



TREDYFFRIN TOWNSHIP MEMORANDUM

TO: Board of Supervisors
FROM: Mimi Gleason
SUBJECT: 2009 Proposed Budget
DATE: October 31, 2008

Enclosed is the 2009 proposed budget. It involved an unusual amount of work this year due to the recent changes in the economy. Department heads first met no-growth targets, and then as national events and the latest revenue trends led to lower projections for 2009, they further reduced their budgets. The Board's Finance Committee and I then cut more expenditures and deferred some purchases, all to offset a revenue decline of more than \$1 million.

The revenue decline has been a challenge to manage. Tredyffrin is run prudently, and there are not too many obvious areas where we can tighten our belts without impacting services. In addition, we have been building up a structural deficit for some time, relying on reserves to fill the gap. Less revenue means we will draw down our reserves faster. At some point, now sooner rather later, the Township will have to make decisions about the level of services to provide and how to pay for them through ongoing operating revenue. The reserves will not last too much longer.

TOWNSHIP FUNDS

Tredyffrin has several funds used to pay different types of expenses. Most are restricted in how funds may be used. The Sewer Utility Fund can only pay for sewer and utility (traffic signals and street lights) expenses. The Valley Creek Trunk Sewer Fund can only pay for the operation and maintenance of that sewer system, which we operate on behalf of several neighboring municipalities. Municipal Authority funds can only be used for bond debt service. Bond funds can only be used for capital projects. The Capital Reserve Fund is for funds carried over from previous years or targeted for capital projects to match other funding sources. The General Reserve Fund is the repository for unrestricted reserves not necessary to meet cash flow and for receipts from large commercial transfer taxes.

Taxes, fees, and other unrestricted revenue are deposited in the General Fund to pay for general expenses. It is used to pay operating costs such as salaries, overhead, maintenance, etc. and certain capital costs such as vehicles. It is the General Fund that is facing a growing deficit. Revenue is not keeping up with the everyday expenses required to operate the Township at its current level of services. The total proposed budget for 2009 is \$37 million. Of total revenue, one-half is paid for from general fund revenue.

2009 TOWNSHIP FUNDS

Funding Source	Amount	%	Use of Funds
General Fund	\$18.7M	50%	Operating and capital (non-sewer)
Bonds	\$6.5M	17%	Capital projects
Capital Reserve	\$0.3M	1%	Capital projects
Sewer Utility Fund	\$7.1M	19%	Sewer, traffic signals, street lights
Valley Creek Trunk Sewer	\$1.2M	3%	Sewer
Municipal Authority	\$1.2M	3%	Sewer and highway bond payments
General Reserve	\$2.2M	7%	Drawdown from reserves to fill deficit
	\$37.2M	100%	

GENERAL FUND REVENUE

Absent a tax increase, General Fund operating revenue is forecast to decrease \$1.3 million versus the 2008 budget (a 7% reduction) and over \$700,000 versus the 2008 forecast (a 4% reduction), mostly due to tax revenue. The real estate tax is the largest single source of general fund revenue, although the other two major taxes, the transfer tax and local services tax, combine to generate a significant amount of revenue.

GENERAL FUND OPERATING REVENUE (w/o tax increase)

Revenue Source	2008 Budget		2009 Budget	
Real estate taxes	\$ 7.7M	43%	\$ 7.7M	46%
Other taxes (transfer, local services)	\$ 4.7M	26%	\$ 3.9M	23%
Licenses, fines, interest	\$ 1.2M	6%	\$ 1.2M	7%
Grants, reimbursements	\$ 1.8M	10%	\$ 1.5M	9%
Fees	\$ 1.6M	9%	\$ 1.5M	9%
General Reserve (from large prop. transfers)	<u>\$ 1.0M</u>	<u>6%</u>	<u>\$ 0.8M</u>	<u>5%</u>
TOTAL	\$17.9M	100%	\$16.6M	100%

REAL ESTATE TAX: Receipts from the real estate tax are expected to remain stable in 2009, which is both good news and bad news. For next year, in the context of the economy and the forecast for changes to other funding, it is positive that the largest source of operating revenue will not go down. The flip side is that Tredyffrin's real estate taxes have not increased all that much in recent years either, which is a major contributor to the deficit.

Real estate taxes are based on a property's assessed value, not its market value. Chester County last reassessed properties in 1997. Properties do not get reassessed unless the property owner requests it or a building permit is issued. The sale of a property has no impact on the tax assessment. New buildings, of course, also are added to the tax base. Tredyffrin, however, has not seen a significant amount of new development. As a result, the tax base has grown relatively little in recent years.

Real estate taxes are the only tax on which the Township has the flexibility to increase rates to generate additional revenue. There have been only 4 tax rate increases in the past ten years. Tredyffrin has one of the lowest millage rates in the area, especially considering that the Township does not collect a business privilege tax or an earned income tax as many of our neighboring municipalities do.

	Millage Rate	% Change	Revenue	% Change
2005	2.11		\$7,128,807	
2006	2.11	0%	\$7,173,785	0.63%
2007	2.11	0%	\$7,233,450	0.83%
2008	2.18	3.32%	\$7,533,000	4.14%
2009	2.18	0%	\$7,573,000	0.53%

Together, a stable base and a stable rate have meant that the Township's largest source of operating revenue has grown only 1.3% on an annualized basis since 2005. Meanwhile inflation has increased expenditures for line items like salaries, utilities, fuel, and especially benefits. Inflation alone has accounted for approximately \$600,000 in additional costs in each of the last two years. Operating expenditures have been growing faster than operating revenue, producing the growing deficit.

