

Township Manager's Budget Message

Although most Township revenues either declined or were flat in 2011, we are pleased to report that the Township's combined fund balance will increase by about \$400,000 to a total of over \$3.2 million by the end of 2011. Included in this combined balance are the General Fund, the Police Fund, the Fire Fund, the Volunteer Board Fund and the Traffic Fund. The main cause for this increase in the fund balance was a decrease in expenses.

Concerning revenues, the major source of revenues for the Township is the Earned Income Tax (EIT). Earlier in the year the EIT receipts were running ahead of last year, but this was primarily due to an increase in delinquent collections due to the one time tax amnesty program offered by the Township. The amnesty program brought in about \$27,000 in additional revenue. However, at the end of the year it appears that EIT receipts have dropped off. This may be due to a timing fluctuation that occurs from time to time, which will self correct, but will take time to determine. As a result we are taking a conservative approach with our end of year projection and are estimating that this revenue source will come in a little under last year's total.

The real estate tax collections are off about \$24,000, due to some people delaying their payment. It appears that the real estate transfer tax will be about what was budgeted, but down slightly from 2010. The local services tax will be close to the amount collected in 2010. Grant receipts are up primarily for two reasons. After several years of delaying the payment of the annual recycling performance grant the Commonwealth of Pennsylvania caught up by paying out two years of grants, even though the amounts have been reduced. Also, the annual pension grant that the Township receives from the Commonwealth was up due to a one time event.

Concerning the reduction of expenses, the primary savings, which caused most of the increase in the combined fund balance, was due to personnel costs. The Township had four employees retire or resign. The Township's paid part time Fire Marshal retired, but was not replaced. A full time Code Enforcement Officer retired, and was since rehired as a part time employee. The Township's full time Finance Manager retired, and was since hired back as a part time financial advisor. A part time assistant treasurer was hired at a lower pay rate to handle some of the Finance Manager's duties. The Township's Police Chief resigned, but was not replaced until August. In addition since the new Police Chief was an internal promotion, the department operated short of one employee for the year.

For 2012 we are proposing to keep the real estate tax rate the same as it was in 2011. Generally we are expecting revenues to be similar in 2012, but are projecting that they will begin to improve in 2013, as the economy improves. While 2011 saw an increase in grant income, this is expected to reverse in 2012. The annual Pennsylvania pension grant is expected to return to its previous level in 2012, and the annual recycling performance grant is expected to shrink substantially. We have been advised that the recycling grant will only be about \$30,000 in 2012, which is down from over \$100,000 several years ago. The reason for this is that the Commonwealth has revised the formula for calculating the grant amount and has reduced the amount of money available to fund the grant. However, on the plus side the amount that the Township receives from the annual Liquid Fuels Grant is expected to increase due to the release of the

2010 US Census results, which showed a substantial population increase for the Township. Half of the liquid fuels grant allocation is based on population. This will permit the Township's Highway Aid Fund to absorb more of the road maintenance costs.

Capital expenses planned for 2012 include \$50,000 to replace the body of a dump truck purchased in 1997. This repair will enable us to extend the useful life of the truck. For the Police Department the largest capital expense expected for 2012 will be the replacement of the police radios at a cost of about \$85,000 to enable the police to utilize the new County radio system that is expected to be placed into operation in the second half of 2012 or early in 2013. Another capital expense planned in 2012 will be an upgrade of the lighting systems at the Municipal Building Complex for \$20,000 and at the Police Building for \$25,000. This project is expected to save money over time and eventually pay for itself from energy savings, but the main driver of the project is that federal energy standards will prevent the manufacture of the T12 fluorescent lamps during 2012. All of our T12 lighting fixtures will need to be retrofitted to accept a different type of bulb. Other capital expenses include municipal building repairs for \$13,000, which will include replacing a deteriorated building entrance door and providing funds for the replacement of an aging HVAC unit.

The proposed budget for 2012 continues to postpone a number of large capital projects until the Township's financial situation improves. The plans to construct new parks along Station Road and in the designated recreation area of the Brayton Gardens development continue to be placed on hold. However, thanks to obtaining a grant it is expected that construction may begin in the latter part of 2012 on the remainder of the connecting trail and road crossing between the Brayton Gardens and Hunter's Crossing trail systems. Other projects to expand and connect the trail systems throughout the Township continue to be placed on hold. In addition we would like to make some changes to the transportation network in the Township to improve traffic flow, and we would like to be able to enlarge our Police Department to enable us to expand our current part time coverage to full time coverage.

We hope to eventually move forward with these postponed projects, but are not able to do so at this time due to the current financial situation and the condition of the economy. Hopefully, we will be able to move forward when the financial conditions improve or when appropriate grant programs can be found. However, for the present our wish list must be placed on hold.