

WORK SESSION

2011 Operational Budget

January 18, 2011

- General Fund
- Roads and Maintenance Funds
- Police Fund
- Fire and EMS Funds



Where Families Grow and Businesses Prosper™

Mission

We provide superb customer service with emphasis on *integrity*, fiscal *responsibility*, and open *communication*

Core Values

Seeking continuous and *measurable improvement* in our services defines us as valued employees of West Chester Township



TOWNSHIP BUDGET PROCESS & GENERAL BUDGET FACTS

- The Township Administration presents a recommended annual operational budget to the Township Board of Trustees each January for consideration. This budget proposal is based upon input from all Township departments and includes revenue predictions based on multiple variables, including the market and industry standards.
- The operational budget represents activities from ten funds – General Fund, four separate Road Funds, Cemetery Fund, West Chester Community Television Fund, Police Fund, and Fire and EMS Funds.
- The General Fund includes activities from Administration, Community Development, Community Services, Information Technology, Parks and Senior Van.
- Tax Increment Financing Funds, Project Funds, Debt Service Funds, State Grant Funds and Federal Grant Funds are not considered part of the operational budget.
- The operational budget does not represent individual expenditures or encumbrances, but rather is a detailed illustration of expected expenditures by account code assigned to specific budget priorities which are set by the Board of Trustees. While direction from the Trustees is obtained and controls are applied to ensure their direction is followed, the operational budget may not be formally approved and is therefore not the “official budget.”
- Budget projections are based on several factors, including but not limited to expected costs to deliver services, expenditure trends, inflationary influences, contractual obligations and anticipated capital projects. The Township budget is based on need and not on available funding.
- Permanent Appropriations, a function of the Township’s capacity to incur expenses, is voted on by Trustees in the first quarter of the year. Permanent Appropriations is a combination of the Township’s carryover as determined at year-end, plus the estimated resources as certified by the Butler County Budget Commission and submitted in July of the previous year.
- The operational budget is limited by the Permanent Appropriations which is a function of the previous year’s tax budget.
- The tax budget is submitted to the Butler County Budget Commission and when approved leads to the Certificate of Estimated Resources issued by the Butler County Commission.

- Permanent Appropriations will be amended periodically and presented to the Trustees for a vote.
- Encumbrances are the actual assignment of dollar amounts to very specific purchases. There are very strict controls on the expenditure of funds. The Board of Trustees must consider the merits of all expenditures/encumbrances greater than \$2,500 in a public forum.
- The transfer of General Fund monies to various Township funds is accomplished throughout the year as resolutions approved by the Board of Trustees.
- The Township has no mechanism for collecting taxes. Property taxes are collected by Butler County and then distributed to West Chester Township. Income tax generated from the Township's single Joint Economic Development District is collected by municipal JEDD partner City of Fairfield and then distributed to West Chester Township. The cities of Fairfield and Springdale also receive a portion of these revenues based upon a negotiated agreement.
- Police and Fire are supported primarily by voter-approved levies. Levies can generally support the needs of the department for about five years. The Emergency Medical Service is supported by fees for service, which are primarily paid through insurance providers.
- The Roads Funds receive a portion of property tax collections, but also collect revenues from state and township motor vehicle tax and the gasoline tax.
- The General Fund receives a portion of property taxes, but also collects revenue through the state local government fund, the estate tax, the hotel tax, court fines, zoning fees and liquor permits.
- West Chester Community Television is funded by cable television franchise fees.
- The Cemetery Fund receives funds through purchase of burial plots and is supplemented by the General Fund.
- Nearly 67 percent of the Township's operational budget goes toward Police and Fire/EMS services.
- West Chester Township has a Capital Improvement Plan (CIP) which supports budget planning for larger capital expenses. The CIP represents potential expenses of \$3,500 or more associated with equipment/programming that would enhance operations. Annual costs associated with doing business are not included in the CIP. The CIP represents five years of projected potential expenses. Individual items, after consideration, are incorporated into the operational budget if funding is available and need is demonstrated. As with all expenses greater than \$2,500, they will be scrutinized by the Board of Trustees individually and acted upon in a public forum.



