

West Norriton Township Early Intervention Program

Demographic and Financial Presentation

March 13, 2018



**PENNSYLVANIA
ECONOMY LEAGUE**

Information, Insight, Integrity.

Pennsylvania Economy League



Pennsylvania's leading independent, nonprofit, public policy research and development organization for over 80 years

PEL Central Division provides technical assistance to municipalities of all sizes and types throughout the state

PEL works to foster good government that provides the most efficient core public services that meet local resident needs at the lowest cost

We believe healthy local governments assist in creating a sustainable Pennsylvania economy that can keep and attract residents and businesses

Early Intervention Program Scope of Work

Analyzed
Township
financial
history and
demographics

Projected
revenues and
expenditures

Reviewed
operations of
Township
departments

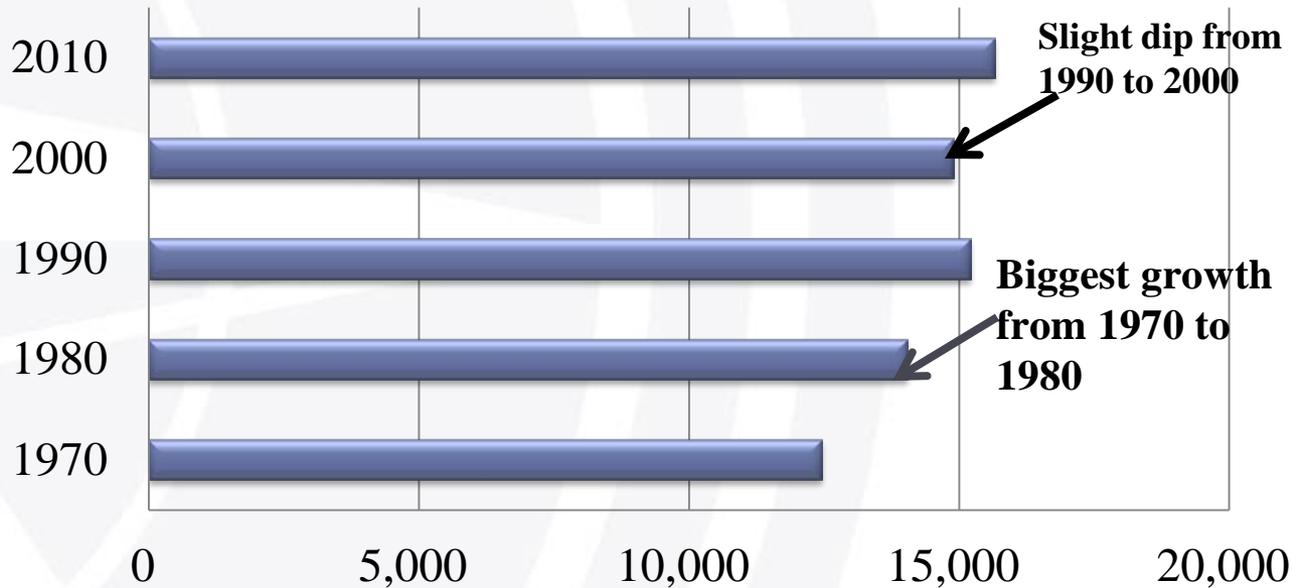
Evaluated
Township
economic
development,
labor and
asset/debt

