019 Actual YTD and Darlington Ridge estimated sales).
- Local Services Tax down -5.0% (based upon 2019 Actual YTD).
- Cable Fees, Fines exhibiting downward trends past several years.
- Several lesser revenue sources estimated budget increases (including Interest (45%), General Government (10%) and Building Permits & related Public Safety/Inspections (25%).
- Miscellaneous revenue include employee health premium (5%) contribution and estimated 2019 surplus refund (PMHIC).

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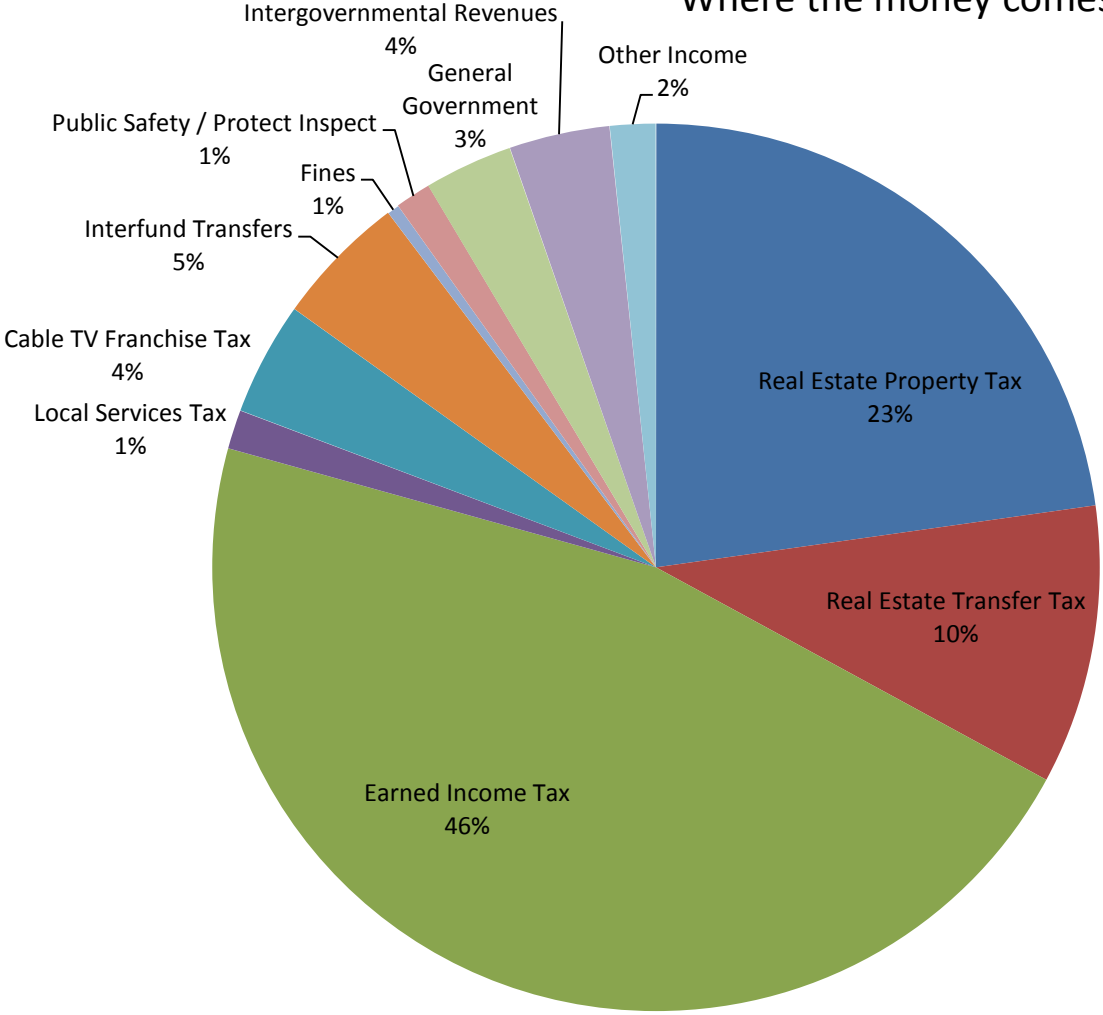
Expenditure Assumptions



