

CHARTIERS TOWNSHIP

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Manager's Budget Message 2024 Final Budget

This Budget Message was prepared in an effort to explain the 2024 Chartiers Township Budget to Board of Supervisors and General Public who may be interested in the Township's finances. It was intended to provide a general overview and summary of the various Township funds and anticipated revenues and expenditures for 2024. It is not intended to be a detailed analysis, but to provide the reader with the overarching concepts contained in the Township's budget, which can be characterized as the means to accomplish the Township's goals and objectives for 2024.

The Chartiers Township Board of Supervisors approved the preliminary 2024 Budget at their meeting of November 28, 2023. It was then placed on public display at the Municipal Building for the prescribed 20 days of public review. Adoption of the Final 2024 Chartiers Township Budget was held on Tuesday, December 19, 2023. In preparation, the Board of Supervisors held seven (7) budget workshop meeting while preparing the 2024 budget. During this time they reviewed current and projected revenues and expenditures as well as long term financial capital investment and financial management goals and strategies. The board and staff extensively discussed the lingering wide ranging financial impacts of the COVID-19 Pandemic.

Despite revenue shortfalls and increased expenditures due to inflation, the 2024 budget is a revenue neutral balanced budget for general purposes taxes, where the Board accomplished the task of maintaining the current tax rate of 0.8632 Mills for the 30th year in a row while still meeting the demands for increased services. The Fire Services Tax was introduced in 2018 and was first collected in the 2019 calendar year. Thanks to this 0.20 mill tax, the Fire Department has met their financial obligations this year. Across all 15 funds, the Township's total 2024 budget amounts to \$14,264,895.

GENERAL FUND

The 2024 General Fund expenditures are projected to be \$4,713,525. The budget represents a conservative budgeting strategy, whereby the Township conservatively estimates its revenues and aggressively anticipates expenditures so that we are on a path to realize a budget surplus and not overextend our resources.

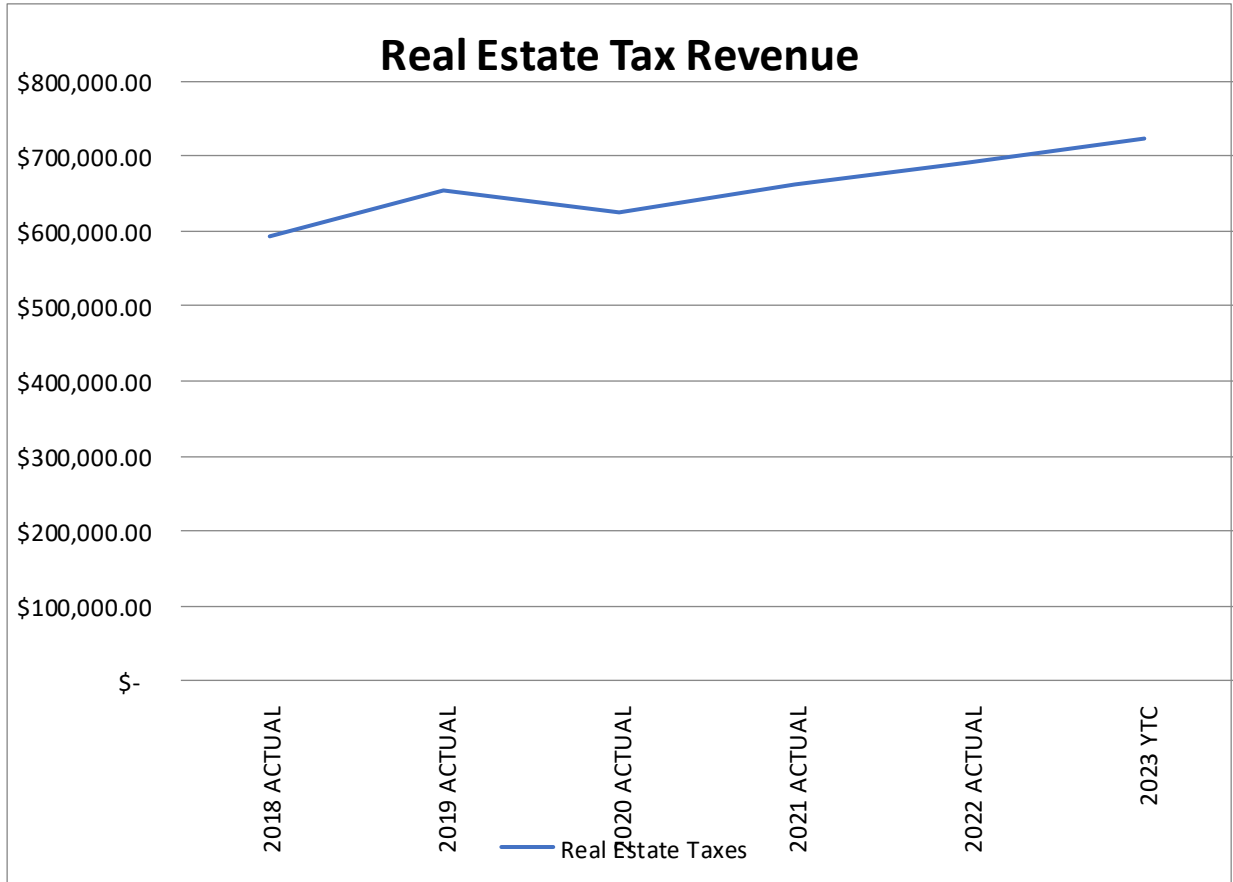
The Real Estate Taxes continue to grow, despite the level tax rate, due to the continued growth Chartiers Township is experiencing. However, that new residential growth has slowed in the last two years due to the cost of construction and rising interest rates. Budgeting it at a conservative \$693,725, Real Estate Taxes only make up 17% of the Township's General Fund Revenue Stream. It had previously been 18%, so it is proportionally becoming less of the Township's revenues.