Compiled
recommendations
for all areas

Demographics

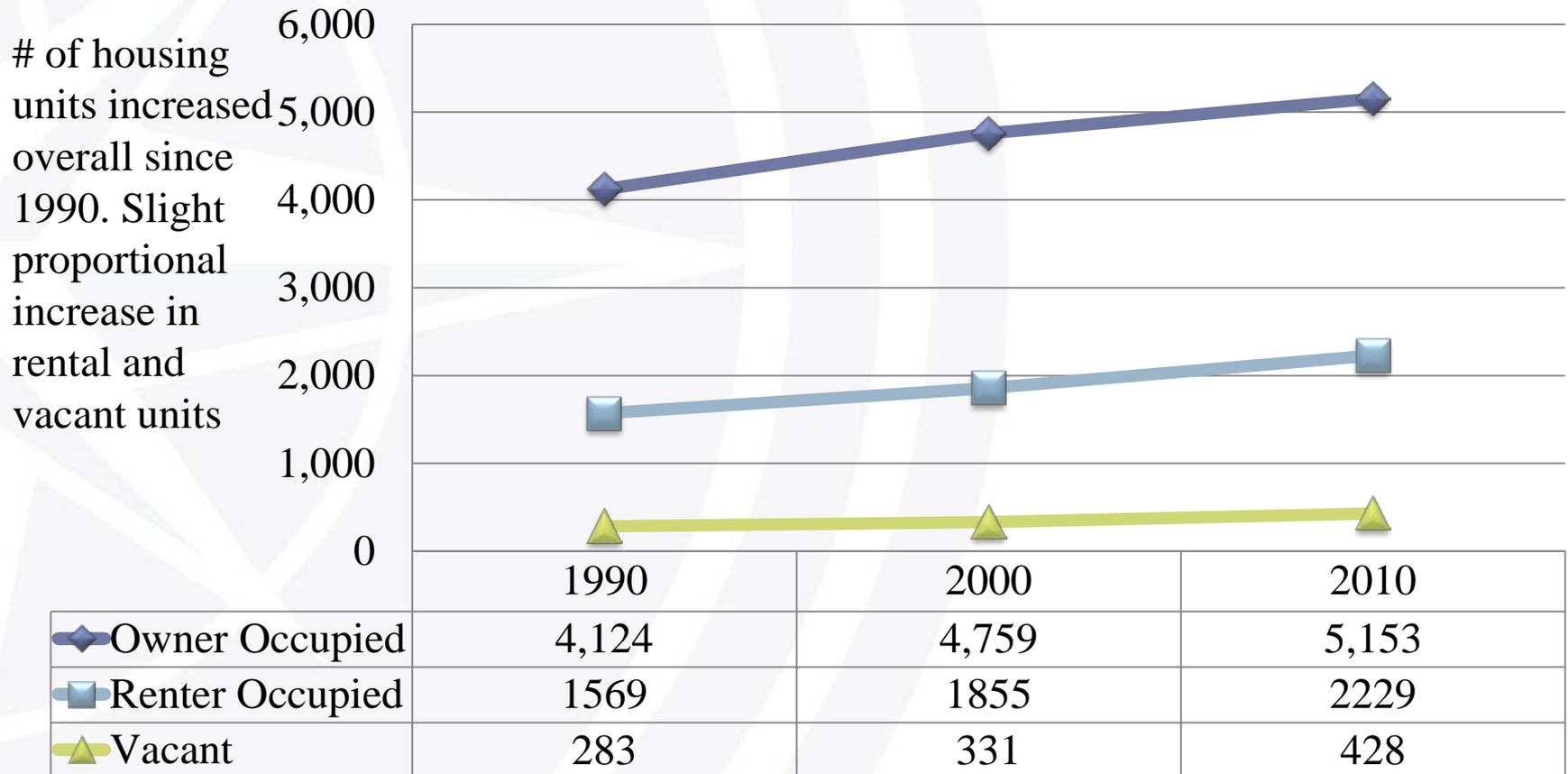
Population

West Norriton Township



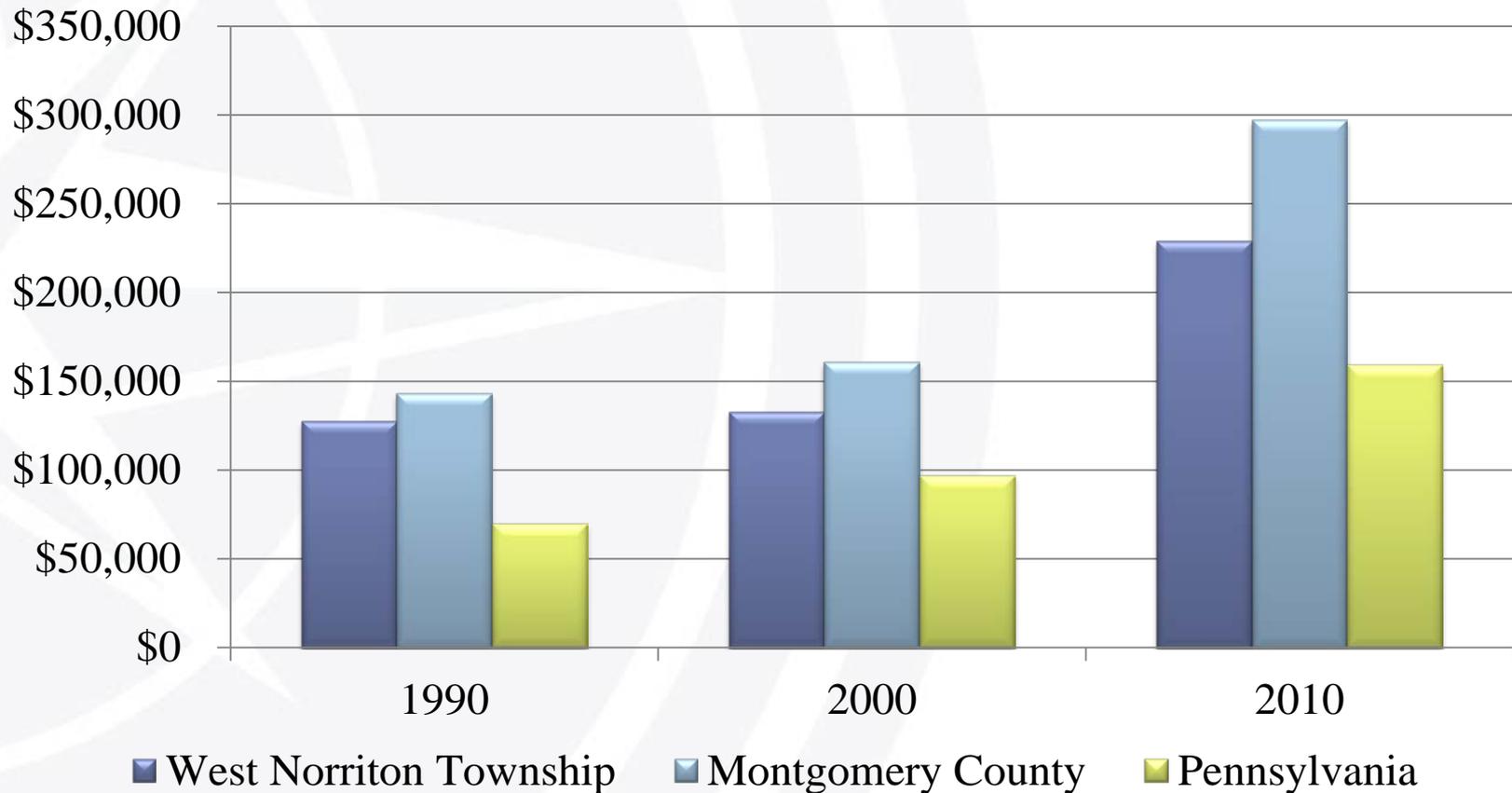
	1970	1980	1990	2000	2010
■ West Norriton Township	12,456	14,034	15,209	14,901	15,663

