

November 15, 2022

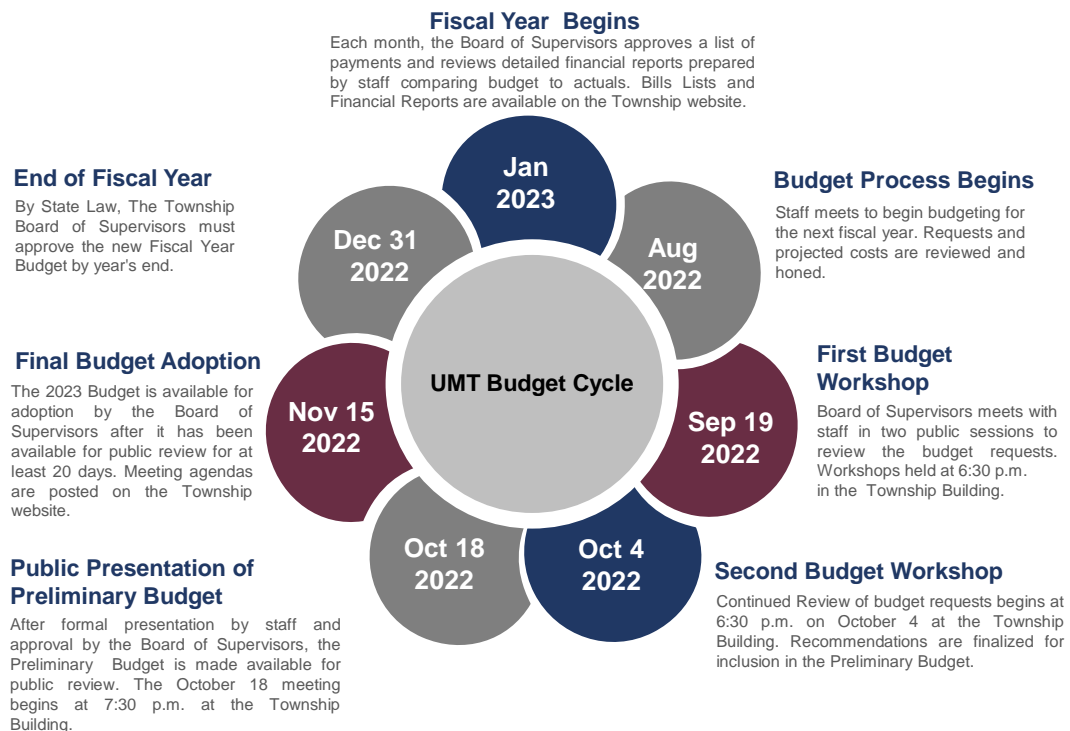
To Members of the Upper Makefield Township Board of Supervisors:

We are pleased to present the 2023 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 2023 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 19, 2022 and October 4, 2022. These meetings included line-item scrutiny and discussion of capital improvement planning, the Township debt repayment schedule and Sewer and Water Capital Reserve Funds.

2023 Budget Process



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 \$12,050,235 in expenditures over twelve Governmental Funds, including \$8,148,686 in expenditures from the General Fund, and \$10,211,275 in General Fund revenues. Governmental Funds include costs to provide typical governmental functions.

	2023	2023	
	Proposed	Proposed	Fund
Government Funds	Revenues	Expenditures	Balance
General	\$ 10,211,275	\$ 8,148,686	\$ 2,062,589
Fire	\$ 404,520	\$ 178,000	\$ 226,520
Open Space	\$ 1,035,866	\$ 884,587	\$ 151,279
Building Construction	\$ 146,086	\$ 144,047	\$ 2,039
Park and Recreation	\$ 73,485	\$ 47,000	\$ 26,485
Park and Recreation Capital	\$ 318,655	\$ 263,800	\$ 54,855
Capital Reserve	\$ 1,267,094	\$ 701,947	\$ 565,147
Liquid Fuels	\$ 420,494	\$ 400,600	\$ 19,894
Tree	\$ 74,001	\$ 27,000	\$ 47,001
Emergency Services	\$ 179,065	\$ 100,000	\$ 79,065
American Rescue Plan	\$ 904,568	\$ 904,568	\$ 0
Riparian Restoration Grant	\$ 1,784,116	\$ 250,000	\$ 1,534,116
TOTAL	\$ 16,819,225	\$ 12,050,235	\$ 4,768,990