Compounding the problem is the mathematical reality that real estate taxes make up less than half of general fund revenue. As a result real estate tax revenue needs to grow at more than twice the rate of the expenditures. For example, if expenditures grew 3%, real estate tax revenue would need to grow by more than 6% to keep pace. Instead real estate tax revenue has been growing at less than the inflationary increase in operating expenditures. With no other sizable revenue sources growing by more than nominal amounts, the stability of the real estate tax is a mixed blessing.

TRANSFER TAX: Transfer tax receipts, which are based on the sale price of all real estate transactions in Tredyffrin, held steady through much of 2008. However, receipts, which dipped a little bit in the beginning of the year, have begun to decline again and are forecasted to end the year \$500,000 below the 2008 budget. Staff is forecasting an additional \$225,000 decrease in 2009, based on the assumption that the real estate market will remain sluggish.

Additionally, the operating transfer from the General Reserve Fund is expected to drop by over \$200,000. This transfer derives from the Board policy established in 2007 for large commercial transfer taxes:

- 1) deposit large transfer taxes (defined as receipts over \$25,000, which means sale prices over \$2.5M) into the General Reserve Fund; and
- 2) each year during the budget process, take 10% of the General Reserve Fund and transfer it into the General Fund to be used for operating expenses.

In a typical year, numerous residential properties are sold, and revenue forecasts are based on recent trends. There are not nearly as many large commercial properties as there are residential properties, but one transaction can produce a 6- or even 7-figure tax receipt. Yet it is difficult to predict when a corporate center or a shopping center may be sold. The large commercial transfer tax policy was established so that the General Fund would see the benefit of the revenue from large real estate transactions on an annual basis while smoothing out the variability of this portion of the transfer tax. The budget would be based on the known amount in the fund, not a guess as to which large properties may sell in the coming year.

This policy has served us well in 2008 since no large commercial properties sold. As a result of the policy, there was no budgetary impact for the immediate year. However, it seems likely that the Township may not receive any large commercial transfer taxes again in 2009. In conjunction with continued deficit spending from the General Reserve Fund and a reduction in both investment principle and income, the lack of deposits in 2008 and 2009 results in a smaller operating transfer to the General Fund, a trend which will continue in future years.

LOCAL SERVICES TAX: The local services tax, which is charged to every person who works in Tredyffrin, has held steady in 2008. However, based on economic and employment forecasts, that revenue is anticipated to decline slightly in 2009.

FEES: Fees, especially related to construction and development, are anticipated to decline somewhat in 2009. The economy is likely to impact construction and development decisions and a new State law prohibits municipal contractor registration for most residential building permits as of July 1, 2009. (Contractors currently have to register with the Township to prove they have insurance.) However, staff is recommending that several fees, including those for subdivisions and land developments, Zoning Hearing Board applications, grading permits, and summer camps, be raised so that revenue covers costs incurred by the Township. If the Board adopts the new fees, the increase in revenue received per application will offset some of the loss due to lower volume.

CAPITAL REVENUE: Unlike operating revenue, most capital revenue is directly tied to the amount of spending, because funding is dependent on grants, bonds and capital reserves, not fees from taxes and fees. In 2009 capital spending and revenue will be down substantially compared to 2008. Much of the decrease is simply an issue of timing: the 2008 budget included several unique large expenditures, such as the library addition and a \$5.7 million bill to PennDot for work completed several years ago as part of the Route 202 Section 400 expansion. With the completion of those projects and adjustments to other projects, as well as a slower schedule of projects in the five-year plan, proposed capital revenue and spending is down 53% from 2008.

GENERAL FUND CAPITAL REVENUE

Revenue Source	2008 Budget		2009 Budget	
Grants, reimbursements	\$ 4.5M	23%	\$ 1.5M	18%
Bonds	\$14.1M	74%	\$ 6.5M	79%
Capital reserve	<u>\$ 0.5M</u>	<u>3%</u>	<u>\$ 0.3M</u>	<u>3%</u>
TOTAL	\$19.0M	100%	\$ 8.2M	100%

Deferring or cancelling capital projects will not have an immediate impact on the General Fund bottom line. Because most projects are funded by sources other than General Fund taxes and fees, taking a capital project out of the 2009 budget does not reduce the need for General Fund revenue in 2009. However, those decisions would have an impact longer term. The last couple budgets have included ambitious five-year plans. If all of those capital projects were completed at the proposed rate, then reserves would be depleted and additional bonds would be needed in upcoming years. Debt service for those bonds would require new operating revenue.

GENERAL RESERVE FUND

The Board is required to adopt a balanced budget. “Balanced,” however, means that revenue sources are identified to cover all expenditures, not that the year’s revenue receipts must equal or exceed the year’s bills.

In 2008, there would have been a \$2 million operating deficit in the General Fund if the General Reserve Fund had not been used to fill the gap. Staff expects to draw down the full \$2 million to meet this year’s expenses. The unrestricted reserves in the General Reserve Fund built up over time, mostly from the large commercial transfer taxes described above. As stated above, no revenue was received in 2008 to replenish this account and none is expected in 2009. With inflationary pressure from expenses such as salaries, benefits, utilities and fuel and questions about how long it will be before revenues increase again, the deficit continues to grow and the rate at which the General Reserve Fund is depleted continues to accelerate.

