

Upper Makefield *Township*

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October 5, 2011

To Members of the Upper Makefield Township Board of Supervisors,

I am pleased to present the 2012 Upper Makefield Township Preliminary Budget to the Board of Supervisors and citizens of Upper Makefield Township. As presented, the budget will allow Upper Makefield Township to continue to provide quality, hands-on services to its residents, while holding the line on taxes. In fact, the Preliminary Budget includes a proposed .5 mil **decrease** to the Real Estate Tax in the Open Space Fund.

This proposal includes \$9,025,686 in expenditures over eleven governmental funds, including \$5,712,163 in expenditures for the General Fund. Governmental funds include costs to provide typical governmental functions.

Governmental Funds	2012 Proposed Revenues	2012 Proposed Expenditures	Fund Balance
General	\$6,446,741	\$5,712,163	\$734,578
Fire	523,819	424,000	99,819
Open Space	3,121,064	2,009,201	1,111,863
Building Construction	417,646	163,822	253,824
Park and Recreation	84,807	46,000	38,807
Park and Recreation Capital	292,733	110,000	182,733
Capital Reserve	841,443	155,000	686,443
Liquid Fuels	327,470	270,500	56,970
Tree	107,320	10,000	97,320
Emergency Services	27,529	10,000	17,529
Riparian Restoration Grant	2,778,417	115,000	2,663,417
Total	\$14,968,979	\$9,025,686	\$5,943,303

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

Proprietary Funds	2012 Proposed Revenues	2012 Proposed Expenditures	Fund Balance
Water Sewer – Heritage Hills	\$2,236,774	\$617,400	\$1,619,374
Water Sewer – Dutchess Farm	241,132	13,600	227,532
Total	\$2,477,906	\$631,000	\$1,846,906

Upper Makefield Township's three Fiduciary Funds report assets held by the township in a trustee or agency capacity that are not available to support township programs or services.

Fiduciary Funds	2012	2012	Fund Balance
	Proposed Revenues	Proposed Expenditures	
Police Pension	\$4,780,847	\$516,914	\$4,263,933
Non Police Pension	2,038,349	300,441	1,737,908
Grading Escrow	343,266	60,000	283,266
Total	\$7,162,462	\$877,355	\$6,285,107

The Budget Process

The formal budget process for the 2012 Budget was initiated a full month early this year, in August, when departmental budget requests were prepared and submitted for review to the Township Manager and Finance Officer. After thorough evaluation and revision, departmental budgets were presented to the Board of Supervisors during two Budget Workshops. These meetings included line-item scrutiny and discussion of long range and capital improvement planning.

Publicly advertised Budget Workshop Meetings held as part of the 2012 budget process occurred on **September 14, 2011 and September 26, 2011.**

The adoption schedule for the 2011 Budget is proposed as follows:

- **October 5, 2011** - Presentation of 2012 Budget to Board of Supervisors and citizens of Upper Makefield Township; Authorization to advertise Preliminary Budget
- **October 12, 2011** - Advertisement for public inspection (20 days prior to adoption)
- **November 2, 2012** - Official adoption of Final 2012 Budget

The budget document, as presented here, incorporates input from the Board of Supervisors from the two budget workshops.

2012 Budget Overview

The most significant budgetary issue facing the Township is how to continue to provide the level of service that the citizens of Upper Makefield expect with reduced resources. The impact of the economic downturn that began several years ago is now being felt quite significantly at the local government level throughout the Commonwealth and across the country.

Over the past year, the charge to the township staff was not only to contain costs and limit new spending, but also to implement cost-savings measures and to scrutinize each and every line item to its minimum level without significantly impacting service levels. I am pleased to report that Township staff has trimmed budgets utilizing a number of methods to become a leaner and more efficient organization. In the General Fund, projected expenditures for end-of-year 2011 are more than \$500,000 less than the amount approved in the 2011 Budget. In addition, for

comparison purposes, proposed expenditure levels in the General Fund in 2012 are within \$85,000 of 2009 actual expenditures.

The transfer of the \$742,000 Cable Fund into the General Fund was budgeted in 2011 to help offset dramatically reduced revenues in the General Fund. This move was not ultimately necessary as a result of fund-wide expenditure reductions and a slight improvement in revenues. The 2012 Preliminary Budget proposes that the Cable Fund be moved to the Capital Reserve Fund to help prepare for upcoming capital project and equipment costs.

In terms of staffing, Upper Makefield currently employs 29 full-time and 3 part-time employees. The 2012 Preliminary Budget proposes to hold off on the replacement of one officer in the police department to maintain current staffing levels. Only three years ago, staffing levels were 33 full-time and 4 part-time. Township staff is now at the minimum level to provide the quality of services expected by Upper Makefield residents.

