

November 17, 2020

## **To Members of the Upper Makefield Township Board of Supervisors:**

We are pleased to present the 2021 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 2021 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 6, 2020 and October 13, 2020. 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 2021 Budget is as follows:

- **October 6, 2020** – Budget Workshop 1 - Presentation of the 2021 Proposed Budget
- **October 13, 2020** – Budget Workshop 2 - Presentation of the 2021 Proposed Budget
- **October 20, 2020** – Presentation and authorization to advertise the Preliminary 2021 Budget
- **November 17, 2020** - Official adoption of the Final 2021 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 \$9,401,311 in expenditures over eleven Governmental Funds, including \$6,843,803 in expenditures from the General Fund, and \$8,482,705 in General Fund revenues. Governmental Funds include costs to provide typical governmental functions.

Governmental Funds	2021 Proposed Revenues	2021 Proposed Expenditures	Fund Balance
General	\$8,482,705	\$6,843,803	\$1,638,902
Fire	382,416	178,000	204,416
Open Space	1,614,606	1,340,470	274,136
Building Construction	161,424	138,724	22,700
Park and Recreation	58,214	47,000	11,214
Park and Recreation Capital	295,102	1,000	294,102
Capital Reserve	646,314	186,314	460,000
Liquid Fuels	444,384	389,600	54,784
Tree	91,370	24,400	66,970
Emergency Services	51,447	0	51,447
Riparian Restoration Grant	1,794,473	252,000	1,542,473
<b>Total</b>	<b>\$14,022,455</b>	<b>\$9,401,311</b>	<b>\$4,621,144</b>

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	2021 Proposed Revenues	2021 Proposed Expenditures	Fund Balance
Heritage Hills Water & Sewer Fund	\$517,530	\$426,500	\$91,030
Heritage Hills Capital Reserve Fund	557,798	77,500	480,298
Dutchess Farm Sewer Fund	259,406	214,100	45,306
Dutchess Farm Capital Reserve Fund	270,553	7,500	263,053
Enclave Water & Sewer Fund	650,575	201,800	448,775
Enclave Capital Reserve Fund	421,042	1,500	419,542
<b>Total</b>	<b>\$2,676,904</b>	<b>\$928,900</b>	<b>\$1,748,004</b>

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%.

<b>Fiduciary Funds</b>	<b>2021 Proposed Revenues</b>	<b>2021 Proposed Expenditures</b>	<b>Fund Balance</b>
Police Pension	\$10,821,278	\$929,732	\$9,891,546
Non Police Pension	4,498,989	561,742	3,937,247
Grading Escrow	371,460	10,000	361,460
<b>Total</b>	<b>\$15,691,727</b>	<b>\$1,501,474</b>	<b>\$14,190,253</b>

## **2021 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 2020, the General Fund revenue totals are projected to be approximately \$33,863 more than budgeted and expenditures are projected to be approximately \$578,147 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 \$95,223 from the General Fund.

The 2021 budget contains funds for one additional police officer employee. Currently, the Township employs 31 full-time and 4 part-time employees.

