

November 6, 2019

To Members of the Upper Makefield Township Board of Supervisors:

We are pleased to present the 2020 Upper Makefield Township Final Budget to the Board of Supervisors and the citizens of Upper Makefield Township. As presented, this budget will allow Upper Makefield Township to continue to provide a high-level quality of services to its residents.

The Budget Process

The budget process for the 2020 Budget began in August, when Township staff began formalizing budget requests. Departmental budget requests were prepared and reviewed individually by the Township Manager and Finance Officer with each respective department head. After thorough evaluation and revision, draft budgets were presented to the Board of Supervisors during publicly advertised Budget Workshop meetings on October 1, 2019 and October 7, 2019. These meetings included line-item scrutiny and discussion of capital improvement planning, the Township debt repayment schedule and Sewer and Water Reserve Funds.

The adoption schedule for the 2020 Budget is as follows:

- **October 1, 2019** – Budget Workshop 1 - Presentation of the 2020 Proposed Budget
- **October 7, 2019** – Budget Workshop 2 - Presentation of the 2020 Proposed Budget
- **October 15, 2019** – Presentation and authorization to advertise the Preliminary 2020 Budget
- **November 6, 2019** - Official adoption of the Final 2020 Budget

The budget document, as presented here, incorporates input and direction from the Board of Supervisors during the Budget Workshop meetings.

The Funds

This proposal includes \$10,866,801 in expenditures over eleven Governmental Funds, including \$7,403,608 in expenditures from the General Fund, and \$8,562,817 in General Fund revenues. Governmental Funds include costs to provide typical governmental functions.

Governmental Funds	2020 Proposed Revenues	2020 Proposed Expenditures	Fund Balance
General	\$8,562,817	\$7,403,608	\$1,159,209
Fire	373,893	175,000	198,893
Open Space	1,725,775	1,658,329	67,446
Building Construction	207,092	165,451	41,641
Park and Recreation	80,845	62,000	18,845
Park and Recreation Capital	233,470	80,000	153,470
Capital Reserve	1,028,999	582,813	446,186
Liquid Fuels	409,446	372,600	36,846
Tree	91,855	15,000	76,855
Emergency Services	149,132	100,000	49,132
Riparian Restoration Grant	1,782,351	252,000	1,530,351
Total	\$14,645,675	\$10,866,801	\$3,778,874

The Township's Proprietary Funds include six Water/Sewer Enterprise Funds that account for services provided to the public on a user charge basis.

Proprietary Funds	2020 Proposed Revenues	2020 Proposed Expenditures	Fund Balance
Heritage Hills Water & Sewer Fund	\$481,206	\$440,950	\$40,256
Heritage Hills Capital Reserve Fund	466,692	210,000	256,692
Dutchess Farm Sewer Fund	190,002	154,100	35,902
Dutchess Farm Capital Reserve Fund	170,323	23,100	147,223
Enclave Water & Sewer Fund	523,021	247,800	275,221
Enclave Capital Reserve Fund	315,282	31,200	284,082
Total	\$2,146,526	\$1,107,150	\$1,039,376

Upper Makefield Township's three Fiduciary Funds report assets held by the Township in a trustee or agency capacity and are not available to support Township programs or services. Both pension plans are funded in excess of 100%.

Fiduciary Funds	2020 Proposed Revenues	2020 Proposed Expenditures	Fund Balance
Police Pension	\$10,473,250	\$422,600	\$10,050,650
Non Police Pension	4,657,736	456,803	4,200,933
Grading Escrow	364,884	10,000	354,884
Total	\$15,495,870	\$889,403	\$14,606,467

2020 Budget Overview

We are pleased to report that the Township is projected to end this year with lower than budgeted expenditures. This is due to the prudent financial planning by the Board of Supervisors and the diligence of Township staff, who consistently work to contain costs and reduce overall expenditures.

For 2019, the General Fund revenue totals are projected to be approximately \$160,871 less than budgeted and expenditures are projected to be approximately \$303,794 less than budgeted. The Planning & Zoning Dept., Police Dept. and the Public Works Dept. are projected to end the year with expenditures under budget. This is a credit to the Township staff, who work hard all year to contain costs. We are living within our means, while working to provide services at the level expected by our residents, maintaining our positive fund balances, and planning for the future with Township-wide capital improvement plans.

