

2012

OPERATIONAL BUDGET WORK SESSION

January 17, 2012

GENERAL
FUND

ROADS AND
MAINTENANCE
FUNDS

POLICE FUND

FIRE & 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.
- 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's operational 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 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 70 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. Because these expenses are 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
2012 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 conservatively expends budget 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 underestimate revenues and account for potential or unanticipated and unexpected expenditures in order to fund potential liabilities and be prepared for unforeseen circumstances or situations. This practice has allowed the Township to remain within self-imposed budgetary constraints and build a carryover which will benefit the community through leaner times ahead.

Additionally, the traditional strategy of budgeting based on need and not on availability of funds, further ensures staff expends within the budgetary constraints.

Administration of the 2011 Operational Budget and compilation of the proposed 2012 Operational Budget demonstrate West Chester's commitment to fiscal responsibility and awareness of the broader economic climate.

2011 Year End Budget Summary

- For the 2011 operating year, strategic planning and conservative spending led to actual expenses less than budget for all major funds and general departmental expenditures, averaging about 14% less than budget.
- Actual revenue collections for 2011 were mostly as projected and accounted for with today's volatile economic conditions.
 - Interest earned on investments continues to be impacted by economic conditions and has especially impacted the balance of the Sustainable Infrastructure Fund (SIF) as introduced in 2009. Moreover, what was only a few short years ago a significant revenue source for the Township, interest earned has decreased 74% from 2008 to 2011. The Township receipted approximately \$2.8 million in interest in 2008 compared to \$773,615 in 2011. Although never projected as a reliable revenue source even when the economy was robust, the decrease in interest earned impacts fund balances as revenues flat line and costs of doing business and inflationary factors increase.
 - Property tax revenue for applicable funds was also impacted in 2011, due to reappraisals, demonstrating a 3.6% decrease in property values. The first property value decrease experienced by West

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2012 OPERATIONAL BUDGET PRESENTATION**

Chester since 1996. Although all funds receiving property tax collections were impacted, the property value reduction most significantly impacted the police levy fund. Actual collections in 2011 for the police levy were \$758,693 less than what was certified as property tax collections at the levy renewal in 2010. This variance is attributed to decreased property values.

- On a more positive note, the JEDD revenues have made up for other revenue losses or decreases and prove to be a viable revenue source for operations. In 2011, the Township received \$1,126,006, 67.6% more than originally estimated (\$672,000) for the year. JEDD revenues in 2011 increased 35.7% from 2010 (\$830,000). A portion of these revenues are being distributed upon resolution by the Board of Trustees to the Police and Fire funds, respectively the amount to be received if the GE Aviation project materialized with no granted abatement.
- Hotel tax revenues were \$777,580, 46.7% greater than budget projections (\$530,000) for 2011.
- The Township also received the remaining reimbursement from the Ohio Cultural Facilities Commission for the first phase of the \$1,025,000 Voice of America restoration project as was anticipated.

2012 Proposed Operational Budget Overview

It has been approximately five (5) years since the macro-economy declined and to date, West Chester has fared the challenging economic times well, but continually seeks ways and methods to improve its performance, operations, and delivery of services while remaining fiscally responsible and accountable stewards of taxpayer dollars.

The proposed 2012 Operational Budget responds to the revenue reductions from varying sources affecting the primary funds uniquely. The proposed operational budget for 2012 continues to reflect West Chester's commitment to fiscal restraint and its traditional approach to conservative revenue projections and budgeted expenses in order to further weather economic challenges and effectively allocate resources for the most critical needs of the community.

Regardless of how well the economic storm has been weathered to date, West Chester acknowledges it experienced the first dramatic effects of a struggling economy with reductions in property values in 2011 for the first time since 1996. Revenues in 2012 are even more impacted based on Butler County's announced property value decreases, a recently enacted State budget, and a continually predicted constrained economy.