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

	2023	2023	
	Proposed	Proposed	Fund
Proprietary Funds	Revenue	Expenditures	Balance
Heritage Hills Water & Sewer Fund	\$ 524,521	\$ 460,000	\$ 64,521
Heritage Hills Capital Reserve Fund	\$ 499,348	\$ 43,898	\$ 455,450
Dutchess Farm Sewer Fund	\$ 157,864	\$ 133,100	\$ 24,764
Dutchess Farm Capital Reserve Fund	\$ 305,818	\$ -	\$ 305,818
Enclave Water & Sewer Fund	\$ 535,011	\$ 210,325	\$ 324,686
Enclave Capital Reserve Fund	\$ 468,707	\$ 7,470	\$ 461,237
TOTAL	\$ 2,491,269	\$ 854,793	\$ 1,636,476

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%.

	2023	2023	
	Proposed	Proposed	Fund
Fiduciary Funds	Revenues	Expenditures	Balance
Police Pension	\$ 11,390,939	\$ 942,402	\$ 10,448,537
NonPolice Pension	\$ 3,503,802	\$ 531,802	\$ 2,972,000
Grading Escrow	\$ 350,510	\$ 12,000	\$ 338,510
TOTAL	\$ 15,245,251	\$ 1,486,204	\$ 13,759,047

2023 Budget Overview

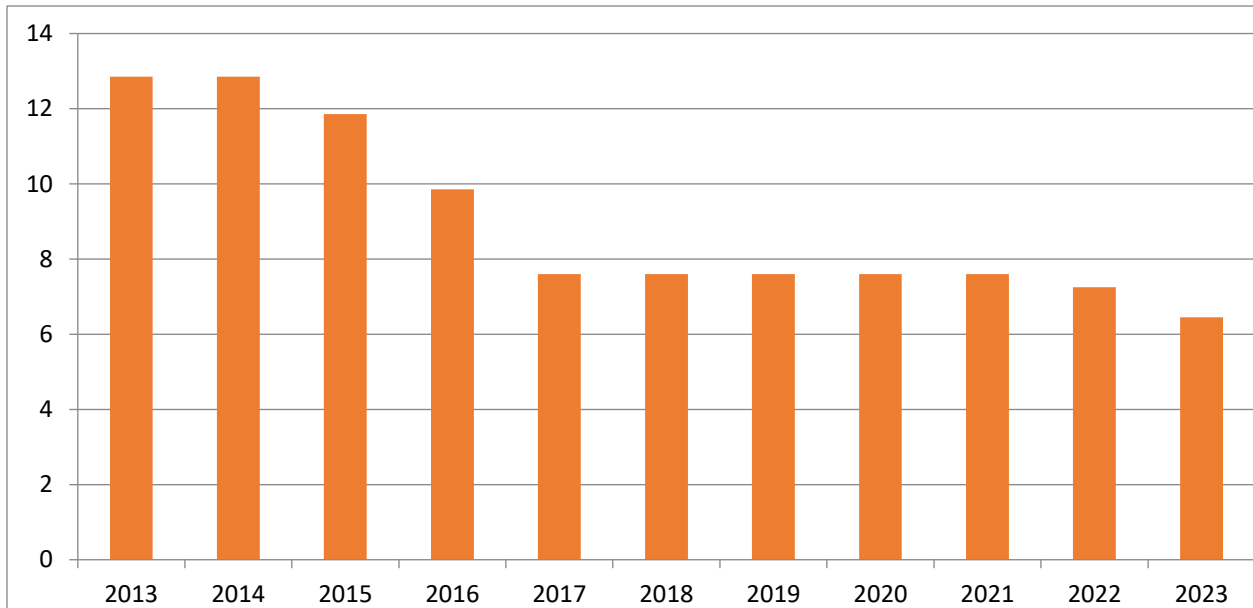
For 2023, the General Fund revenue totals are projected to be approximately \$800,000 more than budgeted. This positive revenue has allowed us to expedite a number of projects during 2022. Our positive fund balances and planning for the future with Township-wide capital improvement planning has allowed us to provide services at the level expected by our residents.

Since 2011, Upper Makefield Township’s real estate tax has been reduced from a high of 13.3525 mils to the proposed level of 6.45 mils. The Township has been able to continue to reduce 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. In 2023, due to the re-payment of our open space bond debt, residents will receive a 0.8 mil tax reduction.

The Board of Supervisors continues to adopt a five-year Capital Improvement Plan for our Administrative/Facilities, Police and Public Works. For 2023, we have set aside funds for two future areas of concern, specifically decreases in the State aid for roads and concerns regarding the stability of our fire and ambulance providers. This budget continues to fully fund the Capital Improvement Plan with the transfer of \$599,900 from the General Fund.