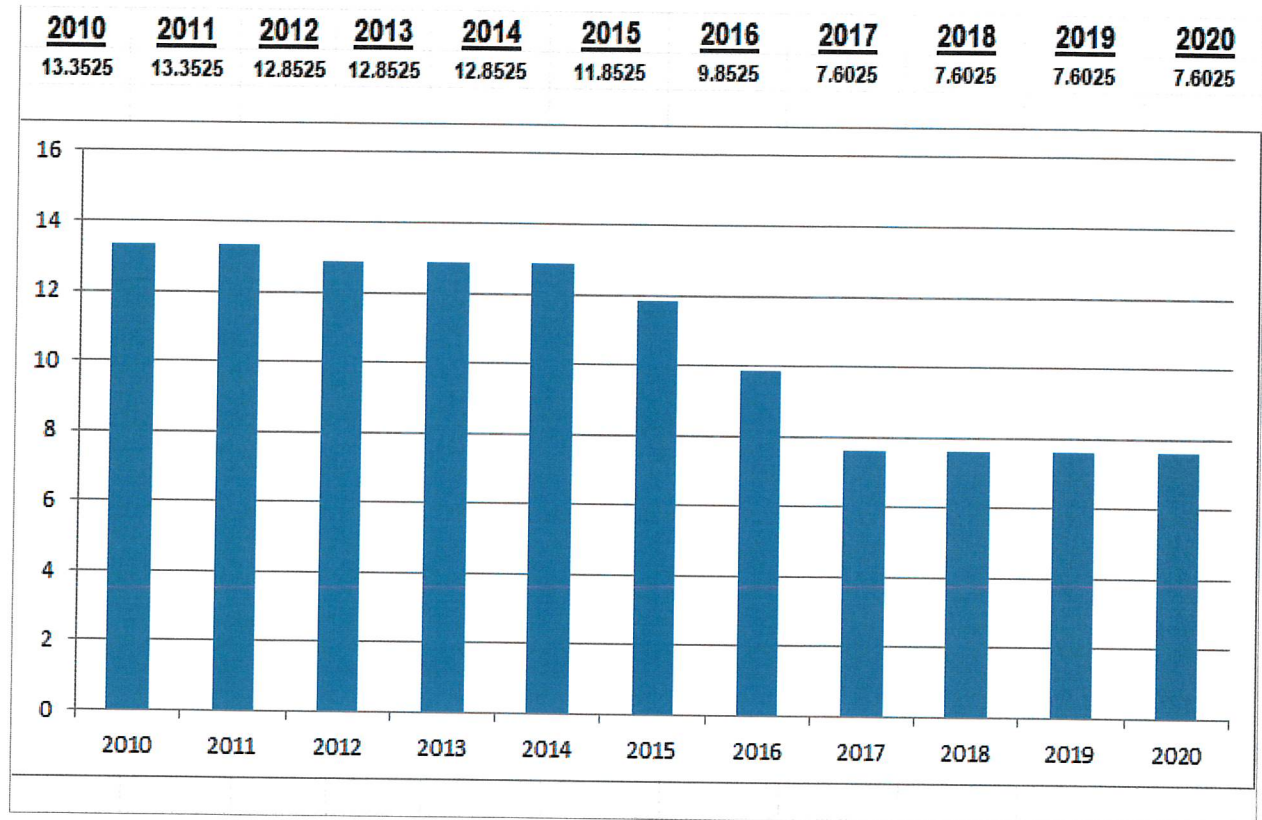
The Board of Supervisors continues to adopt a five-year Capital Improvement Plan for Administration/Facilities, Police, and Public Works. This budget continues to fully fund the Capital Improvement Plan with the transfer of \$200,000 from the General Fund.

The 2020 budget contains funds for one additional police officer and an additional public works employee. Currently, the Township employs 31 full-time and 4 part-time employees.

The Township has been able to continue stabilized taxes while at the same time fully funding a Five Year Capital Improvement program and maintaining a comfortable fund balance, with no impact to the services provided to our residents.

Since 2011, Upper Makefield Township's real estate tax have been reduced steadily from a high of 13.3525 mils to the proposed level of 7.6025 mils.