Demographics Housing Units



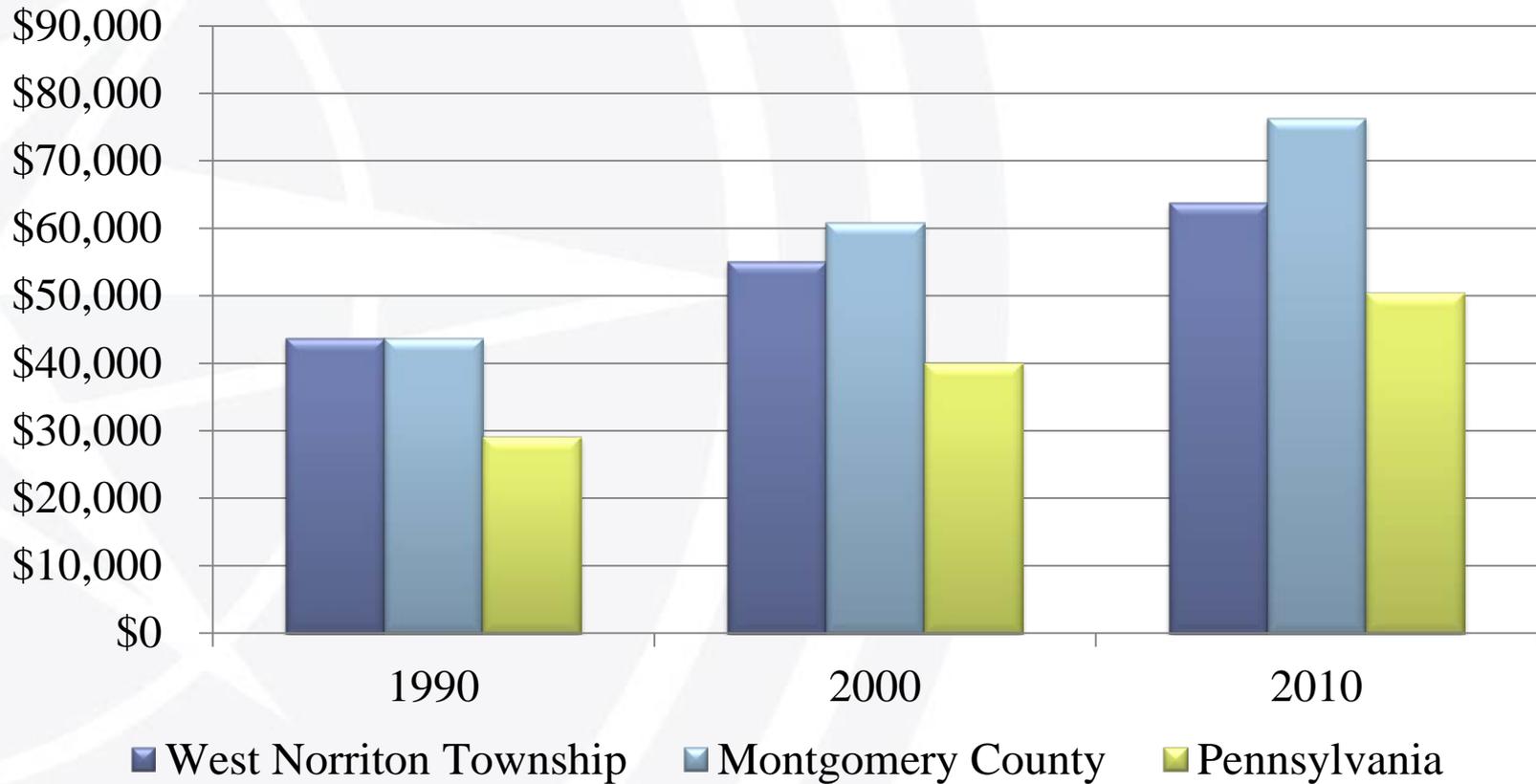
Demographics

Median Housing Value



Demographics

Median Household Income



Demographics Findings

Stable population size with some recent growth

Stable working population (age 18 to 64)

