

December 5, 2018

To Members of the Upper Makefield Township Board of Supervisors:

We are pleased to present the 2019 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 2019 Budget began in August, when the 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 2, 2018 and October 18, 2018. 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 2019 Budget is as follows:

- **October 2, 2018** - Presentation of the 2019 Proposed Budget to Board of Supervisors and citizens of Upper Makefield Township
- **October 18, 2018** - Presentation of the 2019 Proposed Budget to Board of Supervisors and citizens of Upper Makefield Township
- **November 7, 2018** – Presentation and authorization to advertise the Preliminary Budget
- **December 4, 2018** - Official adoption of the Final 2019 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 \$10,576,161 in expenditures over eleven Governmental Funds, including \$7,087,916 in expenditures for the General Fund, and \$8,624,809 in General Fund revenues. Governmental Funds include costs to provide typical governmental functions.

Governmental Funds	2019 Proposed Revenues	2019 Proposed Expenditures	Fund Balance
General	\$8,624,809	\$7,087,916	\$1,536,893
Fire	366,672	177,240	189,432
Open Space	1,783,005	1,782,694	311
Building Construction	211,599	125,611	85,988
Park and Recreation	80,612	62,000	18,612
Park and Recreation Capital	517,330	79,402	437,928
Capital Reserve	1,097,174	473,492	623,682
Liquid Fuels	435,486	407,100	28,386
Tree	103,246	28,706	74,540
Emergency Services	168,213	100,000	68,213
Riparian Restoration Grant	1,739,231	252,000	1,487,231
Total	\$15,127,377	\$10,576,161	\$4,551,216

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	2019 Proposed Revenues	2019 Proposed Expenditures	Fund Balance
Heritage Hills Water & Sewer Fund	\$517,642	\$482,780	\$34,862
Heritage Hills Capital Reserve Fund	826,157	447,000	379,157
Dutchess Farm Sewer Fund	174,182	147,600	26,582
Dutchess Farm Capital Reserve Fund	121,049	0	121,049
Enclave Water & Sewer Fund	248,472	246,300	2,172
Enclave Capital Reserve Fund	210,054	0	210,054
Total	\$2,097,556	\$1,323,680	\$773,876

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	2019 Proposed Revenues	2019 Proposed Expenditures	Fund Balance
Police Pension	\$8,763,311	\$356,662	\$8,406,649
Non Police Pension	4,071,142	460,014	3,611,128
Grading Escrow	374,339	12,000	362,339
Total	\$13,208,792	\$828,676	\$12,380,116

2019 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 2018, the General Fund revenue totals are projected to be approximately \$135,993 more than budgeted and expenditures are projected to be approximately \$100,515 less than budgeted. The Planning & Zoning Dept. is 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 fund the Capital Improvement Plan with the transfer of \$298,000 from the General Fund.

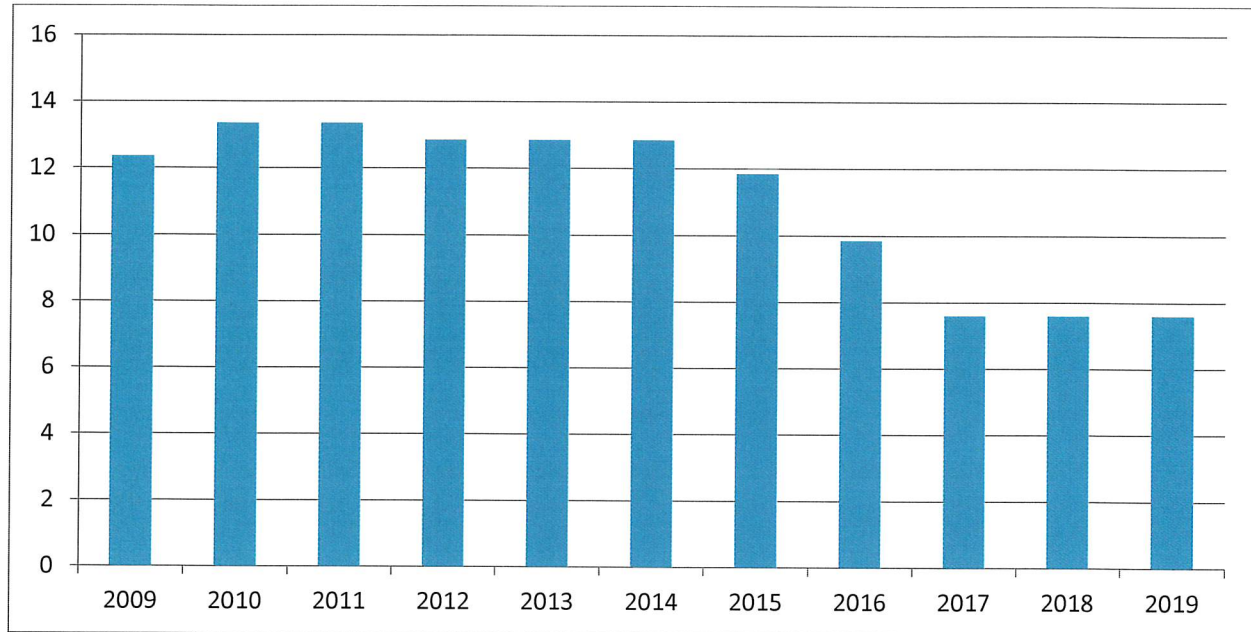
The 2019 budget contains funds for one additional police officer. Currently, the Township employs 28 full-time and 4 part-time employees.