- Budgeted expenditure increase \$492,300 including:
 - Police Agreement (renewal thru 2023) 2020 increase \$170,700
 - Planning / Zoning Director (new hire) 2020 increase \$85,000 (base)
 - Building Codes Dept. Reorganization 2020 net increase \$51,000
 - Employee Health Insurance (5.5% + 2 new employees) 2020 increase \$60,000
 - Employee Pension (MMO) 2020 increase \$46,000
 - Public Works Dept. 2020 increase \$31,000
 - Legal Services (difficult to estimate, ongoing appeals) 2020 increase \$15,000
 - Payroll Taxes 2020 increase \$14,000
 - Insurance 2020 increase \$5,500
 - Employee salary/wage base increase 3.1%
- Other Budgeted expenditures:
 - Legislative / Governing Body 2020 decrease -6.0%
 - Financial Administration (Dir. of Finance transition) 2020 increase 11.0%
 - Network IT / Technology 2020 decrease -9.0%
 - Township Campus Facilities 2020 decrease -3.0%
 - Parks & Recreation Dept. 2020 decrease -8.0%

2020 Proposed General Fund Revenues

Where the money comes from...



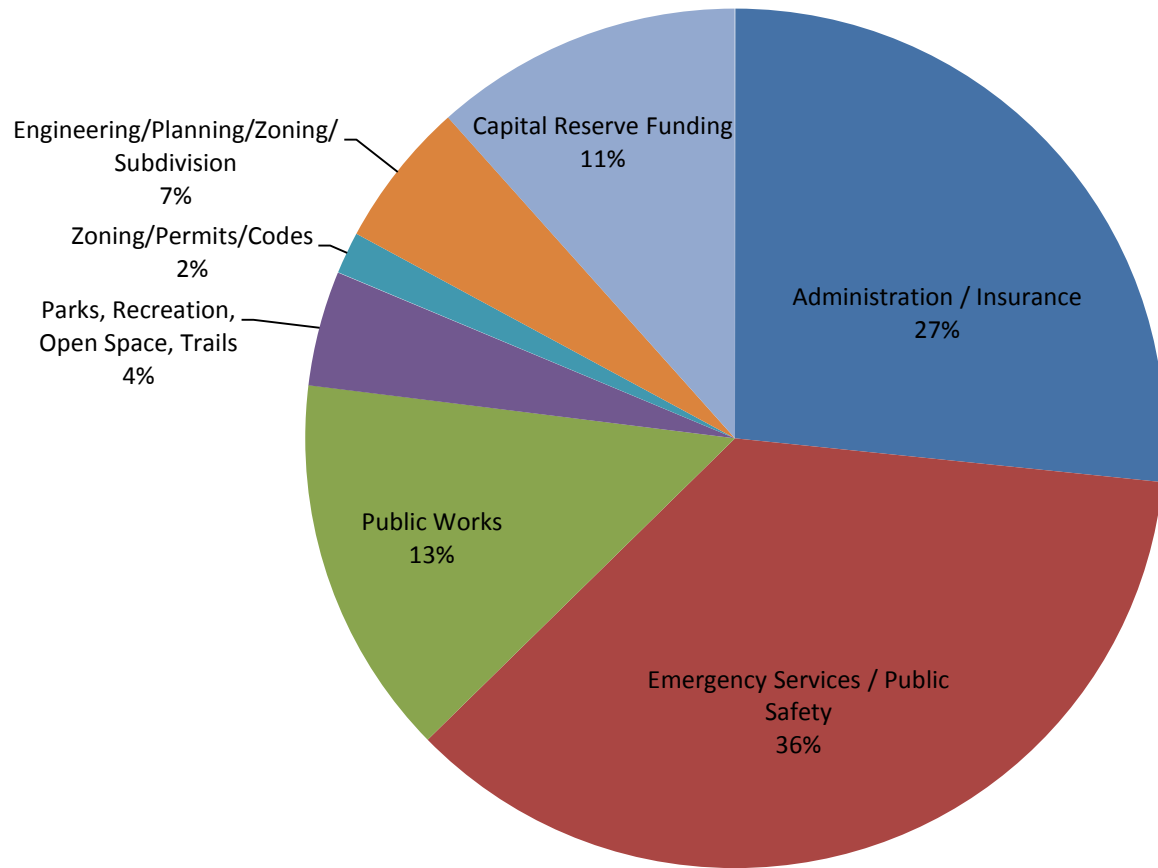
November 12, 2019



December 10, 2019

2020 Proposed General Fund Expenditures

Where the money goes...