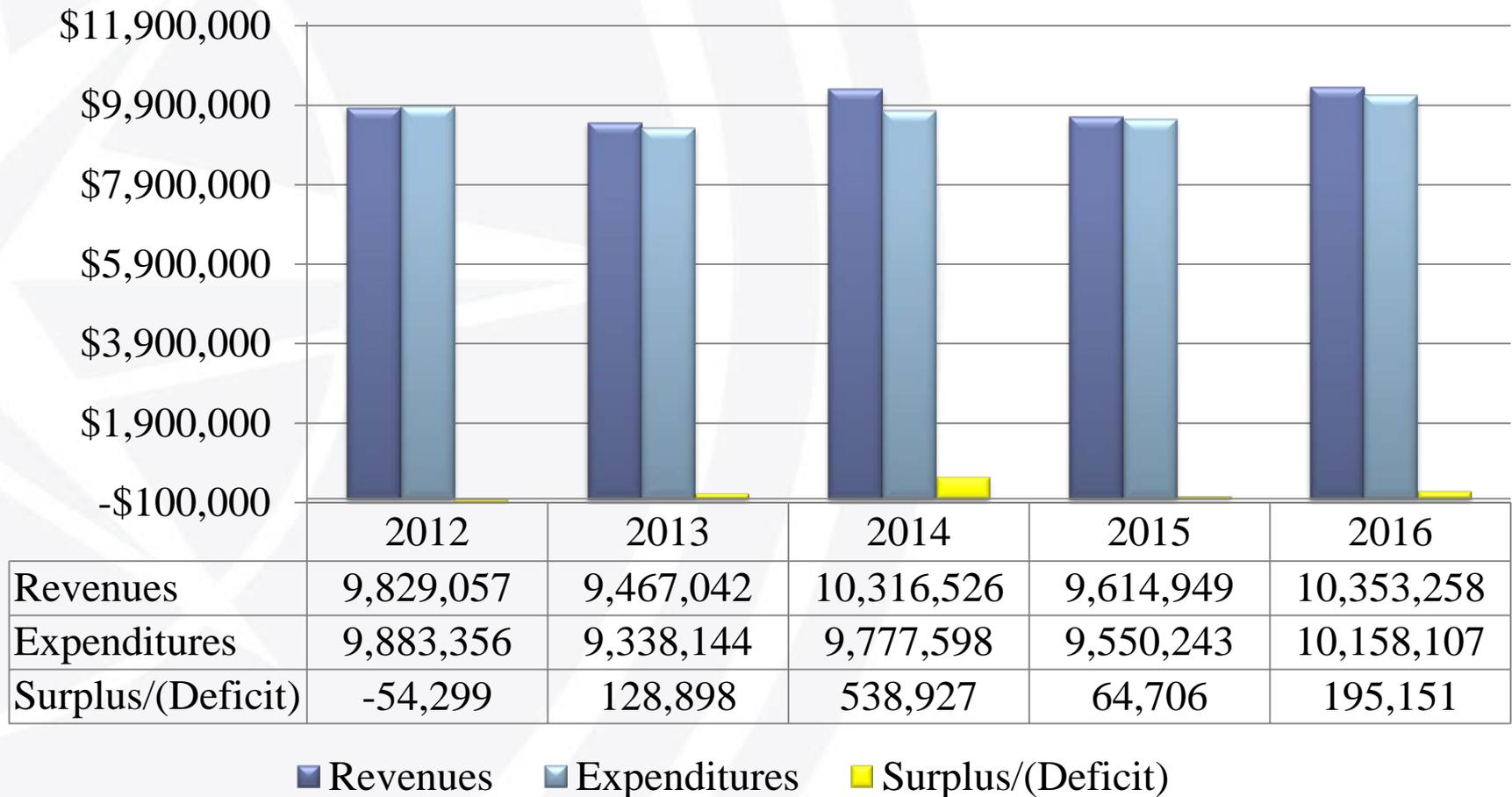
Income levels higher than state; lower than county