**WEST CHESTER TOWNSHIP
ADMINISTRATION
2011 OPERATIONAL BUDGET PRESENTATION**

As responsible stewards, the Board of Trustees and Township staff strive to utilize and expend all Township resources in a wise and fiscally responsible manner.

The Township strategically projects revenues and expends budget conservatively to weather economic challenges and effectively allocate resources for the most critical needs in the organization, while still meeting the expectations of the community in terms of amenities and services.

It has been a budgetary practice of West Chester to conservatively estimate revenues and plan for potential expenses. This practice has allowed the Township to remain within self-imposed budgetary constraints, prepare for unforeseen circumstances or situations, and build a carryover which will benefit the community through leaner times ahead.

Administration of the 2010 operational budget and compilation of the proposed 2011 operational budget demonstrate West Chester's commitment to fiscal responsibility and recognition of the broader economic climate.

2010 Year End Budget Summary

- For the 2010 operating year, strategic planning and conservative spending led to actual expenses less than budget for all major funds and general departmental expenditures (range of 5% to 22% under budget).
- Actual revenue collections for 2010 were mostly as projected except for those impacted by economic conditions.
 - Interest earned on investments – All major funds receipt interest earned, but the hardest hit were the General Fund and the Sustainable Infrastructure Fund. Reduced borrowing capital coupled with low interest rates minimized revenue earned on investments. The Township completed and made final payment on two (2) major capital projects – the library and public safety campus – as well as a \$1.7 million defeasance, thereby minimizing capital to invest.
 - Property tax revenue for applicable funds was slightly impacted because several properties completed the statutory process for inclusion in and payment to the applicable TIF district in the arrear. The past collection to the TIF slightly impacted current real property collections to the applicable funds.
 - Revenues were also impacted as a result of the Township not yet receiving full reimbursement for the Voice of America restoration project. The Township received approximately 50% of the anticipated reimbursement in 2010 and expects to receive the remainder of the reimbursement in 2011.
- On a more positive note, revenue from the JEDD in 2010 was 40% more than projected. JEDD collections receipted \$829,985 in 2010.

- Revenue received through the hotel tax also came in slightly higher than was anticipated in 2010.

2011 Proposed Operational Budget Overview

The proposed operational budget for 2011 once again reflects West Chester's commitment to fiscal responsibility and excellent stewardship of taxpayer dollars. With a successful history of budget planning and fiscal restraint, West Chester continues to be conservative in revenue projections and budgeted expenses in order to weather economic challenges and effectively allocate resources for the most critical needs of the community.

When projecting revenues for 2011, the Township was cognizant of economic conditions and discussions at the state level, significantly reducing primary revenue resources. With that said, the anticipated reduction in revenue coupled with the unrealized balance in the Sustainable Infrastructure Fund, create a challenge to the Township's long-term infrastructure management plan.

Addressing the shortfall and adjusting the long-term financial plan for infrastructure management and maintenance are pressing matters the Board must consider. The 2011 operational budget being presented to the Board of Trustees for consideration reflects expenditures greater than revenues in order to continue building a sustainable fund for public infrastructure repair and maintenance.

The 2011 operational budget as presented proposes timely investment in the most critical and essential services – public safety services and infrastructure. It demonstrates strategic planning for long term support of infrastructure, preparing for potential costs for a maturing workforce, and considering market increases in fuel, utilities, health care and other “cost of doing business” line items.

The General Fund budget will reflect transfer expenditures and diverted investment earnings to continue addressing maintenance, repair, and building of sustainable public infrastructure. A \$1.5 million operating supplement (transfer) from the General Fund to the Road and Bridge Fund and diverted investment earnings will continue to be part of the budget as the Sustainable Infrastructure Fund becomes solvent.

The operational budget as presented does not represent individual expenditures or encumbrances, rather a detailed illustration of expected expenditures by account code assigned to specific budget priorities which are set by the Board of Trustees. The merit of expenditures greater than \$2,500 must be decided by the Board of Trustees in a public forum.

