

October 19, 2021

To Members of the Upper Makefield Township Board of Supervisors:

We are pleased to present the 2022 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 2022 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 September 14, 2021 and September 20, 2021. These meetings included line-item scrutiny and discussion of capital improvement planning, the Township debt repayment schedule and Sewer and Water Capital Reserve Funds.

The adoption schedule for the 2022 Budget is as follows:

- **September 14, 2021** – Budget Workshop 1 - Presentation of the 2022 Proposed Budget
- **September 20, 2021** – Budget Workshop 2 - Presentation of the 2022 Proposed Budget
- **September 21, 2021** – Presentation and authorization to advertise the Preliminary 2022 Budget
- **October 19, 2021** - Official adoption of the Final 2022 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 \$10,361,633 in expenditures over eleven Governmental Funds, including \$7,550,227 in expenditures from the General Fund, and \$10,601,766 in General Fund revenues. Governmental Funds include costs to provide typical governmental functions.

	2022	2022	
	Proposed	Proposed	Fund
Government Funds	Revenues	Expenditures	Balance
General	\$ 10,601,766	\$ 7,550,227	\$ 3,051,539
Fire	\$ 384,765	\$ 178,000	\$ 206,765
Open Space	\$ 1,527,933	\$ 1,152,293	\$ 375,640
Building Construction	\$ 149,295	\$ 147,620	\$ 1,675
Park and Recreation	\$ 47,579	\$ 47,000	\$ 579
Park and Recreation Capital	\$ 321,800	\$ 21,000	\$ 300,800
Capital Reserve	\$ 582,706	\$ 595,393	\$ (12,687)
Liquid Fuels	\$ 452,167	\$ 405,100	\$ 47,067
Tree	\$ 71,199	\$ 15,000	\$ 56,199
Emergency Services	\$ 57,480	\$ -	\$ 57,480
American Rescue Plan	\$ 450,708	\$ -	\$ 450,708
Riparian Restoration Grant	\$ 1,799,362	\$ 250,000	\$ 1,549,362
TOTAL	\$ 16,446,760	\$ 10,361,633	\$ 6,085,127

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

	2022	2022	
	Proposed	Proposed	Fund
Proprietary Funds	Revenue	Expenditures	Balance
Heritage Hills Water & Sewer Fund	\$ 545,806	\$ 478,000	\$ 67,806
Heritage Hills Capital Reserve Fund	\$ 453,722	\$ 87,000	\$ 366,722
Dutchess Farm Sewer Fund	\$ 150,706	\$ 140,100	\$ 10,606
Dutchess Farm Capital Reserve Fund	\$ 329,190	\$ -	\$ 329,190
Enclave Water & Sewer Fund	\$ 630,247	\$ 205,800	\$ 424,447
Enclave Capital Reserve Fund	\$ 451,566	\$ 1,500	\$ 450,066
TOTAL	\$ 2,561,237	\$ 912,400	\$ 1,648,837

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%.

	2022	2022	
	Proposed	Proposed	Fund
Fiduciary Funds	Revenues	Expenditures	Balance
Police Pension	\$ 11,597,009	\$ 938,967	\$ 10,658,042
NonPolice Pension	\$ 4,851,923	\$ 551,942	\$ 4,299,981
Grading Escrow	\$ 355,991	\$ 10,000	\$ 345,991
TOTAL	\$ 16,804,923	\$ 1,500,909	\$ 15,304,014

2022 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 2021, the General Fund revenue totals are projected to be approximately \$1,300,000 more than budgeted and expenditures are projected to be approximately \$450,000 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 fund the Capital Improvement Plan with the transfer of \$350,000 from the General Fund.