Housing values higher than state; lower than county

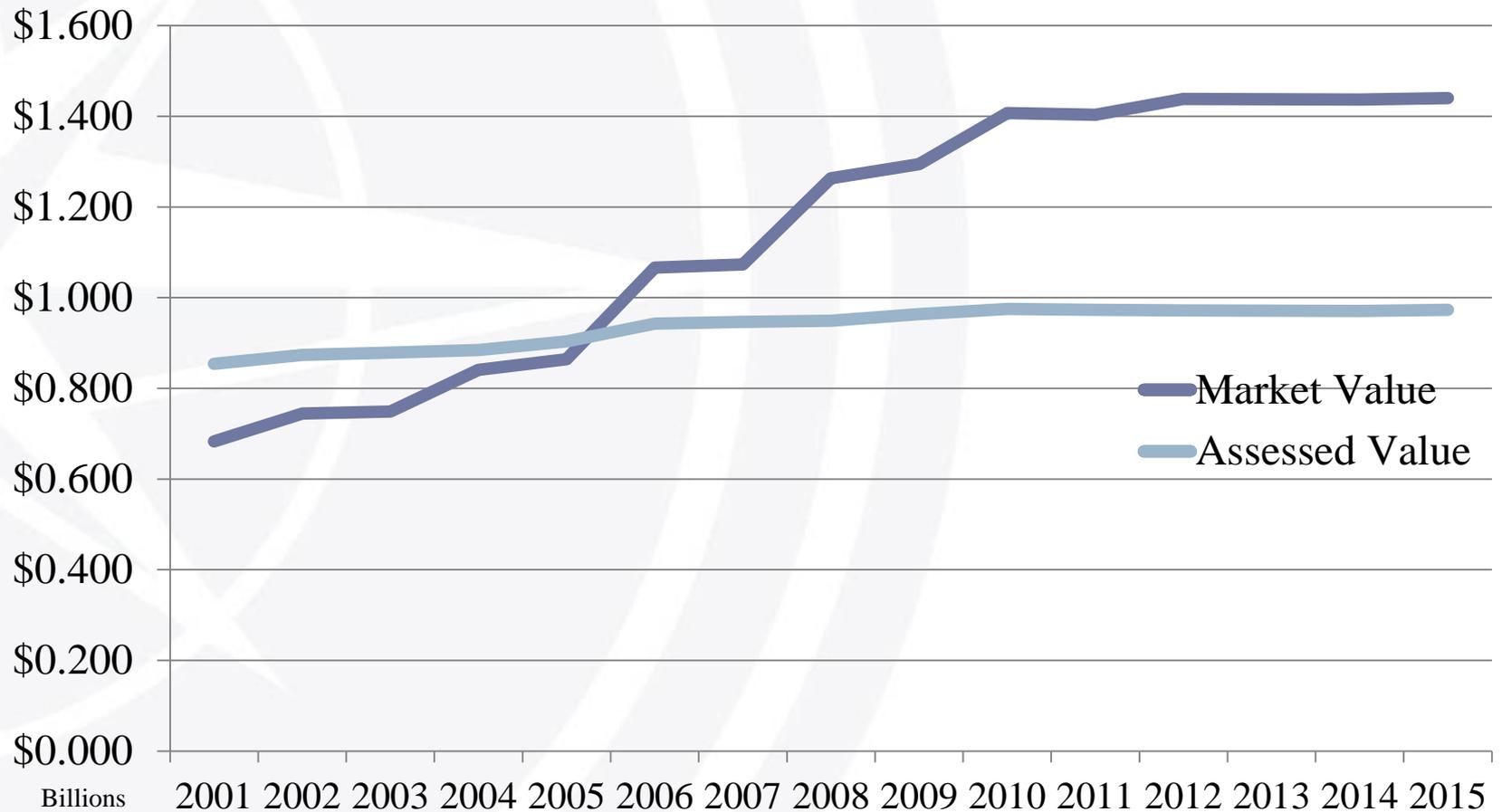
Trends to watch

- Tax implications from graying of population
- Slight proportional increase in rental and vacant units

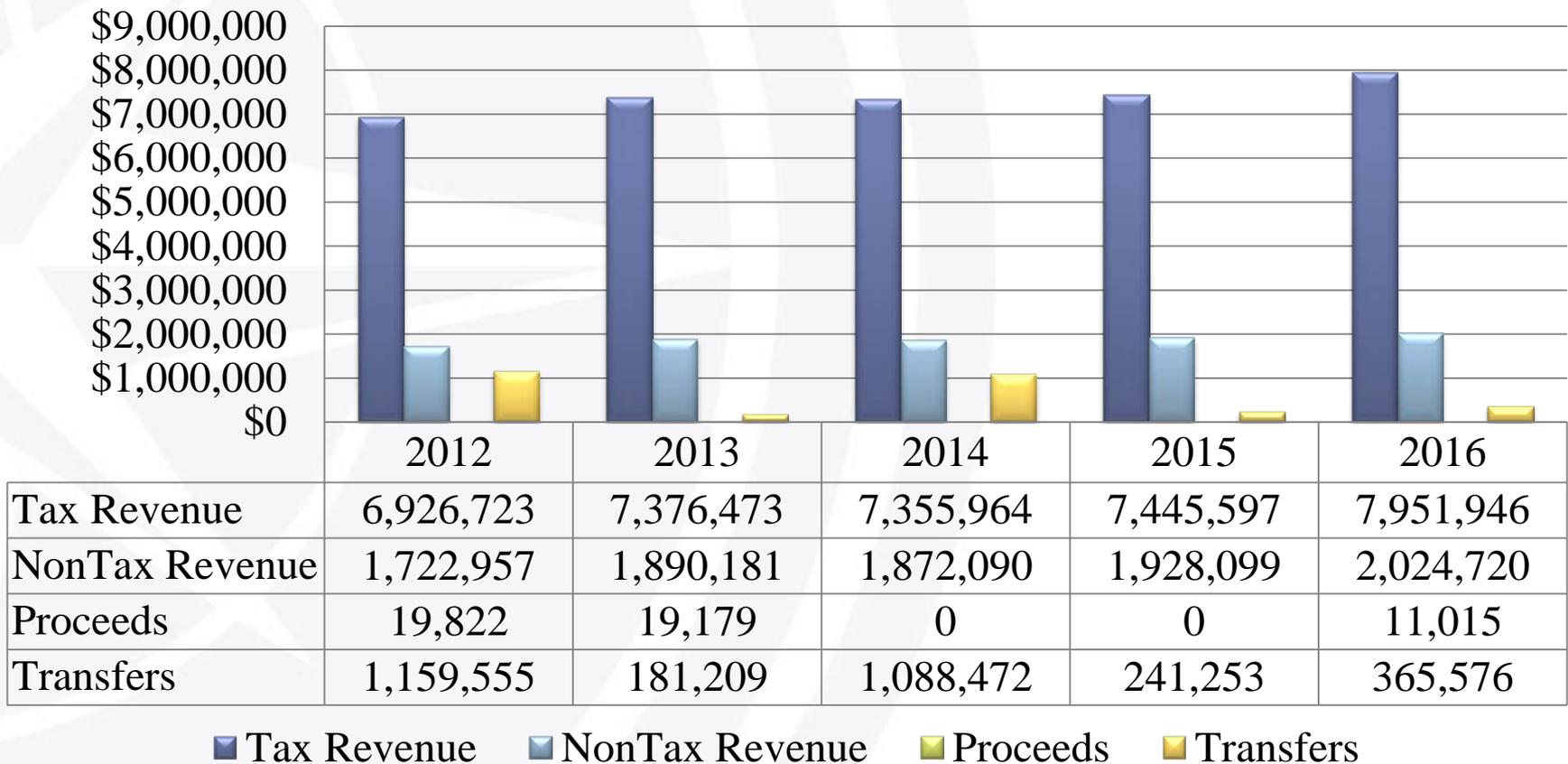
Historical General Fund Revenues, Expenditures, Surplus/Deficit



