

Radnor Township, PA

2011 Budget Calendar and Highlights



Presentation Goals

- Discuss the Budget creation Calendar
- Present several highlights to keep in mind as we proceed into the budget process



Budget Calendar

- Charter Requirements:
 - §7.03: Submission of the Operating Budget

“At one or more regular or special meetings of the Board held at least sixty (60) days before the end of each fiscal year, the Manager and department heads shall submit and present to the Board a proposed budget for the ensuing fiscal year.”

- §7.06: Adoption of the Five-Year Capital Plan

“The Manager shall prepare and submit to the Board a minimum of a three (3) year capital program at least ninety (90) days prior to the end of the fiscal year...”



Budget Calendar [Continued]

- Charter Requirements [continued]:

- §7.07: Adoption Procedure for the Budget and Capital Program

- A. Adoption of the Preliminary Budget and Capital Program:

“At least thirty (30) days before the end of the fiscal year, the Board shall complete its review of the proposed budget and the proposed capital program, make such adjustments as it deems necessary, and, in a Board meeting, adopt *by resolution* the preliminary budget and preliminary capital program...” [emphasis added]

- B. Public Notice and Public Hearing:

“No later than ten (10) days following the adoption of the preliminary budget and the capital program by the Board, the Board shall provide public notice of the date, time, and place at which the Board shall hold a public hearing on the proposed budget and the capital program...”



Budget Calendar [Continued]

- Charter Requirements [continued]:

- §7.07: Adoption Procedure for the Budget and Capital Program

- C. Final Adoption of the Budget and Capital Program:

“Following the public notice and the public hearing, at which interested citizens shall have the right to ask questions and express their views, the Board, by majority vote of its total membership, shall enact a final budget by ordinance and adopt a capital program by resolution...”

- D. Levy of Taxes:

“At the time of enacting the final budget, the Board shall by ordinance levy sufficient taxes allowed by law, which, with other revenues and available receipts and balances, shall provide for a balanced budget.”



Budget Calendar [Continued]

- Citizens Budget & Finance Advisory Committee
 - Expect to produce their final report in mid-October
 - It's anticipated that the Board will want to perhaps incorporate recommendations from the CBFAC into the 2011 budget



Budget Calendar [Continued]

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Highlights to keep in mind as we proceed into the budget process:

- Debt Service Requirements
- Pension Minimum Municipal Obligation (MMO)
- Healthcare Premiums
- Restoration of Fund Balance Requirement



Debt Service Requirements

- General Fund contribution to Debt Service is scheduled to increase by **\$488,423** in 2011
- Refunding Update:
 - Meet with Underwriters this week
 - Interview Potential Bond Counsel candidates
 - Select Bond Council at September 13th Meeting
 - Proceed from there based on Underwriters' recommendations



Pension Minimum Municipal Obligation (MMO)

- Preliminary estimates from our pension financial advisors are predicting an increase between **\$600,000** to **\$1,000,000** in 2011.
- Resulting from: Investment losses, cumulative smoothing obligations from prior years
- Anticipate knowing the actual impact in September (along with our options)



Healthcare Premiums

- DVHIT has provided the Township with estimates that the healthcare premiums for 2011 will increase by approximately **10%** (or **\$416,000**).
- Resulting from: 2%-3% from Federal health care reform act, balance from market conditions and actual Township experience.
- The Township may have approximately \$65,000 in rate stabilization moneys on deposit with DVHIT to help offset the increase.



Restoration of Fund Balance Requirement

- The current budget shows an ending fund balance of \$1.9 million (General Fund).
- Administrative Code §44.10 stipulates that the fund balance not fall below a minimum of 12% of revenues with a “target” balance of 15%. At 2010 revenue levels; that’s a range of \$2.84 - \$3.55 million.
- Need to restore between **\$1.0 - \$1.65 million** [at today’s dollars] to the General Fund balance by the 2012 budget.