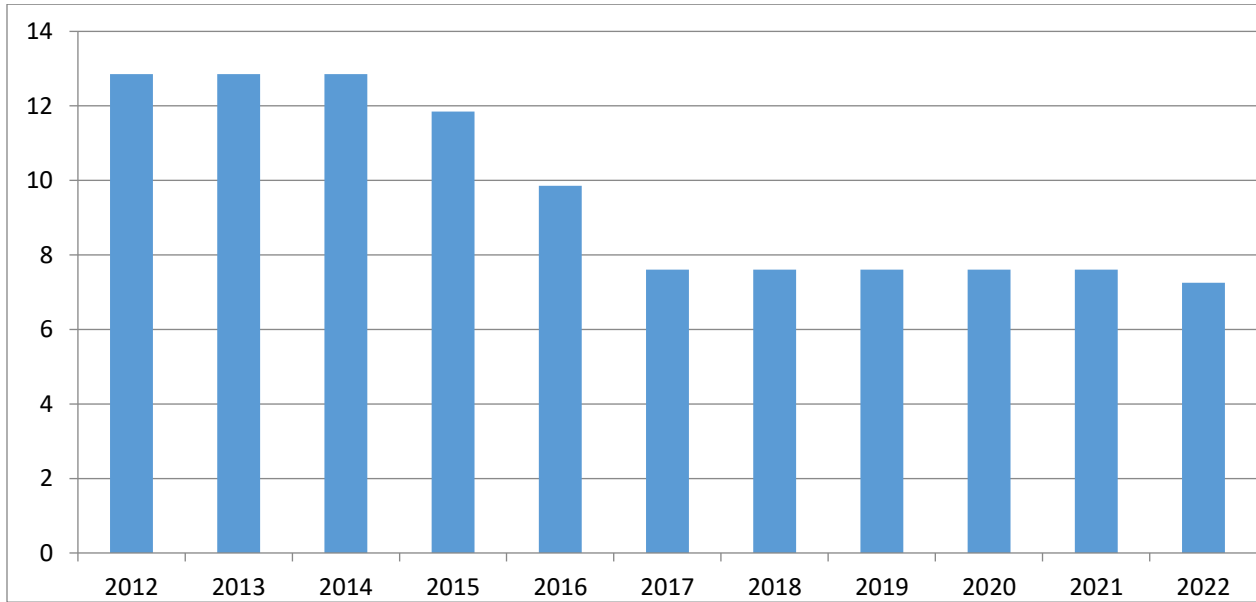
The 2022 budget contains funds for one additional police officer employee. Currently, the Township employs 33 full-time and 2 part-time employees.

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 from a high of 13.3525 mils to the proposed level of 7.2500 mils.

TOTAL MILLAGE

<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>	<u>2022</u>
12.8525	12.8525	12.8525	11.8525	9.8525	7.6025	7.6025	7.6025	7.6025	7.6025	7.2500



