



## UPPER MERION TOWNSHIP BOARD OF SUPERVISORS

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November 12, 2015

Board of Supervisors  
Upper Merion Township

Dear Board of Supervisors:

It is my pleasure to unveil the 2016 Operating, Capital and Sewer budgets. These budgets represent the culmination of a process that started in June and involved hours of hard work by the Board of Supervisors, department heads and township staff. Without this effort, I would not be able to present these budgets this evening and the contributions of all are gratefully acknowledged and appreciated.

The Board of Supervisors has determined once again to continue with the Homestead-Exclusion Program and to exclude a portion of the value of any homestead property from property taxation. The fixed dollar amount to be excluded from taxation for each primary residential Homestead property for the calendar year 2016 is the amount of \$72,500. The savings based on an average assessment of \$150,000 is \$156.00.

The 2016 budget is a conservative spending plan, which maintains all existing programs at current levels. I can assure you that the Township will continue to provide the highest level of service possible that exceeds in value the taxes paid by the average property owner.

### Operating Budget

The 2016 Operating Budget, totaling \$33,988,412, reflects a 8.30% increase over the 2015 adopted budget. **The budget is balanced for 2016 and contemplates no property tax increase.** This budget accounts for the day-to-day operations of the Township and consists of the General Fund, Library Fund and Liquid Fuels Fund. The General Fund component has an increase over 2015 of 8.2%. The Township's main revenue source, the Act 511 tax, accounts for over 45% of total General Fund revenues. The Library component has an increase of 0.6% over the adopted 2015 Library budget. There is a subsidy to the Library from the General Fund of \$108,723. The Liquid Fuels component accounts for the township's street resurfacing program. That budget is \$871,593.

In planning for this budget, there are a number of important aspects to highlight and are listed as follows:

- 2016 will be the first year of implementation of a pay-for-performance program. For non-uniformed personnel, there are no salary increases shown in any individual department budget until some history is established with this program.
- The Health insurance overall budget increase is 2.20%, or \$93,169, from 2015 to 2016.
- Workers Compensation reflects an overall budget increase of 2.39%, or 11,297, from 2015 to 2016.
- Property and Liability Insurance (PIRMA) does not have a rate increase from 2015 to 2016. The increase in this area of 12.8%, or \$37,860, reflects rating of all the new equipment that came on line as well as a fully rated Community Center Building coming on line at 1/1/2016. The comprehensive/collision policy for the Lafayette vehicles is an increase of 4.25%, or \$1,360. The Flood Insurance policies with the National Flood Insurance Program are estimated at a 20% increase or \$9,648.
- The Depreciation (Equipment Replacement calculation) is budgeted at a level of 50%, or \$508,310, of what the full amount should be.
- The contractual increase, for 2016, for Police Officer's is budgeted at 3.75% or \$326,257.
- The Safety & Codes Department reflects an additional \$25,000 in wages to hire a part-time property maintenance inspector, to complement our current full-time inspector.
- The Police budget reflects salary/benefit costs for an additional officer.
- The Police budget reflects an increase of the Township's share of pension cost (minimum municipal obligation) of 82.7%, or \$392,200.
- The Volunteer Fire Company allocation is budgeted at an increase of 3.75%, or \$15,869.
- The Upper Merion Senior Service Center allocation is budgeted at an increase of 3.75%, or \$2,323.
- The overall Park & Recreation Department budget shows an increase of 51.3%, or \$1,134,122 over 2015, due to additional levels of increased expense due to the opening of the Community Center and operation of the pool.
- Debt Service shown a decrease of 5.3%, or \$86,554, due to the early pay-off of the Pennsylvania Infrastructure Bank loan for the Allendale Road Bridge project.

## **Sewer**

The 2016 sewer operating budget, totaling \$7,172,983, reflects an increase of 3.9%, or \$271,258, over the 2015 adopted budget. This budget is balanced for 2016. The sewer budget is a separate enterprise fund and accounts for the day-to-day operations at the township's two wastewater treatment facilities as well as the wastewater collection system.

## **Capital Budget**

For 2016, the Township's Capital Budget program is in conformance with the guidelines set by the Township Supervisors; and that was to plan for projects that are only critical in nature. The 2016 program totals \$2,339,157.

## **Outlook for 2016**

I assure the Board of Supervisors and the community that the Township will continue to make prudent financial decisions in 2016. With the renewed cooperation of the Upper Merion community, the staff will continue to provide high quality services in the most cost-effective and efficient manner possible.

I would like to thank the Board of Supervisors and the Township's department heads who assisted in the budget process, in particular Finance Director Nick Hiriak.

The Board of Supervisors has set December 3, 2015 at 7:30 p.m. for the hearing and adoption of the proposed 2016 budgets.

I respectfully submit and officially post the proposed 2016 Operating, Sewer and Capital Budgets for Upper Merion Township and recommend their adoption.

Sincerely,



David G. Kraynik,  
Township Manager