Assessed vs. Market Value



Historical General Fund Revenues



Historical General Fund Tax Revenue



	2012	2013	2014	2015	2016
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Property	\$3,347,324	\$3,377,565	\$3,348,973	\$3,229,083	\$4,111,255
EIT	2,739,285	3,198,806	3,259,132	3,120,611	3,097,892
LST	309,420	392,098	345,569	313,970	324,219
Realty	469,565	347,089	341,173	723,980	363,819
Per Capita	38,778	39,926	41,417	39,504	35,554
Other	22,350	20,988	19,700	18,450	19,208
Total Taxes	\$6,926,723	\$7,376,473	\$7,355,964	\$7,445,597	\$7,951,946

Historic Expenditures Personnel vs. Non-Personnel



	2012	2013	2014	2015	2016
■ Personnel	\$7,118,775	\$6,648,506	\$7,128,447	\$7,520,621	\$7,858,704
■ Non-Personnel	\$2,032,976	\$1,849,494	\$1,742,876	\$1,411,674	\$1,364,649

Historical General Fund Personnel Expenditures



	2012	2013	2014	2015	2016	Change 2012-16	
Salaries	\$4,261,646	\$4,071,272	\$4,283,400	\$4,245,518	\$4,228,634	-33,012	-0.8
FICA	134,793	128,056	134,396	128,862	126,557	-8,236	-6.1
Healthcare	1,599,374	1,445,071	1,562,299	1,790,316	1,665,734	66,360	4.1
Pension	984,979	877,532	1,020,582	1,224,946	1,705,559	720,580	73.2
Life Insurance	60,187	60,332	61,385	62,239	66,892	6,705	11.1
Unemp Comp	50,605	38,006	40,750	41,336	39,999	-10,606	-21.0
Uniforms	<u>27,191</u>	<u>28,236</u>	<u>25,634</u>	<u>27,405</u>	<u>25,330</u>	<u>-1,861</u>	<u>-6.8</u>
Total	\$7,118,775	\$6,648,506	\$7,128,447	\$7,520,621	\$7,858,704	739,929	10.4

Historical General Fund Departmental Expenditures



	2012	2013	2014	2015	2016
Administration	\$972,269	\$816,730	\$911,518	\$846,594	\$835,456
Police	3,397,556	3,411,926	3,423,227	3,457,252	3,533,158
Fire	360,061	375,422	0	0	0
Building/Zoning	63,461	41,387	126,453	150,711	164,945
Recycling	8,082	6,974	6,656	6,666	3,015
Public Works	871,670	595,119	706,063	466,298	395,903
Recreation	362,886	397,555	559,922	457,587	383,223
Pension	984,979	877,532	1,020,582	1,224,946	1,705,559
Employee Benefits	2,047,317	1,889,571	2,019,732	2,254,563	2,135,594
Insurance	77,471	79,784	91,170	61,678	60,501
Transfers	731,605	840,144	906,275	276,812	600,872
Depreciation	0	0	0	337,638	332,671

General Fund

2017 Estimated vs. Budget



	2017	2017	Change	
	Estimated	Budget	\$	%
Revenues	\$10,331,268	\$9,774,378	556,890	5.7
Expenditures	<u>10,051,930</u>	<u>9,774,378</u>	277,552	2.8
Surplus/(Deficit)	\$279,338	\$0		

Historical General Fund Findings



Police costs are largest General Fund expenditure

- 2016 tax increase related to police costs
- Police costs are one-third of expenditures
- Benefits and pension that include police account for another one-third of expenditures

Pension had largest expenditure growth

- Increase due to lowering return rate and more accurate mortality tables
- Despite increased costs, changes make pension healthier

Tax Revenue Growth

- Largest natural revenue growth was in wage tax at over \$350,000 or 13 percent
- Property tax growth due to tax increase

Historical Finances

Developments



Use of funds

- Some declines in General Fund revenues and expenditures due to creation of new funds like Emergency Services and Highway Aid
- Cost allocation study allowed the Township to transfer some General Fund expenditures in administration and public works to the sewer fund