When projecting revenues for 2012, the Township was cognizant of economic conditions, the broader economic climate, the reductions in primary revenue sources from the State, and the reductions in property valuations. Each of these circumstances and dynamics all have an impending impact on the Township's operations and delivery of services.

West Chester has been more fortunate than many communities due to its long-standing budgetary practices, but now must sharpen its pencil even further to meet the challenges ahead. The 2012

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2012 OPERATIONAL BUDGET PRESENTATION**

Operational Budget demonstrates the respective departments' transformed perspective to its operations and expenditures. Each department is challenged in 2012 to deconstruct the way they operate and deliver services and then reconstruct the same with a regenerated approach.

The 2012 Operational Budget reflects the Board of Trustees' continued commitment to managing escalating infrastructure maintenance and replacement costs through financial support to the Roads' funds by funding supplements from the General Fund, from the applicable TIF funds for eligible maintenance, and a financial partnership with the Butler County Engineer's Office. Because of the partnership with the BCEO, the General Fund in 2012 can support a direct subsidy to the Sustainable Infrastructure Fund.

In order to address the demands of aging infrastructure and to continue to build a sustainable fund for public infrastructure maintenance, operational supplements (transfers) to the Roads and Bridge Fund must remain part of the budget for the next several years and during that same period, the Board must acknowledge operational budgets will demonstrate expenditures greater than revenues.

Continuing, staff acknowledges its approach to projected revenues is highly conservative and further recognizes its projections are almost always too lean; therefore, as an example of deconstructing and then reconstructing a regenerated approach to budgetary expenditures, the 2012 Operational Budget introduces a new methodology. The proposed budgetary model recognizes revenues almost always receipt greater than projections so with the 2012 Operational Budget, staff introduces several conditional capital improvement expenditures, necessary in 2012, but only affordable if revenues receipt greater than projected. Staff recommends a performance measurement of 10%, indicating actual revenues must receipt 10% greater than projections to recommend the conditional purchases.

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

- Significant constraints have been placed on budget projections for property tax collections in 2012 based upon economic conditions and their impacts to projected revenues. While there remains significant debate, the Budget Commission projected a 14% reduction in property tax collections in 2012 – 7% due to reduced valuations and 7% due to delinquencies - for a total impact of \$3.8 million. While this is an austere projection and one that has been disputed by other agencies, it would be fiscally irresponsible to not take the announcement seriously when projecting revenues for 2012.
- The State's distribution of Local Government Funds (LGF) will significantly impact local government revenues in 2012. In previous years, West Chester has received up to \$1.5 million in Local Government Funds, but with HB 153 and the Governor's OhioJobs Budget, this revenue source is cut 25% in the first year and 50% in the second year, based

**WEST CHESTER TOWNSHIP
2012 OPERATIONAL BUDGET PRESENTATION**

on the State's fiscal year. The State has declared its distributions for the next biennial budget. Because the LGF is affected by numerous factors and is a result of several economic multipliers, subject to continued volatility in the economy, namely commercial activity tax, West Chester is projecting an even greater decrease in this funding source for 2012. A 60% reduction in the Local Government Fund revenues is projected.

- In 2005 the Township received \$2,921,973 in Tangible Personal Property Tax and \$181,964 from Senate Bill 3 as State funding distributions. Due to a restructuring of State tax policy, both are now on an accelerated and further reduced schedule for elimination affecting all major funds.

**Tangible Personal Property Tax and Senate Bill 3 Revenue Elimination
Impacted By Recent State Tax Policy Changes**

Affected Fund	Receipts 2005	Previously Pledged 2012	Policy Impact 2012	Impact	Percentage Decrease
General Fund	\$ 196,261	\$ 123,107	\$ 67,891	\$ (55,216)	45%
Road/Bridge	\$ 187,759	\$ 76,705	\$ 67,043	\$ (9,662)	13%
Police	\$1,644,698	\$ 849,196	\$ 594,050	\$ (255,146)	30%
Fire	\$1,075,219	\$ 557,759	\$ 381,889	\$ (175,870)	32%
TOTAL	\$3,103,937	\$1,606,767	\$1,110,873	\$ (495,894)	31%