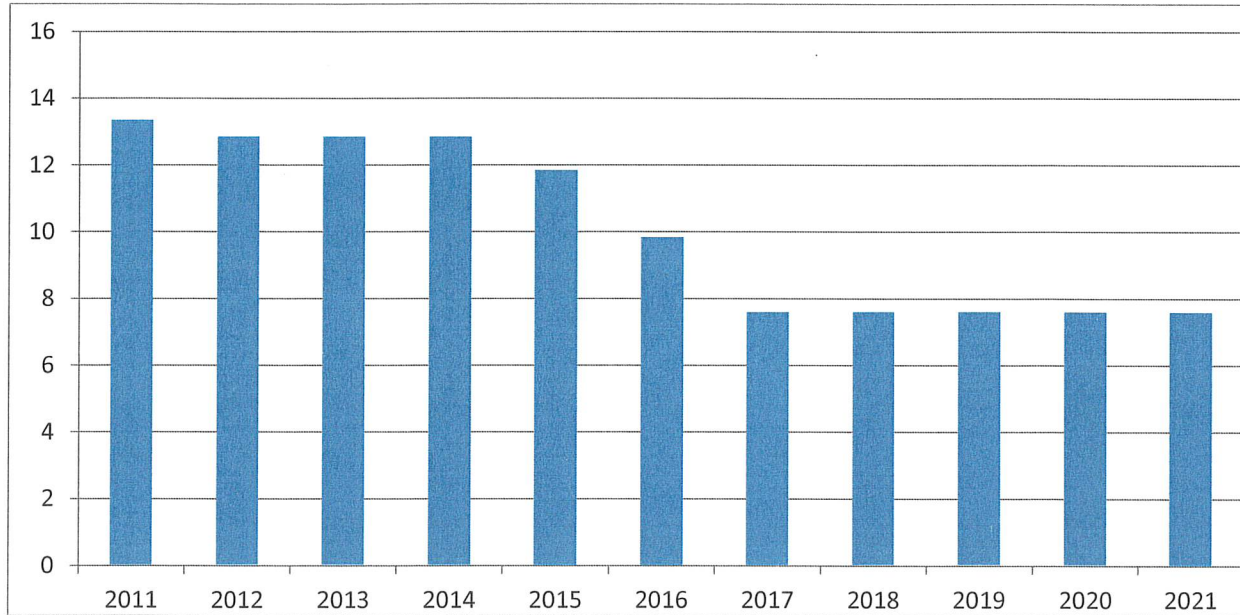
The Township has been able to continue stabilized taxes while at the same time fully funding a Five Year Capital Improvement program and maintaining a comfortable fund balance, with no impact to the services provided to our residents.

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



## TOTAL MILLAGE

<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>	<u>2020</u>	<u>2021</u>
13.3525	12.8525	12.8525	12.8525	11.8525	9.8525	7.6025	7.6025	7.6025	7.6025	7.6025