The Township has been able to continue stabilized taxes while at the same time 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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
12.3525	13.3525	13.3525	12.8525	12.8525	12.8525	11.8525	9.8525	7.6025	7.6025	7.6025



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

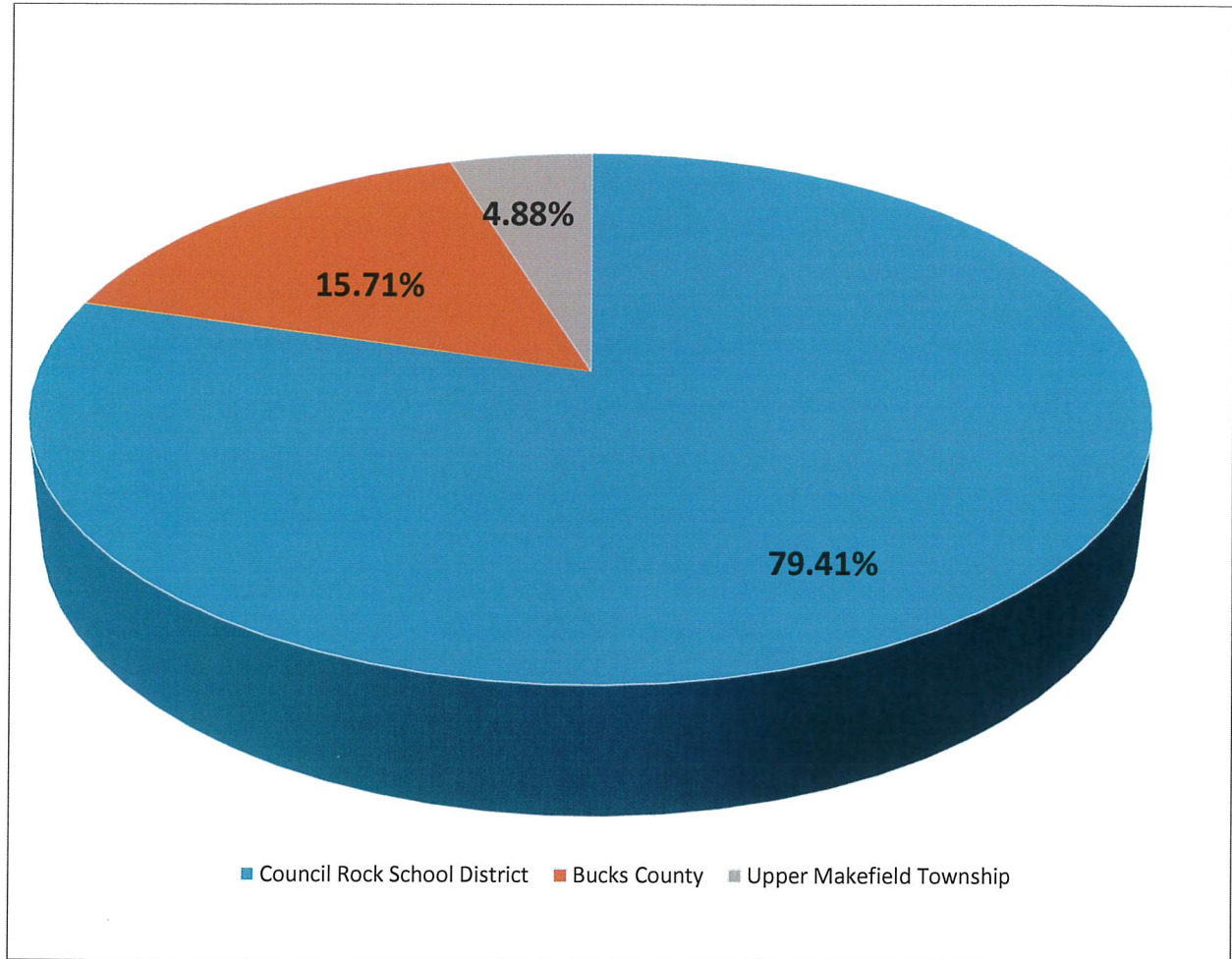
▪ General Fund	0.0000 mils
▪ Open Space Fund	6.3525 mils
▪ Fire Fund	0.7500 mils
▪ Building Construction Fund	0.5000 mils