2012 through 2016 Bond Issues

- 2014 Street Lights General Fund: \$1.2 million
- 2014 Sewer Fund Revenue and Refund: \$5.6 million (drawn down in installments over next four years) and \$3.6 million
- 2016 Golf Course Fund Revenue and Refund: \$2.1 million and \$900,000
- 2016 Refund General Fund: \$150,000

West Norriton Projection Assumptions



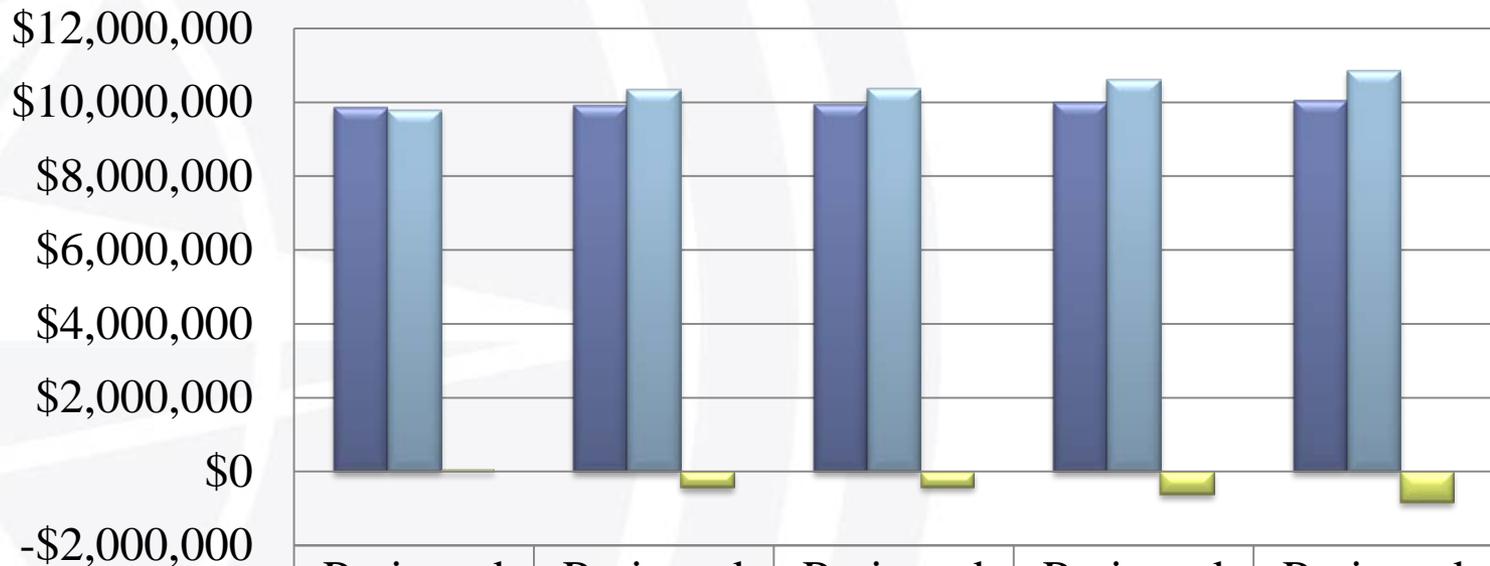
Revenue Projection Assumptions

- The 2018 budget serves as the baseline
- Real Estate Tax revenue increased at 0.8 percent annually
- 1.0 percent annual growth in Earned Income Tax revenue
- No change in Local Services Tax or Real Estate Transfer Tax
- Real estate transfer tax increased to \$350,000 for 2018 and then held constant
- Other revenues and transfers from other funds held at budgeted levels or 2012-2016 average revenue

Expenditure Projection Assumptions

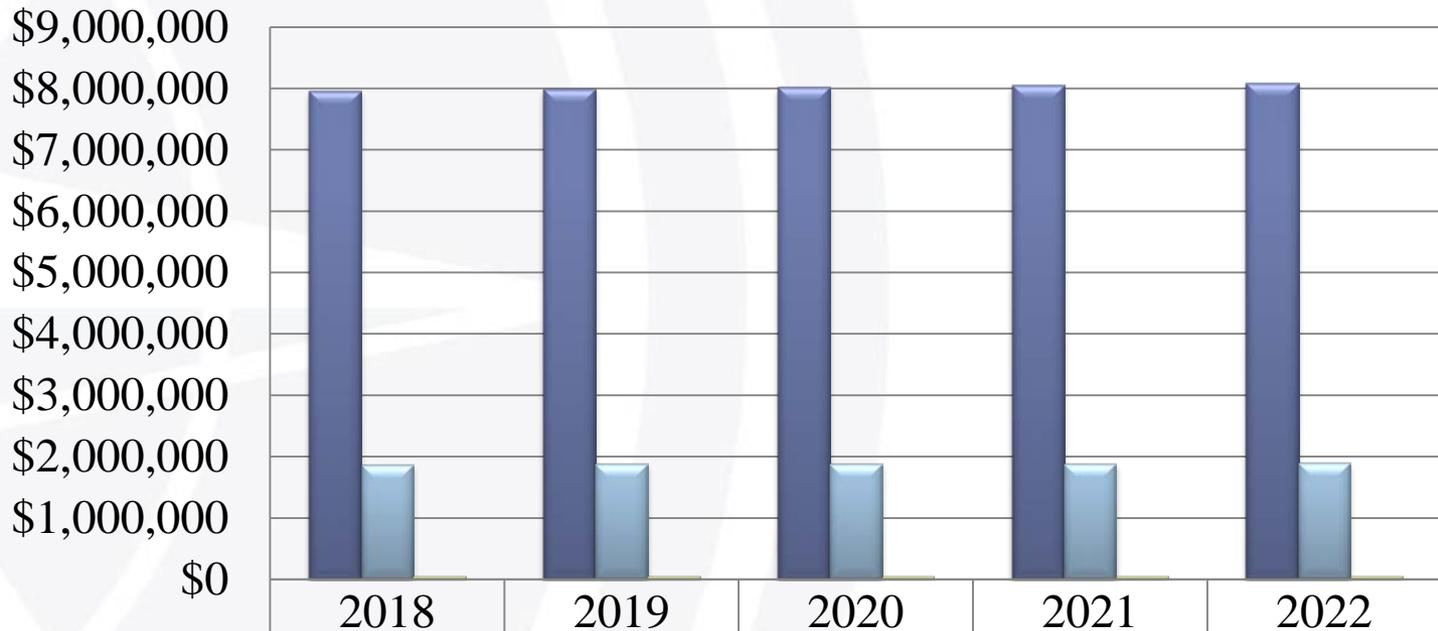
- The 2018 budget with adjustments serves as the baseline
- Employee counts were assumed to remain at 2018 budgeted levels
- Police and Public Works salary increases were estimated at the current contractual level and then 2.0 percent annually for the remainder of the projection period
- Other salaries increase 2.0 percent throughout period
- Pension contribution increased by same percentage as salaries/wages
- Healthcare increases 6.0 percent annually
- No new debt incurred
- Other items adjusted using a 2.0 percent inflator

