

Addendum #1

FY2015 Budget Performance, FY2016 Budget and 2017-2020 Outlook

FY2015 Budget Performance. The Board of Supervisors adopted a balanced budget for 2015 that targeted a \$250,000 unencumbered cash reserve in the General Fund and established a Capital Reserve Fund for major financial commitments in the future. The 2015 budget required a 9 mill real estate tax rate to achieve balanced status.

- General Fund Revenue—The Township’s revenue target at the beginning of the year was: \$1,860,600. The Township expects revenue to exceed expectations in the following categories:
 - Earned Income Tax: +\$30,000
 - Real Estate Transfer Tax: +\$63,500
 - Cable Franchise Fees: +2,500
 - Insurance Rebates: +\$12,900

The Township expects revenue to fall short of expectation in the following categories:

- Real Estate Tax: (-\$11,000)
 - Local Services Tax: (-\$3,500)
 - Permits: (-\$19,300)
 - State Aid for Pensions: (-\$4,500)
- Overall, the Township expects GF revenue to finish the year at \$1,966,500.
 - General Fund Expenses—The Township’s expense authorization at the beginning of the year was \$1,860,600. The Township expects expenses to fall below expectations in the following categories:
 - Admin/Bldg O&M: (-\$3,200)
 - Legal & Engineering: (-\$6,000)
 - The Township expects expenses to exceed expectations in the following categories:
 - Admin/Zoning labor: +\$2,300
 - Police Labor: +\$10,700
 - Road O&M: +\$45,700
 - Overall, the Township’s expects GF expenses to finish the year at \$1,939,800.

- Liquid Fuels revenue was +\$7,700 above expectations
- Liquid Fuels expenses are at expectation.
- Capital Reserve Revenue, which consists of transfers from the GF and allocation from Liquid Fuels Fund, met expectations.
- Capital Reserve Expenses were (-\$5,000) less than expectations.

The Township also received donations from several citizens. As a budgeting matter, the Board does not include potential donations in expected revenue.

- \$2,000 from Anonymous for Community Day
- \$4,625 from The Burdette Family Foundation for park maintenance
- \$5,000 from The Erwin J and Gertrude Neusch Foundation for Community Day
- \$6,000 from 2 Anonymous donors for police equipment

On the whole, the Township expects GF revenue to exceed expenses by +/- \$20,000. Per Resolution 2014-9 this difference will be transferred to the Capital Reserve Fund.

FY2016 Budget. The Board heard funding requests from the Township's Authorities, Boards and Commissions for various projects, plans and initiatives in August 2015. A master list is below:

Item #	ABC	Title	Budget Request	Result
1	OSC	EIT Referendum (legal/advertising)	\$3,000	2016
2	OSC	TDR zoning provision (consultant/legal/adoption)	\$12,000	2018
3	PC	Junkyard Ordinance overhaul (legal/adoption)	\$2,000	2016
4	PC	Groundwater extraction/injection ordinance (legal/adoption)	\$4,000	2017
5	PC	Opinion Survey	\$3,000-\$10,500	2017
6	HC	Limekiln restoration	\$14,000	Not funded
7	EAC	Birdtown subscription (annual)	\$500	2016
8	EAC	Multi-year landscaping of municipal grounds (1 st year)	\$1,000	0
9	EAC	Energy Audit (refundable on performance)	\$3,000	2017
10	EAC	Member/Community Development (programs & speakers)	\$900	2016
11	PRB	Peppermint Park amenities*	\$46,000	2016
12	PRB	Rail Trail (legal)	\$2,000	\$1,000
13	PRB	Basketball stanchions at Zion Hill Church*	\$1,500	2016
14	Roads	Paving/Sealcoating	Planned from CR	Funded
15	Roads	Replace Pickup Truck	Planned from CR	Funded
16	Roads	Roof for fuel farm	\$2,500	2017
17	Roads	Roof recoating (former blue building)	\$3,000	2016
18	Roads	Povenski Pipe replacement	\$13,500	2017
19	PD	Traffic/speed counter (new)	\$4,300	2016
20	PD	AED (2 nd car)	\$1,600	2016
21	PD	Vehicle storage boxes	\$3,000	0
22	PD	Garage heat	\$3,500	2016
23	Admin	Finish Codification	\$7,000	2016
24	Admin	Website Redesign	\$10,000	2018

25	Admin	Office Security Improvements	\$5,000	2016
26	Admin	Records digitizing	\$25,000	2018

At the September 22nd meeting, the Board reviewed and approved General Fund Revenue projections for FY2016. Some key differences from FY2015's expected performance are:

- Earned Income Tax: (-\$12,000)
- Real Estate Transfer Tax: (-\$43,500)
- Cable Franchise Fee: +\$1,500
- Insurance Rebates: (-\$31,000)
- Donation from Tax Collector (-\$11,000)

Liquid Fuels revenue is expected to be +\$32,000 from FY2015 levels, however that is offset by -\$89,500 in fewer loan proceeds.

Overall, the Township expects to have \$147,500 less money—absent a real estate tax increase—to work with in FY2016 than it did in 2015.

At the October 13th meeting the Board reviewed expense items. Some key differences from FY2015 are:

- Police labor: +\$94,500
- Road labor: +\$25,500
- Admin/Zoning labor: +\$9,300
(All labor costs are higher due to increased Minimum Municipal Obligation payments for pension plans, wage increases, cost of benefit increases and staffing 1 additional police officer)
- Tax Collection: (-\$7,000)
- Road O&M: +\$100,700
- Admin/Zoning O&M: (-\$6,000)
- Legal: +\$3,500
- Transfer to Capital Reserve: +\$7,400

Overall, the Township expects 2016 expenses to be \$238,000 higher than in 2015.

FY2016 Summary. Facing a substantial operating deficit the Board opted to increase real estate taxes by 3 mills to raise an additional \$248,500 in revenue. It also opted to draw \$80,000 from cash reserve to balance the budget. Detailed line items budget items can be found by clicking this link.

FY2017-2020 Outlook. There is no structural reason to believe revenue from sources other than real estate taxes will grow at a rate to outpace expense increases. The Township will benefit from periodic over performance in certain revenue line items such as Real Estate Transfer Taxes, but those line items could equally underperform and compel the Board to draw on reserves during the course of any given fiscal year.

The Board also took steps to lessen potential future expenses.

- Shifted major capital equipment replacements to out-years and reduced single year shocks so multiple replacements don't fall in one year.
- Agreed to a 5 year collective bargaining agreement with the Police Association that averages 3.2% annual wage increases over the length of the agreement.

It's the Board's belief there are no magic bullet solutions to expense control without substantially altering the level of services provided. There are incremental items, with which citizens can assist. The Township has become a major funding source for the Springtown Volunteer Fire Company. The Fire Company has needed more financial support in part because of fewer volunteers and in part because of less success in the annual fund drive and in part because it is planning for future equipment replacement. Citizens can directly help SVFC by donating to the Company's fund drive and volunteering their time.

The Township has become a substantial funding source for the Upper Bucks Regional EMS. Citizens can directly help UBREMS and their own families by subscribing to the ambulance service. Subscription provides the EMS service with needed funding and it reduces potential family out-of-pocket expenses in the event of an ambulance call.

The Board is also examining whether there are productivity improvements than can be implemented to contain future labor costs, as well as communications improvements to manage citizen expectations.