As part of its overall plan to reduce expenditures in 2011, the Board of Supervisors authorized the refinancing of an existing \$8,000,000 Open Space Loan. The Board further authorized that a portion of the fund balance in the Open Space Fund be utilized for prepayment of principal prior to refinancing of the loan. This decision has proved valuable in allowing for a restructuring of Real Estate Tax millage in the overall Preliminary Budget.

In order to address the long-term revenue needs of the General Fund, the Budget proposes a one mil shift of Real Estate Tax revenue from the Open Space Fund to the General Fund. In addition, a further reduction of .5 mils in the Open Space Fund is slated to be given back to the residents of Upper Makefield Township.

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

▪ General Fund	2.0000 mils
▪ Open Space Fund	9.2525 mils
▪ Fire Fund	0.7500 mils
▪ Building Construction Fund	0.8500 mils
TOTAL	12.8525 mils

The 2012 proposed rate of **12.8525 mils** reflects an overall reduction of **.5 mils** from the 2011 rate of **13.3525 mils**.

The proposed 2012 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 January 1, 2011, was \$229,977,000.

The average assessment of a residential property in Upper Makefield Township is **\$66,099**, which equates to an average real estate tax of **\$850**.

It should be noted that the Upper Makefield Township portion of a resident's Real Estate Tax bill is minimal compared to the County and School District portion. Please see below a table of sample properties that illustrates the portion of the Real Estate Tax bill that was paid to Upper Makefield Township in 2011 as compared to the School District and County:

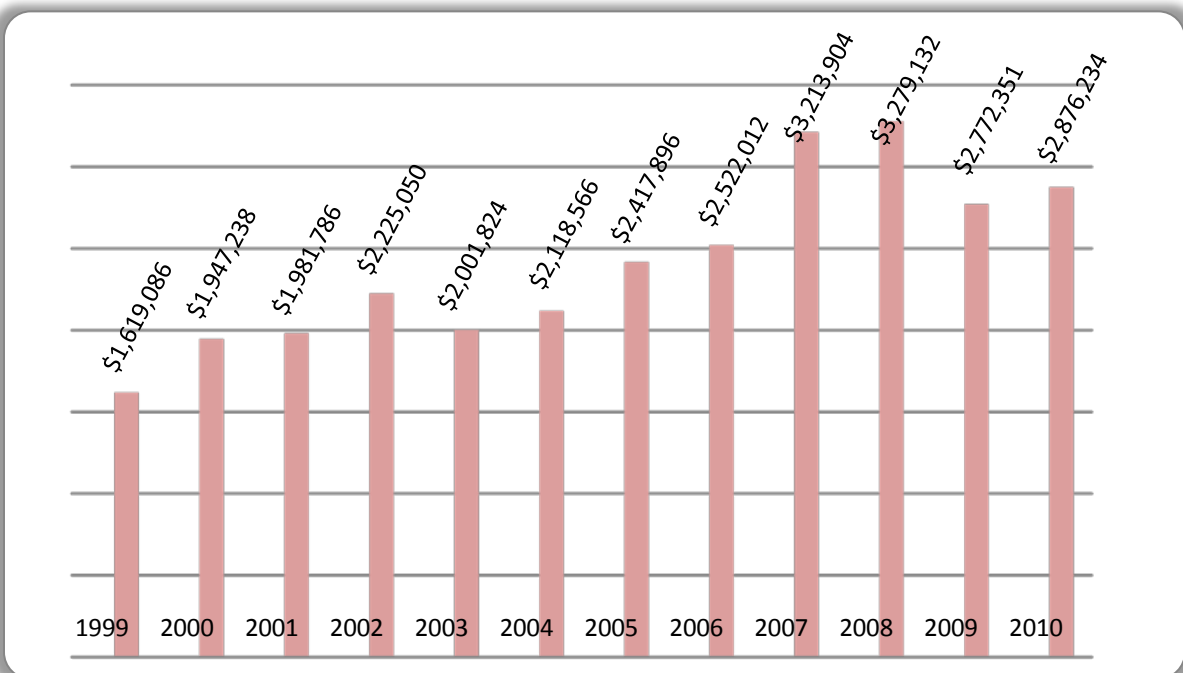
Development	Assessment of Sample Property	Total Real Estate Tax Bill	Council Rock School District	Bucks County	Upper Makefield Township
Buckland Valley Farms	\$45,160	\$6,592	\$4,998	\$991	\$603
Wood Edge Farms	\$67,200	\$9,809	\$7,438	\$1,474	\$897
Heritage Hills	\$38,000	\$5,547	\$4,206	\$834	\$507
Traditions	\$58,960	\$8,607	\$6,526	\$1,294	\$787

General Fund - Revenues

Earned Income Tax:

The Upper Makefield Township Earned Income tax rate is ½ of 1%. This revenue line item is budgeted utilizing the projections provided by our current tax collector, Keystone Collections. This revenue source is budgeted at \$2,850,000 in 2012.

