

# FY 2014 Budget Impacts



WEST NORRITON TOWNSHIP  
FISCAL YEAR 2014



# Overview



- Contractual Items
- Revenue Impacts
- Expense Impacts
- Short-term Issues
- Long-term Issues
- Schedule

# Contractual Items



- Police Collective Bargaining Agreement
  - 3% Salary Increase for FY 2014

<b>Position</b>	<b>Year- 2014</b>	<b>Year-2015</b>
Patrolman (13)	\$90,120	\$92,824
Corporal (4)	\$91,211	\$93,947
Detective (3)	\$92,847	\$95,632
Sergeant (6)	\$96,621	\$99,520

# Contractual Issues



- AFSCME Collective Bargaining Agreement
  - 2.5% Increase for FY 2014

<b>Administration</b>	<b>Year-2014</b>
Bookkeeper	\$21.72
Secretary	\$19.54
Receptionist/Clerk	\$17.34

<b>Golf Course</b>	<b>Year- 2014</b>
Mechanic	\$27.31
Laborer	\$24.12
Spray Tech	\$20.81
Seasonal	\$12.25

<b>Police Office</b>	<b>Year-2014</b>
Lead Clerk	\$21.36
Secretary	\$19.54
Receptionist/Radio Room Clerk	\$17.34

<b>Public Works</b>	<b>Year-2014</b>
Foreman	\$29.63
Assistant Foreman	\$27.82
Laborer/Mechanic	\$27.31
Seasonal	\$14.50

# Revenue Impacts



- Assessed Value of Township is declining
  - FY 2014 is a projection at this time
  - \*\* A major retail tenant has a pending assessment hearing

## Township Taxable Assessments

Change in Assessment by Year

<u>Year</u>	<u>Assessment</u>	<u>Change</u>
<b>2014</b>	<b>970,157,071</b>	<b>-1,535,256</b>
2013	971,692,327	<b>-599,330</b>
2012	972,291,657	<b>-201,680</b>
2011	972,493,337	510,090
2010	971,983,247	1,518,850

# Revenue Impacts



- Loss of School Resource Officer grant (SRO)
  - Norristown Area School District has agreed to continue the SRO program under a 70/30 split with Township
  - West Norriton now responsible for 30% of cost

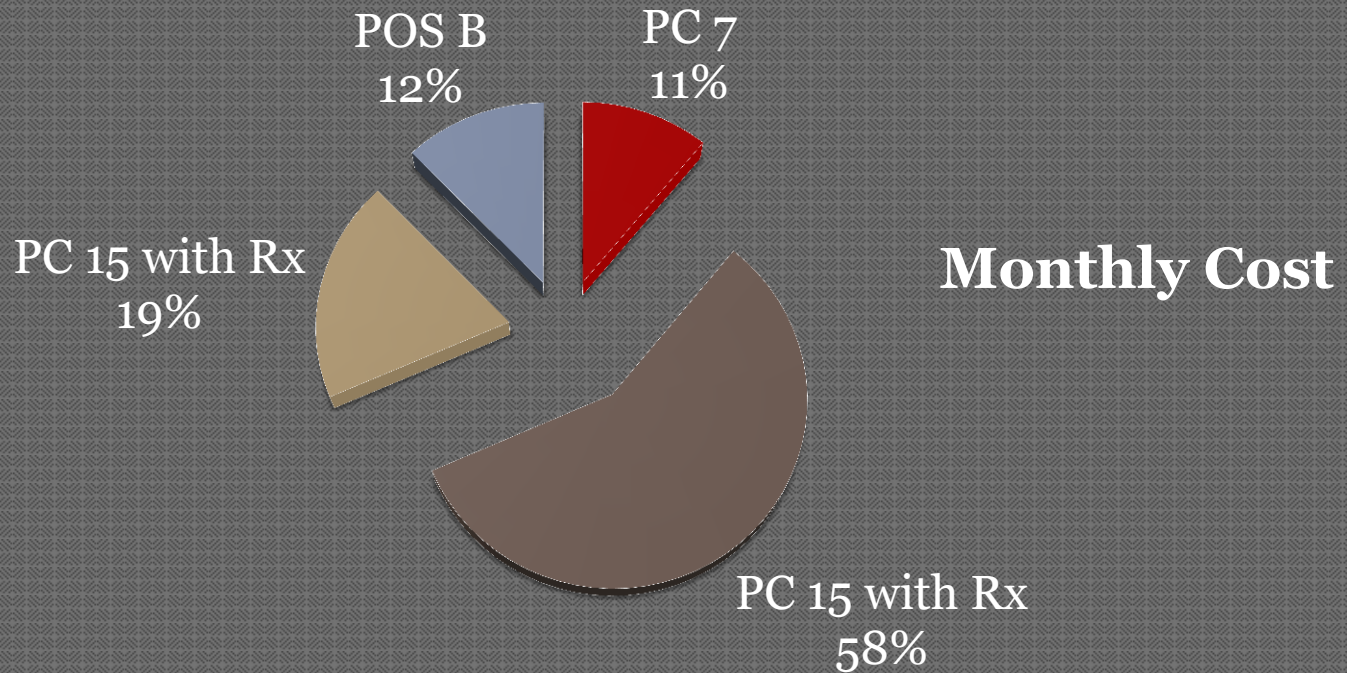
# Expense Impacts



- Healthcare Renewal
  - IBC has increased our premiums 12%
  - Increase equals \$145,957.20