- Revenue generators subject to employment rates and spending continue to be equally volatile due to the economy. Conservative 2012 revenue projections have been budgeted in these areas:
 - fuel tax projections are \$349,774, an 8% reduction from 2011 receipts of \$379,640,
 - motor vehicle tax projections are \$500,435, a 12% reduction from 2011 receipts of \$571,579,
 - hotel tax projections are \$545,306, a 30% reduction from 2011 receipts of \$777,580, and
 - interest revenue of \$200,000, 47% less than 2011 receipts of \$380,377.
 - JEDD revenues are modestly projected again for 2012, namely 20% less than 2011 actual receipts. Although both GE Aviation buildings are complete and fully occupied, the Township projects income tax conservatively as long as the economy remains volatile and employment in flux.
- West Chester also anticipates completion of the Voice of America building restoration and will close out the existing grant with reimbursement from the Ohio

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2012 OPERATIONAL BUDGET PRESENTATION

Cultural Facilities Commission of approximately \$500,000. This is demonstrated as both an expense and a revenue item in the 2012 Operational Budget.

Notable Budget Items Related to Cost of Doing Business

- Consistent with West Chester’s commitment to continuous improvement, the 2012 budget process continues to more precisely formulate salaries, benefits, and potential compensation liabilities – retirement, separation, etc. – within each of the Township departments. This improvement is significant and brings consistency and accountability to the largest operating expenditure – personnel.
- As West Chester moves forward within new budgetary constraints, its ongoing commitment to civic organizations, providing benefit to the community and Township operations, will be evaluated. The 2012 Operational Budget proposes to continue a funding contribution to Partners in Prime for operations of the West Chester Activity Center and consider a funding contribution to The National Voice of America Museum of Broadcasting Board of Directors for development and management of a Voice of America museum.
- The 2012 Operational Budget reflects and implements increased budget capacity for contracted IT services. This is a necessary and applied cost to the General Fund due to the reorganizational plan introduced and implemented in 2011, mostly impacting IT, offering an overall cost savings to taxpayers.
- In 2012 the Butler County Emergency Management Agency will impose a first-time fee of nearly \$24,000 to townships for services provided by the agency. The fee had previously been charged only to cities. This new fee is accounted for in the 2012 Operational Budget.

Overview of Operating Budget for Primary Funds

- **General Fund:** The General Fund’s 2012 budgeted expenses of \$7.04 million are 13.1% less than 2011 budgeted expenses of \$8.1 million. This reduction is in spite of the General Fund adding capacity for necessary functions - HR Specialist and contracted services for IT; continuing funding for Partners in Prime; considering funding support for The National Voice of America Museum of Broadcasting; maintaining the \$1.5 million transfer for infrastructure maintenance and replacement; as well as planning for some necessary capital improvement projects.
- **The Roads Funds:** The Roads Funds’ 2012 budgeted expenses of \$3.9 million are less than operational budgets over the past three years. In 2011 budgeted expenses for the Roads Funds were \$4.5 million, and in 2010 the budget was \$4.7 million. Despite increasing costs of maintaining infrastructure, West Chester continues to seek opportunities to improve efficiencies and reduce costs.
 - In 2012, West Chester will strengthen its partnership with the Butler County Engineer’s Office to achieve critical infrastructure improvements through shared services. As permitted by law, West

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Chester utilizes tax increment financing funds to maintain eligible infrastructure improvements. West Chester will use applicable TIF funds to pave county roadways within the TIF district, and in return the Engineer's Office will contribute equipment, personnel, and other resources to improve and maintain Township infrastructure throughout the community. Through this partnership, West Chester will save approximately \$300,000. The partnership does not burden either entities' operational budget and applies capacities of internal resources already being expended.