TOTAL	7.6025 mils
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The proposed 2019 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 2018 is \$241,811,190.

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**.

2019 TAX MILLAGE



	<u>2018-2019 Millage</u>	<u>Percentages</u>
Council Rock School District	123.60700	79.41%
Bucks County	24.45000	15.71%
Upper Makefield Township	7.60250	4.88%
Total	155.65950	100.00%

It should be noted that the Upper Makefield Township portion of a resident's Real Estate Tax bill is only 4.88% as compared to the County (15.71%) and School District (79.41%) portions.

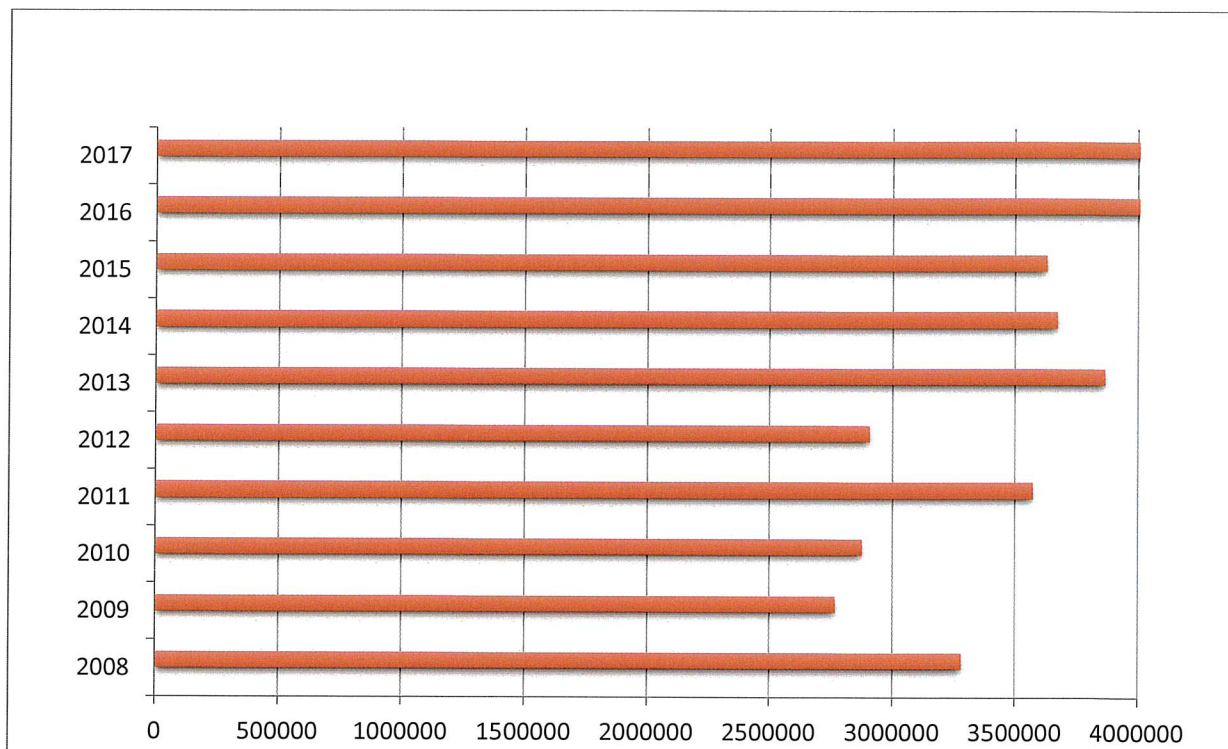
General Fund – Revenues

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 \$4,100,000 in 2019, 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.