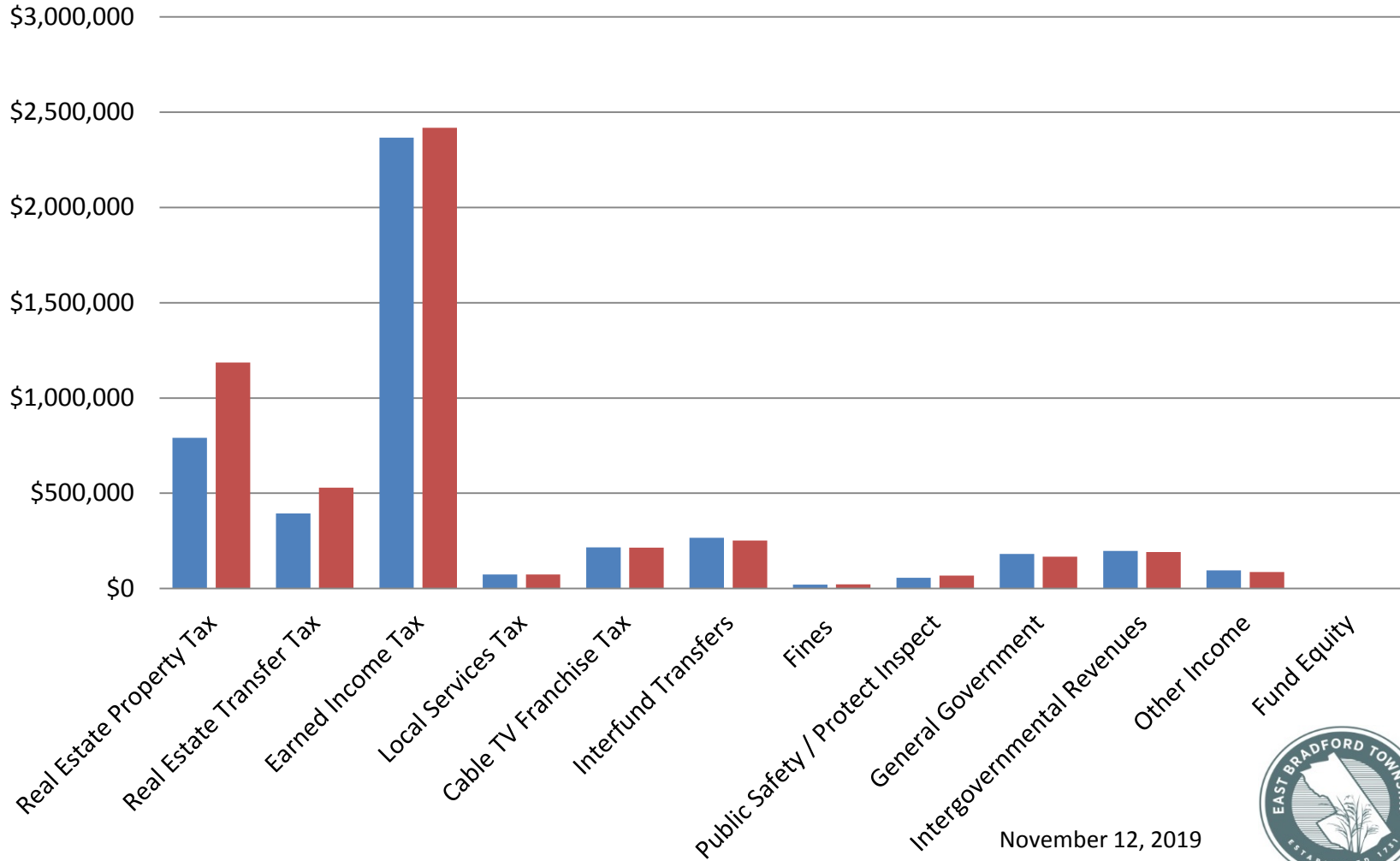


November 12, 2019



December 10, 2019

2020 Proposed General Fund Revenues



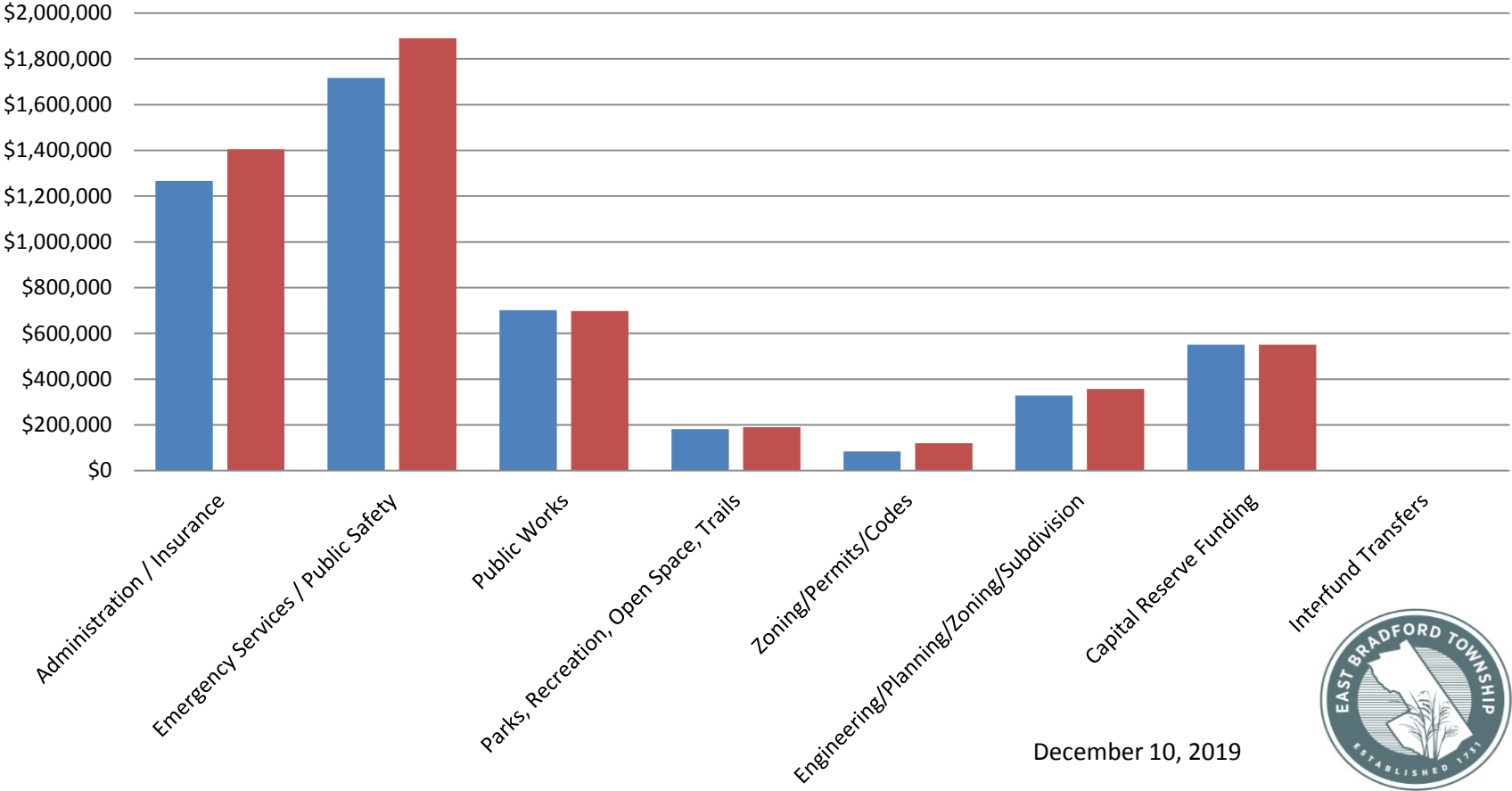
November 12, 2019



2019 Year End Projection
2020 Proposed

December 10, 2019

2020 Proposed General Fund Expenditures



December 10, 2019



2019 Year End Projection
2020 Proposed

East Bradford Township

2020 Proposed Budget

5-Year General Fund Forecast 2021-2025

Budget Highlights



- Realistic estimates / assumptions – known information & trends
 - * 1.0% to 1.5% for important revenues based upon historical trends
 - 2.0% for expenditures generally unless known , i.e., contracts, historical trends (i.e., health insurance 4.0%)
 - * Forecast includes estimated annual ROI \$125,000 from Capital Investment Fund
 - * Forecast currently includes 2020 property tax increase to 1.5 mills w/ .25 mill increases in 2022 and 2024 to a rate of 2.0 mills.