Financial Projections



	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
■ Revenues	9,870,969	9,913,447	9,957,515	10,002,184	10,047,464
■ Expenditures	9,795,242	10,355,421	10,371,213	10,615,560	10,866,143
■ Surplus/(Deficit)	75,727	-441,973	-413,698	-613,376	-818,678

Projected General Fund Revenues



■ Tax Revenue	7,957,204	7,991,460	8,026,029	8,060,913	8,096,116
■ NonTax Revenue	1,863,765	1,871,987	1,881,486	1,891,270	1,901,348
■ Transfers	50,000	50,000	50,000	50,000	50,000

Projected General Fund Expenditures



	2018	2019	2020	2021	2022	Change 2018 - 2022	
Department	Budget	Projected	Projected	Projected	Projected	\$	%
Administration	\$699,823	\$709,851	\$720,080	\$730,514	\$741,156	41,332	5.9
Police	3,795,346	3,895,820	3,973,139	4,051,896	4,130,493	335,147	8.8
Health & Welfare	6,000	6,000	6,000	6,000	6,000	0	0.0
Building/Zoning	133,939	136,558	139,229	141,954	144,733	10,794	8.1
Recycling	7,700	7,700	7,700	7,700	7,700	0	0.0
Public Works	452,949	461,781	470,790	479,980	489,353	36,404	8.0
Recreation	535,110	540,259	545,511	550,867	556,331	21,221	4.0
Pension	1,380,466	1,653,152	1,667,105	1,681,316	1,695,474	315,008	22.8
Benefits	2,240,142	2,349,512	2,465,326	2,587,971	2,717,852	477,710	21.3
Insurance	69,200	69,200	69,200	69,200	69,200	0	0.0
Transfers	474,566	525,587	307,132	308,163	307,851	-166,715	-35.1

Projected Golf Fund



	2018	2019	2020	2021	2022	Change 2018 - 2022	
	Projected	Projected	Projected	Projected	Projected	\$	%
Revenues	\$1,315,433	\$1,313,781	\$1,314,634	\$1,315,512	\$1,316,417	984	0.1
Expenditures	<u>1,315,433</u>	<u>1,512,495</u>	<u>1,540,353</u>	<u>1,426,047</u>	<u>1,457,177</u>	141,745	10.8
Surplus/(Deficit)	0	-\$198,714	-\$225,719	-\$110,535	-\$140,760		

West Norriton

Findings and Recommendations

The Township faces fiscal challenges ahead with projected growing annual General Fund and Golf Fund deficits

- Steps must be taken to control expenditures and provide sufficient revenues

Report provides over 90 recommendations to control costs, provide revenue and/or improve operations

- Ten recommendations to seek EIP Phase II grants from the state
- Recommendations in the areas of finance, debt and assets, labor, economic development, administration, recreation, public works and police

Over 30 labor recommendations are designed to assist the Township in controlling personnel expenditures

Economic development recommendations for West Main Street Corridor Study Area, Riverview Corporate Center, Barbados Island, Housing, Community Center, and Industrial Parks

EIP Phase II Grant Recommendations



Purchase of new accounting software and other technology upgrades

Explore the feasibility of constructing a new wastewater plant

Explore the feasibility of monetizing the Township's wastewater collection system

Explore the feasibility of an operations and management contract for the golf course

Explore the feasibility of monetizing the golf course

Conduct a compensation and benefits analysis for each bargaining unit

Review and revise job descriptions to match current position requirements

Draft and adopt a new personnel policy manual

Review staffing levels and organizational structure of departments

Prepare an asset management plan



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Questions?