TOTAL MILLAGE

<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>	<u>2023</u>
12.8525	12.8525	11.8525	9.8525	7.6025	7.6025	7.6025	7.6025	7.6025	7.2500	6.4500



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

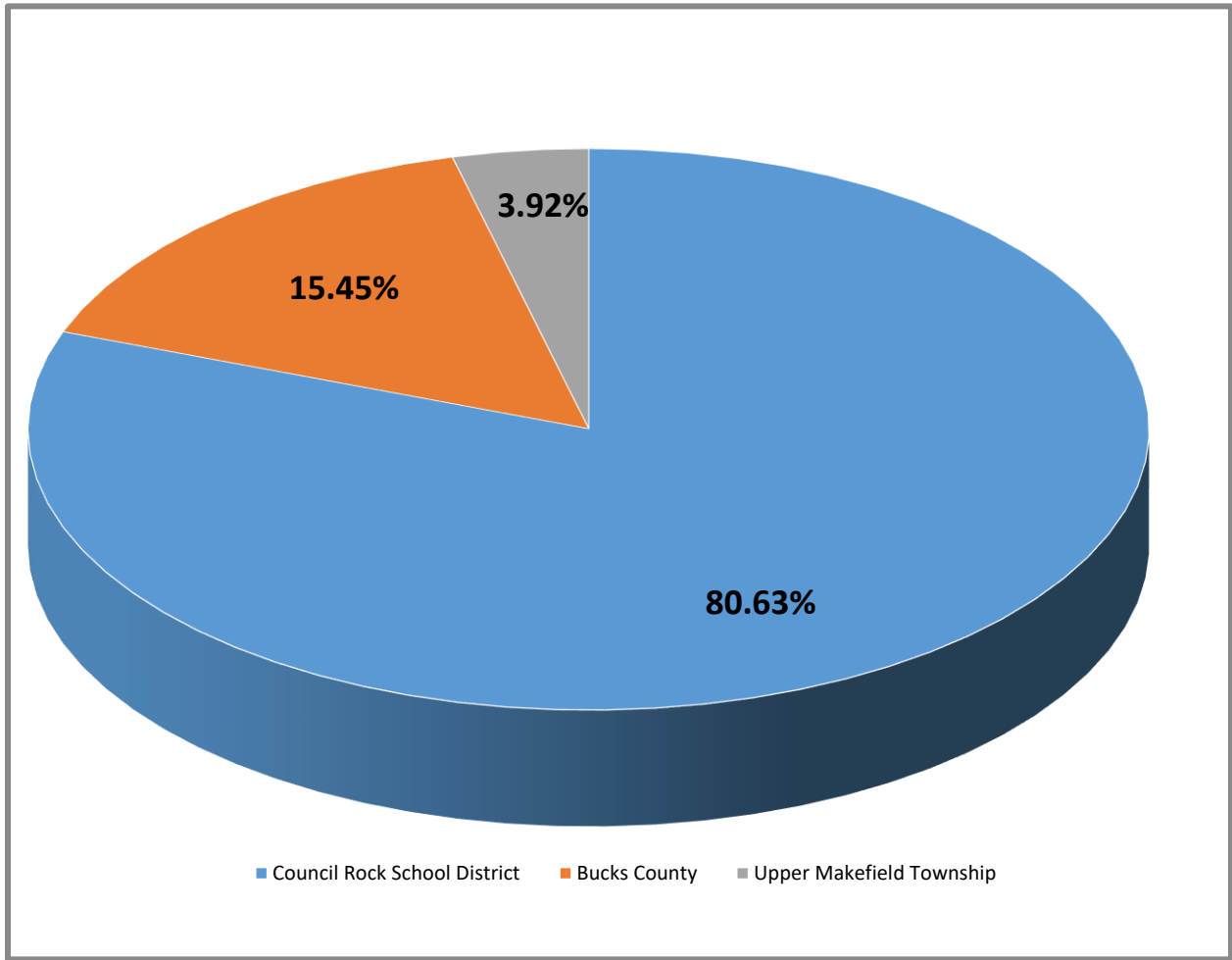
- General Fund 2.7000 mils
- Open Space Fund 2.5000 mils
- Fire Fund 0.7500 mils
- Building Construction Fund 0.5000 mils

TOTAL 6.4500 mils

The proposed 2023 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 31, 2022 is \$247,138,330.