We conservatively budgeted \$694,000 in real estate taxes for 2024 although we received \$721,000 in 2023, to ensure we don't count on growth yet to be built and do

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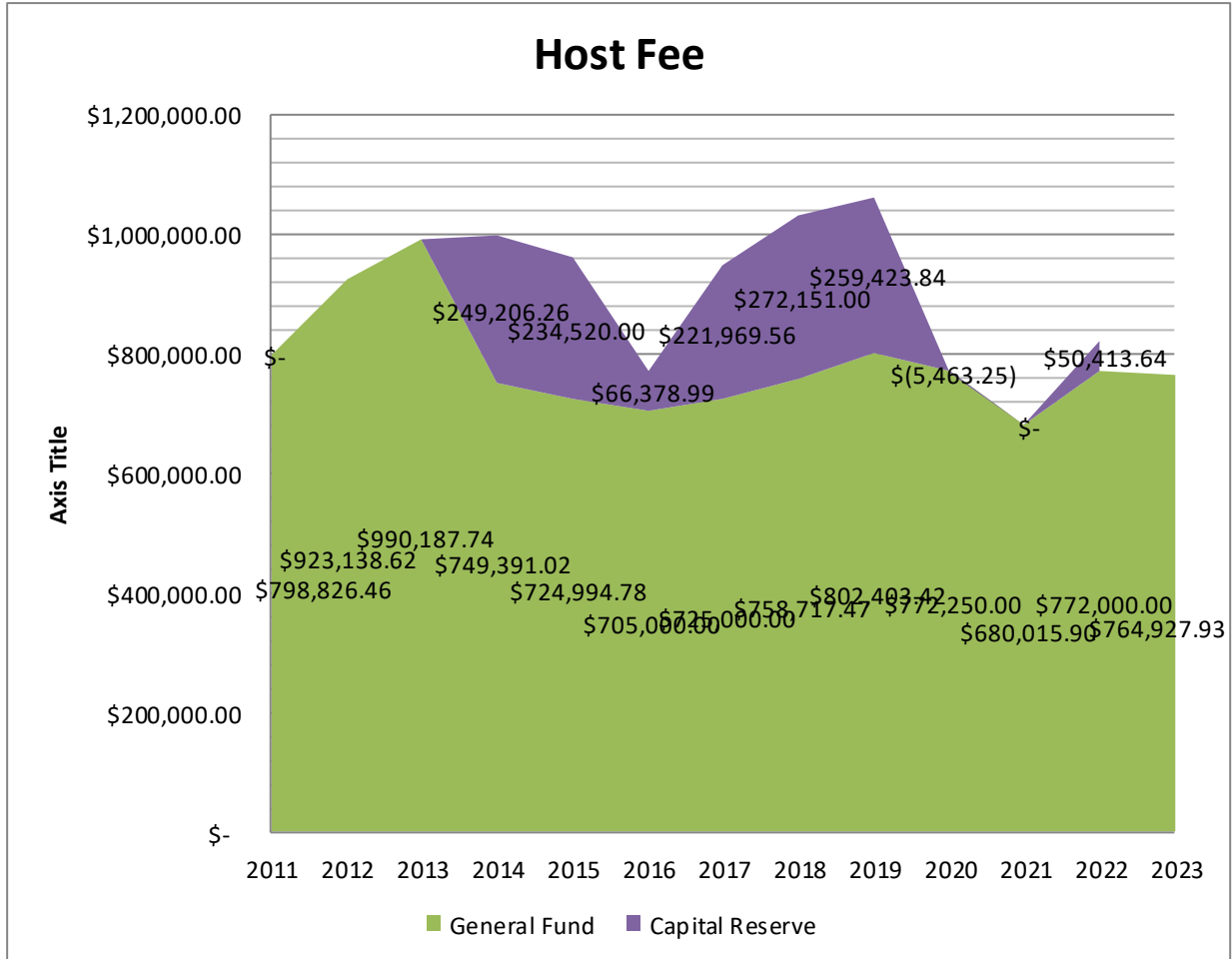
not fall short on our estimates. The graph below shows the trajectory real estate taxes were on pre-pandemic and the loss in 2020, followed by the slower % increase following the pandemic.