Notable Impacts to Operational Budget Revenues

- Constraints have been placed on revenue projections for property tax collections in 2011 based upon current economic conditions. Again, these projections are in keeping with West Chester's long standing practice of conservatively estimating revenues and preparing for unforeseen circumstances.
- Duke Energy continues to challenge its property valuations. If the challenge is awarded, the revision impacts West Chester's revenues approximately \$265,000 which has been respectively applied as reduced revenue in 2011 to the primary funds. While the final decision by the Board of Revisions is not yet known, the potential impact has been considered in revenues for the coming year.
- Local Government Fund continues to be a topic of much debate in the state legislature. In previous years, West Chester has received up to \$1.5 million in Local Government Funds, but the future of this revenue source seems more uncertain than ever. Due to this uncertainty and in spite of state reports that revenue from the Local Government Fund will increase in 2011, West Chester is projecting a dramatic 68% decrease in this funding.
- Revenue generators subject to employment rates and spending continue to be equally volatile due to the economy. Conservative revenue projections have been budgeted in these areas:
 - fuel tax revenue projected 28% decrease from 2010 receipts,
 - motor vehicle tax projected 10% decrease of 2010 receipts,
 - hotel tax constrained by 25% of 2010 receipts, and
 - General Fund interest revenue constrained by 35% of 2010 receipts.
- West Chester will again project modest revenues in 2011 for the JEDD. Projected revenues for 2011 are a 20% reduction from 2010 collections. Appropriate amounts from 2011 JEDD collections will be deposited into the Police and Fire Funds respectively to fulfill a commitment made by the Board of Trustees to compensate funding lost as a result of the property tax abatement. These estimated amounts can be calculated as soon as effective rates are finalized.
- As mentioned previously, West Chester is also anticipating completion of the Voice of America building restoration and will close out the existing grant with reimbursement from the Ohio Cultural Facilities Commission of just over \$500,000.

Notable Budget Items Related to Cost of Doing Business

- Consistent with West Chester's commitment to continuous improvement, the 2011 budget process more precisely formulates salaries and benefits and assigns potential costs for a maturing workforce. This improvement is significant and brings consistency and accountability to the largest operating expenditure.
- Due to deliberate planning, West Chester was able to secure medical insurance for employees in 2011 with a modest renewal increase – much less than industry standard – and within the projected 2011 budgeted increase of 8%. Medical insurance for employees increased 6% for 2011.

Overview of Operational Budget for Primary Funds

- **General Fund:** The General Fund's 2011 anticipated expenses of \$8.15 million are less than 2010 budgeted expenses of \$9.3 million. This reduction is in spite of the General Fund adding capacity for a key position (Human Resources Director position), recommending certain capital improvement projects, continuing the operating supplement (transfer) to the Road and Bridge Fund, and accounting for inflationary and cost of doing business expenses.
- **Roads Funds:** The 2011 budgeted expenses of \$4.49 million are consistent with this Fund's budget over the past three years. In 2010 budgeted expenses from the Roads Funds were \$4.72 million, and in 2009 the budget was \$4.7 million. The 2011 proposed budget includes significant dollars to repair and maintain aging infrastructure, approximately \$700,026 to repave 5 miles of roadway; \$343,790 to slurry sealcoat about 11 miles of roadway; \$160,000 for curb replacement; and \$146,000 for critical culvert replacement and repairs.
- **Emergency Dispatch:** The proposed budget for 2011 is just over \$1.7 million. This is an increase of approximately \$40,000 as a result of contractual benefits. This budget affects both the Police and Fire Funds as Dispatch costs are shared by these departments.
- **Police Fund:** The Police Department's budget proposes expenses of just over \$14.8 million. This budget maintains the current workforce with capacity to hire two (2) additional officers if warranted; replaces end of effective life police vehicles; replaces two (2) retiring police canines if needed; and projects legal fees and personnel costs related to current contract negotiations. The Police Department is able to maintain its effective service to the community because of the continued confidence of the voters. As promised, the Police Department will continue to seek efficiencies in order to effectively utilize resources and stretch taxpayer support.
- **Fire and EMS Funds:** The Fire and EMS Funds have proposed 2011 budgeted expenses of just over \$12.75 million. The 2011 proposed budget maintains the current career workforce with eight (8) new part-time personnel and includes the purchase of a squad and video conferencing equipment to cost effectively and efficiently train personnel.

