

December 12, 2008

Board of Supervisors  
Limerick Township

The 2009 Limerick Township Budget is respectively submitted to the Board of Supervisors and the residents of Limerick Township. As presented, the Budget provides for the continuation of the current level of services with **no proposed increase in taxes** and is balanced across all funds with revenues and expenditures totaling \$16,709,661. This proposed Budget is conservatively structured to ensure the Township is positioned to address the negative impacts of the current economy. Basic levels of service will continue, but long standing funding policies for capital purchases and road projects will be altered in 2009. In addition, all departments have provided additional cuts to normal operations, and staffing levels are being frozen except for the addition of one new Detective for the Police Department. Even with the cuts and conservative budgeting approach, the 2009 Budget is proposing the use of \$567,000 from the General Fund Reserve Account to balance the funds.

The 2009 Budget also proposes the use of an additional \$750,000 of reserve funds to renovate the Administration and Police buildings. In 2008, as recommended by the five-year Budget forecast, the Administration undertook an analysis to determine the facility needs of all departments for the next 30 years. The new facility, estimated in the ten million dollar range, was shown to be unrealistic in light of potential economic revenue shortfalls. The project was restructured to a more modest five to ten year plan to remodel the existing buildings. The renovations will allow the consolidation of the Sewer Administrative personnel into the current Administration Building, and also ensure efficient work areas for the current staff. Even with the proposed use of reserves, the funds will still be approximately \$600,000 higher than when the majority of this current Board took office in 2006.

The Administration is poised to monitor the economic situation very closely in 2009 and adjust operations quickly if warranted. Additional discussion on the specifics of the Budget will be detailed further in this report.

### **2008 Review and the Budget Process**

A Municipal Budget provides the framework by which the organization operates over the course of the fiscal year. As such, the process by which a budget is formulated transcends the basic year-end approval process set forth within the Second Class Township Code. Work on building the 2009 Budget actually began in January of 2008

as the administration began to analyze all Township operations against current Budget projections. A municipal operation is dynamic in nature, and as such the PA Municipal Code allows for changes to the adopted Budget throughout the year. During 2008, the Board approved three Budget Amendments to ensure operational functions were continually tracked through the Budget process. The Administration has found that periodic Budget Amendments provide the Board an ideal method by which they can monitor the performance of the Township against the goals and objectives of the original Annual Budget. Before discussion on the 2009 Budget, it is important to review progress and programs of 2008 and how they will impact future Budget operations.

- A projected \$950,000 operating deficit for 2008 was reduced to \$412,000. The reduction is due in large part to increased tax revenues and cost saving initiatives by all levels of the Township operation. This deficit was offset by the receipt of the Kurylo grant which helped to balance the General Fund.
- The Township received the Grant award from DCNR of \$1,250,000 toward the purchase of the Kurylo Farm. \$658,000 was returned to the General Fund Reserve Account and the balance to reimburse the Open Space Reserves.
- The Board's effort to improve efficiencies continued in a big way in 2008 with the consolidation of the Municipal Authority into the Township operations. Since September 2<sup>nd</sup> when the transition finally took place, documented savings of approximately \$215,000 have been realized. Future cost savings will continue to be realized in future years as both staffs become more familiar with each operation.
- A Yard and Leaf Waste Program was initiated based on DEP requirements. While costs were minimal in 2008, it is anticipated that the program will grow through the years, and Township expenses will increase.
- Long term planning initiatives began with work on a new Comprehensive Plan and the appointment of a Traffic Funding Consultant. Both are the cornerstone of a new policy by which Limerick will be proactive toward growth, and not reactive.
- Funding continued on the design and permitting of the Lewis Road Improvement Project. Design costs are in line, and PennDot permits are expected by early 2009 after right-of-way is secured. Bidding of the project is expected in Spring of 2009 so long as PennDot does not increase the scope of the project during the final reviews.
- The Finance Department completed a rewrite of the Personnel Manual as well as an Employee Benefit Booklet. Not only does the new policy outline new Federal labor law requirements, it also provides the Administration with a more efficient means by which to manage the Township's 62 employees.

## **2009 Budget Process and Review**

Beginning in September, the Township Manager and Finance Director began discussions with each department to map out specific Budget requirements. Based on the information received, the Board held a public Workshop Meeting on November 1, 2008. The initial presentation was focused on Township operations remaining at a status quo level. Included within the initial Budget is funding to continue planning and traffic funding efforts which began in 2008. Discussion was focused on the estimated 1.2 million dollar current level operational deficit and how to reduce the impact on the reserve funds. An increase in taxes was not an option the Board wished to consider in light of the current economic times. To address the funding shortfall, the Board reviewed the following options which have been placed into the Preliminary Budget.

- Elimination of the General Fund annual contribution of \$100,000 toward road improvement projects.
- Freezing the normal change over of Public Works vehicles and the annual funding of the Capital Reserve account for all departments. While the Board is aware of the impact of changing this long standing policy, it does offer an immediate reduction of \$300,000 from the General Fund deficit next year.
- The funding for the Traffic Consultant will be taken from the Road Improvement Fund because of the direct link to traffic and road issues. This option offers a \$120,000 General Fund reduction for next year.
- A Board effort to garner outside donations to supplement revenues has resulted in a \$50,000 donation to the Fire Companies. This allows the Township to reallocate this amount of real estate taxes from the Fire Fund into the General Fund.
- Additional departmental cuts have resulted in savings of approximately \$70,000 as well.
- While these cost saving efforts are necessary, the Board also believes it must be proactive in terms of public safety and levels of service. The retail growth over the last several years has placed a large burden on the Police Department. In particular, the investigative requirements have increased to a point where a single Detective can no longer handle the work load. An additional Officer has been budgeted for 2009, which will allow the Police Chief to promote a current Officer to another Detective position.
- The Board also approved a program to purchase an electronic file management system in an effort to reduce costs in future years. With the ever increasing need for files and space, an electronic storage system will reduce the costs in future years.

With these changes the proposed operating deficit has been reduced to approximately \$567,000. As the Administration has done in 2008, constant attention to

detail will be given to each line item during the year to see if additional savings can be realized. This effort resulted in savings of approximately \$82,000 in 2008.

The Board also has approved the use of additional reserve funds to begin renovations to the existing Police and Administration buildings. As discussed earlier, a 30-year analysis of future facility needs detailed a ten million dollar capital project. The Administration analyzed the space needs on a shortened time frame of five to ten years and found minimal changes would provide increased work areas. \$750,000 is appropriated from the General Fund Reserves to undertake these changes. Even with the use of General Fund Reserves to balance the 2009 Budget and for the renovations, the 2009 end of year General Fund Reserve will total approximately 4 million dollars. When the majority of the current Board took office in 2006, this fund stood at 3.4 million dollars.

As with all public and private organizations, belt tightening and a conservative approach to operations is imperative to weather the current economic conditions. The Board has put forth a well balanced Budget plan which allows flexibility in addressing the changing times. Although use of reserve funds is utilized to a greater degree in 2009 than any other year in the past, Limerick will maintain significant levels of reserves across all funds. Current staffing levels will be adequate to maintain current levels of service and the Administration will continue to look to advance the Board's directive to streamline operations and improve efficiencies.

It has been a pleasure serving the Board and this community for the past year as your Township Manager. I wish to thank the members of the Board, my fellow colleagues within the staff, residents and volunteers who have assisted me during the past year.

Sincerely,

Daniel K. Kerr  
Township Manager