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forego some planned capital spending. The graph below shows the importance of this practice to ensuring the Township is not dependent on this revenue surplus for operating expenses:

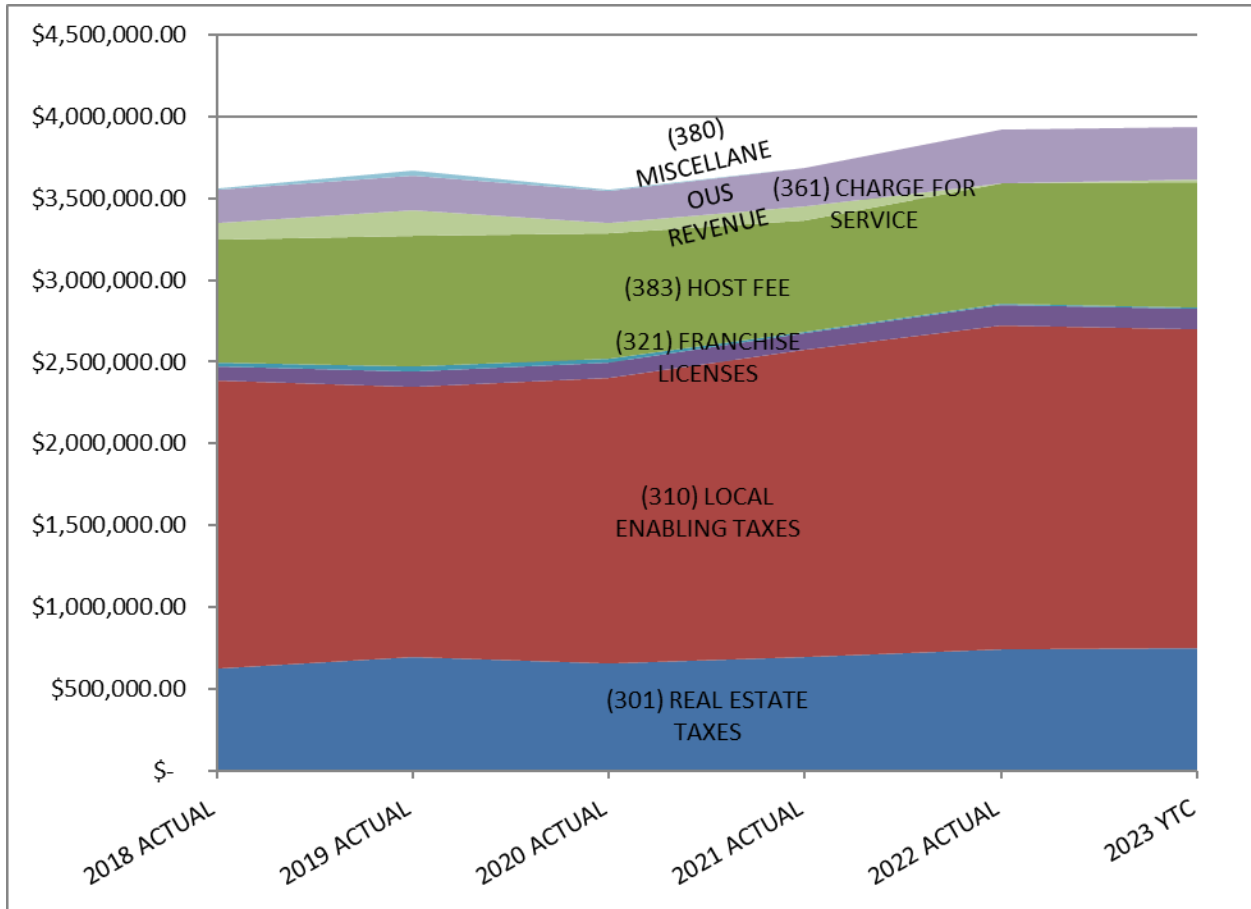


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Those are the primary revenue sources for the Township making up two-thirds of the Township’s 2024 General Fund Revenues

Overall, revenues have increased over the last several years. The chart below shows the trends of the various Township Revenue streams:



There are no significant increases in General Fund Expenditures, although most differences in individual budget categories are contractual. It is worth noting that with 13 police officers, including the Chief, the Township’s officer / resident ratio is similar to surrounding Townships and given the growth the need to maintain coverage continues to be paramount on the Township’s concerns to constantly look at staffing levels.

Additionally, the Chartiers Township Public Works Department is currently made-up of a mere seven (7) employees to cover 24 square miles of the Township, including the 59+ road miles of roads, miles of storm sewers and sanitary sewer and four parks.