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

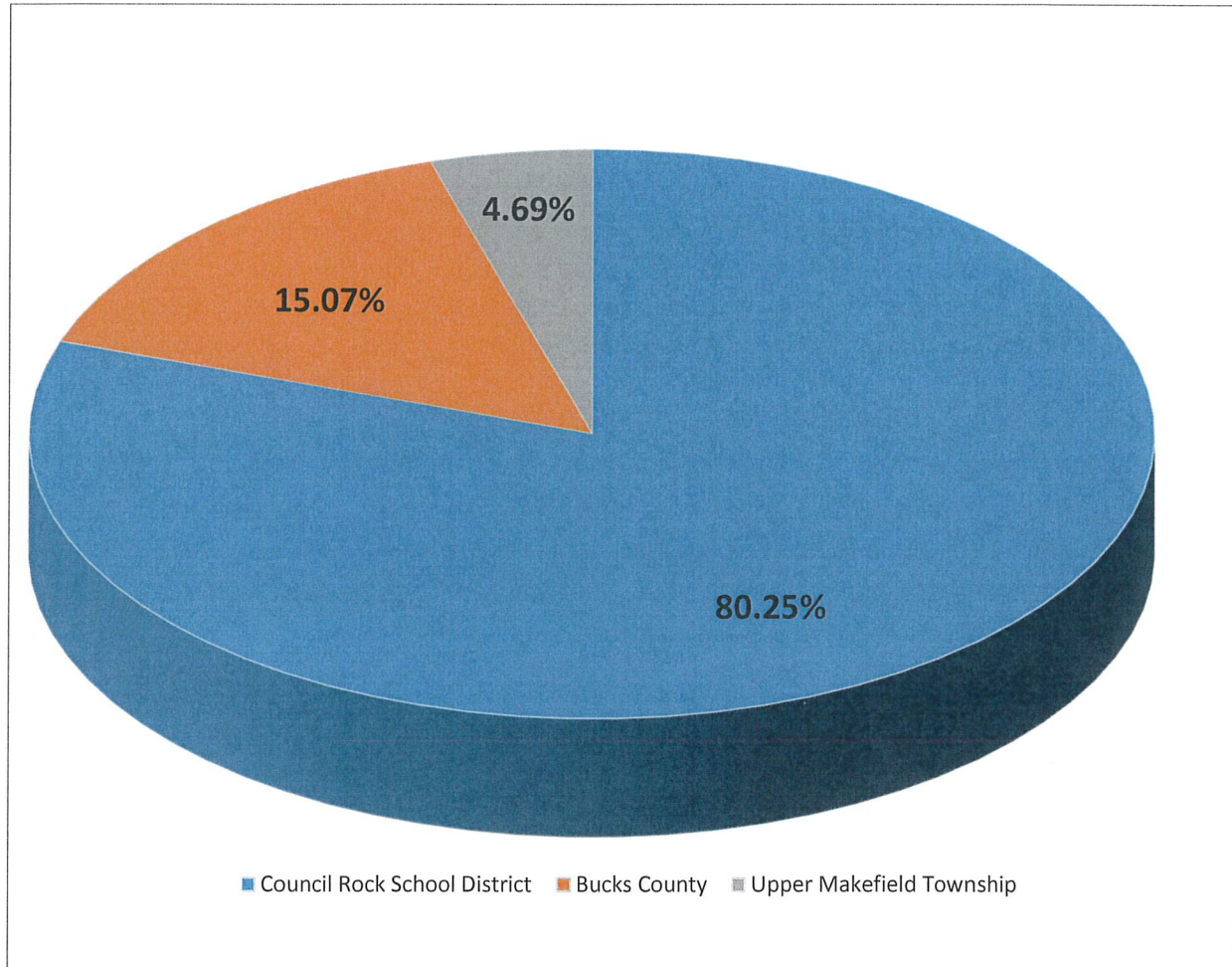
▪ General Fund	0.0000 mils
▪ Open Space Fund	6.3525 mils
▪ Fire Fund	0.7500 mils
▪ Building Construction Fund	0.5000 mils

<b>TOTAL</b>	<b>7.6025 mils</b>
--------------	--------------------

The proposed 2021 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 2020 is \$246,276,440.

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.

### 2021 TAX MILLAGE



	<u>2020-2021 Millage</u>	<u>Percentages</u>
Council Rock School District	130.21600	80.25%
Bucks County	24.45000	15.07%
Upper Makefield Township	7.60250	4.68%
Total	162.26850	100.00%

It should be noted that the Upper Makefield Township portion of a resident's Real Estate Tax bill is only 4.68% as compared to the County (15.07%) and School District (80.25%) portions.