- Because of this partnership with the Butler County Engineer's Office, West Chester will effectuate a stable paving program and continue to advance necessary replacement and maintenance of critical infrastructure – roadways, ditches, storm sewer – while saving approximately \$300,000.
- **Emergency Dispatch:** The Emergency Dispatch proposed budget for 2012 is slightly more than \$1.8 million. This is an increase of approximately \$100,000 as a result of several annual capital projects delayed or not previously scheduled and hiring the necessary complement to operate the Communications Center. This budget affects both the Police and Fire Levy Funds as Dispatch costs are shared by these departments.
- **Police Fund:** The Police Fund 2012 budgeted expenses of nearly \$14.6 million are slightly less than the 2011 budgeted expenses of \$14.8 million. The Police Department has been consistently and actively working to maintain costs. With the continued confidence of voters in approving the 2010 replacement levy, the Police Department is able to maintain its effective delivery of service to the community, but will have to seek even more efficiencies to respond to the discrepancies in the certified levy collection amounts and elimination of tangible personal property tax and other revenue sources. As promised, the Police Department will continue to seek efficiencies in order to effectively utilize resources and stretch taxpayer support.
- **Fire Fund:** The Fire/EMS Fund reduced its 2011 budgeted funding levels in 2012. Nearly \$12.5 million is budgeted for 2012, decreased from \$12.8 million budgeted in 2011. The Fire Department continues to maintain costs within the constraints of a levy approved by voters in 2006. The Fire Department continues to seek efficiencies in the delivery of service and the allocation of resources.

Notable Capital Expenditures

- The Capital Improvement Plan, presented as part of the operational budget, is a tool used not only to demonstrate annual capital projects and expenditures but more importantly a budgetary tool to plan for and anticipate large capital expenses. The Township uses the CIP to “save for” and reserve funds to make those purchases when necessary.
 - **Connections Pathway:** Two projects are proposed for Board of Trustees' consideration: extending a pathway along and connecting with existing portions of the conservation corridor and the Beckett

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Road connections pathway. These projects were considered, but not realized in 2011. Funding is from a variety of sources.

- **Civic Centre Boulevard Extension:** \$3 million has been budgeted in the UCB TIF to extend Civic Centre Boulevard to Allen Road. Project funding will be development driven and reimbursed pursuant to an already obligated service agreement.
 - **Improvements to UCB and Interstate 75 Ramps -** \$6 million has been budgeted in the UCB TIF to address required improvements based on predicted development demands. Project construction and funding will be development driven and must be budgeted in the event the economy recovers and development becomes more robust.
- A few capital expenditures, necessary in 2012, but conditional and only affordable if revenues receipt greater than projected are to be considered in 2012. Staff recommends a performance measurement of 10%, indicating actual revenues must receipt 10% greater than projections to recommend the conditional purchases. These projects contingent upon revenues include:
- **Voice of America Water Line:** Approximately \$65,000 may be considered for the extension of an 8-inch water line to serve fire suppression to The National Voice of America Museum of Broadcasting and to connect water supply to The Voice of America Park operated by MetroParks of Butler County.
 - **Dump Truck:** Approximately \$60,000 may be considered for the purchase of a dump truck for the Roads and Maintenance division. The dump truck will replace an existing vehicle and will be equipped for snow removal.
 - **Office Renovations:** \$20,000 is budgeted, contingent upon actual revenue receipts, for the replacement of carpet and flooring in the Community Development offices. This replacement is recommended to maintain the level of acceptable maintenance for Township facilities.



