

# Springfield Township

## Bucks County



## 2015 Budget

&

## 2016-2020

## Financial Outline

November 5, 2014

# Executive Summary

The Township—as wonderful a place as it is to live and work—faces challenging financial issues until at least the end of the decade. There is little natural growth from existing revenue sources. Years of fiscal austerity initiated during the Great Recession have to be reversed for the Township to keep its critical infrastructure (roads) and critical services (public safety) up to par.

The Township’s leaders are actively managing the current fiscal situation while simultaneously being proactive in solving systemic shortcomings. The following policy options have been under discussion throughout 2014 to manage short-term issues:

<b>Policy</b>	<b>Potential Result</b>	<b>Adopted</b>
Eliminate local police service	Reduce annual costs by over \$500,000 (excluding capital costs). Put Township on PSP service.	No
Introduce part-time police officers to PD in 2016 in place of 1 full-time officer	Reduce overall costs by \$300,000 through 2020. Lose some return on equipment and training investments annually.	No
Restore funding for road maintenance to pre-recession levels of service	Add \$210,000 to annual costs (excluding capital equipment replacement). Partially off-set by increased Liquid Fuels revenue from state. Reduce major repair costs by increasing preventative maintenance.	Yes
Establish Capital Reserve Fund for setting aside money to capital equipment replacement and large scale projects.	Smooths cash demand on General Fund in any given year. Utilizes Liquid Fuels equipment allocation as first resort funding source when possible.	Yes
Place all non-uniformed new hires into Defined Contribution pension plan effective March 1, 2014	Reduce pension costs by 3-5% of payroll for non-uniformed new hires.	Yes
Set General Fund unencumbered reserve floor at ~\$250,000	Establishes annual target for taxation and spending. Leaves sufficient reserves to handle mid-level emergencies. Provides basis for sound credit rating.	Yes
Increase Real Estate Tax rate over 5 year planning window	2015 = 3 mills, 2016-2020 will likely require additional increases to meet expenses and reserve goals.	Yes
Establish “windfall revenue” policy	Prioritizes financial goals in the event a revenue source out performs annual expectations (eg. Real Estate Transfer Tax, large donation, etc).	Yes
Replace resigned elected Tax Collector with contract 3 <sup>rd</sup> party vendor at least until next municipal election	Reduced real estate tax collection costs by ~\$30,000 over 2 collection cycles.	Yes

The following policy options are still under discussion to improve the Township's long-term financial picture:

<b>Policy</b>	<b>Needed to Implement</b>	<b>Anticipated result</b>
Foster development of Township's growth district	Create cost benefit analysis of Township participation in a centralized sewer system. (Planning Commission/BoS)	Boost development, increase assessment base & add EIT through population growth. Offset by increased demand on public school system.
Create program to share equipment and road maintenance with other municipalities	Agreed framework by participating governing bodies for equitable cost sharing and cost responsibilities. (BoS/Staff)	Reduce capital equipment replacement expenditures.
Create Township Economic Development Advisory Committee	Resolution by BoS. Find qualified volunteers.	Advise BoS on policies and procedures to secure financially sustainable government services.

## Structure of Township Finances

The Township has several funds to meet operational and statutory financial requirements. The most prominent of those funds is the General Fund, which constitutes the bulk of the Township's financial activity. The General Fund is the repository for taxes collected and is the Fund that provides the Board of Supervisors the most flexibility to meet operational needs. The major categories of unrestricted revenue are: real estate tax, earned income tax, real estate transfer tax, local services tax and cable franchise fee. The major categories of restricted revenue are: permits, municipal pension aid (state funded), and fireman's relief (state funded). The major categories of expenses are: general government, police service, fire and EMS services, roads and highways, zoning and code enforcement, legal, engineering, casualty insurance and debt service.

The Board of Supervisors has targeted \$250,000 as an amount to be kept in the General Fund as an unencumbered cash reserve. The purpose of this reserve is to allow the Township to operate in the 1<sup>st</sup> Quarter of each fiscal year before tax revenue comes in strongly, and to maintain the Township's positive credit rating. The Board makes its annual spending and taxation decisions based on the operational needs of the Township and the goal of preserving this cash reserve at year's end.

The Liquid Fuels Fund is a fund dedicated to road maintenance. Its primary source of revenue is an annual allocation provided by the Commonwealth. The Commonwealth collects gas taxes into a pool, then distributes it to municipalities based on population and the number of road miles maintained. Act 89 of 2012 anticipates increasing the amount of money allocated to municipalities by 60%+ through 2018, and this financial plan includes that anticipated increase. The Liquid Fuels Fund also allows a municipality to set aside 20% of its annual allocation for road equipment purchases and this financial plan makes use of that provision to pay for replacement of expensive road capital equipment.

The Special Fees Fund is a fund designed to pay for capital improvements. Its primary source of revenue is fees-in-lieu of required improvements during the development process. For instance, if a subdivision ordinance requires sidewalks and street trees to be installed—but the installation isn't warranted for that specific development application—the Township requires the developer to pay the amount the improvements would have cost into the Special Fees Fund. The Township could then use that money in another worthwhile project of Township significance.