TOTAL MILLAGE



As proposed, the Real Estate Tax would be broken down as follows:

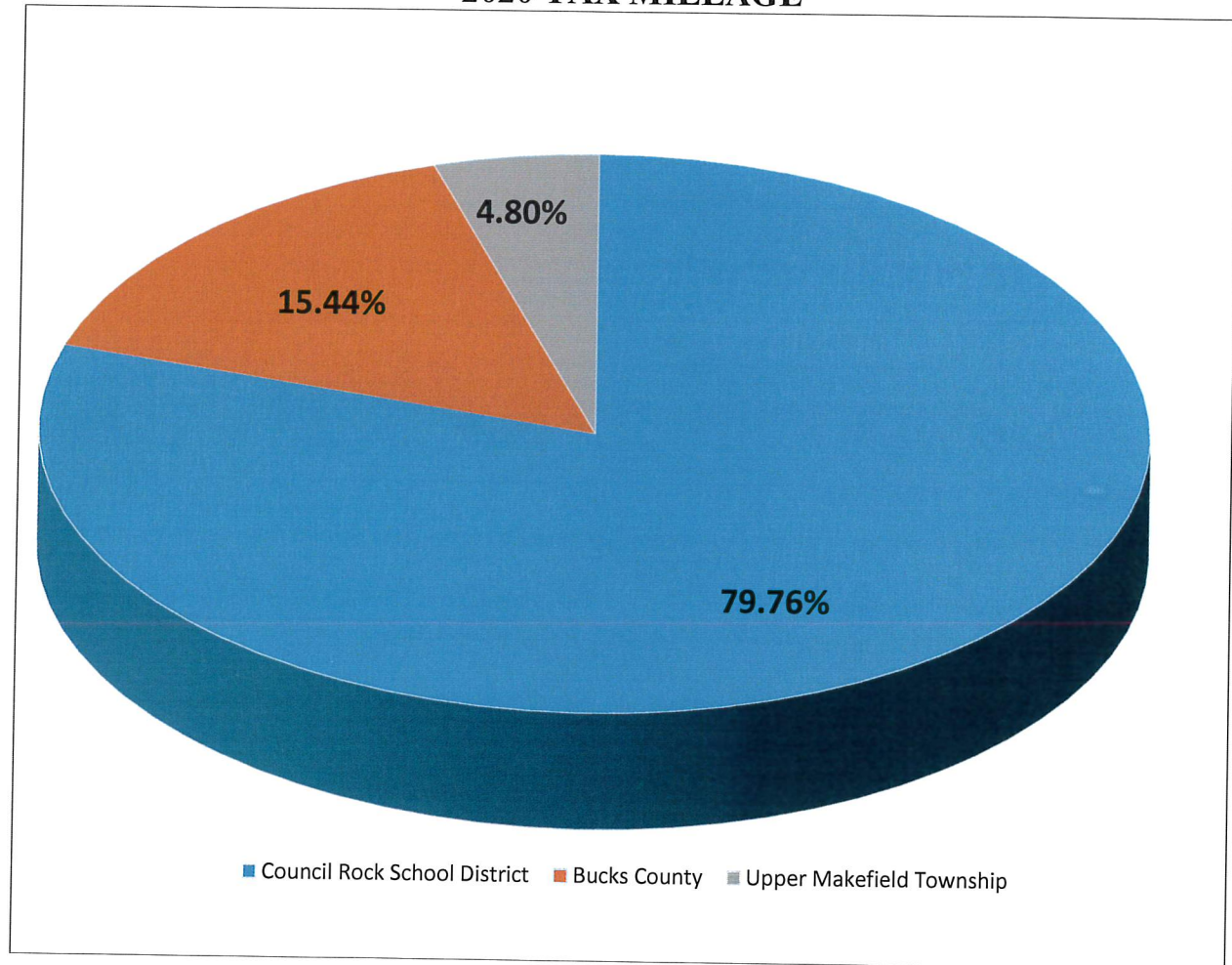
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| ▪ General Fund | 0.0000 mils |
| ▪ Open Space Fund | 6.3525 mils |
| ▪ Fire Fund | 0.7500 mils |
| ▪ Building Construction Fund | 0.5000 mils |

TOTAL	7.6025 mils
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The proposed 2020 Upper Makefield Township Real Estate Tax is based on the total assessed value of real estate in the Township. According the Bucks County Board of Assessment, the total assessed value as of August 2019 is \$246,172,360.