Sustainable Infrastructure Fund (SIF)

- The 2009 operational budget introduced a 5-7 year plan intended to fund and reserve resources for the infrastructure management program, namely street resurfacing.
- This Fund was established as part of the 2009 budget and was made possible as a result of years of conservative spending on the part of Boards of Trustees.
- By maintaining a healthy fund balance in the General Fund, the carryover could sustain a multi-year supplement to the roads maintenance operations. The plan was to transfer an annual \$1.5 million operating supplement to the Road and Bridge Fund from the General Fund and divert interest earned on investment revenue traditionally received in the General

Fund to a newly established Sustainable Infrastructure Fund. In previous years, the interest earned was approximately \$1.5 - \$2 million, but the last two (2) years' receipts have experienced an economically challenged market. The SIF was intended to reserve funds that would continue to fund the annual operating supplement to roads once the General Fund's carryover could no longer accommodate an annual operating supplement. Since its conception in 2008, the long term financial plan projected a SIF balance of \$3 million after two (2) years, while only \$856,000 has actually been realized.

- In order to address the demands of aging infrastructure, operating supplements (transfers) to the Road and Bridge Fund must remain part of the budget strategy for the next several years and in 2011 the Board must consider several options to establish a more solvent Sustainable Infrastructure Fund.

Notable Capital Expenditures

- **Roof Replacement for West Chester Safety Services Center:** \$2.5 million has been identified for building repair and roof replacement at the West Chester Safety Services Center. This includes re-engineering of the roof and complete replacement and necessary structural upgrades. TIF funds have been identified for this project. TIF funds are generated by commercial development in the community and do not affect or impact residential property taxes. TIF Funds are not demonstrated in the primary funds operational budgets.
- **U.S. Route 42 Redevelopment Improvements:** \$200,000 has been set aside in the 2011 General Fund budget to enhance the revitalization of this mature retail corridor which serves a significant purpose in West Chester's economy.
- **Connections Pathway:** \$20,000 has been budgeted to continue an existing 6-foot-wide sidewalk along Cincinnati-Dayton Road, completing the connection from Olde West Chester to Union Centre Boulevard.
- **Connections Pathway:** Two (2) additional projects are proposed for Board of Trustees consideration. The first is extending the existing Port Union Trail along the designated conservation corridor to the West Chester Safety Services Center. The second for Board of Trustee consideration is the Beckett Road pathway, continuing the existing public-private pathways at Beckett Ridge to SR 747. With Board of Trustee approval, funding for these capital projects may be derived from a variety of sources.
- **Civic Centre Boulevard Extension:** \$3 million has been budgeted utilizing TIF funds to extend Civic Centre Boulevard to Allen Road. Project funding will be development driven pursuant to a service agreement.
- **I-75 Southbound Storage Lane:** \$1.5 million has been budgeted from the Union Centre Boulevard TIF to construct an additional I-75 storage lane required by The Ohio Department of Transportation to accommodate further commercial development.
- **Voice of America -** \$545,000 has been budgeted in the General Fund for replacement of the roof and relocation of a water line at the Voice of America property. These projects are part of a planned restoration of the historic building. The majority of funding for these projects will capitalize on grants already awarded by The Ohio Cultural Facilities Commission.

**WEST CHESTER TOWNSHIP
2011 OPERATIONAL BUDGET PRESENTATION**

- **Police Vehicle Replacement:** \$350,000 has been budgeted for replacement of end of effective life vehicles.
- **Paramedic Unit/Ambulance:** \$250,000 has been budgeted for replacement of a paramedic unit.