Administrative and General Government and Tax Collection sections of the budget remain virtually flat. The Police Department represents the largest portion of the Township budget with \$1.8 Million in expenditures. A majority of these expenses are personnel related and are contractual. A couple line items in this department are

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funded by the Local Services Tax, to help make up the 25% of those funds that must be spent on public safety.

While a majority of the funding for the Chartiers Township Volunteer Fire Department from the Township comes from the fire tax, the Volunteer Fire Fighter Stipend to encourage and reward volunteerism of this 100% volunteer department at \$25,000 for 2024. Additional monies are allocated to the Fire Department in the Act 13 Fund and the Capital Reserve Fund, where it is reserved for large capital acquisitions. It should be understood that the \$46,000 budgeted as Fire Relief is a State Allocation to the Volunteer Fire Department that is merely passed through the Township. It is generated by a 2% tax on fire insurance companies from outside the Commonwealth and distributed by the State to Fire Departments, and is not a Township contribution.

The Planning and Zoning Department shows a slight decrease due to how we are now handling Engineering reviews for land development plans directly from the Engineering escrows vs. flowing through the General Fund.

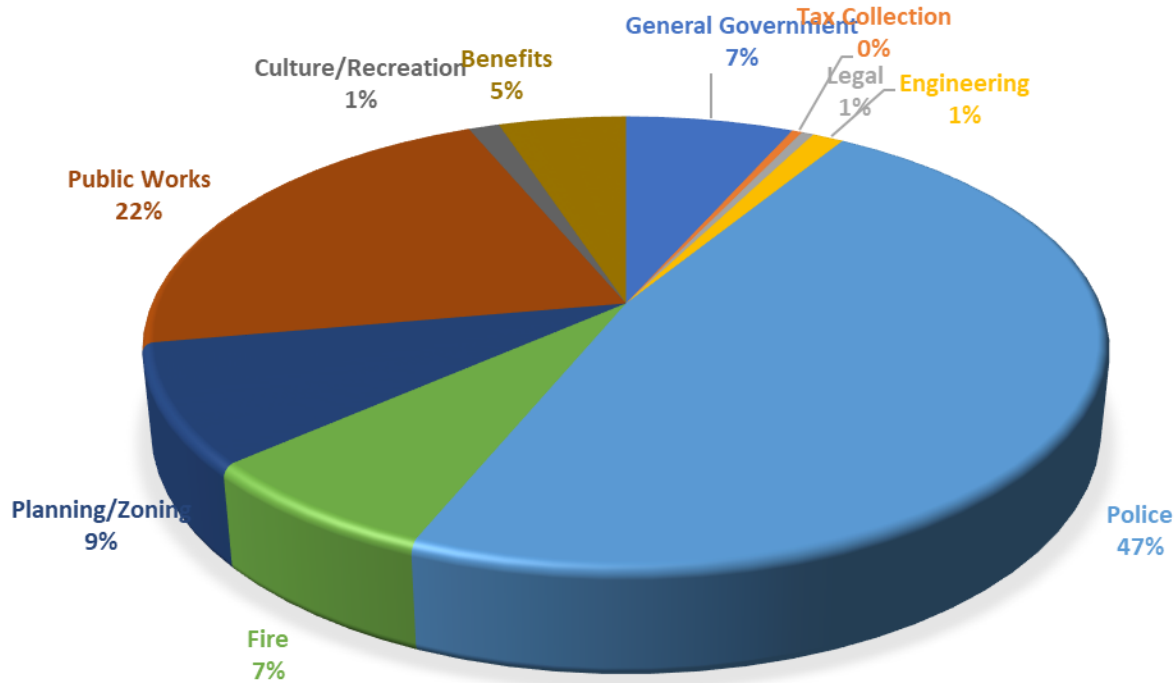
Sanitation and Recycling is showing an significant increase due to a new recycling contract with a 46% 2023 increase. We are anticipating another increase in the 2024 The Township-provided recycling program will cost taxpayers over \$180,000 in 2024. We are continuing to investigate alternative recycling options to more economically handle the Township's 100 tons of recycling generated. Storm Sewers and has stayed relatively flat. Salaries/ Materials / Supplies for Public Works is slightly higher than the 2023 Budget, which is primarily due to contractual obligations and operational increases. Highway Construction is also flat. Culture/Recreation remains the same, although it should be noted that the Parks and Recreations Committee has been seeking sponsorships for events which the intend to use to offset increased programming. The Library contribution remains constant at \$20,000. Other Group Donations remains level. Insurance costs reflect an increase in 2024, mainly due to the a payroll adjustment for worker's compensation that included unused leave time compensation into the 2024 premium.

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Overall, General Fund Expenditures increased by 8% over the 2023 Budget, which is fairly consistent with inflation. A general breakdown of General fund expenditures can be seen in the chart below

2023 EXPENDITURES



LIGHT & HYDRANT FUND

This fund is a consolidation of the prior Light Fund and Hydrant Fund. Overall, it reflects a slight increase. The Township to over 80% hydrant coverage. Additionally, it should be noted that the Township switched all of the Township's streetlights to LED lights in 2017, resulting in an energy savings of approximately 40%, that we continue to realize. This budget sets at \$315,662 in 2024.