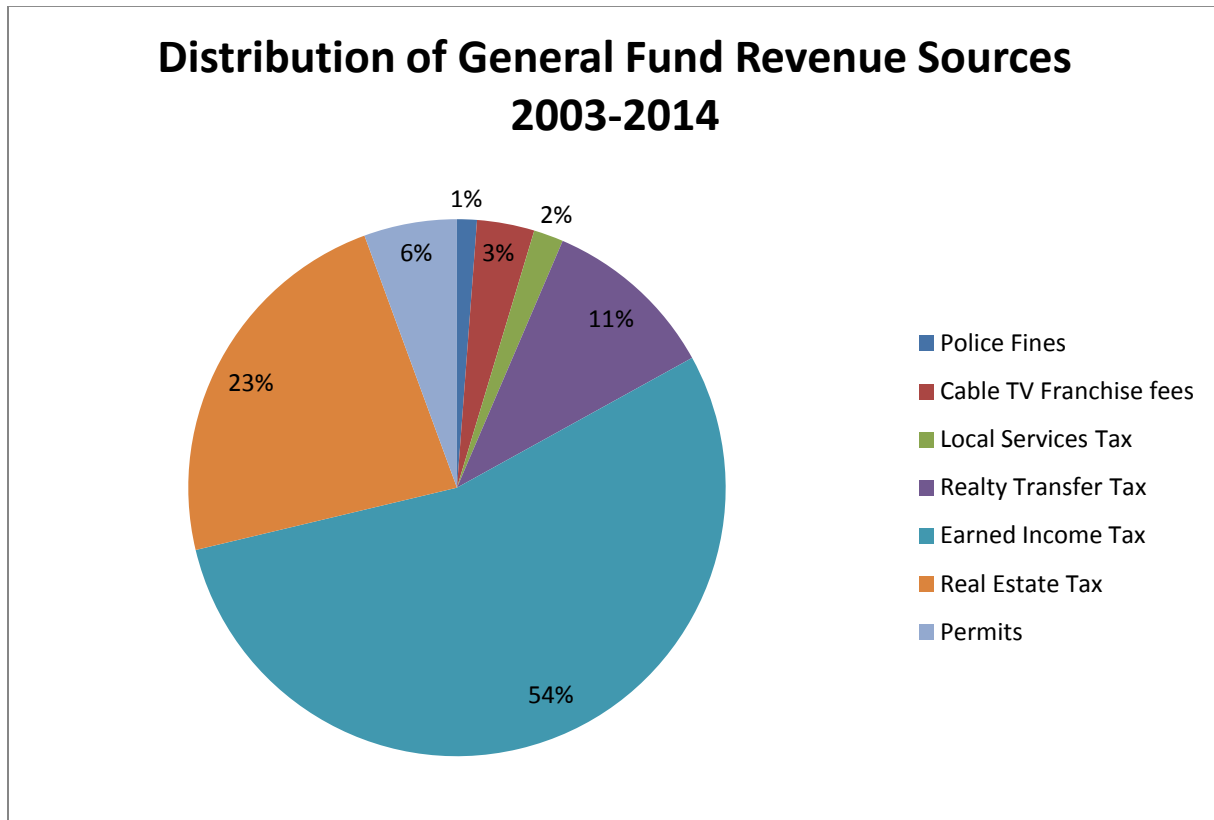
The Open Space Fund is a fund designed to manage the voter approved .25% earned income tax for the Township's land conservation activity. The Fund is the repository for the taxes collected and pays the annual bond payments that allows the Township to participate in

conservation purchases. Act 115 of 2012 allows 25% of the annual balance to be used for Park and Recreation construction and maintenance, and the Board of Supervisors authorized the use of OSF money to pay for this purpose. The Open Space Fund will be in place at least until 2032, when the last bond payment is due.

For 2015 the Board of Supervisors has authorized the establishment of a Capital Reserve Fund. The purpose of this fund is to provide a repository for cash and assets to pay for the replacement of Capital Equipment and large scale projects. This Fund will receive revenue in the form of annual cash transfers from the General Fund and asset allocation from the Liquid Fuels Fund for replacing road equipment. This Fund's budget describes planned equipment replacement timelines through 2030 so the Township can anticipate its financial demands in advance and keep its equipment in a good state of repair and ready to serve the Township's needs. By annualizing capital outlays the Board of Supervisors plans to smooth the potential peaks of increased spending caused by sudden equipment failure or large scale road projects.

# Revenue

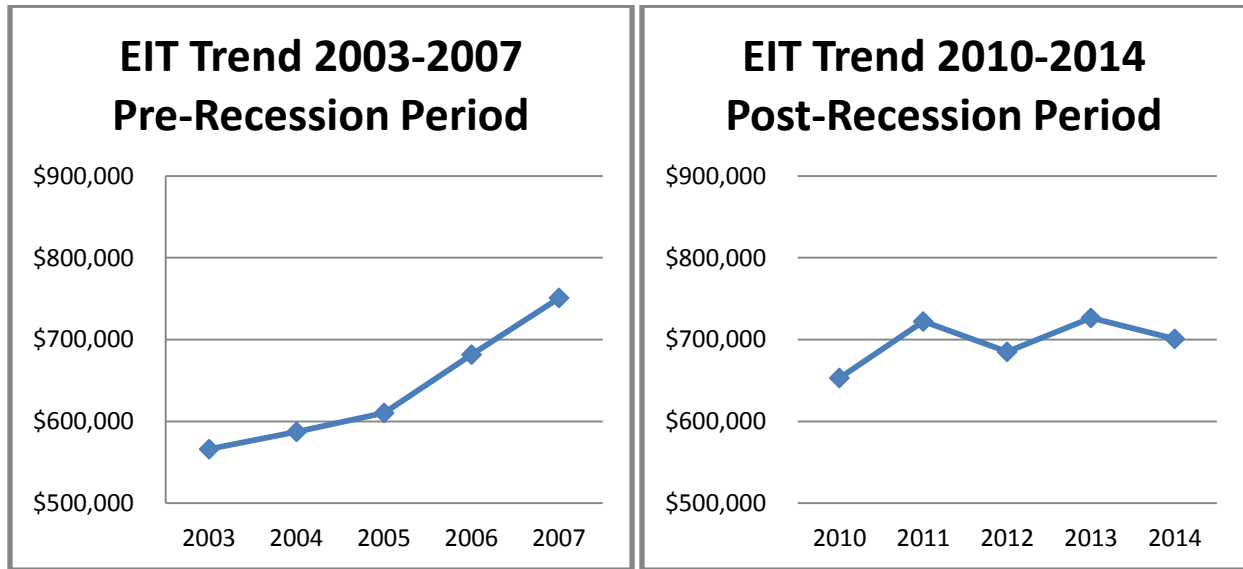
Much of the Township's revenue is dependent on general (national/regional) economic conditions and factors outside the Township's ability to control. The chart below shows the percentage of the Township's non-pass through revenue by type from 2003-2014.