The average assessment of a residential property in Upper Makefield Township is **\$65,748**, which equates to an average Township real estate tax of **\$500**.

2020 TAX MILLAGE



	<u>2019-2020 Millage</u>	<u>Percentages</u>
Council Rock School District	126.30100	79.76%
Bucks County	24.45000	15.44%
Upper Makefield Township	7.60250	4.80%
Total	158.35350	100.00%

It should be noted that the Upper Makefield Township portion of a resident's Real Estate Tax bill is only 4.80% as compared to the County (15.44%) and School District (79.76%) portions.

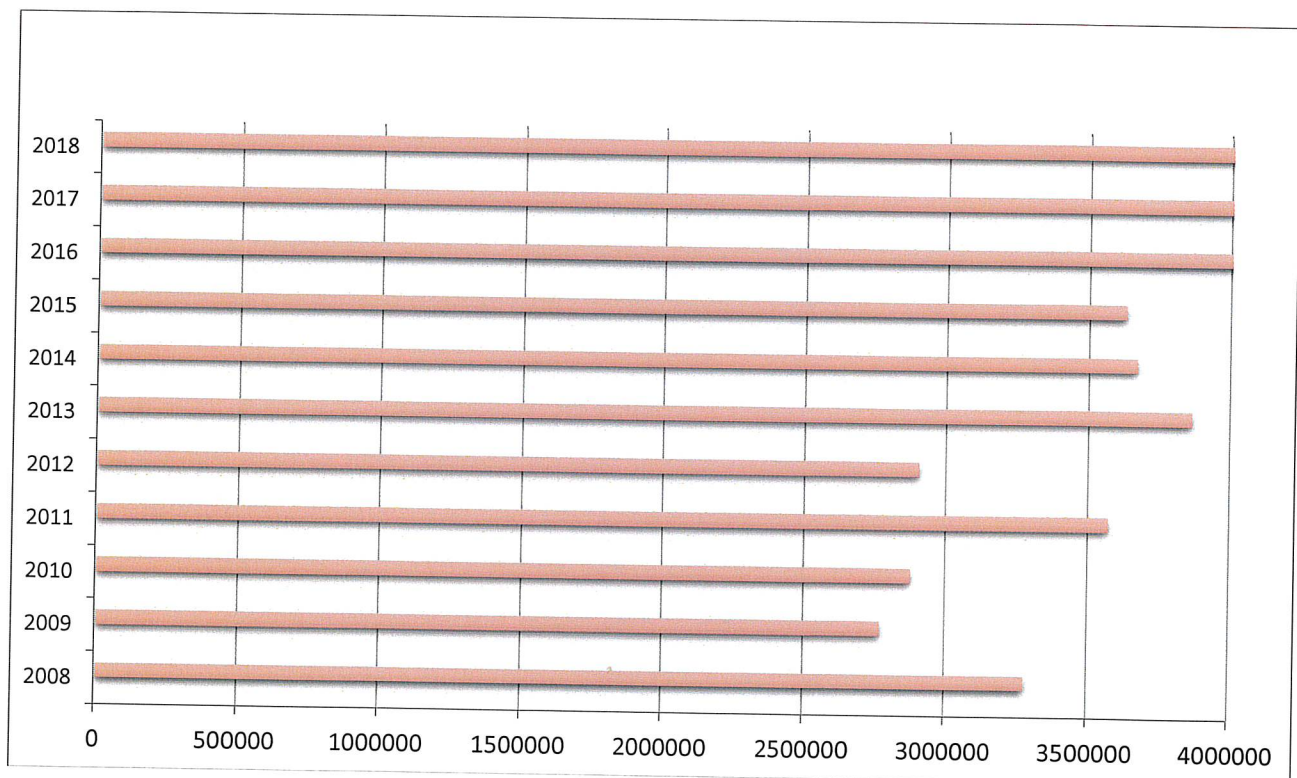
General Fund – Revenues

Earned Income Tax:

The Upper Makefield Township Earned Income tax rate is $\frac{1}{2}$ of 1% with the other $\frac{1}{2}$ of 1% going to the Council Rock School District. This revenue source is budgeted at \$4,200,000 in 2020, an increase of \$100,000.