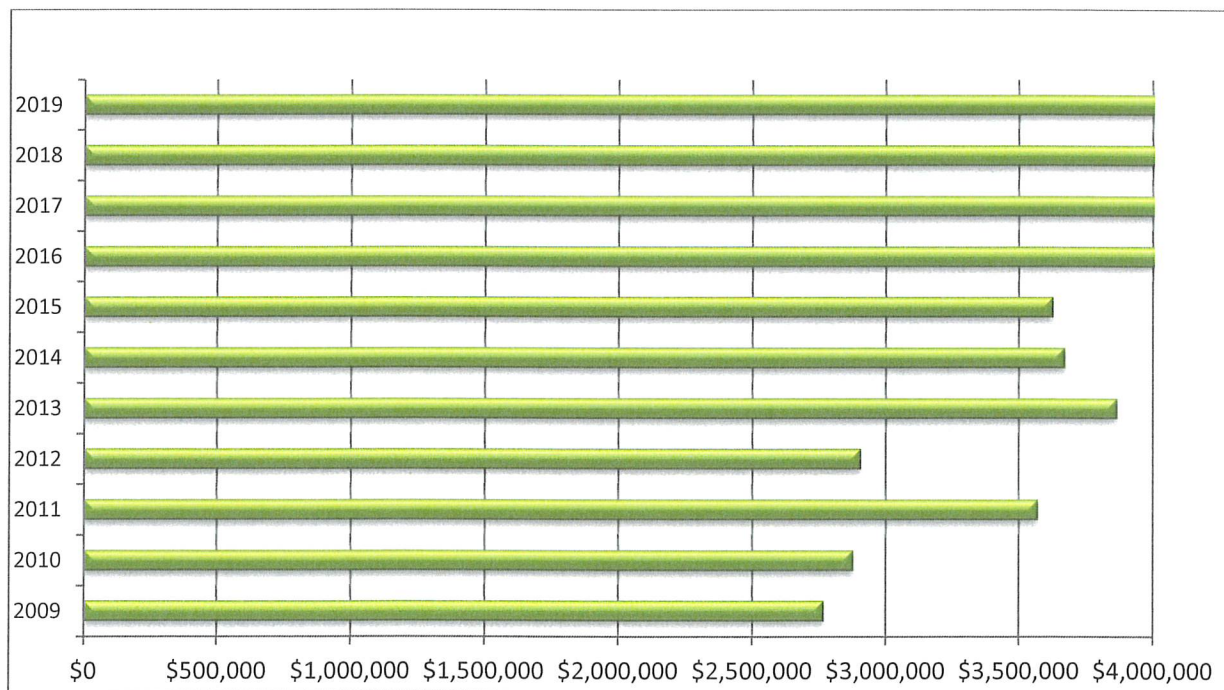
## **General Fund – Revenues**

### **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 2021.

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 – 2009 through 2019**

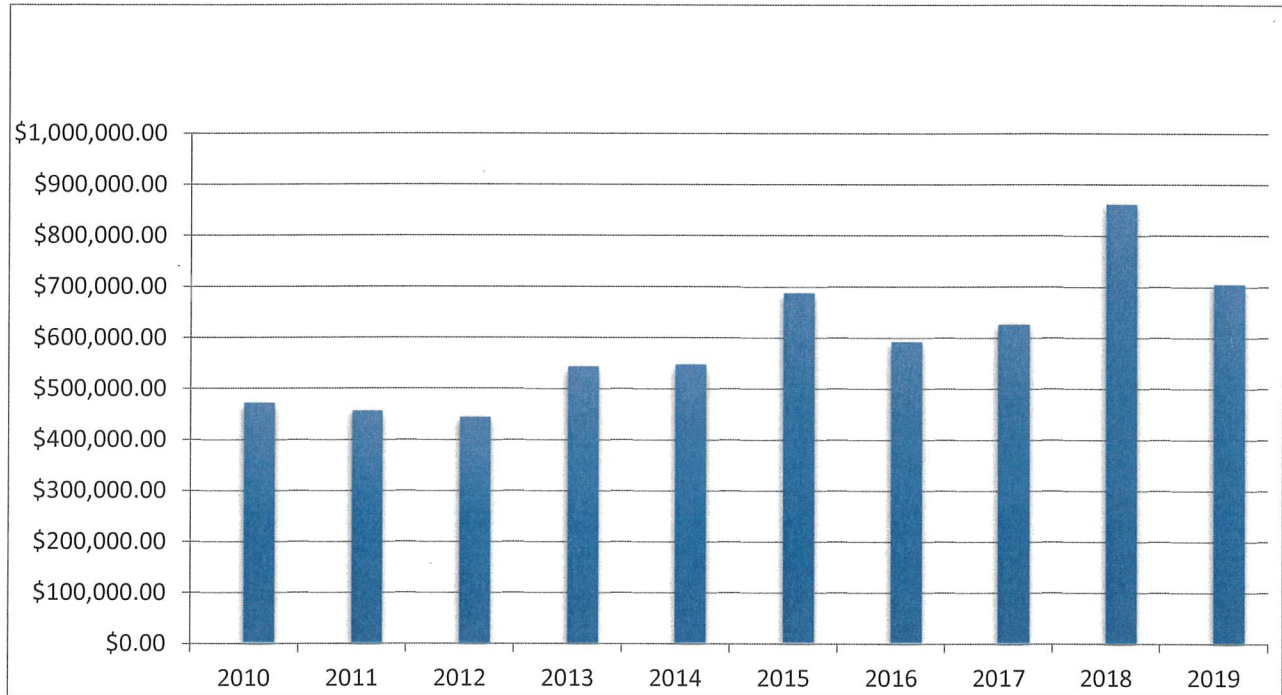