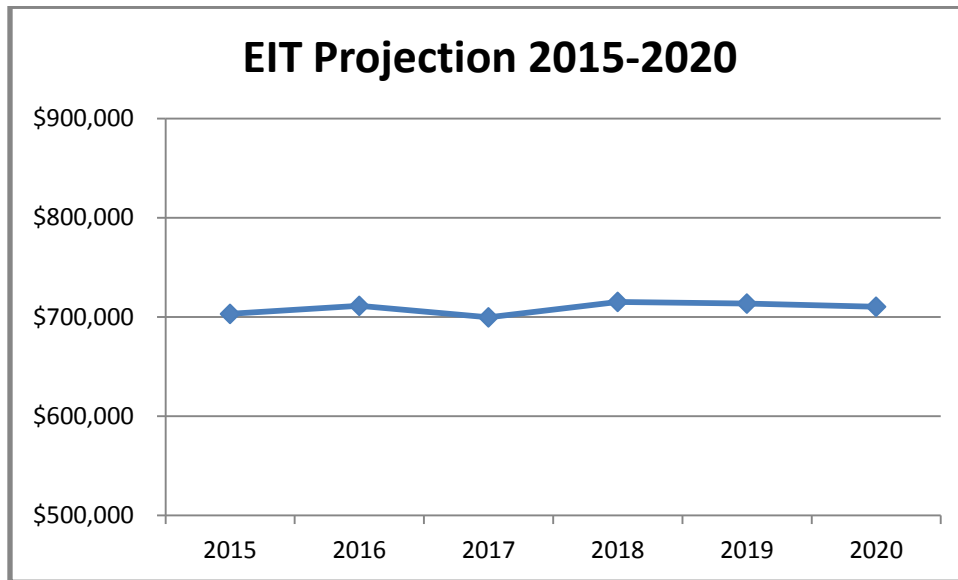
The Earned Income Tax, Realty Transfer Tax, Cable Franchise Fees, Local Services Tax and Permit revenue constitute 76% of the Township's non-pass through revenue, and are driven by national and regional economic conditions. If the national economy is down like it was during the Great Recession, the Township's revenue is down, too. The only revenue category the Board of Supervisor's can completely control is real estate taxes, which it uses to adjust to fluctuations in other revenues.

Earned Income Taxes provide the largest share of Township revenue, and the Township's forecast is for relatively flat growth through 2020. The working hypothesis for this factor is the Township's population is not growing substantially by way of new housing starts and is aging. The Township's Comprehensive Plan ([http://www.springfieldbucks.org/comprehensive\\_plan.php](http://www.springfieldbucks.org/comprehensive_plan.php)) predicted the lowest estimated population would be 5,262 people in 2010, however the actual census count was 5,031. The

median age in 1990 was 38.1 years, in 2000 it was 41.8 years and in 2010 it was 47.3 years. As more Township residents move to retirement age, the natural growth of revenue from increased wages is offset by retiring wagger earners. Figure 1 shows the rate of growth in both pre-recession and post-recession periods. Figure 2 shows a regression analysis of predicted EIT revenue based on past collections.



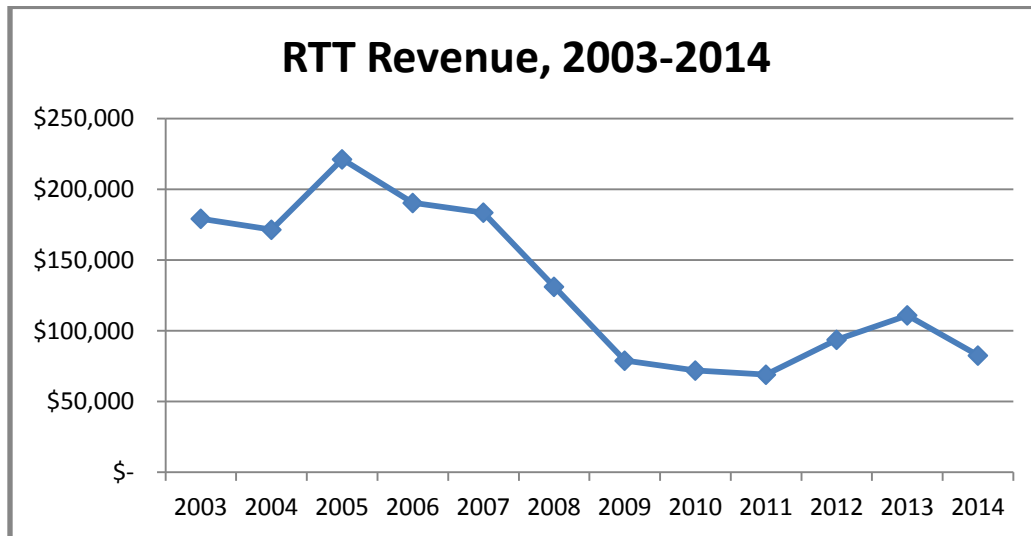
(Figure 1)



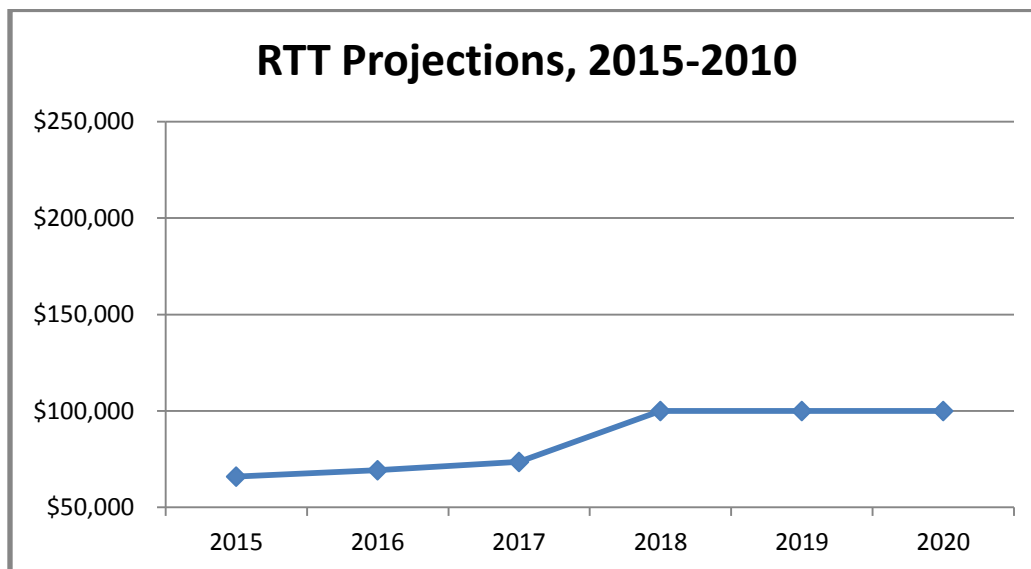
(Figure 2)