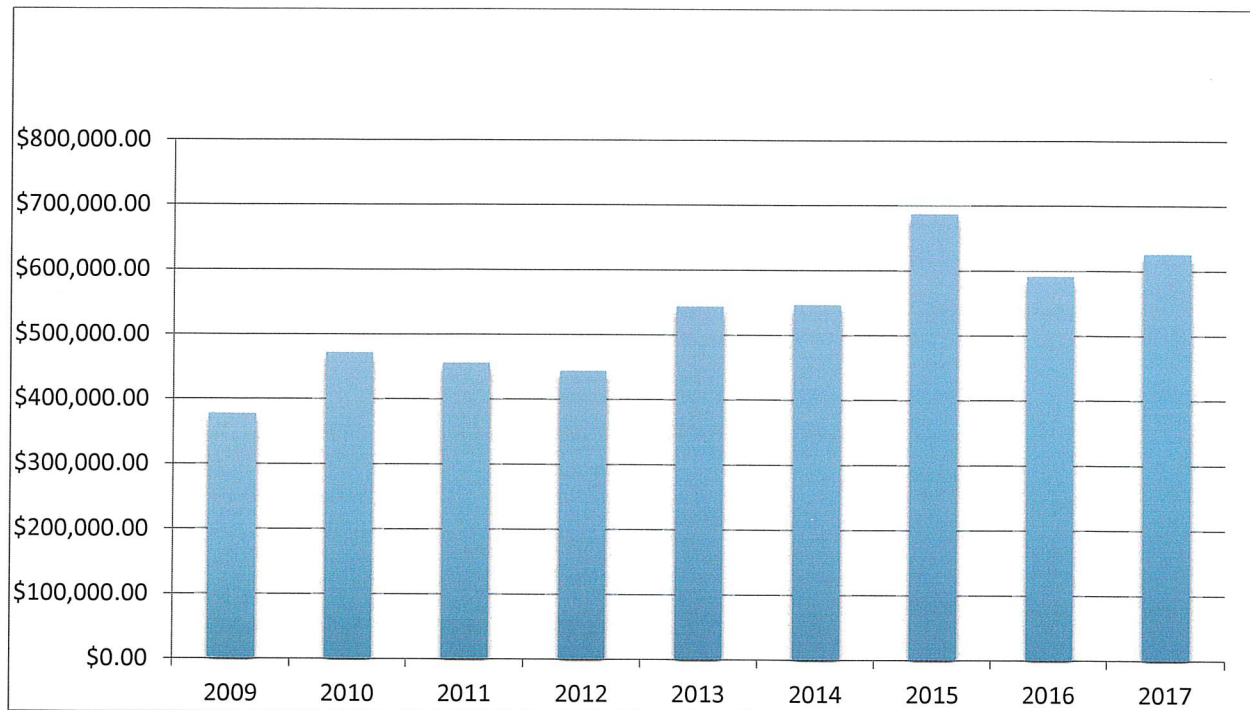
Earned Income Tax Revenues – 2008 through 2017



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 2019, as illustrated by the following graph.

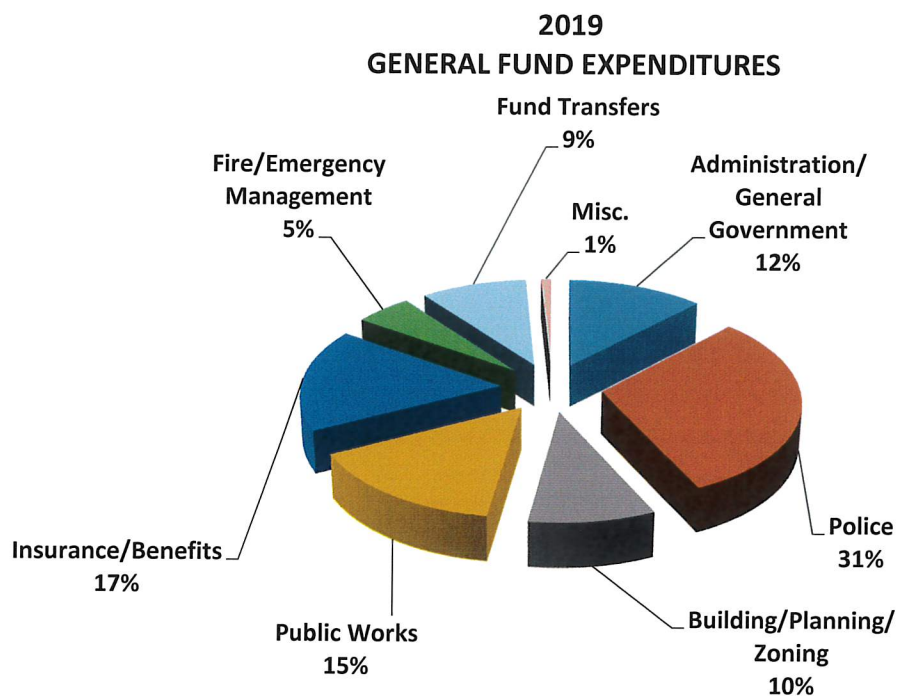
Real Estate Transfer Tax Revenues – 2009 through 2017