The average assessment of a residential property in Upper Makefield Township is approximately **\$68,745**, which equates to an average Township real estate tax of approximately **\$445**.

2023 TAX MILLAGE



	<u>2022-2023 Millage</u>	<u>Percentages</u>
Council Rock School District	132.80730	80.63%
Bucks County	25.45000	15.45%
Upper Makefield Township	6.45000	3.92%
Total	164.70730	100.00%

It should be noted that the Upper Makefield Township portion of a resident’s Real Estate Tax bill is only 3.92% as compared to the County (15.45%) and School District (80.63%) portions.

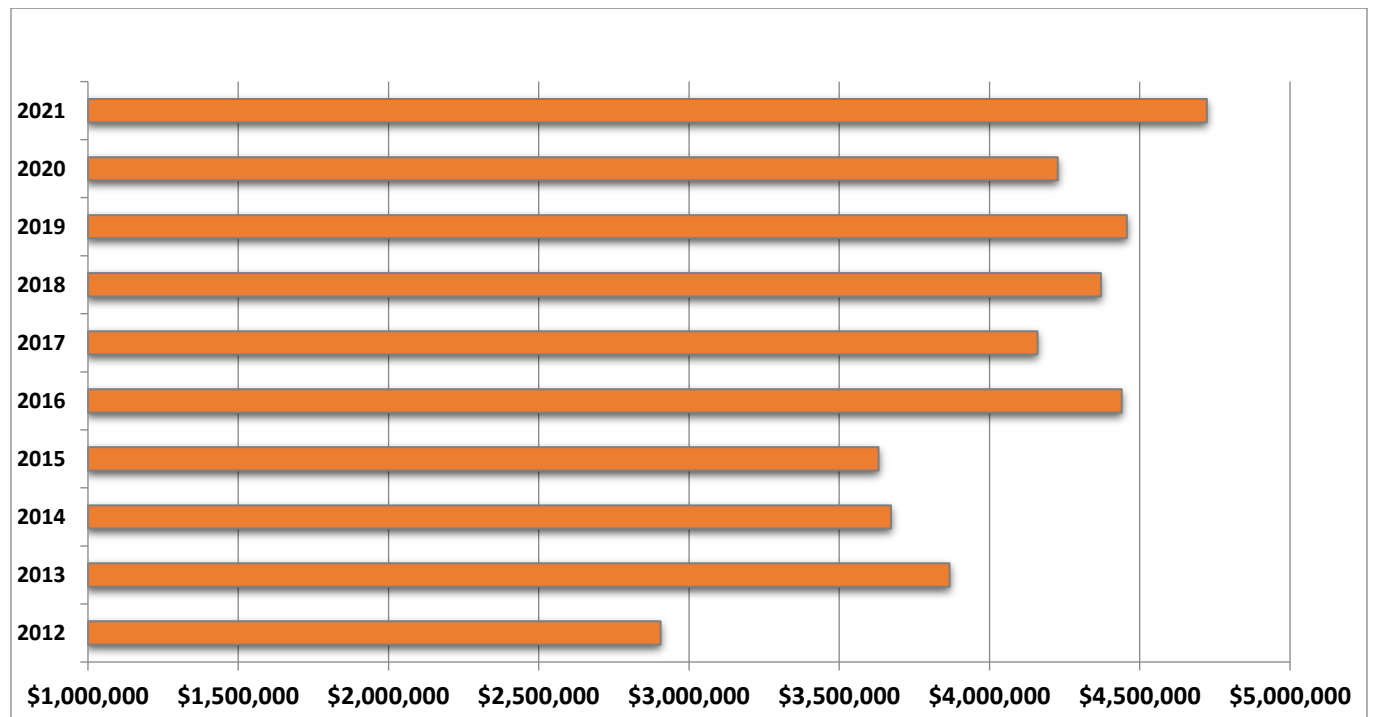
General Fund – Revenues

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 \$4,750,000 in 2023.

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.