EXPENDITURES

Serious effort was made to shrink the deficit from the expenditure side. The operating budget includes only a 1.6% increase over the 2008 budget. The Police Department eliminated a position and will defer filling two vacancies throughout the year. Likewise, a vacancy among the building inspectors will not be filled in 2009. The Public Works department will buy no vehicles or equipment next year. Professional consultant services are down 35%, and no money was budgeted for outside consultants to assist with implementation of the Comprehensive Plan. Repair and maintenance funding is down 5%.

Productivity targets have been set to control costs for supplies and other expenses. A goal was set to raise all of the direct and overtime costs for Community Day (about \$18,600). Perhaps most significantly, a no-growth target has been set for medical benefits. Staff continues to diligently research savings, including changes in provider, plans, co-pays, etc.

The one significant increase in spending - \$133,000 - is for library operations, due to the addition at the Tredyffrin Public Library. Much of the increase is unavoidable. The building is 50% larger and therefore there will be higher utility and overhead costs. But even staffing requests here are being deferred. The library requested the equivalent of three full-time employees and will receive funding for one (to be filled through two part-time employees).

It is important to realize that many of the 2009 savings will be difficult to duplicate. For example, staff will strive to manage the cost of medical benefits, but in previous years the cost has increased an average of 11.7%. Through changes to the plan, the 2009 goal can be met, but it is not realistic to expect maintain a 0% growth rate in the cost of medical benefits. Likewise, deferring equipment and vehicle purchases for one year is manageable, but beyond that the increased cost from repairs and lost time will offset savings. Finally, leaving positions vacant will impact the level of service that staff can provide. Tredyffrin has a smaller staff than most municipalities of our size and composition.

THE DEFICIT

Even with the notable reductions in expenditures, the deficit in the proposed budget would approach \$3 million without a tax increase. The economic slowdown has accelerated the rate at which we will draw from reserves, and therefore reduced the amount of time available to address the structural deficit in a manner that avoids a large tax increase. This is a very serious problem. It would take a 39% increase in real estate taxes or an additional 15% reduction in expenditures (on top of the reductions already in the proposed budget) to close a \$3 million deficit.

I realize that 2009 will be a difficult year financially for some people and therefore far from an ideal year for a tax increase. However, the Township's deficit does not allow the luxury of simply tightening our belts. I recommend that the Board of Supervisors also adopt a 5% millage rate increase for the real estate tax. Increasing the rate from 2.18 mills to 2.29 mills will raise an additional \$382,000. That will reduce the deficit to be covered from the General Reserve Fund to \$2.2 million, which is still considerable.

GENERAL FUND OPERATING REVENUE (w/ tax increase)

Revenue Source	2008 Budget		2009 Budget	
Real estate taxes	\$ 7.7M	43%	\$ 8.1M	48%
Other taxes (transfer, local services)	\$ 4.7M	26%	\$ 3.9M	23%
Licenses, fines, interest	\$ 1.2M	6%	\$ 1.1M	7%
Grants, reimbursements	\$ 1.8M	10%	\$ 1.6M	9%
Fees	\$ 1.5M	9%	\$ 1.5M	9%
General Reserve (from large prop. transfers)	<u>\$ 1.0M</u>	<u>6%</u>	<u>\$ 0.8M</u>	<u>5%</u>
TOTAL	\$17.9M	100%	\$17.0M	100%

Because Tredyffrin’s millage rate is comparably low, a 5% increase may sound like a greater impact than it is. For a residential property with the average assessed value, Township real estate taxes would go up \$24 in 2009. With no earned income tax and a modest real estate tax, Tredyffrin Township continues to have one of the lowest tax burdens in the area.

Keeping taxes low will continue to be an important goal. At the same time, keeping tax rates level is not realistic as long as the Township continues to rely on real estate taxes. Other levels of government that rely on real estate taxes as a primary funding source regularly raise rates.

TREDYFFRIN REAL ESTATE MILLAGE RATES

Year	Tredyffrin Township	Chester County	School District	Total
1998	1.800	2.348	10.750	13.916
1999	1.880	2.348	11.380	14.703
2000	1.880	3.014	12.030	15.791
2001	1.880	3.103	12.930	17.021
2002	1.880	3.178	14.160	19.218
2003	2.000	3.273	14.920	20.193
2004	2.110	3.414	14.920	20.444
2005	2.110	3.558	15.130	20.798
2006	2.110	3.699	15.730	21.539
2007	2.110	3.804	16.260	22.174
<u>2008</u>	<u>2.180</u>	<u>3.804</u>	<u>16.970</u>	<u>22.954</u>
CAGR*	1.9%	4.9%	4.7%	5.1%

* Compounded Annual Growth Rate describes the rate at which the millage would have grown if the increases had occurred on an annual basis.

On one level, we are no different from many governments, businesses and organizations that are scaling back plans for 2009 because of the economy. But we have another unrelated financial challenge to address. The economy did not create the deficit, but it has made it necessary to begin dealing very directly with it now. Beyond the 2009 budget, the Board and staff must come up with a long-term plan to raise revenue and set priorities for spending. We cannot count on transfer tax receipts from sales of corporate centers or shopping centers or other large commercial properties in the coming years. The rest of the Township's revenue should remain generally stable, but without changes, will not increase noticeably, even when the economy recovers. To simply continue to offer the level of services we have in the past – never mind consider the many requests for additional funding or service – a collective effort must be made to search for creative solutions and make tough but acceptable decisions that maintain Tredyffrin's sound financial footing.