ACT 13 FUND

This fund has statutorily created expenditure restrictions contained in Act 13 of 2012. The Township has allocated the expenditures for this fund in accordance with the parameters set forth in the legislation. The 2022 impact fee (received in 2023) was up 18% over the prior year, coming in at \$685,304, which is the highest single year ever received. However, 2021 was down -35% or \$180,000 from 2020, following a -24% in 2020. While, 2022 started to rebound, we are expecting a decrease in 2023 of up to -35% again, and therefore have budgeted accordingly. The primary expenditure of these funds for 2024 is focusing on Roadway Construction, followed by Public Safety, which includes 7.5% a \$51,398 donation to the Chartiers Township Volunteer Fire Department

2 Buccaneer Drive

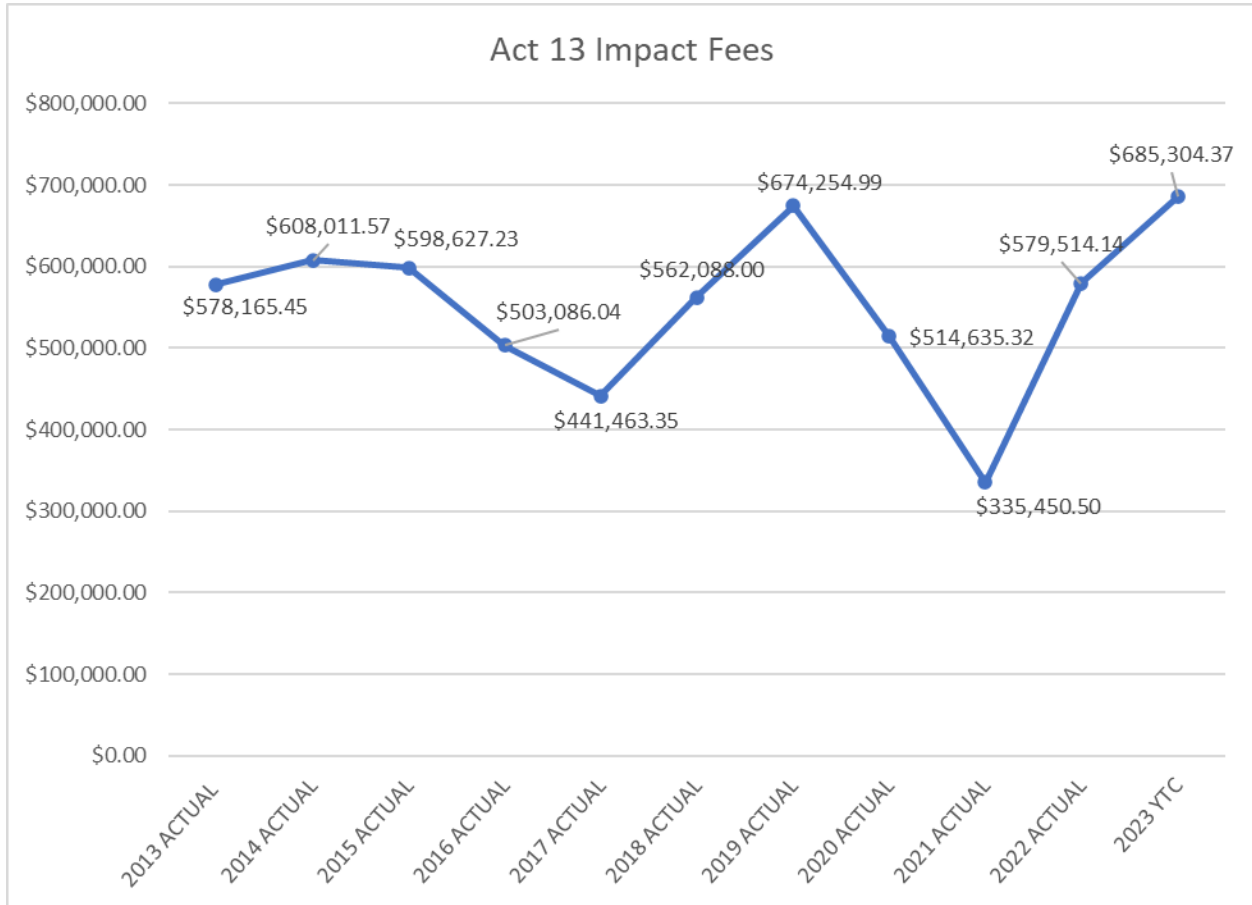
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and the same amount to Chartiers Police Department, however, since the Police did not spend their 7.5% in 2023, we have funded their balance as well at \$83,666 in 2024. In addition, we have budgeted \$100,000 for stormwater and sewer systems and another \$75,000 for parks/facilities improvements, including a playground and safety surfacing for Allison Park. The balance of the fund is being reserved for Act 13 Permitted purposes in accordance with the Act.