WEST CHESTER TOWNSHIP

2012 OPERATIONAL BUDGET - ALL FUNDS

General Fund	Admin	Salaries	\$ 1,081,846
		Benefits	\$ 490,475
		Purchased Services	\$ 904,956
		Supplies and Materials	\$ 167,614
		Utilities	\$ 125,258
		Miscellaneous	\$ 275,450
		Capital Improvement	\$ 15,500
		Debt Service	\$ 149,931
		Transfers & Accounting	\$ 1,700,000
	Admin Total		\$ 4,911,030
	Parks	Salaries	\$ 288,521
		Benefits	\$ 94,719
		Purchased Services	\$ 117,820
		Supplies and Materials	\$ 38,625
		Utilities	\$ 83,080
		Miscellaneous	\$ 2,150
		Capital Improvement	\$ 19,900
	Parks Total		\$ 644,816
	Other	Purchased Services	\$ 6,315
		Supplies and Materials	\$ 6,700
		Utilities	\$ 21,467
		Miscellaneous	\$ 500
		Capital Improvement	\$ -
	Other Total		\$ 34,982
	Community Development	Salaries	\$ 554,133
Benefits		\$ 244,330	
Purchased Services		\$ 105,130	
Supplies and Materials		\$ 23,401	
Utilities		\$ 9,371	
Miscellaneous		\$ 5,775	
Capital Improvement		\$ -	
Transfers & Accounting		\$ 12,600	
Community Development Total		\$ 954,740	
Services	Salaries	\$ 291,474	

		Benefits	\$ 140,648
		Purchased Services	\$ 27,962
		Supplies and Materials	\$ 22,761
		Utilities	\$ 6,212
		Miscellaneous	\$ 1,375
		Capital Improvement	\$ -
	Services Total		\$ 490,432
General Fund Total			\$ 7,036,000
Roads	Roads	Salaries	\$ 1,042,318
		Benefits	\$ 418,571
		Purchased Services	\$ 333,910
		Supplies and Materials	\$ 529,988
		Utilities	\$ 55,585
		Miscellaneous	\$ -
		Capital Improvement	\$ 1,537,325
		Transfers & Accounting	\$ -
	Roads Total		\$ 3,917,697
Roads Total			\$ 3,917,697
Cemetery	Cemetery	Salaries	\$ 176,723
		Benefits	\$ 85,081
		Purchased Services	\$ 26,137
		Supplies and Materials	\$ 13,063
		Utilities	\$ 3,515
		Miscellaneous	\$ -
		Capital Improvement	\$ 3,500
		Transfers & Accounting	\$ -
	Cemetery Total		\$ 308,019
Cemetery Total			\$ 308,019
TV Fund	TV Fund	Salaries	\$ 173,725
		Benefits	\$ 67,244
		Purchased Services	\$ 53,060
		Supplies and Materials	\$ 48,653
		Utilities	\$ 12,924
		Miscellaneous	\$ -
		Capital Improvement	\$ 45,000
		Debt Service	\$ 87,982
		Transfers & Accounting	\$ -
	TV Fund Total		\$ 488,589
TV Fund Total			\$ 488,589

Police	Police	Salaries	\$ 8,787,917	
		Benefits	\$ 3,625,634	
		Purchased Services	\$ 1,015,750	
		Supplies and Materials	\$ 706,754	
		Utilities	\$ 243,431	
		Miscellaneous	\$ 43,200	
		Capital Improvement	\$ 154,785	
		Transfers & Accounting	\$ -	
Police Total			\$ 14,577,470	
Police Total			\$ 14,577,470	
Fire	Fire	Salaries	\$ 7,231,098	
		Benefits	\$ 2,739,091	
		Purchased Services	\$ 641,175	
		Supplies and Materials	\$ 252,591	
		Utilities	\$ 207,979	
		Miscellaneous	\$ 27,000	
		Capital Improvement	\$ 108,350	
		Debt Service	\$ 131,794	
	Transfers & Accounting	\$ -		
	Fire Total			\$ 11,339,077
	EMS		Salaries	\$ 204,709
			Benefits	\$ 98,041
			Purchased Services	\$ 252,300
Supplies and Materials			\$ 275,891	
Utilities			\$ 21,598	
Miscellaneous	\$ 7,500			
Capital Improvement	\$ 333,350			
Transfers & Accounting	\$ -			
EMS Total			\$ 1,193,389	
Fire Total			\$ 12,532,465	
Grand Total			\$ 38,860,242	