Fortunately, Tredyffrin Township still is financially strong. Tredyffrin has one of the lowest tax burdens in the area, and one of the largest real estate tax bases in the state. This area is home to some of the largest companies in Pennsylvania, with vital transportation infrastructure and class A office space. The Township has reserves that provide a couple more years to figure out how to manage the deficit carefully.

The first task is to work through and adopt a 2009 budget. Throughout 2009, we also must work together and tap into all available resources and ideas to develop a plan for providing the high level of services that residents expect through sustainable and reasonable funding.

**TREDYFFRIN TOWNSHIP
EXPENDITURE BUDGET SUMMARY**

Service Funding Requirements									
Account #	Account Name	2008		2009 Budget	2009 Budget Vs 2008 Budget		2009 Budget Vs 2008 Forecast		
		Budget	Forecast		\$	%	\$	%	
41100	PERSONNEL - SALARY - ELECTED	22,200	22,200	22,200	-	0.0%	-	0.0%	
41200	PERSONNEL - SALARY - REGULAR	7,336,269	7,208,038	7,364,013	27,744	0.4%	155,975	2.2%	
41410	PERSONNEL - SALARY - REIMBURSABLE	102,600	104,945	97,400	(5,200)	-5.1%	(7,545)	-7.2%	
41460	PERSONNEL - SALARY - TEMPORARY	155,080	158,337	128,476	(26,604)	-17.2%	(29,861)	-18.9%	
41820	PERSONNEL - SALARY - LONGEVITY	286,009	286,009	301,222	15,213	5.3%	15,213	5.3%	
41830	PERSONNEL - SALARY - OVERTIME	229,380	283,116	231,676	2,296	1.0%	(51,440)	-18.2%	
41840	PERSONNEL - SALARY - SHIFT DIFFERENTIAL	44,600	46,447	45,158	558	1.3%	(1,289)	-2.8%	
41850	PERSONNEL - SALARY - HOLIDAY	31,600	31,600	31,600	-	0.0%	-	0.0%	
	TOTAL SALARY	8,207,738	8,140,691	8,221,745	14,007	0.2%	81,054	1.0%	
41520	PERSONNEL - BENEFITS - MEDICAL	2,221,600	2,221,600	2,221,600	-	0.0%	-	0.0%	
41541	PERSONNEL - BENEFITS - LIFE/AD&D/LTD	77,200	77,200	80,300	3,100	4.0%	3,100	4.0%	
41580	PERSONNEL - BENEFITS - OPEB	1,040,400	1,040,400	1,040,400	-	0.0%	-	0.0%	
41600	PERSONNEL - BENEFITS - PENSIONS	1,112,951	1,112,951	1,173,762	60,811	5.5%	60,811	5.5%	
41610	PERSONNEL - BENEFITS - SOCIAL SECURITY	330,700	330,700	343,900	13,200	4.0%	13,200	4.0%	
41620	PERSONNEL - BENEFITS - UNEMPLOYMENT	30,900	23,303	29,600	(1,300)	-4.2%	6,297	27.0%	
	TOTAL BENEFITS	4,813,751	4,806,154	4,889,562	75,811	1.6%	83,408	1.7%	
44200	PERSONNEL - TRAINING - DUES & SUBSCRIPTIONS	32,817	32,754	32,060	(757)	-2.3%	(694)	-2.1%	
44210	PERSONNEL - TRAINING - SEMINARS & TRAVEL	168,432	139,354	161,602	(6,830)	-4.1%	22,248	16.0%	
	TOTAL TRAINING	201,249	172,108	193,662	(7,587)	-3.8%	21,554	12.5%	
42100	SUPPLIES - TOWNSHIP GENERAL	33,000	32,500	33,000	-	0.0%	500	1.5%	
42110	SUPPLIES - ACTIVITY GENERAL	384,402	375,409	371,777	(12,625)	-3.3%	(3,632)	-1.0%	
42310	SUPPLIES - VEHICLE FUELS	251,935	277,916	293,540	41,605	16.5%	15,624	5.6%	
42380	SUPPLIES - CLOTHING AND UNIFORMS	67,457	71,152	70,957	3,500	5.2%	(195)	-0.3%	
	TOTAL SUPPLIES	736,794	756,976	769,274	32,480	4.4%	12,297	1.6%	
43002	SEWAGE TREATMENT	2,281,727	1,926,727	2,603,200	321,473	14.1%	676,473	35.1%	
43007	SEWAGE CONVEYANCE	805,200	805,200	881,800	76,600	9.5%	76,600	9.5%	
	TOTAL SEWAGE CONVEYANCE & TREATMENT	3,086,927	2,731,927	3,485,000	398,073	12.9%	753,073	27.6%	
43111	PROFESSIONAL SERVICES - AUDIT	57,000	57,000	59,300	2,300	4.0%	2,300	4.0%	
43112	PROFESSIONAL SERVICES - ACTUARY	11,000	11,000	11,000	-	0.0%	-	0.0%	
43120	PROFESSIONAL SERVICES - GENERAL	513,033	476,372	340,550	(172,483)	-33.6%	(135,822)	-28.5%	
43122	PROFESSIONAL SERVICES - REIMBURSABLE	107,000	181,645	154,000	47,000	43.9%	(27,645)	-15.2%	
43141	PROFESSIONAL SERVICES - LEGAL	150,000	236,451	175,000	25,000	16.7%	(61,451)	-26.0%	
44506	PROFESSIONAL SERVICES - BANKING	82,500	82,500	82,500	-	0.0%	-	0.0%	
	TOTAL PROFESSIONAL SERVICES	920,533	1,044,968	822,350	(98,183)	-10.7%	(222,618)	-21.3%	