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

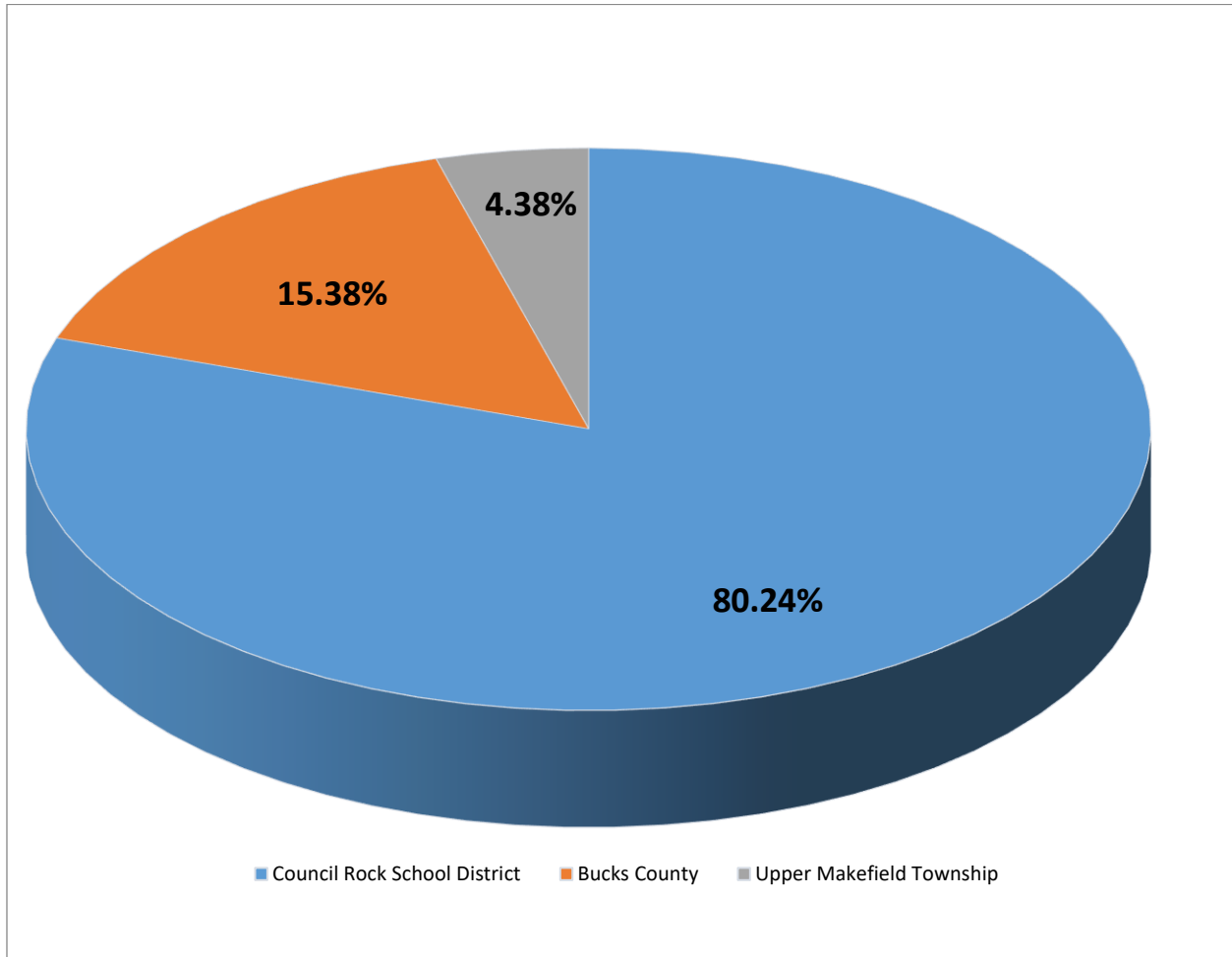
- General Fund 1.0000 mils
- Open Space Fund 5.0000 mils
- Fire Fund 0.7500 mils
- Building Construction Fund 0.5000 mils

TOTAL 7.2500 mils

The proposed 2022 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 September 1, 2021 is \$246,876,680.

The average assessment of a residential property in Upper Makefield Township is **\$73,160**, which equates to an average Township real estate tax of **\$530**.

2022 TAX MILLAGE



	<u>2021-2022 Millage</u>	<u>Percentages</u>
Council Rock School District	130.21600	80.24%
Bucks County	24.45000	15.38%
Upper Makefield Township	7.60250	4.38%
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 4.38% as compared to the County (15.38%) and School District (80.24%) portions.