- With above assumptions the projection forecast (10-16-19 forecast) :

2020	\$ 38 surplus	Proposed Property Tax to 1.5 mills
2021	\$ (102,893) deficit	
2022	\$ (22,334) deficit	Proposed Property Tax to 1.75 mills
2023	\$ (160,216) deficit	
2024	\$ (135,170) deficit	Proposed Property Tax to 2.00 mills
2025	\$ (256,920) deficit	

- Capital Reserve Fund transfers from the General Fund remain unchanged in the forecast (\$550,000) and under the current Capital Reserve Schedule insufficient to fund existing facility and major fleet / equipment capital replacement, constrains planned improvements (i.e., Plum Run Greenway) and challenges the near and long term sustainability of the Capital Reserve Fund.

- General Fund balance a.k.a. Fund Equity or savings (as a % of budgeted expenditures) forecasts decline from 46% (12-31-19 estimate) to 26% by 2025 (per 2011 Fund Balance Policy fund balance of 25% requires intervention).

East Bradford Township 2020 Proposed Budget Capital Reserve Fund Budget Highlights



- The Capital Reserve Fund primary source of revenue is the General Fund.
- 2020 funding from the General Fund continues at \$550,000 as only significant revenue source for 2020, i.e., no grants...).
- Capital expenditure demands continue to increase.
- 2020 budgeted expenditures include:
 - Police services contract - vehicle contribution \$31,836
 - Public Works fleet / equipment \$110,000
 - Stormwater projects \$130,000 (roads and MS-4 DEP permit)
 - Bridge infrastructure \$110,000 (Ravine Rd.; and, Ashbridge St.)
 - 2020 Road Maintenance Program \$250,000 (also see Liquid Fuels Fund Budget)
 - Plum Run Greenway \$160,000 (design /engineering) / Mt. Bradford Preserve \$40,000
 - Debt service \$98,500 (2014 Public Works Building)
- Total budgeted capital expenditures exceed budgeted revenue with estimated year-end 2020 fund balance of <\$60,000 if fully expended.

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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 12-31-19 estimate up 3.47% compared with 2018.
No grant fund receipts pending for 2020.
- 2019 retired 2013 Bond Issue (proceeds sale Brandywine Farm (w/ conservation easement)).
- 83% of the budget is debt service (\$879,600).
- For 2020 there are no specific open space easement / fee simple acquisitions / projects budgeted.
\$50,000 is budgeted for ongoing open space stewardship and preserve maintenance consistent with PA Act 154 of 2006.
- 2019 Year-end Fund Balance estimate \$143,500.
2020 Year-end Fund Balance estimate \$260,700.

East Bradford Township 2020 Proposed Budget Capital Investment Fund Budget Highlights



- New Fund created in 2018 to manage proceeds from the 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).
- Sale proceeds (\$5,000,000) estimated to return 2.5% ROI or \$125,000 which may be optimistic based upon current & forecast market and economic conditions.
- PLGIT – Pennsylvania Local Government Investment Trust – designated entity for funds management and investment by the Township.

East Bradford Township 2020 Proposed Budget Sewer Fund Budget Highlights



- Sale of the Township sewer conveyance system occurred December 2018 and ongoing work to complete the Township obligation during 2019 and into 2020.
- Township public sewer operations will continue with a limited system for the Darlington Ridge development.
- Operationally, 2020 will continue to be a transition year for the Township as Darlington Ridge settlements occur during 2020 (45 of 107 estimated).
- 2020 Sewer Rates:
Multi-family (townhome or attached 3 or less bedrooms) \$283.16 /quarter
Single-family Detached (or multi-family attached 4+ bedrooms) \$329.27 /quarter

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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 2020 \$351,000 (-4.3% compared with 2019).
 - 12-31-19 estimated Fund Balance \$64,800
 - 12-31-20 estimated Fund Balance \$71,850
- 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 2020 will be announced in early 2020.
- The 2020 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.