According to the 2010 Census, the median income for a family in Upper Makefield Township is \$159,203, which translates into an annual Earned Income Tax payment of \$796.01.

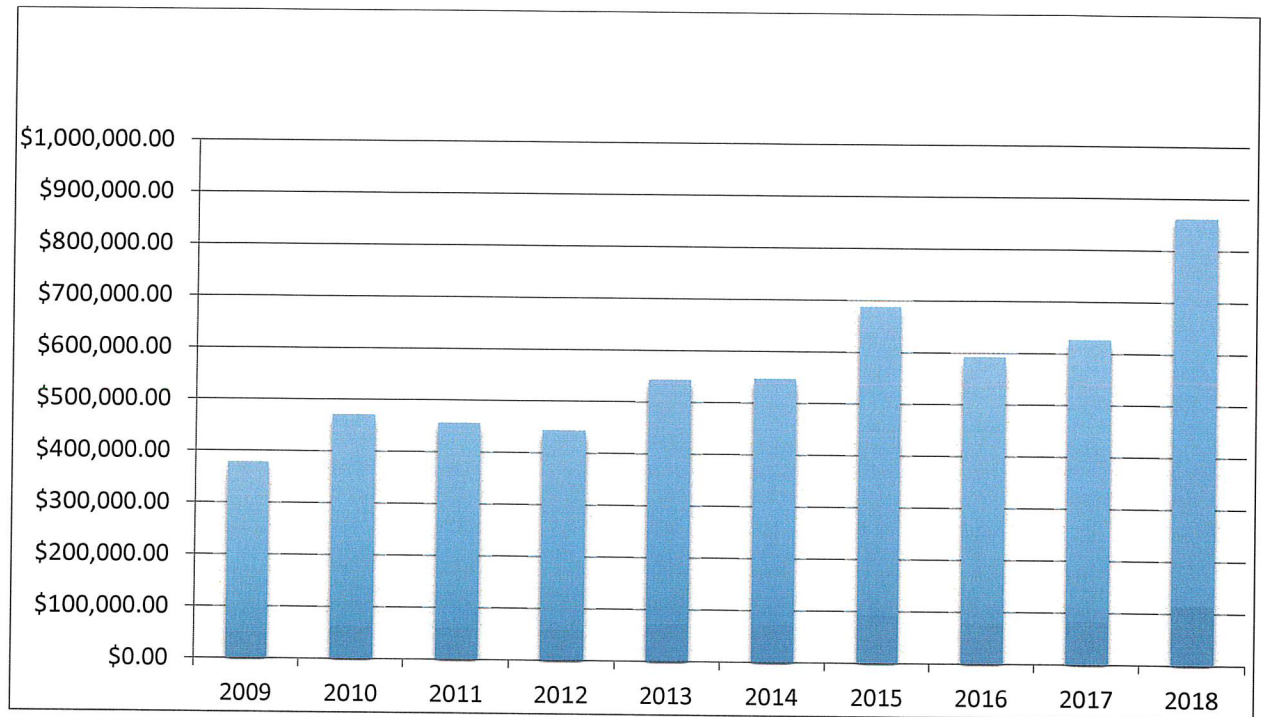
Earned Income Tax Revenues – 2008 through 2018



Real Estate Transfer Tax:

Upper Makefield Township receives $\frac{1}{2}$ of the 1% of the value of all real estate that transfers. This line item is estimated to bring in approximately \$600,000 in 2020, as illustrated by the following graph.