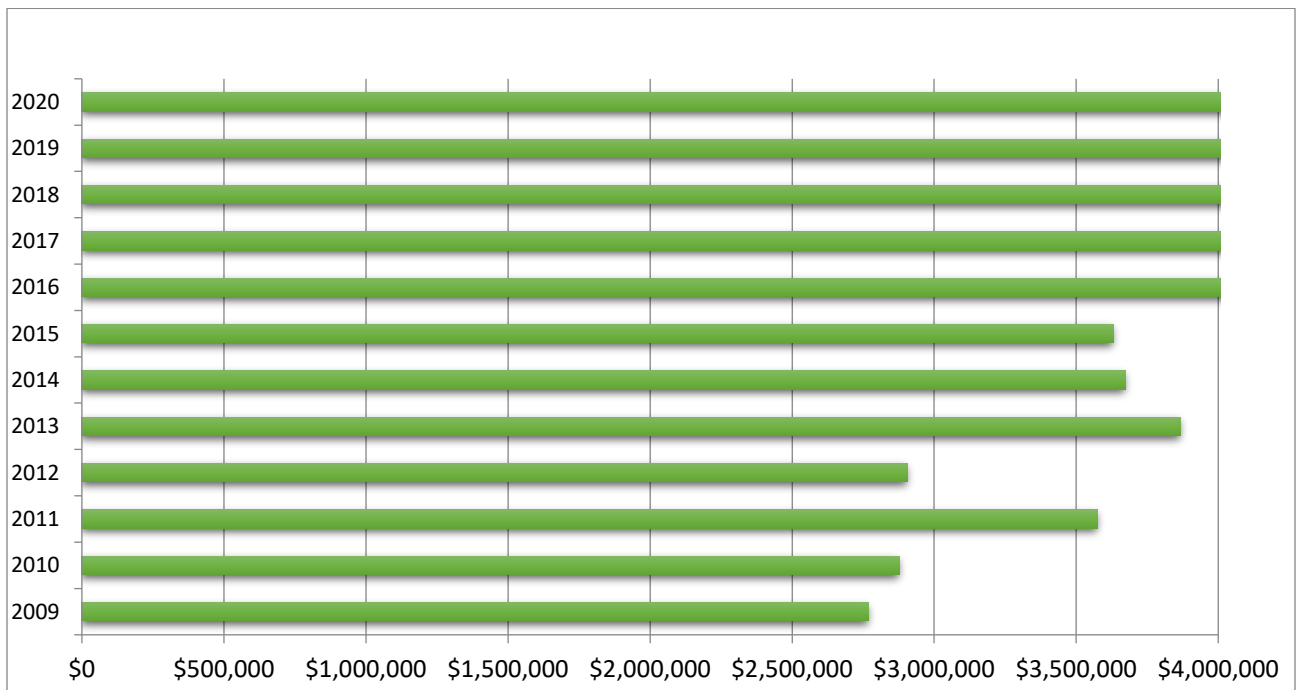
General Fund – Revenues

Earned Income Tax:

The Upper Makefield Township Earned Income tax rate is ½ of 1% with the other ½ of 1% going to the Council Rock School District. This revenue source is budgeted at \$4,300,000 in 2022.

According to the 2020 Census, the median income for a family in Upper Makefield Township is \$157,014, which translates into an annual Earned Income Tax payment of \$785.07.