**Real Estate Transfer Tax:**

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 2021, as illustrated by the following graph.

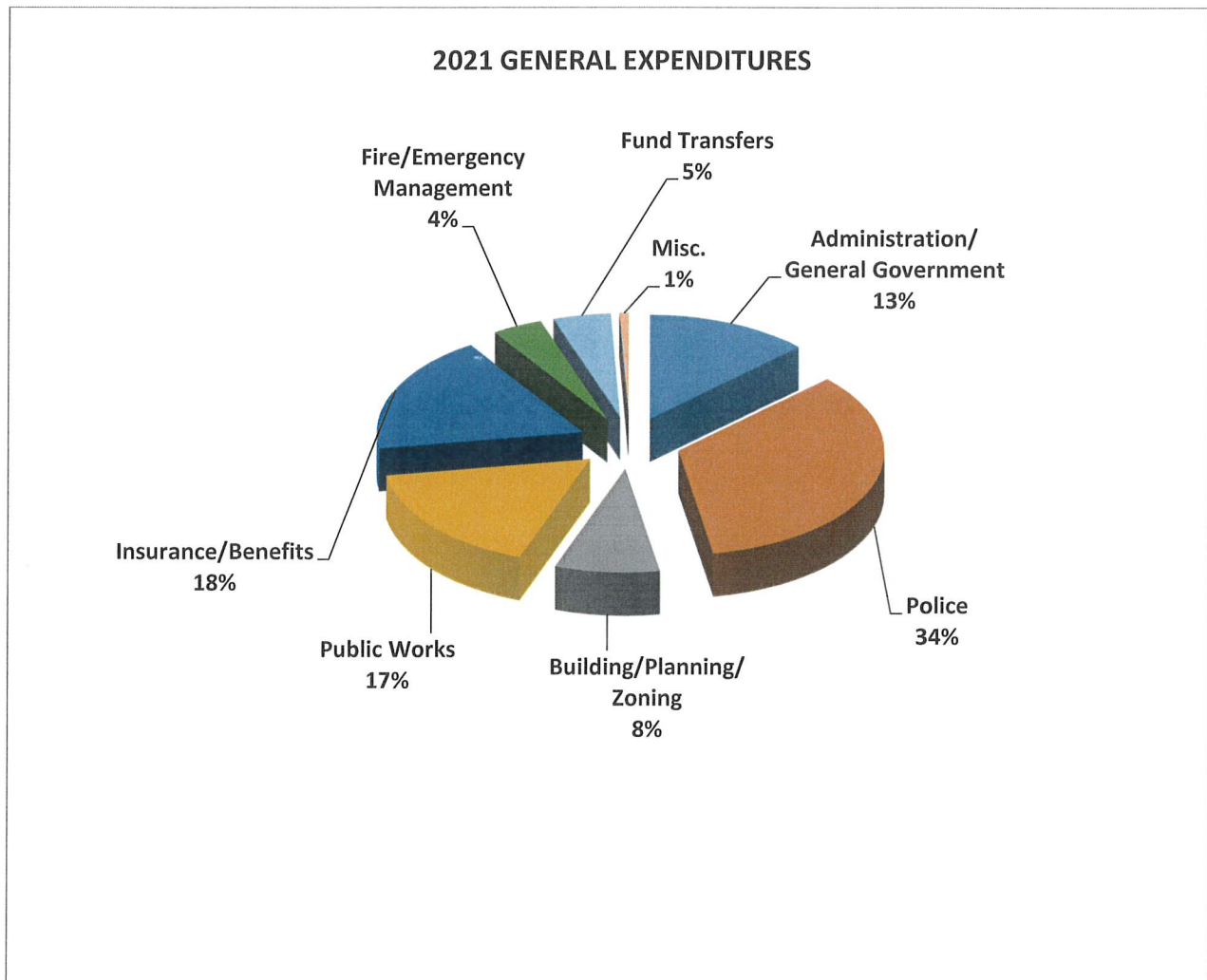
**Real Estate Transfer Tax Revenues – 2010 through 2019**