Realty (Real Estate) Transfer Tax revenue is derived from a 1% tax on all real estate transactions. Bucks County Recorder of Deeds collects the tax and remits to the Township on a monthly basis. This source of revenue is dependent on national/regional economic conditions.

Figure 3 depicts historical performance. Figure 4 is projected performance. The years 2015-2017 are based on regression from previous years. The years 2018-2020 are staff estimates adding additional revenue from development of the Locust Valley Golf Course.



(Figure 3)



(Figure 4)

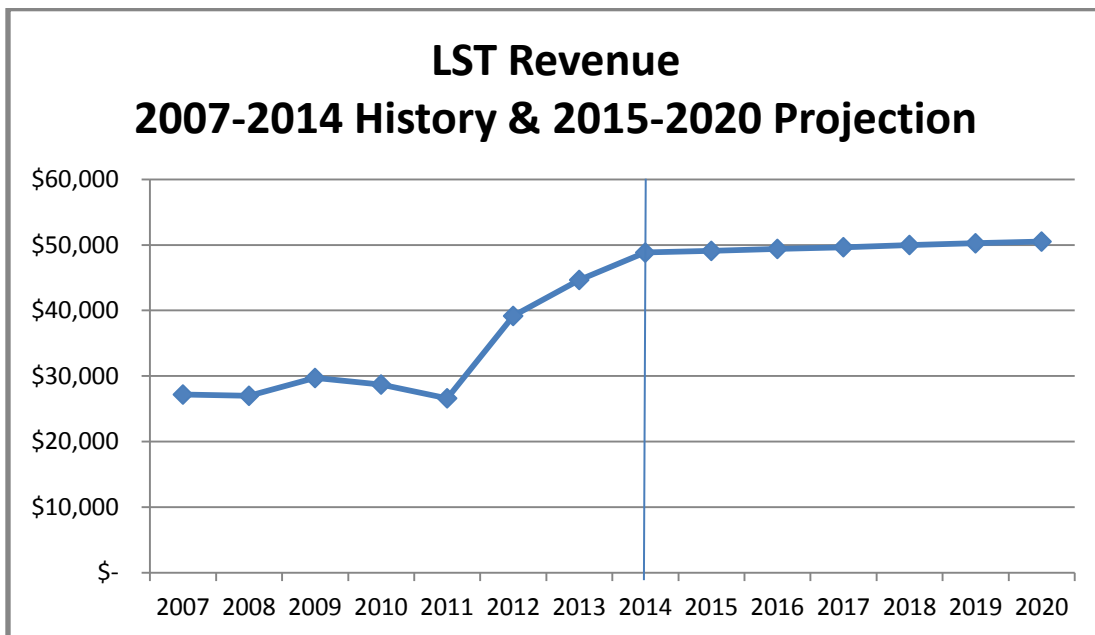
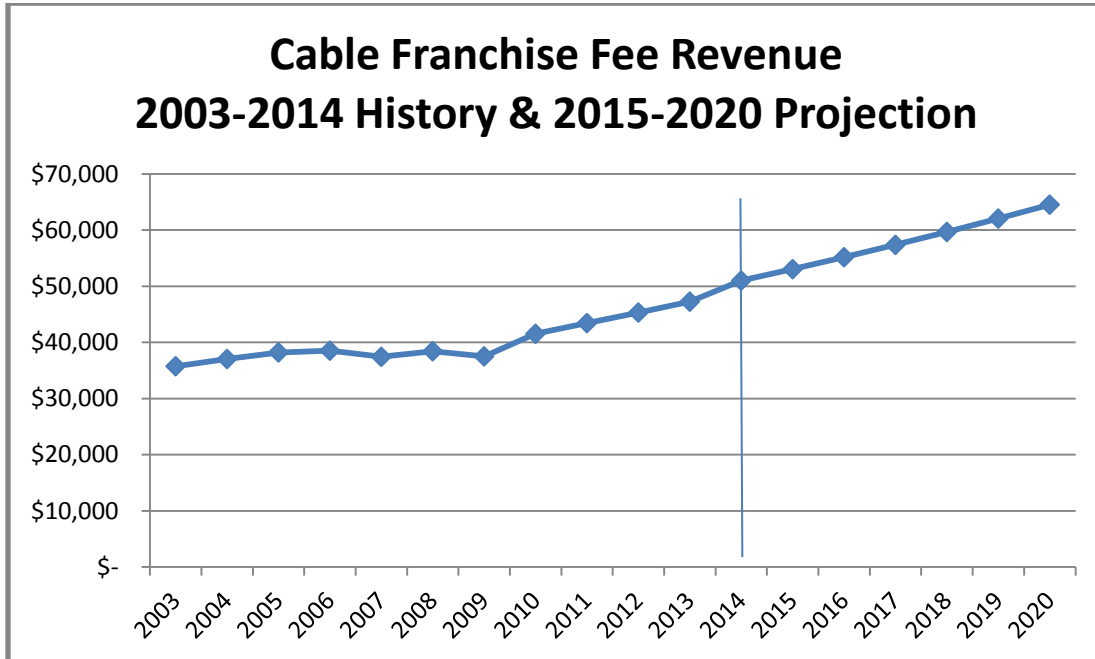
Cable TV Franchise Fee revenue is drawn from a 5% fee on cable television services as authorized by the Federal Telecommunications Act of 1984. Figure 5 shows both the historical and projected revenue from this source. This revenue source is somewhat influenced by national/regional economic conditions.