**TREDYFFRIN TOWNSHIP
EXPENDITURE BUDGET SUMMARY**

Service Funding Requirements								
Account #	Account Name	2008		2009 Budget	2009 Budget Vs 2008 Budget		2009 Budget Vs 2008 Forecast	
		Budget	Forecast		\$	%	\$	%
43210	COMMUNICATION - TELECOMMUNICATIONS	93,000	90,000	93,000	-	0.0%	3,000	3.3%
43250	COMMUNICATION - POSTAGE	33,549	43,641	30,799	(2,750)	-8.2%	(12,842)	-29.4%
43410	COMMUNICATION - ADVERTISING	75,075	76,441	55,875	(19,200)	-25.6%	(20,566)	-26.9%
43430	COMMUNICATION - PRINTING/BINDING	27,520	27,831	26,770	(750)	-2.7%	(1,061)	-3.8%
	TOTAL COMMUNICATION	229,144	237,913	206,444	(22,700)	-9.9%	(31,469)	-13.2%
43510	INSURANCE - PROPERTY & LIABILITY	302,000	197,000	324,235	22,235	7.4%	127,235	64.6%
43530	INSURANCE - SURETY & FIDELITY	5,900	5,900	5,700	(200)	-3.4%	(200)	-3.4%
43540	INSURANCE - WORKER'S COMPENSATION	275,000	265,000	281,205	6,205	2.3%	16,205	6.1%
	TOTAL INSURANCE	582,900	467,900	611,140	28,240	4.8%	143,240	30.6%
43610	UTILITIES - ELECTRICITY & GAS	179,500	173,964	179,500	-	0.0%	5,536	3.2%
43611	UTILITIES - ELECTRICITY PUMP STATION	198,600	197,000	207,242	8,642	4.4%	10,242	5.2%
43630	UTILITIES - HYDRANT SERVICE	147,258	140,665	148,258	1,000	0.7%	7,593	5.4%
43660	UTILITIES - WATER	11,100	11,100	11,100	-	0.0%	-	0.0%
43670	UTILITIES - ELECTRICITY STREET LIGHTS & SIGNAL	295,800	298,386	328,200	32,400	11.0%	29,814	10.0%
	TOTAL UTILITIES	832,258	821,115	874,300	42,042	5.1%	53,185	6.5%
43710	R&M - PUMP STATION	136,500	136,500	185,500	49,000	35.9%	49,000	35.9%
43721	R&M - TRAFFIC SIGNALS	66,150	104,166	72,950	6,800	10.3%	(31,216)	-30.0%
43722	R&M - SIGNS & PAVEMENT MARKS	38,850	38,850	38,850	-	0.0%	-	0.0%
43723	R&M - DRAINAGE	70,350	70,350	70,350	-	0.0%	-	0.0%
43731	R&M - PARK GROUNDS	108,560	108,560	119,060	10,500	9.7%	10,500	9.7%
43732	R&M - BUILDINGS & GROUNDS	181,300	181,300	174,400	(6,900)	-3.8%	(6,900)	-3.8%
43740	R&M - EQUIPMENT	53,287	58,571	53,950	663	1.2%	(4,621)	-7.9%
43741	R&M - COLLECTION SYSTEM	198,000	165,000	89,000	(109,000)	-55.1%	(76,000)	-46.1%
43742	R&M - FLOW METER	7,350	7,350	7,350	-	0.0%	-	0.0%
43743	R&M - I & I CORRECTION WORK	63,000	63,000	54,000	(9,000)	-14.3%	(9,000)	-14.3%
43750	R&M - VEHICLE	154,011	160,323	159,257	5,246	3.4%	(1,066)	-0.7%
43760	R&M - STREET LIGHTS	105,700	105,700	61,100	(44,600)	-42.2%	(44,600)	-42.2%
43770	R&M - BRIDGE & ROADS	39,900	39,900	41,900	2,000	5.0%	2,000	5.0%
	TOTAL R&M	1,222,958	1,239,570	1,127,667	(95,291)	-7.8%	(111,903)	-9.0%
43810	RENTALS - RIGHTS OF WAY	5,700	5,700	5,700	-	0.0%	-	0.0%
43840	RENTALS - EQUIPMENT	214,416	163,146	222,750	8,334	3.9%	59,604	36.5%
	TOTAL RENTALS	220,116	168,846	228,450	8,334	3.8%	59,604	35.3%