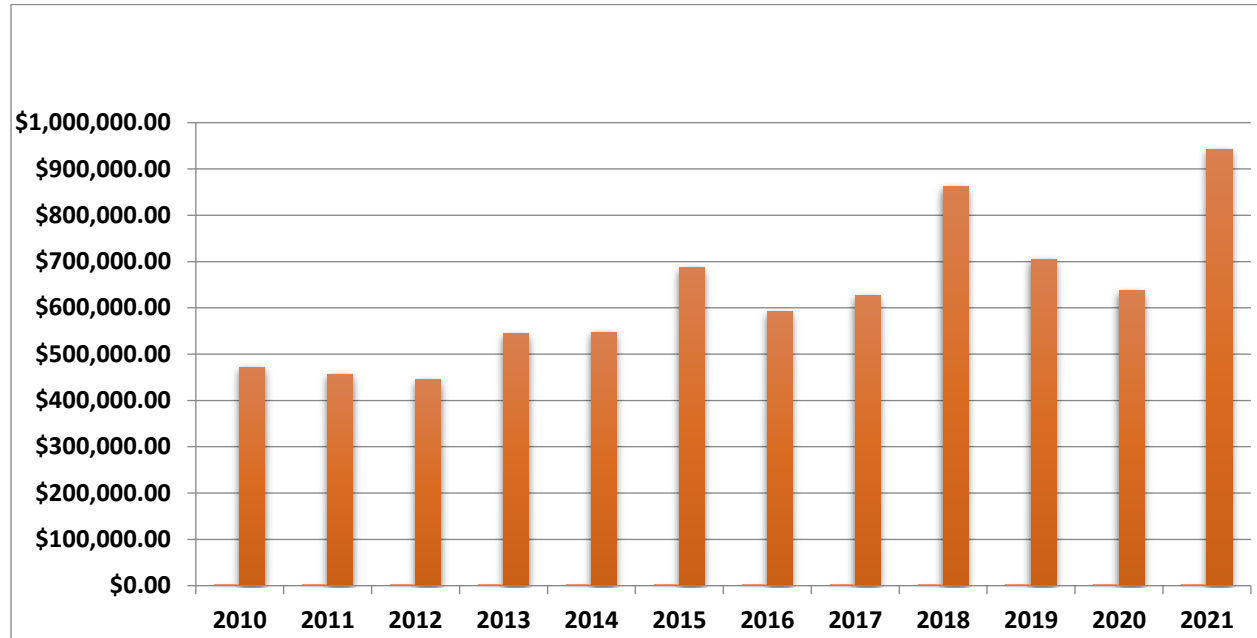
Earned Income Tax Revenues – 2012 through 2021



Real Estate Transfer Tax:

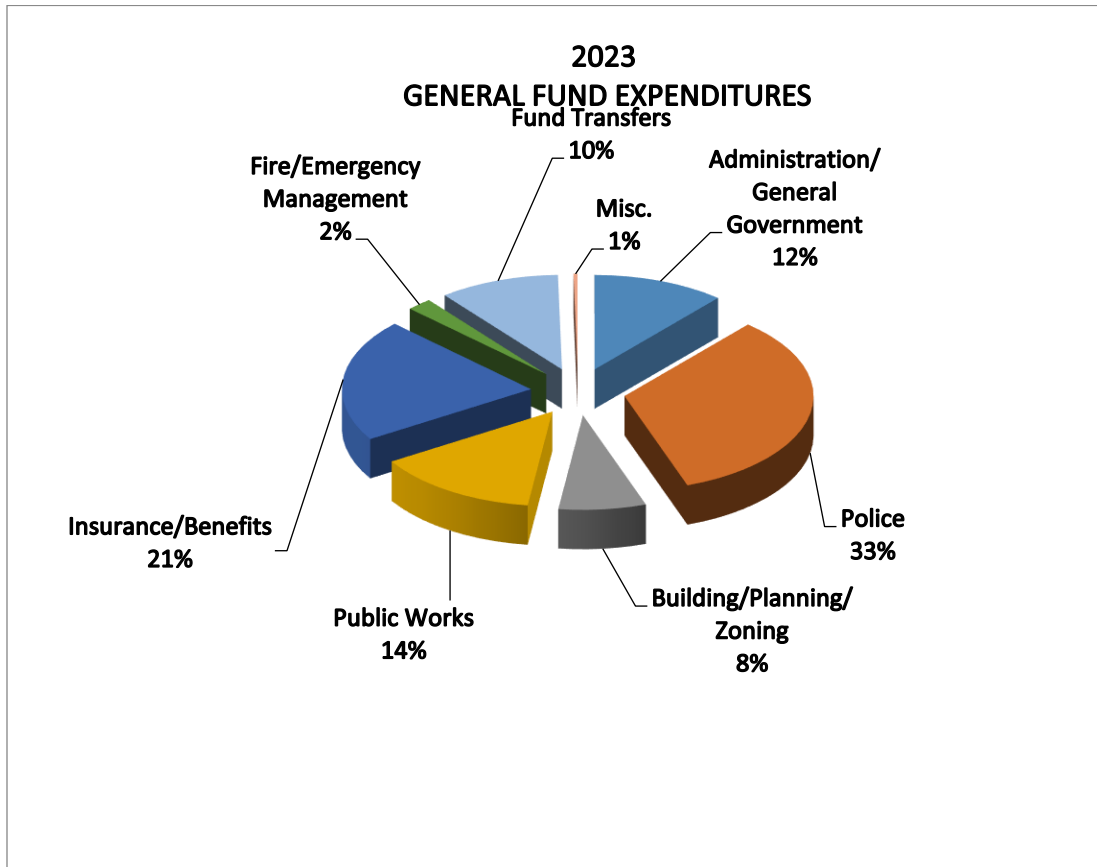
Upper Makefield Township receives ½ of the 1% of the value of all real estate that transfers. This line item is estimated to bring in approximately \$750,000 in 2023, as illustrated by the following graph.