**General Fund – Expenditures**

The largest expenditure category in the General Fund is Police Services, representing 34% of budgeted costs. Additional expenditure categories include: Insurance/Benefits at 18%, Administration/General Government at 13%, Building/Planning/Zoning at 8%, Public Works at 17%, Fund Transfers at 5%, Fire/Emergency Management at 4% and Miscellaneous at 1% .

**2021 GENERAL FUND**  
**EXPENDITURES**

Administration/General Government	\$	883,311
Police	\$	2,353,390
Building/Planning/Zoning	\$	564,949
Public Works	\$	1,162,562
Insurance/Benefits	\$	1,250,500
Fire/Emergency Management	\$	267,943
Fund Transfers	\$	310,223
Misc.	\$	50,925
<i>Total Expenditures</i>	\$	6,843,803





## **Other 2021 Fund Expenditures Highlights**

### **PERSONNEL**

In 2021, the Upper Makefield Township budget funds the employment of one additional full-time employee. 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 2021 is budgeted at \$181,345 for the Police Pension Fund and \$106,344 for the Non-Police Pension Plan for a total MMO of \$287,689. This obligation is offset by \$215,000 in anticipated revenue from the Commonwealth.

### **FIRE FUND**

\$156,000 is budgeted for the Upper Makefield Fire Company and \$22,000 for the Lingohocken Fire Company.

### **HERITAGE HILLS WATER/SEWER CAPITAL IMPROVEMENT**

In 2021, \$75,000 is proposed to be transferred from Heritage Hills Water/Sewer Fund to partially fund the Heritage Hills Water/Sewer Capital Fund: \$53,000 is budgeted for the Heritage Hills Wastewater Treatment Plant and \$24,500 is budgeted for the Heritage Hills Water Treatment Plant.

### **PUBLIC WORKS**

\$638,531 is allocated from the General Fund for the 2021 Road Improvement Program. The following roads are slated for improvement: Canal Run East and West, Liberty Place, Independence Place, Militia Place, Declaration Place, Terrell Drive, Bowmans Drive East and West, and Brooks Bend, with potential funding of an alternate bid for Streetscape maintenance.

### **LIQUID FUELS FUND**

- \$175,000 is allocated for road repair and resurfacing projects.
- \$50,000 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, \$45,000 is allocated for general maintenance of both Lookout and Brownsburg Parks (i.e., field maintenance, trash removal, cleaning of restrooms, repairs as needed).

### **OPEN SPACE FUND**

\$1,340,470 is allocated for repayment of debt, including interest.

### CAPITAL RESERVE FUND

\$95,223 is proposed to be transferred from the General Fund to continue to fully fund the Five-Year Capital Improvement Plan.

- \$107,820 is budgeted for the replacement of two (2) police vehicles
- \$18,594 is budgeted for Public Works Garage Drain System
- \$48,000 is budgeted for Police Server Records Management System

### BUILDING CONSTRUCTION FUND

\$138,724 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