**TREDYFFRIN TOWNSHIP
EXPENDITURE BUDGET SUMMARY**

Service Funding Requirements									
Account #	Account Name	2008		2009 Budget	2009 Budget Vs 2008 Budget		2009 Budget Vs 2008 Forecast		
		Budget	Forecast		\$	%	\$	%	
44110	OTHER SERVICES & CHARGES - CLAIMS	5,000	5,000	5,000	-	0.0%	-	0.0%	
44300	OTHER SERVICES & CHARGES - PYR REFUNDS	3,000	3,000	3,000	-	0.0%	-	0.0%	
44500	OTHER SERVICES & CHARGES - MISCELLANEOUS	103,703	116,513	117,298	13,595	13.1%	785	0.7%	
	TOTAL OTHER SERVICES & CHARGES	111,703	124,513	125,298	13,595	12.2%	785	0.6%	
44702	MIS - SOFTWARE & LICENSES	80,520	87,250	64,350	(16,170)	-20.1%	(22,900)	-26.2%	
44703	MIS - CONSULTING SERVICES	55,600	51,100	57,700	2,100	3.8%	6,600	12.9%	
	TOTAL MIS	136,120	138,350	122,050	(14,070)	-10.3%	(16,300)	-11.8%	
45250	CONTRIBUTIONS	1,109,516	1,092,516	1,232,590	123,074	11.1%	140,074	12.8%	
	TOTAL CONTRIBUTIONS	1,109,516	1,092,516	1,232,590	123,074	11.1%	140,074	12.8%	
46100	CAPITAL - INFRASTRUCTURE	13,196,609	7,148,088	7,287,400	(5,909,209)	-44.8%	139,312	1.9%	
47101	CAPITAL - LAND IMPROVEMENTS	1,803,808	506,950	597,850	(1,205,958)	-66.9%	90,900	17.9%	
47200	CAPITAL - INFORMATION TECHNOLOGY	196,500	167,621	41,120	(155,380)	-79.1%	(126,501)	-75.5%	
47210	CAPITAL - VEHICLES & ATTACHMENTS	337,500	370,373	93,000	(244,500)	-72.4%	(277,373)	-74.9%	
47300	CAPITAL - BUILDING & IMPROVEMENTS	5,462,218	5,371,651	268,500	(5,193,718)	-95.1%	(5,103,151)	-95.0%	
47400	CAPITAL - MACHINERY & EQUIPMENT	129,842	128,842	-	(129,842)	-100.0%	(128,842)	-100.0%	
47700	CAPITAL - FURNITURE & ACCESSORIES	71,000	71,000	-	(71,000)	-100.0%	(71,000)	-100.0%	
	TOTAL CAPITAL	21,197,477	13,764,524	8,287,870	(12,909,607)	-60.9%	(5,476,654)	-39.8%	
49010	DEBT SERVICE - PRINCIPAL	2,265,000	2,265,000	2,340,000	75,000	3.3%	75,000	3.3%	
49015	DEBT SERVICE - LEASE PAYMENTS	740,645	740,645	739,498	(1,148)	-0.2%	(1,148)	-0.2%	
49020	DEBT SERVICE - INTEREST	1,412,292	1,412,292	1,252,839	(159,453)	-11.3%	(159,453)	-11.3%	
	TOTAL DEBT SERVICE	4,417,937	4,417,937	4,332,336	(85,601)	-1.9%	(85,601)	-1.9%	
	TOTAL	48,027,120	40,126,008	35,529,738	(12,497,382)	-26.0%	(4,596,270)	-11.5%	