Local Services Tax revenue is drawn from a (maximum) \$52/year tax on employees who work in the Township to offset the costs of those individuals' needs for local services such as fire,



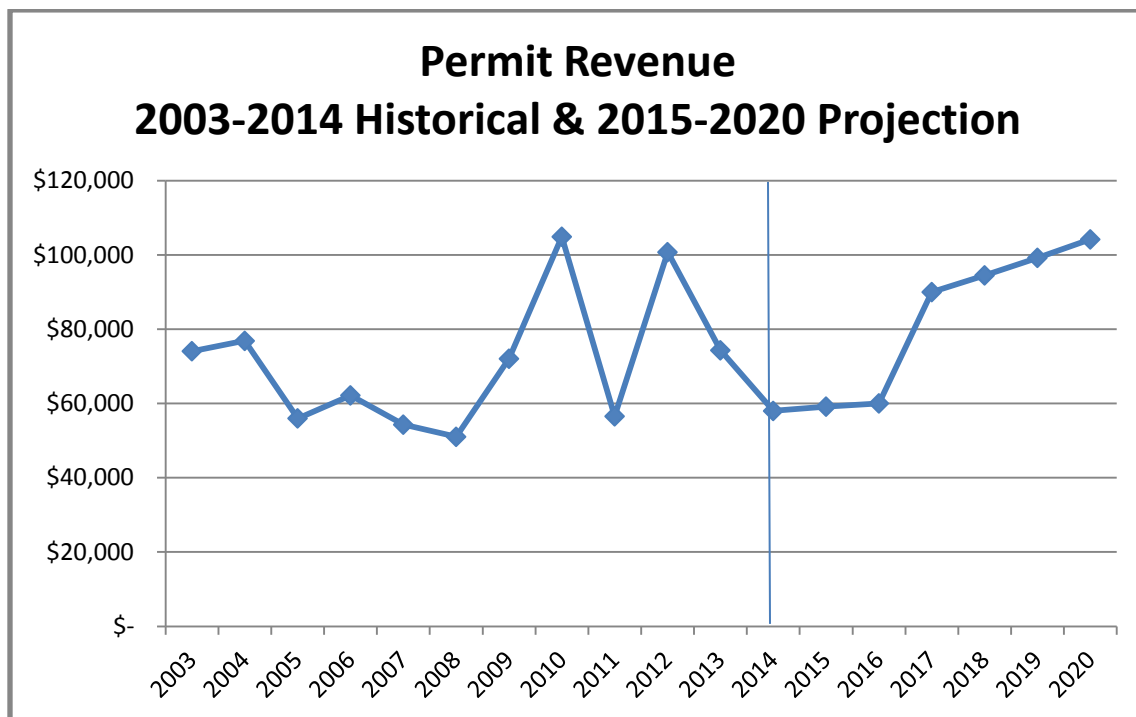
ambulance and police. Figure 6 depicts both historical and projected revenue from the LST. The large increase in the period of 2011-2014 is assumed to be from a combination of improving economic conditions and better enforcement. For instance, the large jump from 2011 to 2012/2013 is attributed to a large employer in the Township being reported correctly, rather than a large increase in the number of actual jobs. The 2015-2020 forecast assumes 5-7 jobs per year are added at Township businesses. This revenue source is heavily influenced by national/regional economic conditions.

(Figure 5)



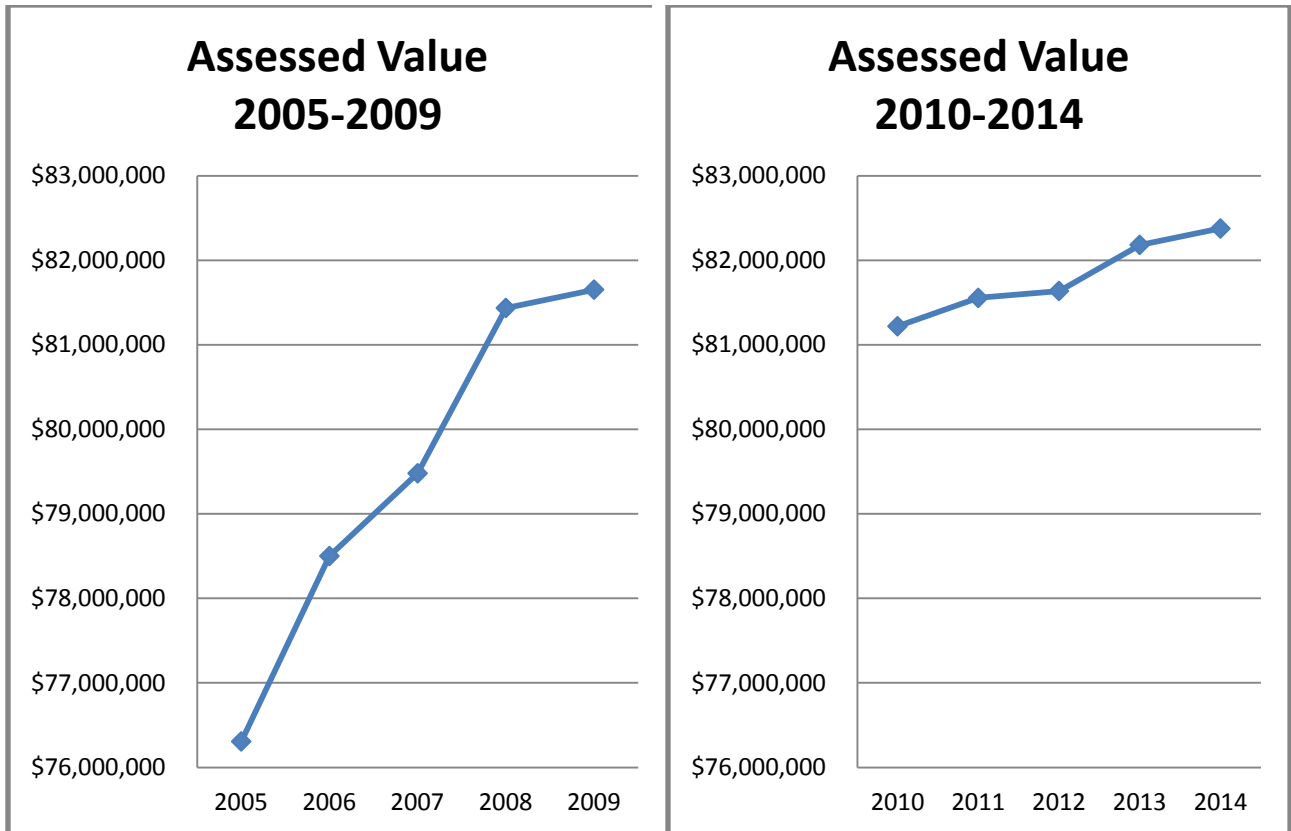
(Figure 6)