**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 12%, Building/Planning/Zoning at 10%, Public Works at 15%, Fund Transfers at 9%, Fire/Emergency Management at 5% and Miscellaneous at 1% .

2019 GENERAL FUND
EXPENDITURES

Administration/General Government	\$	859,906
Police	\$	2,185,321
Building/Planning/Zoning	\$	654,199
Public Works	\$	1,079,614
Insurance/Benefits	\$	1,208,909
Fire/Emergency Management	\$	366,292
Fund Transfers	\$	670,550
Misc.	\$	63,125
<i>Total Expenditures</i>	\$	<i>7,087,916</i>



Other 2019 Fund Expenditures Highlights

PERSONNEL

In 2019, the Upper Makefield Township budget funds the employment of one additional full-time employee. The Public Works contract expires December 31, 2018. The Police contract was amended through December 31, 2022. In total Non-uniformed, nonbargaining wage increases are budgeted at 3.50%.

PENSION

The Minimum Municipal Obligation (MMO) for 2019 is budgeted at \$131,422 for the Police Pension Fund and \$69,081 for the Non-Police Pension Plan for a total MMO of \$200,503. This obligation is offset by \$201,000 in anticipated revenue from the Commonwealth.

FIRE FUND

\$156,000 is budgeted for the Upper Makefield Fire Company and \$21,240 for the Lingohocken Fire Company.

HERITAGE HILLS WATER/SEWER CAPITAL IMPROVEMENT

In 2019, \$75,000 is proposed to be transferred from Heritage Hills Water/Sewer Fund to partially fund the Heritage Hills Water/Sewer Capital Fund: \$320,000 is budgeted for upgrades to the Heritage Hills Water Booster Pumping Station, \$125,000 is budgeted for the Heritage Hills Wastewater Treatment Plant: Sludge Digester Aeration System Replacement and \$2,000 is budgeted for year 7 of an 8 year maintenance contract for Heritage Hills Water Storage Tank.

PUBLIC WORKS

\$609,384 is allocated from the General Fund for the 2019 Road Improvement Program. The following roads are slated for improvement: Barlow Ridge Rd., Woodside Lane, Fieldstone Way, Avondale Dr., Davis Dr., Timber Knoll Dr., Old Dolington Rd., and Cooper Rd.

LIQUID FUELS FUND

- \$155,000 is allocated for road repair and resurfacing projects.
- \$45,000 is allocated for road maintenance.
- \$93,000 is allocated for snow removal and snow removal overtime

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 \$34,402 is allocated for the Lookout Park Trails, which is a 25% match of Buck County Open Space Funds.

OPEN SPACE FUND

\$1,781,694 is allocated for repayment of debt, including interest.

CAPITAL RESERVE FUND

\$298,000 is proposed to be transferred from the General Fund to continue to fund the Five-Year Capital Improvement Plan.

- \$98,652 is budgeted for the replacement of two (2) police vehicles
- \$91,000 is budgeted for replacement of a 550 Dump Truck w/plow & spreader
- \$13,000 is budgeted for replacement of the PW Salt Storage Barn Roof
- \$5,000 is budgeted for a Police Dept. Carpeting and Painting
- \$6,300 is budgeted for a Public Works Truck Leaf Loader Vacuum
- \$4,900 is budgeted for Police Radios
- \$43,000 is budgeted for Police Server RMS
- \$180,000 is budgeted for Administration Building renovations
- \$3,000 is budgeted for Fire House 81 HVAC maintenance and painting
- \$4,500 is budgeted for parking lot lighting
- \$12,400 is budgeted for Modular Repairs
- \$4,915 is budgeted for a Police Radar Sign

BUILDING CONSTRUCTION FUND

\$125,611 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