Percentage Change Over 2008	
- Operating	1.5%
- Capital	-60.9%

**TREDYFFRIN TOWNSHIP
GENERAL FUND - OPERATING**

A/C #	A/C TITLE	2008				2009		
		BUDGET	NOV YTD	FORECAST	DELTA	BUDGET	Vs 08 BUDGET	Vs 08 FORECAST
TAXES								
REAL ESTATE PROPERTY TAXES								
30110	R/E CURRENT LEVY	7,533,000	7,499,479	7,508,000	(25,000)	7,746,000	213,000	238,000
30140	R/E PENALTIES	15,000	11,823	15,000	-	15,000	-	-
30160	R/E INTERIM	25,900	30,553	30,553	4,653	25,900	-	(4,653)
	R/E CURRENT YEAR	7,573,900	7,541,855	7,553,553	(20,347)	7,786,900	213,000	233,347
30120	R/E PRIOR YEAR	15,000	412	5,000	(10,000)	15,000	-	10,000
30150	R/E LIENED	110,000	69,427	75,000	(35,000)	50,000	(60,000)	(25,000)
	R/E PRIOR YEARS	125,000	69,839	80,000	(45,000)	65,000	(60,000)	(15,000)
	R/E TAXES	7,698,900	7,611,694	7,633,553	(65,347)	7,851,900	153,000	218,347
LOCAL TAX ENABLING ACT (ACT 511) TAXES								
31010	R/E TRANSFER TAX - GENERAL	2,750,000	2,247,919	2,250,000	(500,000)	2,025,000	(725,000)	(225,000)
31050	LOCAL SERVICES TAX	1,900,000	1,413,127	1,885,000	(15,000)	1,837,600	(62,400)	(47,400)
32174	MECHANICAL AMUSEMENT DEVICES	15,600	15,600	15,600	-	15,600	-	-
	ACT 511 TAXES	4,665,600	3,676,646	4,150,600	(515,000)	3,878,200	(787,400)	(272,400)
							-	-
TOTAL		12,364,500	11,288,340	11,784,153	(580,347)	11,730,100	(634,400)	(54,053)
LICENSES								
32134	BURGLAR ALARM	2,500	2,000	2,500	-	2,500	-	-
32161	TRANSIENT RETAILERS	100	140	140	40	100	-	(40)
32164	LEAF COLLECTORS	15,000	12,848	12,848	(2,152)	15,000	-	2,152
32180	CABLE TELEVISION FRANCHISES	475,000	414,612	550,000	75,000	555,000	80,000	5,000
TOTAL		492,600	429,600	565,488	72,888	572,600	80,000	7,112
FINES								
33111	VEHICLE CODE VIOLATIONS	130,000	93,253	100,000	(30,000)	130,000	-	30,000
33112	VIOLATIONS OF ORDINANCES	40,000	49,867	50,000	10,000	50,000	10,000	-
33113	FALSE ALARMS	40,000	25,975	30,000	(10,000)	40,000	-	10,000
							-	-
TOTAL		210,000	169,095	180,000	(30,000)	220,000	10,000	40,000
INTEREST & RENTS								
34100	INVESTMENT INCOME	332,824	166,937	182,824	(150,000)	200,000	(132,824)	17,176
34220	RENT OF BUILDINGS (CELL TOWERS)	40,000	61,908	70,000	30,000	70,000	30,000	-
34241	SIGN SPACE RENTAL	55,000	58,659	58,659	3,659	60,000	5,000	1,341
TOTAL		427,824	287,504	311,483	(116,341)	330,000	(97,824)	18,517
INTERGOVERNMENTAL REVENUES								
35501	PA UTILITY REALTY TAX ACT	15,000	19,271	19,271	4,271	20,000	5,000	729
35502	PA FUEL SALES TAX REIMBURSEMENT	18,000	20,036	20,036	2,036	20,000	2,000	(36)
35504	PA LIQUOR LICENSES	6,900	6,600	6,600	(300)	6,900	-	300
35505	PA ACT 205 PENSION AID	551,499	554,421	554,421	2,922	554,421	2,922	-
35508	PA MOTOR VEH. FINES	25,000	11,307	15,000	(10,000)	25,000	-	10,000
35521	PA - VARIOUS GRANTS/FUNDING	88,353	71,266	86,266	(2,087)	49,500	(38,853)	(36,766)
35522	PA - RECYCLING GRANTS	232,830	440,064	440,064	207,234	210,498	(22,332)	(229,566)
	PA - VARIOUS GRANTS/FUNDING	321,183	511,330	526,330	205,147	259,998	(61,185)	(266,332)
35599	PA FOREIGN FIRE INSURANCE PASS THROUGH	410,219	417,225	417,225	7,006	417,245	7,026	20
35520	CHESTER COUNTY - GRANTS/FUNDING	123,142	111,811	111,811	(11,331)	95,000	(28,142)	(16,811)
35702	CHESTER COUNTY - TASK FORCE FUNDING	36,000	24,477	26,000	(10,000)	36,000	-	10,000
35523	OTHER AGENCIES	260,603	22,691	284,060	23,457	117,603	(143,000)	(166,457)
TOTAL		1,767,546	1,699,169	1,980,754	213,208	1,552,167	(215,379)	(428,587)

**TREDYFFRIN TOWNSHIP
GENERAL FUND - OPERATING**

A/C #	A/C TITLE	2008				2009		
		BUDGET	NOV YTD	FORECAST	DELTA	BUDGET	Vs 08 BUDGET	Vs 08 FORECAST
CHARGES FOR SERVICES								
36130	SUBDIVISION / LAND DEVELOPMENT FEES	30,000	8,650	10,000	(20,000)	18,750	(11,250)	8,750
36134	HEARING FEES (ZH / BS / PC)	35,000	17,500	20,000	(15,000)	31,250	(3,750)	11,250
36136	REIMBURSED ENGINEERING FEES	136,800	27,023	61,800	(75,000)	96,000	(40,800)	34,200
36138	REIMBURSED INSPECTION & PLANNING SERVICES	5,000	6,794	6,794	1,794	5,000	-	(1,794)
36145	REAL PROPERTY TAX - TAX CERTIFICATIONS	10,500	6,051	7,500	(3,000)	10,500	-	3,000
36151	SALE OF MAPS & PUBLICATIONS	750	2,076	2,250	1,500	3,000	2,250	750
36211	SALE OF POLICE ACCIDENT REPORTS	18,000	15,450	18,000	-	20,000	2,000	2,000
36216	POLICE EXTRA DUTY	100,000	86,197	100,000	-	90,000	(10,000)	(10,000)
36217	SWAT TRAINING FEES	42,500	46,000	46,000	3,500	42,500	-	(3,500)
36241	BUILDING PERMITS	955,000	903,899	955,000	-	885,200	(69,800)	(69,800)
	FIRE INSPECTIONS	-	-	-	-	10,000	10,000	10,000
36245	USE & OCCUPANCY PERMITS	25,000	19,382	25,000	-	25,000	-	-
36246	STORMWATER & GRADING PERMITS	11,000	12,775	15,000	4,000	15,000	4,000	-
32282	STREET ENCROACHMENTS (ROAD OPENING)	25,000	49,564	49,564	24,564	45,000	20,000	(4,564)
36710	PARKS - CLINICS / CLASSES	18,000	17,673	17,673	(327)	24,600	6,600	6,927
36720	PARKS - TGARDEN SUMMER BASKETBALL	5,800	2,035	2,035	(3,765)	7,766	1,966	5,731
36730	PARKS - FIELD RENTAL INCOME	35,000	69,560	69,560	34,560	70,000	35,000	440
36740	PARKS - FEES (DAY CAMP/TENNIS/OTHER)	100,000	58,086	58,086	(41,914)	111,750	11,750	53,664
TOTAL		1,553,350	1,348,715	1,464,262	(89,088)	1,511,316	(42,034)	47,054
OTHER REVENUES								
38010	MISCELLANEOUS REVENUE	5,000	54,964	54,964	49,964	58,564	53,564	3,600
39110	SALE OF GENERAL FIXED ASSETS	20,000	5,306	5,306	(14,694)	20,000	-	14,694
36135	FEE IN LIEU OF TAXES (VFMA)	3,000	-	3,000	-	3,000	-	-
TOTAL		28,000	60,270	63,270	35,270	81,564	53,564	18,294
PLANNED USE OF RESERVES								
39286	GENERAL RESERVE FUNDING (Large Commercial R/E Smoothing)	1,025,500	1,025,500	1,025,500	-	771,000	(254,500)	(254,500)
TOTAL		1,025,500	1,025,500	1,025,500	-	771,000	(254,500)	(254,500)
TOTAL RECEIPTS		17,869,320	16,308,193	17,374,910	(494,410)	16,768,747	(1,100,573)	(606,163)
	% Change						-6.2%	-3.5%
TOTAL EXPENDITURES		19,919,278	16,895,309	19,274,868	(644,410)	19,430,167	(489,111)	155,299
	% Change						-2.5%	0.8%
OPERATING SURPLUS / (DEFICIT)		(2,049,958)	(587,116)	(1,899,958)	150,000	(2,661,420)	611,462	761,462
GENERAL FUND DEFICIT GAP APPROPRIATION		469,928	343,543	469,928	-	280,568	(189,360)	(189,360)
GENERAL RESERVE DEFICIT GAP APPROPRIATION		1,580,030	243,573	1,430,030	(150,000)	2,380,852	800,822	950,822
BALANCED BUDGET		-	-	-	-	-		
BEGINNING GENERAL FUND CASH BALANCE		3,670,340	3,950,496	3,950,496	280,156	3,480,568		
(1)	ENDING GENERAL FUND CASH BALANCE	3,200,412	3,606,953	3,480,568	280,156	3,200,000		
ENDING GENERAL RESERVE FUND CASH BALANCE		8,995,449	8,671,746	7,691,160	(1,304,289)	4,630,095		
TOTAL ENDING GENERAL UNRESTRICTED CASH BALANCE		12,195,862	12,278,699	11,171,728	(1,024,133)	7,830,095		
(1)	Our fund policy recommends a General Fund Cash Balance between \$3.2M and \$4.8M (2 to 3 months of operating cash flow needs)							