Real Estate Transfer Tax Revenues – 2010 through 2021



General Fund – Expenditures

The largest expenditure category in the General Fund is Police Services, representing 33% of budgeted costs. Additional expenditure categories include: Insurance/Benefits at 21%, Administration/General Government at 12%, Building/Planning/Zoning at 8%, Public Works at 14%, Fund Transfers at 10%, Fire/Emergency Management at 2% and Miscellaneous at less than 1% .



2023 GENERAL FUND EXPENDITURES

Administration/General Government	\$	924,039
Police	\$	2,710,461
Building/Planning/Zoning	\$	609,200
Public Works	\$	1,147,321
Insurance/Benefits	\$	1,712,025
Fire/Emergency Management	\$	176,740
Fund Transfers	\$	840,900
Misc.	\$	<u>28,000</u>
<i>Total Expenditures</i>	\$	8,148,686

Other 2023 Fund Expenditures Highlights

PERSONNEL

The Public Works contract expires December 31, 2026. The Police contract expires December 31, 2026. Non-union, nonbargaining wage increases are budgeted at 3.5%.

PENSION

The Minimum Municipal Obligation (MMO) for 2023 is budgeted at \$187,402 for the Police Pension Fund and \$156,102 for the Non-Police Pension Plan for a total MMO of \$343,504.00. This obligation is offset by \$240,000 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. Real Estate millage is 0.75 mils.

HERITAGE HILLS WATER/SEWER CAPITAL IMPROVEMENT

In 2023, \$90,000 is proposed to be transferred from Heritage Hills Water/Sewer Fund to partially fund the Heritage Hills Water/Sewer Capital Fund: \$33,898 is budgeted for the Heritage Hills Wastewater Treatment Plant improvements and \$10,000 is budgeted for the Heritage Hills Water Treatment Plan improvement.

PUBLIC WORKS

\$551,058 is allocated from the General Fund for the 2023 Road Improvement Program. The following roads are slated for improvement: Bailey Drive, Bakers Drive, Bankers Drive, Beaumont Drive, Dunkin Drive, Emerald Court and Russell Court.

LIQUID FUELS FUND

- \$200,000 is allocated for road repair and resurfacing projects.
- \$45,000 is allocated for road maintenance.
- \$80,000 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).

PARK AND RECREATION 3 YR CAPITAL FUND

In the Park and Recreation Capital Fund, \$135,600 is allocated for a pavilion to shade the Lookout Park picnic area, and \$127,200 is allocated for construction of four (4) pickleball courts at Brownsburg Park.

OPEN SPACE FUND

\$884,587 is allocated for repayment of debt, including interest.

CAPITAL RESERVE FUND

\$599,900 is proposed to be transferred from the General Fund to continue to fund the Five-Year Capital Improvement Plan.

- \$129,512 is budgeted for the replacement of 2 police vehicles
- \$262,115 is budgeted for the replacement of 2 Public Works trucks (carry-over from 2022)
- \$204,320 is budgeted for the replacement of a Public Works truck
- \$60,000 is budgeted for Streetscape crosswalks
- \$6,000 is budgeted for police building carpeting
- \$10,000 is budgeted for video booth switcher
- \$30,000 is budgeted for 2 snow plows
- \$123,500 for roads
- \$247,00 for emergency management services

BUILDING CONSTRUCTION FUND

\$144,047 is allocated for repayment of debt , including interest, for the Police Building. Real Estate millage is 0.5 mils.

Conclusion

Staff wishes 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, 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