Permit revenue is derived from fees charged to cover the cost of providing inspections and plan reviews. By law, permit revenue must be closely aligned with the cost of providing services, so permit revenue is a restricted source, unlike other revenue types. The Township uses permit revenue to pay the 3<sup>rd</sup> party Building Code enforcement agency for plan reviews and inspections for buildings. It also uses permit revenue to offset part of the Township’s administrative costs associated with zoning permits and the permit system. This revenue source is heavily influenced by national/regional economic conditions. Figure 7 depicts both historical and forecasted revenue. The forecast period of 2015-2017 is a regression forecast from previous years. The years 2018-2020 are staff estimates adding additional revenue from development of the Locust Valley Golf Course.



(Figure 7)

Real Estate Tax revenue is the only revenue source over which the Board of Supervisors has some control by raising or lowering the nominal tax rate (often referred to as ‘millage’). Real estate taxes are computed for individual properties by taking the assessed value (as determined by the Bucks County Tax Assessment Board), times the millage to compute the amount of tax owed. The assessed value of the Township is affected by the number of new structures and whether an individual successfully appeals their assessment, which happened often after the Great Recession. The value of one mill is different in each municipality. Figure 8 shows the trend of assessed value in Springfield Township in the pre-recession and post-recession periods.



(Figure 8)

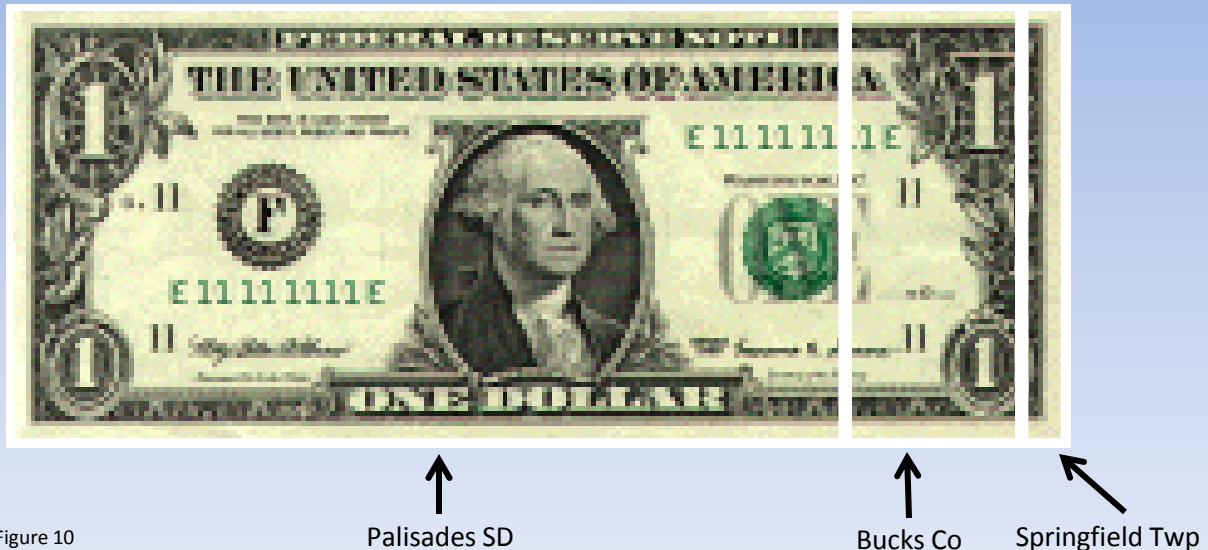
<u>Year</u>	<u>\$ Value of 1 Mill</u>	<u>Change from Prev Year</u>
2005	\$ 76,307	X
2006	\$ 78,501	2.9%
2007	\$ 79,480	1.2%
2008	\$ 81,436	2.5%
2009	\$ 81,653	0.3%
2010	\$ 81,220	-0.5%
2011	\$ 81,555	0.4%
2012	\$ 81,637	0.1%
2013	\$ 82,183	0.7%
2014	\$ 82,376	0.2%

In 2010, the value of one mill's taxation to the Township actually fell due to assessment appeals and the growth rate is much flatter than the pre-recession period. Figure 9 shows how the value of 1 Mill's taxation has changed over time.

(Figure 9)

Impact of Real Estate Taxes in Individual Properties. Three taxing jurisdictions impose real estate taxes on property in the Township: the Palisades School District, Bucks County, and of course the Township itself. For 2014 the total tax on property in the Township was 140.34 mills. Figure 10 breaks out the relative proportions of a real estate tax dollar.

## Distribution of a Real Estate Tax Dollar



The impact of the Real Estate Tax on individual properties is dependent on the property's assessed value. A property with \$50,000 assessed value would pay approximately \$300 in tax at the 2014 millage rate (6 mills). The median residential assessment in the Township is \$35,893 or \$215.36 ( $\$35,893 \times .006 = \$215.36$ ) at the 2014 tax rate.