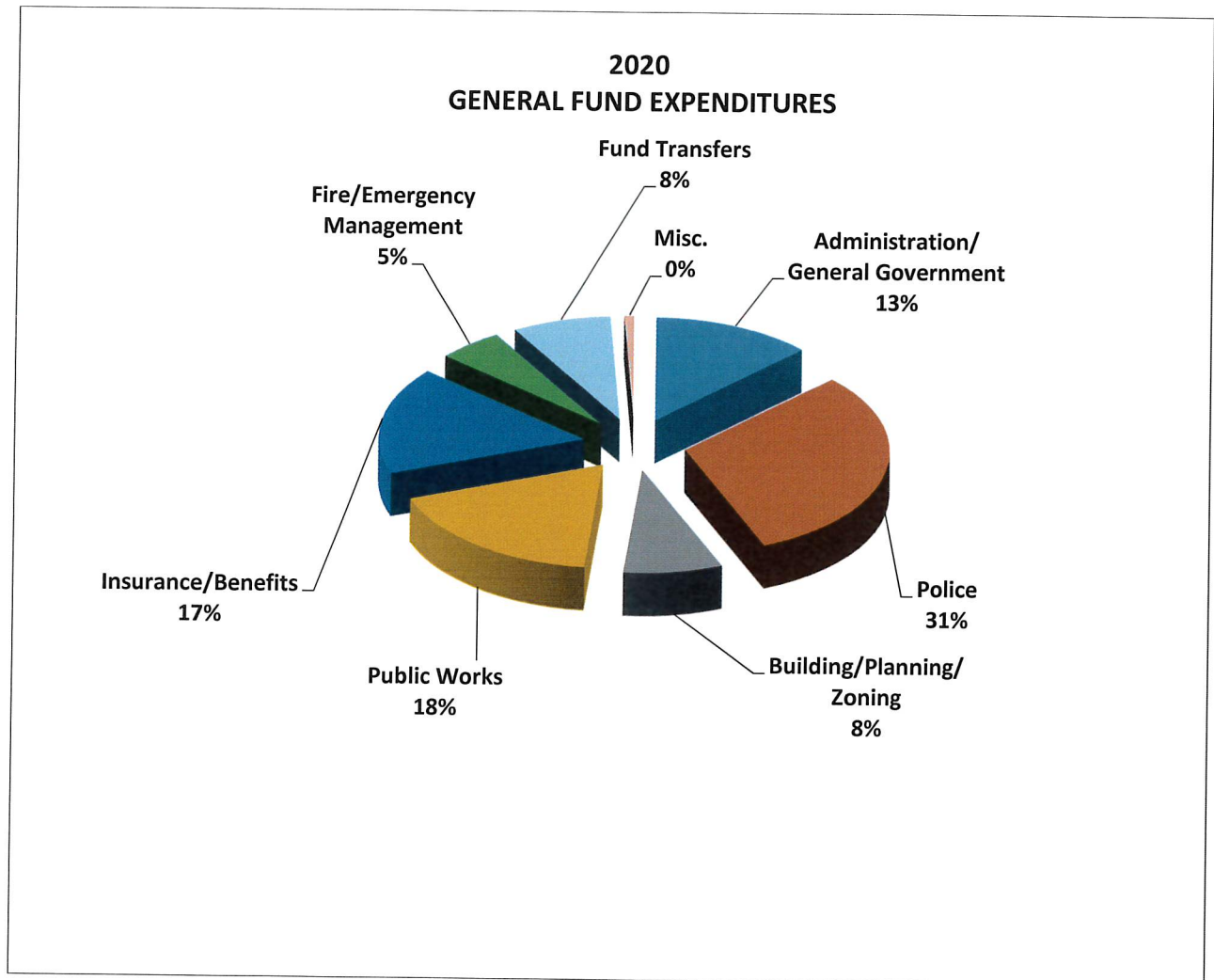
Real Estate Transfer Tax Revenues – 2009 through 2018

**General Fund – Expenditures**

The largest expenditure category in the General Fund is Police Services, representing 31% of budgeted costs. Additional expenditure categories include: Insurance/Benefits at 17%, Administration/General Government at 13%, Building/Planning/Zoning at 8%, Public Works at 18%, Fund Transfers at 8%, Fire/Emergency Management at 5% and Miscellaneous at 0% .

**2020 GENERAL FUND
EXPENDITURES**

Administration/General Government	\$	940,833
Police	\$	2,283,378
Building/Planning/Zoning	\$	580,693
Public Works	\$	1,327,287
Insurance/Benefits	\$	1,244,800
Fire/Emergency Management	\$	386,662
Fund Transfers	\$	579,830
Misc.	\$	60,125
<i>Total Expenditures</i>	\$	<u>7,403,608</u>



Other 2020 Fund Expenditures Highlights

PERSONNEL

In 2020, the Upper Makefield Township budget funds the employment of two additional full-time employees. The Public Works contract expires December 31, 2023. The Police contract was amended through December 31, 2022. Non-uniformed, nonbargaining wage increases are budgeted at 3.50%.