			Total
General Fund	Admin	Salaries	\$ 877,577
		Benefits	\$ 369,494
		Purchased Services	\$ 741,128
		Supplies and Materials	\$ 271,123
		Utilities	\$ 101,859
		Miscellaneous	\$ 226,200
		Capital Improvement	\$ 228,500
		Debt Service	\$ 148,131
		Transfers and Accounting	\$ 1,650,000
	Admin Total		\$ 4,614,013
	Community Development	Salaries	\$ 620,561
		Benefits	\$ 254,583
		Purchased Services	\$ 108,797
		Supplies and Materials	\$ 22,692
		Utilities	\$ 10,398
		Miscellaneous	\$ 8,925
		Capital Improvement	
		Transfers and Accounting	\$ 12,600
	Community Development Total		\$ 1,038,555
	Information Technology	Salaries	\$ 338,625
		Benefits	\$ 131,709
Purchased Services		\$ 65,722	
Supplies and Materials		\$ 11,300	
Utilities		\$ 24,417	
Miscellaneous		\$ 6,450	
Capital Improvement			
Transfers and Accounting			
Information Technology Total		\$ 578,223	
Services	Salaries	\$ 336,295	
	Benefits	\$ 150,411	
	Purchased Services	\$ 32,317	
	Supplies and Materials	\$ 18,920	
	Utilities	\$ 5,125	
	Miscellaneous	\$ 1,075	
	Capital Improvement	\$ 25,000	
	Transfers and Accounting		
Services Total		\$ 569,143	
Parks	Salaries	\$ 284,193	
	Benefits	\$ 102,456	
	Purchased Services	\$ 230,139	
	Supplies and Materials	\$ 37,150	
	Utilities	\$ 103,040	
	Miscellaneous	\$ 2,225	
	Capital Improvement	\$ 560,500	
Transfers and Accounting			

General Fund	Parks Total		\$ 1,319,702
	Other	Purchased Services	\$ 3,890
		Supplies and Materials	\$ 6,665
		Utilities	\$ 20,906
		Miscellaneous	\$ 400
		Capital Improvement Transfers and Accounting	
Other Total		\$ 31,861	
General Fund Total			\$ 8,151,497
Roads	Roads	Salaries	\$ 1,105,495
		Benefits	\$ 440,563
		Purchased Services	\$ 391,544
		Supplies and Materials	\$ 737,234
		Utilities	\$ 58,087
		Miscellaneous	\$ 798
		Capital Improvement Transfers and Accounting	\$ 1,757,015
	Roads Total		\$ 4,490,736
Roads Total			\$ 4,490,736
Cemetery	Cemetery	Salaries	\$ 168,372
		Benefits	\$ 78,850
		Purchased Services	\$ 25,821
		Supplies and Materials	\$ 15,363
		Utilities	\$ 3,554
		Miscellaneous	
		Capital Improvement Transfers and Accounting	\$ 14,500
	Cemetery Total		\$ 306,459
Cemetery Total			\$ 306,459
TV Fund	TV Fund	Salaries	\$ 176,137
		Benefits	\$ 76,991
		Purchased Services	\$ 44,286
		Supplies and Materials	\$ 41,822
		Utilities	\$ 12,045
		Miscellaneous	\$ 1,000
		Capital Improvement Debt Service Transfers and Accounting	\$ 10,000 \$ 80,800
	TV Fund Total		\$ 443,081
TV Fund Total			\$ 443,081
Police	Police	Salaries	\$ 8,772,719
		Benefits	\$ 3,652,950
		Purchased Services	\$ 963,043
		Supplies and Materials	\$ 742,764
		Utilities	\$ 233,693
		Miscellaneous	\$ 60,000
		Capital Improvement	\$ 380,000

Police	Police	Transfers and Accounting	
	Police Total		\$ 14,805,169
Police Total			\$ 14,805,169
Fire	Fire	Salaries	\$ 7,118,192
		Benefits	\$ 2,913,789
		Purchased Services	\$ 684,885
		Supplies and Materials	\$ 356,151
		Utilities	\$ 218,853
		Miscellaneous	\$ 23,200
		Capital Improvement	\$ 132,500
		Debt Service	\$ 123,850
		Transfers and Accounting	
	Fire Total		\$ 11,571,419
	EMS		Salaries
Benefits			\$ 92,559
Purchased Services			\$ 204,500
Supplies and Materials			\$ 324,784
Utilities			\$ 21,770
Miscellaneous			\$ 6,500
Capital Improvement			\$ 339,500
Transfers and Accounting			
EMS Total		\$ 1,183,268	
Fire Total			\$ 12,754,688
Grand Total			\$ 40,951,630