The Board of Supervisors has set the 2015 millage at 9 mills, which translates to a \$323.04 tax for the median assessed property. This \$107.86 difference amounts to \$8.97 per month in tax above the 2014 rate for the median assessed property.

The Board is of the belief further increases may be necessary during the 2016-2020 time period to meet the Township's financial needs.

Miscellaneous revenue. The Township also receives various forms of revenue from miscellaneous sources. Some of this revenue is known as pass-through, as the Township receives money from state payments and must immediately distribute the money to its intended purposes. The primary examples of this type are state pension contributions which must be distributed to the pension plan, and foreign fire relief tax which must be distributed to the Fire Relief Associations of the fire companies supporting the Township. While these revenues are shown in the budget, the expenses are identical.

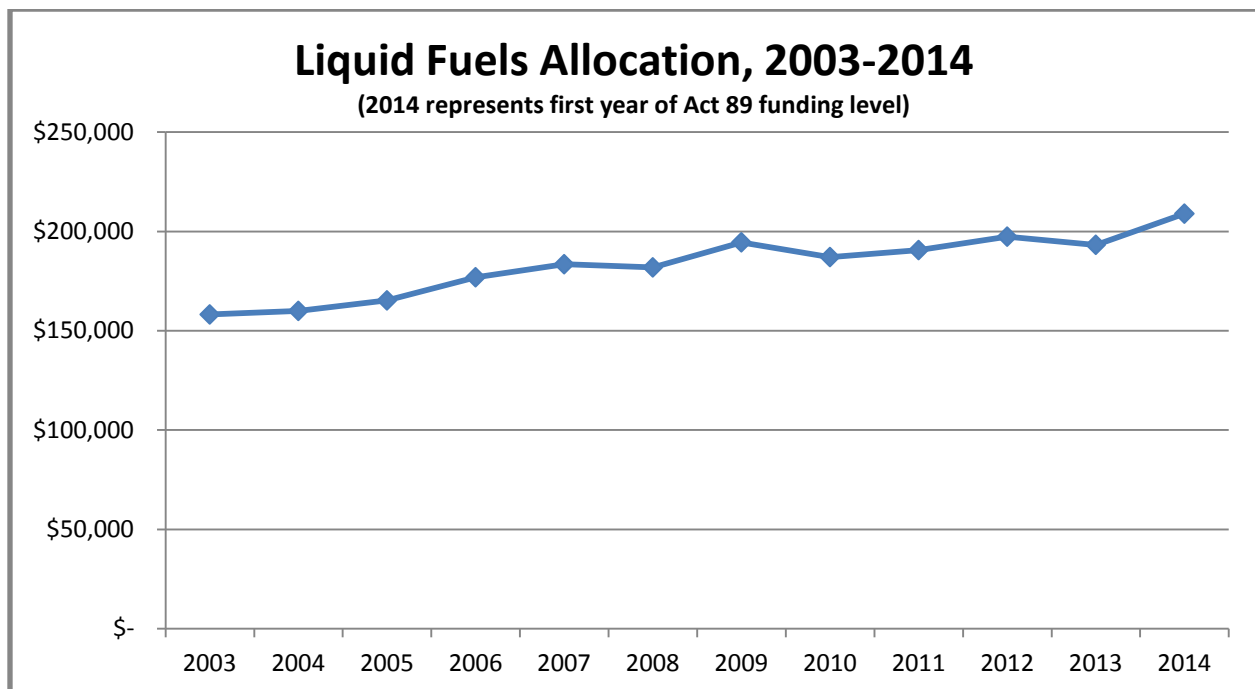
The Township also receives rebates from its various insurance coverages. These rebates are not guaranteed. The Township conservatively estimates these rebates so as to not cause a deficit condition by underperforming in any given year.

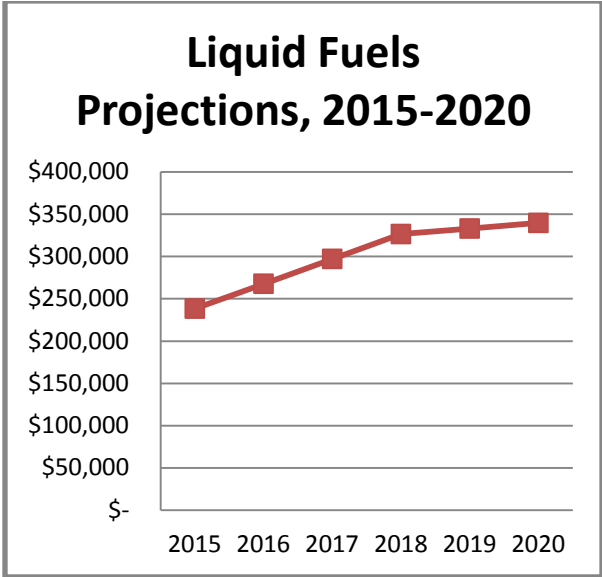
Overperformance. Because some of the income modeling is performed by regression, there's always the possibility a line item (eg. Real Estate Transfer Tax) will outperform expectations in any given year. As a matter of policy the Board intends to apply overperforming line items towards the Capital Reserve Fund's needs and not apply it to the following year's O&M expenses. If the amount of overperformance is substantial, the Board may alter this policy.

General Fund Revenue Summary. The period 2016-2020 will be marked by continued flat trends in the Township's largest revenue source, EIT. Assessed value will also remain flat, leaving the tax value of 1 mill relatively unchanged. Cable Franchise Fees and Local Service Tax revenue will increase slightly, but the added amount raised by the increase will be relatively small. Rising expenses will outstrip the natural growth of revenue, leaving the Board of Supervisors little choice but to increase income via real estate taxes or substantially diminish services.