PENSION

The Minimum Municipal Obligation (MMO) for 2020 is budgeted at \$167,543 for the Police Pension Fund and \$104,485 for the Non-Police Pension Plan for a total MMO of \$272,028. This obligation is offset by \$225,280 in anticipated revenue from the Commonwealth.

FIRE FUND

\$156,000 is budgeted for the Upper Makefield Fire Company and \$19,000 for the Lingohocken Fire Company.

HERITAGE HILLS WATER/SEWER CAPITAL IMPROVEMENT

In 2020, \$75,000 is proposed to be transferred from Heritage Hills Water/Sewer Fund to partially fund the Heritage Hills Water/Sewer Capital Fund: \$110,000 is budgeted for the Heritage Hills Wastewater Treatment Plant: Tertiary Filter Painting and Media Replacement, \$50,000 is budgeted for the Heritage Hills Wastewater Treatment Plant: Clarified Drive Replacement and \$50,000 is budgeted for year 8 of an 8 year maintenance contract for Heritage Hills Water Storage Tank.

PUBLIC WORKS

\$604,384 is allocated from the General Fund for the 2020 Road Improvement Program. The following roads are slated for improvement: Mt. Eyre Road, Valley View Drive and Old Barn Court.

LIQUID FUELS FUND

- \$155,000 is allocated for road repair and resurfacing projects.
- \$45,000 is allocated for road maintenance.
- \$90,000 is allocated for snow removal and snow removal overtime
- \$13,000 is allocated for crack sealing

PARK AND RECREATION FUNDS

In the Park and Recreation Fund, \$60,000 is allocated for general maintenance of both Lookout and Brownsburg Parks (i.e., field maintenance, trash removal, cleaning of restrooms, repairs as needed).

In the Park and Recreation Capital Fund \$20,000 is allocated for two cantilever shades for the Lookout Park picnic area and \$40,000 for the purchase of playground equipment (ages 5-12) for Brownsburg Park..

OPEN SPACE FUND

\$1,658,329 is allocated for repayment of debt, including interest.

CAPITAL RESERVE FUND

\$200,000 is proposed to be transferred from the General Fund to continue to fully fund the Five-Year Capital Improvement Plan.

- \$80,774 is budgeted for the replacement of two (2) police vehicles
- \$78,392 is budgeted for replacement of a F450 Utility Truck
- \$25,000 is budgeted for replacement of a F150 Pickup Truck (used)
- \$15,847 is budgeted for Public Works Garage heaters and tank
- \$10,000 is budgeted for Police Radios
- \$48,000 is budgeted for Police Server Records Management System
- \$295,000 is budgeted for Administration Building renovations
- \$3,000 is budgeted for Fire House 81 HVAC maintenance and painting
- \$12,400 is budgeted for Modular Repairs
- \$10,400 is budgeted for Administration Building paint/soffit/rain gutter repair
- \$4,000 is budgeted for Oak Tree Removal

BUILDING CONSTRUCTION FUND

\$165,451 is allocated for repayment of debt , including interest, for the Police Building. Real Estate millage is 0.5 mils.

Conclusion

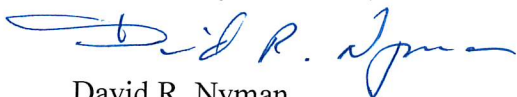
Staff wish to sincerely thank the Board of Supervisors, volunteers and residents for their continued support. The preparation of this budget is the culmination of the collaborative efforts of many people: the Board of Supervisors, Township staff, volunteer boards and residents.

The entire Township team of employees should be commended for their efforts. With this year's ongoing work to continue to control costs and contain spending, Township staff has exhibited their dedication to serving the residents of Upper Makefield. Special recognition should be given to the following members of the Township's Executive Staff for assistance in crafting this document: Judy Caporiccio, Bruce Scott, Dave Kuhns, Chief Mark Schmidt and especially Sandy Wenitsky.

The Board of Supervisors should also be recognized for the many hours that they have dedicated to the budget process, gathering input and carefully reviewing each line item.

This document should be a valuable tool in making the important decisions that will impact Upper Makefield citizens and Township government in the coming year. I remain grateful for the opportunity to serve the Board of Supervisors and citizens in the Upper Makefield community.

Respectfully submitted,



David R. Nyman
Township Manager