Plan	Current Cost	Renewal Cost
Personal Choice 7 with \$5/\$10 Rx	\$12,179.27	\$13,548.75
Personal Choice 15 with \$10/\$20/\$35 Rx	\$63,753.55	\$70,775.63
Personal Choice 15	\$21,461.06	\$23,733.92
Keystone POS B	\$13,587.18	\$15,085.86

# Expense Impacts



	Current Cost	Renewal Cost
Monthly	\$110,981.06	\$123,144.16
Increase		\$12,163.10
Annual Increase		\$145,957.20



# Expense Impacts



- 2014 Pension Contributions will increase based on actuarial valuation
  - Township elects to defer 25% of the amortization requirement for both plans under Act 44
    - Elected this option in 2011, 2012 and 2013

<b>Plan</b>	<b>Contributions</b>
Police	\$788,038
Non-Uniform	\$232,544
Total:	<u>\$1,020,582</u>

# Expense Impacts



- Estimated General Municipal Pension State Aid for FY 2014
  - Based on 2013 unit value of \$3,884.3586
  - 76 units (26 Police and 24 Non-Uniform)
  - Estimated Aid = \$295,212

Impact to FY 2014 Budget = \$725,370 with relief

\*\*Assumes FY 2014 unit value is same as FY 2013\*\*

Increase of **\$35,603** from FY 2013 Budget

# Expense Impacts



- State of Disrepair of Township Infrastructure
  - Need to repair Sterigere Street water basin
    - Maintenance of storm water system
  - Replacement of street signs in Township
  - Need for replacement program of Township vehicles
  - Increased funds needed to repair Township streets

# Expense Impact



- Implementation of the Affordable Care Act
  - Seasonal/Part-time Employees who work over 30 Hours per week over a 12 week period must be provided health care benefits
    - Township must reduce seasonal/part-time employees to 30 Hours per week to avoid additional cost of health care benefits
    - Potential impact to services if staff is not increased to supplement lost hours

# Short-Term Issues



- Reduce projected deficits in General and Golf Course Funds
  - Awaiting final budgets numbers to complete FY 2014 Budget
- Prepare recommended list of budget reductions