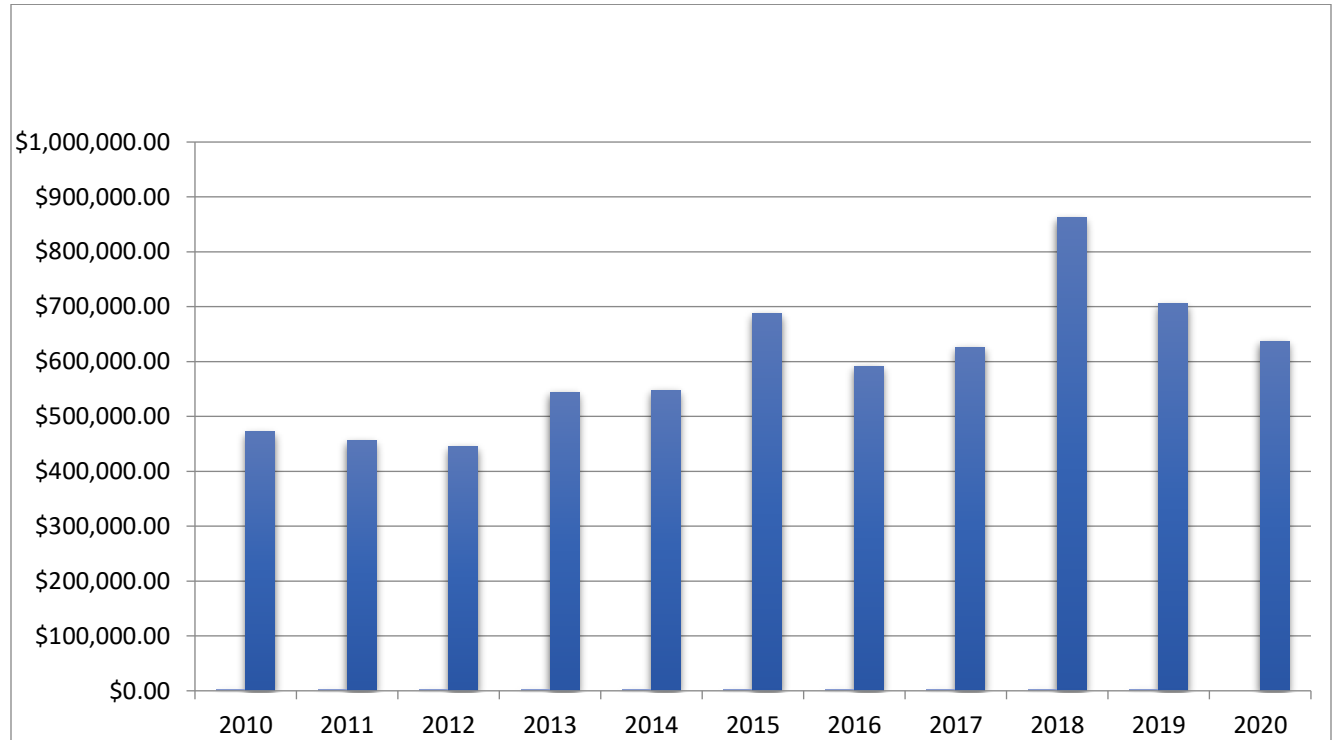
Earned Income Tax Revenues – 2009 through 2020



Real Estate Transfer Tax:

Upper Makefield Township receives ½ of the 1% of the value of all real estate that transfers. This line item is estimated to bring in approximately \$700,000 in 2022, as illustrated by the following graph.