GAMING FUND

This fund is our local share from the Meadows Casino, which is statutorily capped. We have conservatively budgeted \$118,000. We have budgeted \$75,000 for equipment purchases and \$87,000 for Debt Repayment for the large dump truck which was originally budgeted in 2022, only being received in late 2023 / early 2024 due to supply chain issues. There are also monies budgeted for building repairs and street maintenance as well as the annual Spring Clean Up. The Total Budget for this fund is \$522,736, which carries a healthy \$394,736 fund balance.

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ARDEN FORCE MAIN FUND

The \$253,969 in this fund for 2024 is being reserved for future repairs to the Arden Force Main and pump station. The Township has been proactively working with WEWJA and South Strabane Township to upgrade and increase capacity at this pump station to accommodate future need in an economically responsible manner. That is why the Township has been reserving funds for that purpose for several years, which has provided the more than a quarter million dollars in this fund to date. We hope to proceed with this improvement and have budgeted \$200,000 towards that purpose in 2024.

SEWER FUND

This fund is budgeted at \$3,907,428 for 2024. The main expense in this fund is CHJA treatment costs. A 30% increase in those costs is anticipated in 2024, due to CHJA sewer rate increase passed in November of this year. Additionally, the Township is projecting spending \$200,000 in I&I elimination and sewer rehabilitation next year. We also have increased engineering fees to \$150,000 as we anticipate updating the Act 537 plan and designing a public sewage option for Arden Mines Road to replace failed septic systems in accordance with the order directive from the DEP as well as a joint project with South Strabane Township and WEWJA to upgrade the Arden Pump Station..

ROUTE 18 SEWER FUND

This fund is for the Chartiers Township portion of the joint sewer project with Canton Township that was constructed in 2012 has a 2024 Budget of \$96,706. The 2021 refinancing of this debt resulted in the Township realized a significant savings in interest due to a favorable market and has reduced the debt repayment horizon by almost 5 years for the residents of this sewer district, thereby reducing their overall debt burden for the project. The expenditures in this fund are limited to the debt service for the 2023 General Obligation Bond, totaling \$31,000 in 2023. The anticipated debt payments of \$37,044 cover this debt.

MIDLAND SEWER FUND

This fund was created for the 2014 budget to reflect the anticipated revenues and expenditures of the Midland Sewer Project which was completed in 2015. This fund has consistently run behind on the collection of debt service to meet the PennVest Obligations. The Township refinanced this debt in 2021 to save the project long term costs. Additionally, the Township invested \$300,000 in PLGIT Prime to improve earnings and will utilize those funds to make up the short fall. This \$300,000 represents the cost of paving the Midland roads post sewer construction, as the Board felt that the residents should not be funding the paving of the roads and have repaid that expenditure to this fund via PennVest. The 2024 budget for this fund is \$501,198.

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McCLANE SEWER FUND

This fund was created for the McClane Farm Road Sewer Project District, the which was constructed a in 2018. It is solely to finance the debt and expenses directly related to that sewer project which serviced 51 homes along McClane Farm Road. This funds 2024 budget is \$163,791. The budgeted debt service revenues of \$35,622 should cover the debt obligation of \$36,114. By ordinance the debt service payments are supposed to increase in 2024 due to the PennVest interest rate increase, However, this fund appears to be self sustainable at the current rate, so the Board may choose to postpone that increase until if and when it may be necessary.

LIQUID FUELS FUND

The expenditures for this fund are similar to other funds restricted by State regulation. From the anticipated \$328,381 to be received from the State, the Township intends to spend a large portion of it on the salt for winter maintenance at \$120,000 as has been the case in the last few years. Additionally, \$200,000 is anticipated to be spent on the 2024 Road Program. An analysis of our mileage and paving costs indicates that to pave Township roads on a 15 year cycle, we need to spend approximately \$500,000 per year in paving, which is what we planning for the Township funded paving program for 2024. Other expenditures in this fund include the purchase of guiderail and highway maintenance material.

FRIENDS OF CHARTIERS COMMUNITY PARKS

This group officially received designation as a 501c3, non-profit organization in 2014 from the IRS to receive tax free donations. The expenditures for this fund for 2024 are budgeted at \$5,500 for a donation to the Community Center and other capital purchases but are dependent on the fund raising of this group.