Earned Income Tax Revenues – 1999 through 2010

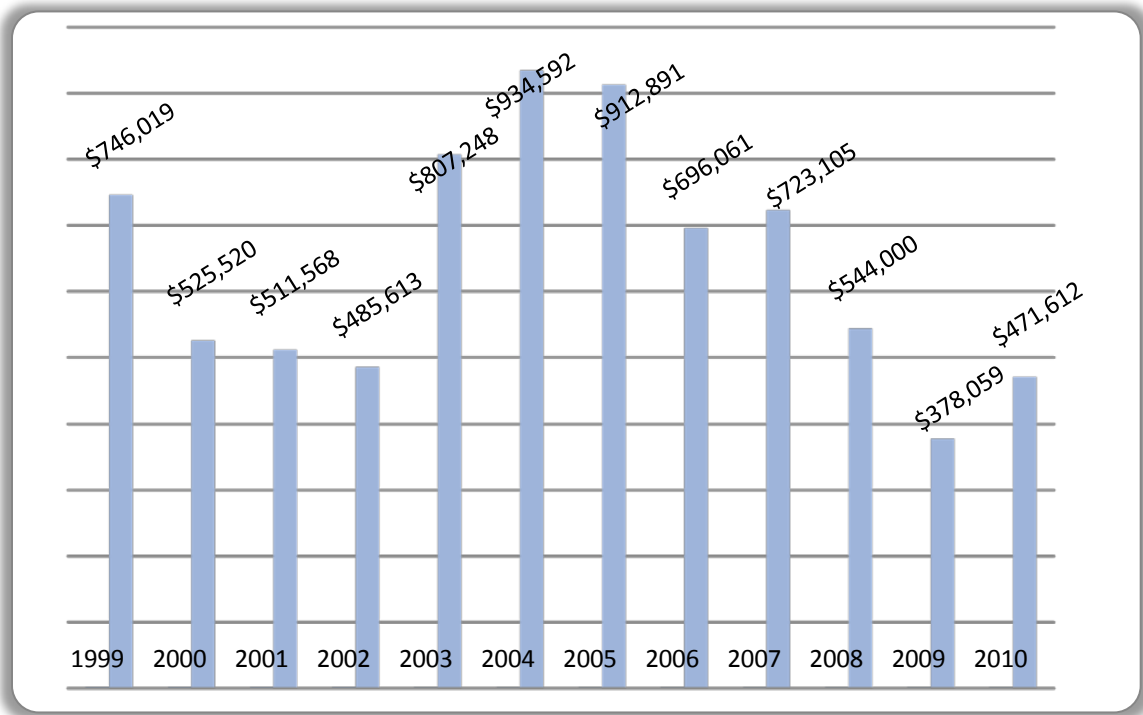


According to the 2000 Census, the median income for a family in Upper Makefield Township is \$114,064 which translates into an annual earned income tax payment of \$570.32.

Real Estate Transfer Tax:

The Real Estate Transfer Tax is levied at ½ of 1% of the value of all real estate that transfers within Upper Makefield Township. Revenue from this tax peaked in 2004 at \$934,592. This line item is expected to bring in approximately \$450,000 in 2012.