**TREDYFFRIN TOWNSHIP
SEWER UTILITY FUND**

A/C #	A/C TITLE	2008				2009		
		BUDGET	NOV YTD	FORECAST	VARIANCE	BUDGET	Vs 08 BUDGET	Vs 08 FORECAST
INTEREST & RENTS								
34100	INVESTMENT INCOME	973,719	587,206	648,719	(325,000)	408,000	(565,719)	(240,719)
TOTAL		973,719	587,206	648,719	(325,000)	408,000	(565,719)	(240,719)
INTERGOVERNMENTAL REVENUES								
35011	VALLEY FORGE SEWER AUTHORITY	-	113,256	113,256	113,256	-	-	(113,256)
35505	PA ACT 205 PENSION AID	15,937	-	15,937	-	15,937	-	-
35521	PA STATE	-	-	-	-	-	-	-
TOTAL		15,937	113,256	129,193	113,256	15,937	-	(113,256)
CHARGES FOR SERVICES								
36136	REIMBURSED ENGINEERING FEES	10,500	-	10,500	-	15,000	4,500	4,500
36152	SALE OF PLANS & SPECS	500	-	500	-	500	-	-
36411	RENTALS - CURRENT YEAR	3,320,000	3,372,578	3,372,578	52,578	3,362,000	42,000	(10,578)
36413	RENTALS - PENALTIES	35,000	43,118	43,118	8,118	42,000	7,000	(1,118)
36414	RENTALS - LIENS	20,000	36,722	36,722	16,722	26,000	6,000	(10,722)
36416	MISCELLANEOUS CHARGES	10,000	11,671	11,671	1,671	10,000	-	(1,671)
36418	TAPPING & CONNECTION FEES	643,483	592,044	625,818	(17,665)	643,000	(483)	17,182
TOTAL		4,039,483	4,056,133	4,100,907	61,424	4,098,500	59,017	(2,407)
OTHER REVENUES								
38010	MISCELLANEOUS REVENUE	-	320	320	320	-	-	(320)
TOTAL		-	320	320	320	-	-	(320)
PLANNED USE OF RESERVES								
39201	GENERAL FUND	-	-	-	-	-	-	-
39207	VALLEY CREEK FUND	-	-	-	-	-	-	-
39286	GENERAL RESERVE FUND	-	-	-	-	-	-	-
39287	CAPITAL RESERVE FUND	-	-	-	-	-	-	-
39290	CAPITAL BOND FUNDS	650,000	-	8,000	(642,000)	661,000	11,000	653,000
TOTAL		650,000	-	8,000	(642,000)	661,000	11,000	653,000
TOTAL RECEIPTS		5,679,139	4,756,915	4,887,139	(792,000)	5,183,437	(495,702)	296,298
TOTAL EXPENDITURES		6,793,371	4,573,048	5,651,371	1,142,000	7,080,473	287,102	1,429,102
OPERATING SURPLUS / (DEFICIT)		(1,114,232)	183,867	(764,232)	350,000	(1,897,036)	(782,804)	(1,132,804)
BEGINNING CASH BALANCE		26,191,597	27,589,871	27,589,871		23,717,586		
ENDING CASH BALANCE		27,589,871	24,665,685	23,717,586		21,820,551		