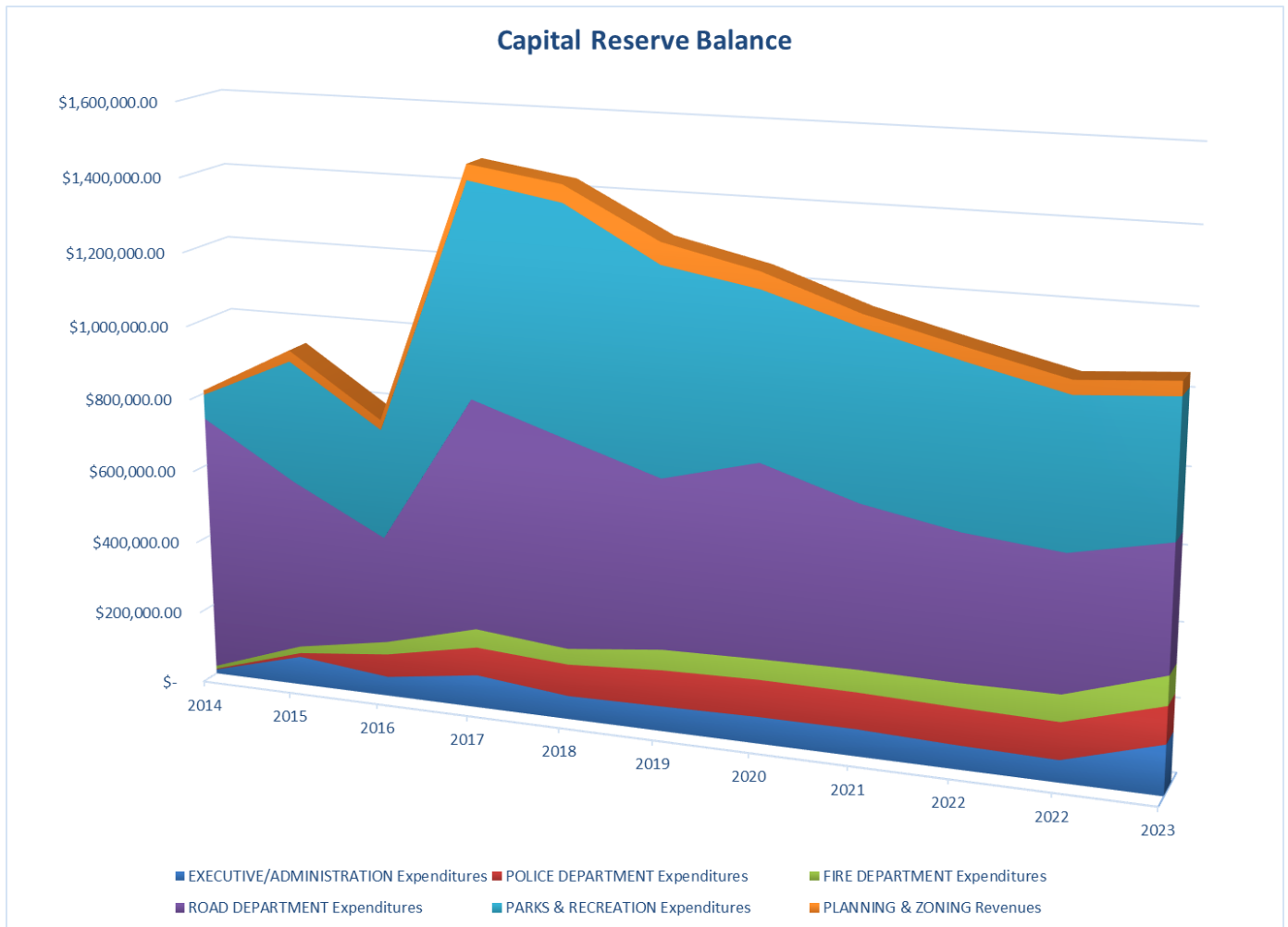
CAPITAL RESERVE FUND

This is a fund that was added in 2014 to help the Township fund our capital needs over time by annual savings from one-time revenue sources as a result of our effort to reflect responsible budgeting. Several funds were closed and their fund balances transferred here to be reserved for the purposes for which those funds were created. The Township has moved a large portion of the host fee from the General Fund Balance into this fund to reserve it for capital purposes. That way if there is a decrease in these funds as there was in 2020 and 2023, the Township is not dependent on them for operations, but instead can merely forego capital expenditures. The Township anticipates funding an mere \$192,000 in capital savings and investment in this fund in 2024. This is substantially lower than the normal \$300,000, but more than recent years. We have budgeted a reduced Road Program contribution from Capital at \$50,000 given its reduced funding. We additionally will be funding continued Geographic Information System development to enhance our community mapping for

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not only planning and zoning, but also for sewers and stormwater management to be compliant with MS4 regulations, as well as our new road inventory and conditions analysis. This fund has accumulated \$1.1 Million in savings to responsibly meet the Township’s capital needs long term, by saving for them in small annual increments. This type of responsible, long-range financial planning ensures the Township can meet our capital needs with little debt and our 5 year Capital Improvement Plan for the Township.