# Long-Term Issues



- Impact of Affordable Care Act
  - “Cadillac Tax” Implementation in FY 2018

## Premium Increases

2007	13%
2008	9%
2009	10%
2010	8%
2011	7.50%
2012	2%
2013	12%

**Avg. Increase is 9%**

# “Cadillac Tax” Impact



PC 7 Plan	Census	Renewal	Yearly	Total (Census)	2015	2016	2017	2018	ACA 2018 Threshold	40% Tax	Total
Employee	0	\$1,219.95	\$14,639.40	\$0.00	\$15,956.95	\$17,393.07	\$18,958.45	\$20,664.71	\$10,200.00	\$4,185.88	\$0.00
Employee & Child	0	\$1,847.38	\$22,168.56	\$0.00	\$24,163.73	\$26,338.47	\$28,708.93	\$31,292.73			
Employee & Children	0	\$2,651.83	\$31,821.96	\$0.00	\$34,685.94	\$37,807.67	\$41,210.36	\$44,919.29			
Employee & Spouse	1	\$2,807.88	\$33,694.56	\$33,694.56	\$36,727.07	\$40,032.51	\$43,635.43	\$47,562.62	\$27,500.00	\$8,025.05	\$8,025.05
Family	3	\$3,580.29	\$42,963.48	\$128,890.44	\$46,830.19	\$51,044.91	\$55,638.95	\$60,646.46	\$27,500.00	\$13,258.58	\$39,775.75
				\$162,585.00							<b>\$47,800.80</b>
PC 15 Plan (Police)	Census	Renewal	Yearly	Total (Census)	2015	2016	2017	2018	ACA 2018 Threshold	40% Tax	Total
Employee	3	\$988.00	\$11,856.00	\$35,568.00	\$12,923.04	\$14,086.11	\$15,353.86	\$16,735.71	\$10,200.00	\$2,614.28	\$7,842.85
Employee & Child	2	\$1,496.46	\$17,957.52	\$35,915.04	\$19,573.70	\$21,335.33	\$23,255.51	\$25,348.50	\$27,500.00	-\$2,151.50	
Employee & Children	0	\$2,147.36	\$25,768.32	\$0.00	\$28,087.47	\$30,615.34	\$33,370.72	\$36,374.09			
Employee & Spouse	3	\$2,274.17	\$27,290.04	\$81,870.12	\$29,746.14	\$32,423.30	\$35,341.39	\$38,522.12	\$27,500.00	\$4,408.85	\$13,226.54
Family	20	\$2,899.81	\$34,797.72	\$695,954.40	\$37,929.51	\$41,343.17	\$45,064.06	\$49,119.82	\$27,500.00	\$8,647.93	\$172,958.57
				\$849,307.56							<b>\$194,027.97</b>
PC 15 Plan	Census	Renewal	Yearly	Total (Census)	2015	2016	2017	2018	ACA 2018 Threshold	40% Tax	Total
Employee	4	\$770.08	\$9,240.96	\$36,963.84	\$10,072.65	\$10,979.18	\$11,967.31	\$13,044.37	\$10,200.00	\$1,137.75	\$4,550.99
Employee & Child	0	\$1,166.75	\$14,001.00	\$0.00	\$15,261.09	\$16,634.59	\$18,131.70	\$19,763.55	\$27,500.00	-\$7,736.45	
Employee & Children	0	\$1,673.39	\$20,080.68	\$0.00	\$21,887.94	\$23,857.86	\$26,005.06	\$28,345.52			
Employee & Spouse	4	\$1,772.74	\$21,272.88	\$85,091.52	\$23,187.44	\$25,274.31	\$27,549.00	\$30,028.41	\$27,500.00	\$1,011.36	\$4,045.45
Family	6	\$2,260.44	\$27,125.28	\$162,751.68	\$29,566.56	\$32,227.55	\$35,128.02	\$38,289.55	\$27,500.00	\$4,315.82	\$25,894.91
				\$284,807.04							<b>\$34,491.35</b>
POS 10B Plan	Census	Renewal	Yearly	Total (Census)	2015	2016	2017	2018	ACA 2018 Threshold	40% Tax	Total
Employee	0	\$730.27	\$8,763.24	\$0.00	\$9,551.93	\$10,411.61	\$11,348.65	\$12,370.03	\$10,200.00	\$868.01	\$0.00
Employee & Child	1	\$1,104.65	\$13,255.80	\$13,255.80	\$14,448.82	\$15,749.22	\$17,166.65	\$18,711.64	\$27,500.00	-\$8,788.36	
Employee & Children	1	\$1,588.61	\$19,063.32	\$19,063.32	\$20,779.02	\$22,649.13	\$24,687.55	\$26,909.43			
Employee & Spouse	1	\$1,680.25	\$20,163.00	\$20,163.00	\$21,977.67	\$23,955.66	\$26,111.67	\$28,461.72	\$27,500.00	\$384.69	\$384.69
Family	5	\$2,142.47	\$25,709.64	\$128,548.20	\$28,023.51	\$30,545.62	\$33,294.73	\$36,291.26	\$27,500.00	\$3,516.50	\$17,582.51
				\$181,030.32							<b>\$17,967.20</b>
			<u>Total</u>	\$1,477,729.92					<u>Total ACA Tax for 2018</u>		<b>\$294,287.32</b>

# Long-Term Issues



- West Norriton Township lacks a Fund Balance Policy
  - All governments - whether states, cities or school districts - should place a portion of their general operating revenues in a general fund reserve or “rainy day” fund. These rainy day funds are savings accounts that governments can use to address revenue shortfalls or unanticipated expenditures and to help stabilize tax rates.
  - The Government Finance Officers Association (GFOA) recently updated its best practice on unreserved general fund balances to recommend that general purpose governments maintain **at a minimum** an unrestricted general fund balance of no less than 2 months of regular general fund operating revenues or regular general fund operating expenditures.



# Long-Term Issues



- West Norriton Township lacks a Fund Balance Policy (cont.)
  - This amounts to 16.7% of either general fund operating revenues or regular general fund operating expenditures.
  - The GFOA cautions that some governments may require much larger reserves based on their particular financial situation.
- Based on FY 2013 Expenditures  $16.7\% = \underline{\$1,898,829}$ 
  - \*\*Includes Sewer Expenses\*\*
  - FY 2014 Budget Format would reduce General Fund expenses

# Schedule



- Presentation of preliminary FY 2014 Budget – October 8, 2013
- Proposed Budget Meeting – October 29, 2013
- Budget Discussion – November Work Session
- Budget Discussion – November Regular Meeting
  
- Advertisement – No later than November 30<sup>th</sup>
- Adoption – No later than December 27<sup>th</sup>