Real Estate Transfer Tax Revenues – 2010 through 2020

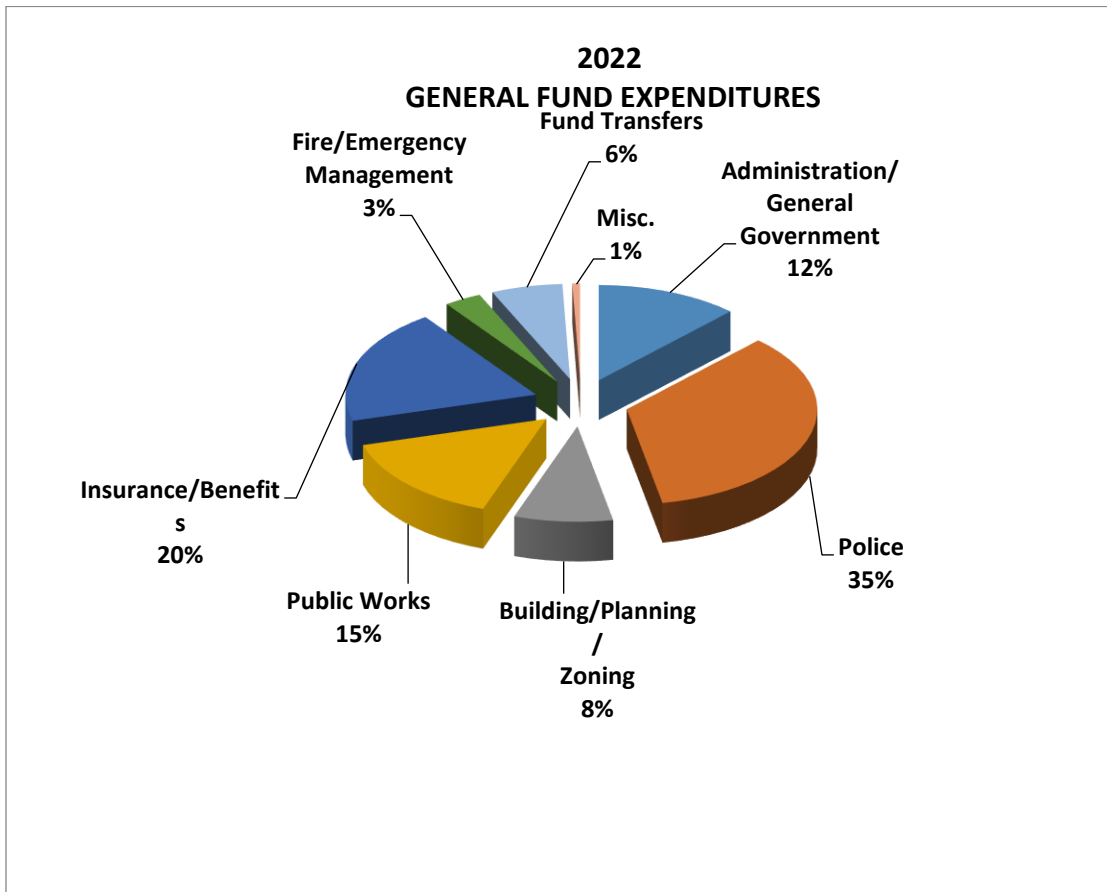


General Fund – Expenditures

The largest expenditure category in the General Fund is Police Services, representing 35% of budgeted costs. Additional expenditure categories include: Insurance/Benefits at 20%, Administration/General Government at 13%, Building/Planning/Zoning at 8%, Public Works at 15%, Fund Transfers at 6%, Fire/Emergency Management at 3% and Miscellaneous at less than 1% .

2022 GENERAL FUND EXPENDITURES

Administration/General Government	\$	898,032
Police	\$	2,577,681
Building/Planning/Zoning	\$	619,403
Public Works	\$	1,123,667
Insurance/Benefits	\$	1,452,234
Fire/Emergency Management	\$	234,210
Fund Transfers	\$	597,000
Misc.	\$	48,000
<i>Total Expenditures</i>	\$	<u>7,550,227</u>



Other 2022 Fund Expenditures Highlights

PERSONNEL

In 2022, 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, 2026. Non-uniformed, nonbargaining wage increases are budgeted at 3.50%.

PENSION

The Minimum Municipal Obligation (MMO) for 2022 is budgeted at \$206,814 for the Police Pension Fund and \$93,237 for the Non-Police Pension Plan for a total MMO of \$300,051. 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 2022, \$90,000 is proposed to be transferred from Heritage Hills Water/Sewer Fund to partially fund the Heritage Hills Water/Sewer Capital Fund: \$73,000 is budgeted for the Heritage Hills Wastewater Treatment Plant improvements and \$14,000 is budgeted for the Heritage Hills Water Treatment Plant improvements.

PUBLIC WORKS

\$580,000 is allocated from the General Fund for the 2022 Road Improvement Program. The following roads are slated for improvement: Canal Run West, Court Jester, Decision Way West and East, Durham Boat Drive, a portion of Little Road, Lookout Lane, Milyko Drive, Patriot Place, and Taylor Way.

LIQUID FUELS FUND

- \$200,000 is allocated for road repair and resurfacing projects.
- \$45,000 is allocated for road maintenance.
- \$85,000 is allocated for snow removal and snow removal overtime

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

\$1,151,543 is allocated for repayment of debt, including interest.

CAPITAL RESERVE FUND

\$350,000 is proposed to be transferred from the General Fund to continue to fund the Five-Year Capital Improvement Plan.

- \$125,618 is budgeted for the replacement of two (2) police vehicles
- \$262,115 is budgeted for the replacement of two (2) public works trucks
- \$111,320 is budgeted for the replacement of a backhoe
- \$50,000 is budgeted for streetscape crosswalks
- \$8,140 is budgeted for radar signs
- \$8,200 is budgeted for modular repairs
- \$5,000 is budgeted for Police Dept. carpeting
- \$15,000 is budgeted for Police Server Records Management System

BUILDING CONSTRUCTION FUND

\$147,620 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, Chief Mark Schmidt and 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