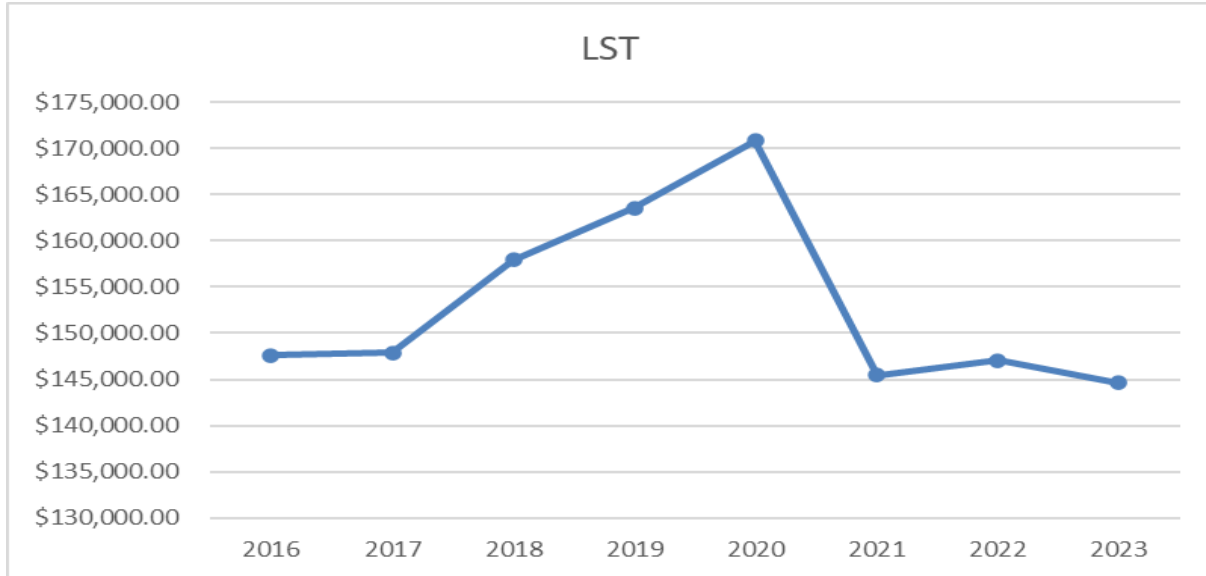
LOCAL SERVICES TAX FUND

In 2014 the Township decided to segregate these funds to ensure that the Township spends these funds in accordance with Act 222 of 2004 which requires that municipalities use these taxes for police, fire or emergency services; road construction or maintenance; or for the reduction of property taxes and that 25% of the revenue garnered be dedicated to “Public Safety”. The Township anticipates collecting about \$145,000 via Keystone Municipal Collections administration of the \$52/year tax on those that work in Chartiers Township the Township intends to spend a majority of it on

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Road Construction and / or Maintenance at \$100,000. We also anticipate spending money on salt, and highway maintenance items and approximately \$58,000 or about 40% of 2024’s collections on public safety police, which is in excess of the 25% required by the statute. This tax was clearly impacted by the pandemic and economy and has not recovered, as is graphically depicted in the following chart.



FIRE TAX FUND

The new fire tax introduced in 2018 and brought in \$166,000 for the Chartiers Township Volunteer Fire Department in 2023. This 0.20 Mill tax funds equipment, operation and maintenance of the fire house and apparatus as well as other operating expenses as permitted under the Second Class Township Code, to provide for a dependable funding stream for the fire department. We are budgeted at a conservative \$155,000 for 2024, with hopes that we will see improvements in the economy.

COMMUNITY CENTER FUND

This fund isolates the operation of the Chartiers Township Community Center and recreational programming be self sustaining to some degree. The lack of a Parks and Recreation Director/Center Manager has been a challenge on current staff, but has helped this year’s bottom line with very little wages to offset. Unless we have a Director in early 2024, I would recommend not doing the Summer Playground Program next year. We need someone experienced to run it to make it functional and successful for the Township and the kids. I have budgeted part time personnel for 2024 as a way to try get things operational again for the center without considerable financial loss. The 2024 budget for the center is \$131,065. It is supported by the general fund by about \$26,000 and the Friends of the Park fund by about \$5,000.

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AMERICAN RECOVERY ACT FUND

This fund was newly created in 2022 to segregate and manage the American Recovery Act Funding the Township received from the Federal Government in the amount of \$848,578, 50% of which was received in 2022 and 50% in 2023. The delay in receiving Federal Guidelines, which are still changing as of this year, postponed the spending of these funds. We opted for the Lost Revenue Exemption, which gives us ultimate flexibility on spending the funds. Our only restriction is we can not spend it on anything prohibited under the Act. We must have all of the base funds, not including interest earned, "committed" by the end of 2024 and spent by 2026. We have budgeted \$138,217 in police expenses for body cameras and to cover sick day buy back liability for our retiring officer. We have added \$100,000 for public works equipment, \$50K on roads and another \$175,000 on storm and sanitary sewer projects. The \$68,000 unallocated basically represents interest earned since the start of the fund, which is not restricted.