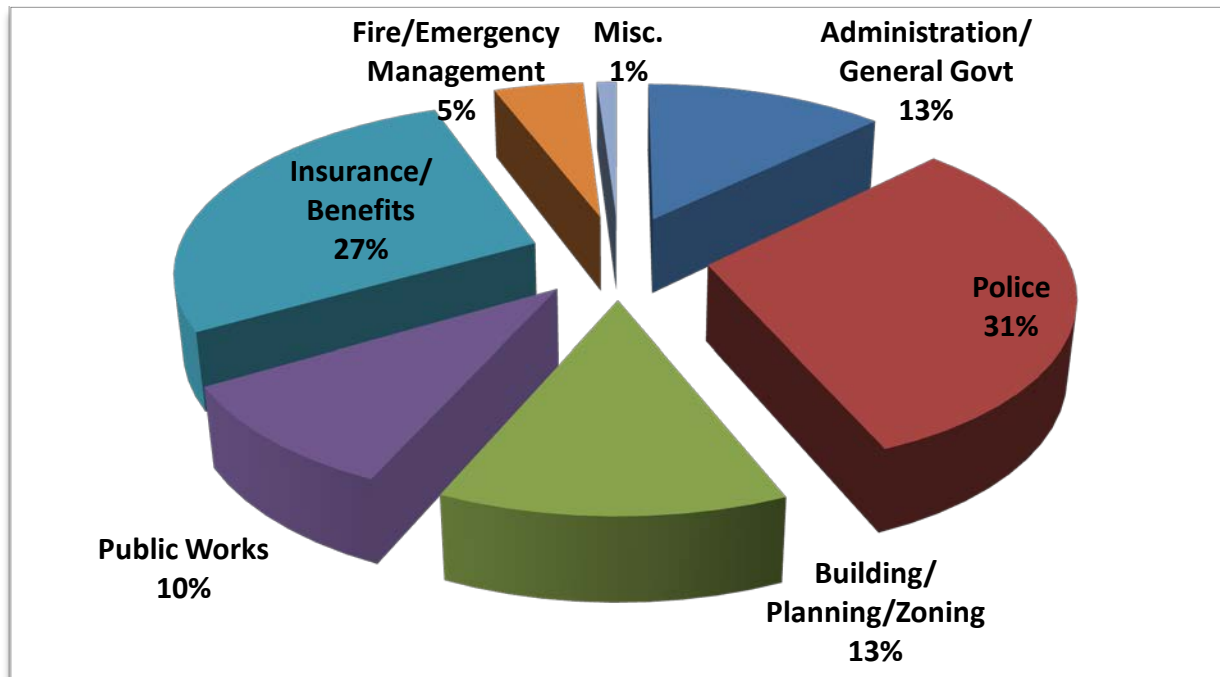
Real Estate Transfer Tax Revenues – 1999 through 2010



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 27%, Administration/General Government at 13%, Public Works at 10%, Building/Planning/Code Enforcement at 13%, Fire/Emergency Management at 5% and Miscellaneous at 1%.

General Fund Expenditures 2012



Other Highlights:

PERSONNEL -

In 2012, Upper Makefield Township will employ twenty-nine (29) full-time and two (3) part-time employees. 2012 will be the second year of a three-year Teamster Contract. Wage increases for Teamsters employees will be 2%, as per the contract. All other wages are budgeted at 0%. Negotiations with the Police Union are currently underway.

PENSION -

The Minimum Municipal Obligation (MMO) for 2012 is budgeted at \$240,651 for the Police Pension Fund and \$166,939 for the Non-Police Pension Plan for a total MMO of \$407,590. This obligation is offset by \$145,000 in anticipated revenue from the Commonwealth.

INSURANCE -

Upper Makefield Township has been able to significantly contain costs for insurance through participation in the Delaware Valley Insurance Trust, Workers Compensation Trust, and Health Insurance Trust.

PUBLIC WORKS -

\$170,000 is allocated for the 2012 Road Improvement Program. The following roads are slated to be included in the 2012 Program: Park Place, Riverview, Overlook and Spring Court.

STOOPVILLE ROAD PROJECT -

Engineering costs for Phase II of the Stoopville Road project and included in the General Fund. All costs are reimbursable through PennDOT.

Other Fund Highlights

FIRE FUND –

- The Upper Makefield Fire Company will be transferring \$410,000 (from current and previous allocations) from the Fire Fund. \$110,000 for annual debt service and \$300,000 for capital needs.

WATER/SEWER FUNDS –

- \$234,500 is allocated for capital improvements to the Heritage Hills Treatment Plant.

PARK AND RECREATION FUNDS

- A reduction of \$20,000 in the “Repair/Maintenance” category is possible as a result of discussions with user groups to takeover some field maintenance.
- In the Park and Recreation Capital Fund, \$100,000 is budgeted to allow for the possibility of drilling new wells at Brownsburg and Lookout Parks.

CAPITAL RESERVE FUNDS –

- \$35,000 is budgeted for the replacement of one police vehicle.
- \$120,000 is budgeted for the conversion of all township radios in late 2012.

LIQUID FUELS FUND –

- \$50,000 is allocated for bridge work throughout the township.
- \$57,000 is proposed for the 2012 Road Improvement Program. General Greene is slated to be paved with this funding.

RIPARIAN RESTORATION GRANT FUND –

- \$100,000 is budgeted for Riparian Restoration Grant projects.

Conclusion

The preparation of this budget is the culmination of the collaborative efforts of many people – the Board of Supervisors, township staff, volunteer boards and the township citizenry.

The entire township team of employees should be commended for their efforts. With this year's ongoing work to cut 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, Bob Johnson, Dave Kuhns, 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 in this most difficult budget environment.

This document should be a valuable tool in making the important decisions that will impact Upper Makefield citizens and township government during the next year. I remain grateful for the opportunity to serve the Board of Supervisors and citizens in the Upper Makefield community and look forward to the challenges and opportunities in 2012.

Respectfully submitted,

Stephanie Teoli
Township Manager