### Liquid Fuels (State) Fund

The Liquid Fuels Fund receives the vast majority of its revenue from the state liquid fuels tax. Each year a pool of money is divided amongst all municipalities based on population and number of road miles the municipality maintains. This annual allocation happens in March. Figure 10 depicts historical allocation. Act 89 of 2012 increased taxes and fees in the Commonwealth, and this money is applied towards both PennDot road needs and municipal road needs. The Township was provided estimated revenue under Act 89 from Senator Bob Mensch's office, shown in Figure 11.





Liquid Fuels revenue is restricted to road operations and maintenance, with the exception that 20% of the annual allocation may be used towards the purchase of lease of road equipment. A municipality may save its annual equipment allocation each year for the purpose of buying expensive equipment.

Starting in 2015 the Board will implement the policy of routinely setting aside the annual equipment allocation for future purchases and utilizing the Liquid Fuels Fund for Road Department O&M before tapping the General Fund for either.

(Figure 11)

In this document’s detailed budget sections, the equipment allocation will appear as a liability to the Capital Reserve for equipment purchases. In the Capital Reserve budget the Liquid Fuels equipment allocation will appear as an asset from the Liquid Fuels Fund.

## Expenses

Unlike revenue, the Township’s expense curve isn’t flat. The Board has taken steps over many years to reduce expenses; however, reductions have come with a tradeoff in services. The Police Department is currently staffed with 4 full-time officers and no civilian employees, whereas it was once staffed with a 5 full-time officers and a civilian. During the Great Recession, the Board reduced the code enforcement staff from 1 full-time employee to ¼ full-time employee by laying off an employee and making zoning enforcement an additional duty of the Township Manager. The Road Department used to perform approximately 6 miles of road sealcoating each year. From 2009-2011 the Road Department performed no sealcoating projects. A small paving project in 2011 was only possible because the asphalt was donated. The Township did not fund an equipment replacement plan to have an orderly replacement of nearly \$1M of capital equipment. In 2013 this caused the Township to borrow for a new replacement loader when the old loader failed completely.

In addition, the Springtown Volunteer Fire Company (SVFC) and Upper Bucks Regional Emergency Medical Services (UBREMS) requested increased support from 2013 levels to maintain crucial services. As part of the 2014 budget, the Board approved a 1.5 mill tax increase to cover the cost of supporting those organizations.

In May 2014, the Board adopted Resolution 2014-09 to encourage longer term financial planning. The resolution directs the Township staff, Authorities, Boards and Commissions (ABC’s), and organizations receiving more than \$5000 support annually from the Township to make presentations on proposed projects and estimated costs for a 2 year planning cycle. The Board of Supervisors evaluated those projects and budget requests as part of the annual budget process. The Board of Supervisors heard those presentations in August through October. A list of the requested budget items is contained in Figure 12 with the estimated cost and disposition of each item. Capital Equipment is discussed in the Capital Reserve Fund.

<b>Project Requests</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Status</b>
Office renovations	\$3,000						Deferred
Fuel Tank pump cover	\$2,500						Deferred
Salt Shed Extension		\$30,000	\$20,000				Deferred
Ordinance Codification	\$8,000	\$4,000					\$8,000
Comp Plan update	\$6,000						\$4,000
Transferrable Development Right Provision	\$7,000	\$3,000					Deferred
Feasibility Study for Open Space	\$2,500	\$4,000					Deferred
Water Withdrawal Protection Ordinance	\$3,000	\$3,000					Deferred
Central Business District Study		\$5,000					Deferred
Digital Document Management System	\$10,000	\$10,000	\$10,000				Deferred
Roof coat Blue Building		\$3,000					Planned

(Figure 12)

Labor costs constituted approximately 68% of all Township GF expenses in 2014. The Township has 11 full-time employees (3 in Admin/Zoning, 4 uniformed police and 4 Road Department) plus 3 seasonal employees (Road Department). Three of the police officers are governed by a collective bargaining agreement that grants 3% wage increases in 2015. The Board of Supervisors approved the same wage increase for non-uniformed personnel for 2015. The Township expects employee medical insurance premium costs to increase 11.5% for 2015.

In an effort to project potential labor costs for planning purposes, Figure 13 below assumes 3% wage increases, 10%-11.5% medical insurance premium increases, 3% ancillary insurance premium increases and 8% workman’s comp insurance premium increases. The number of full-time employees is projected to remain the same as 2014.

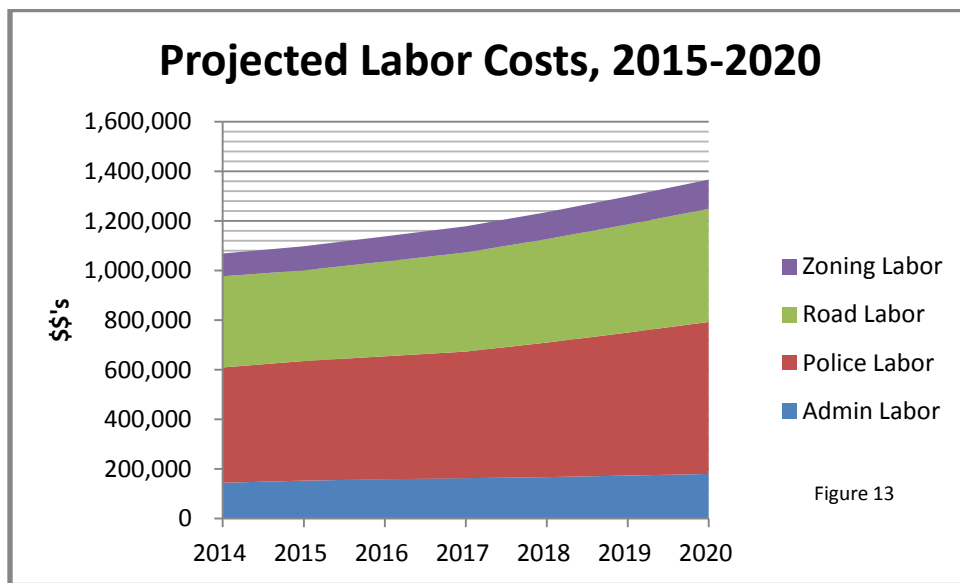


Figure 13

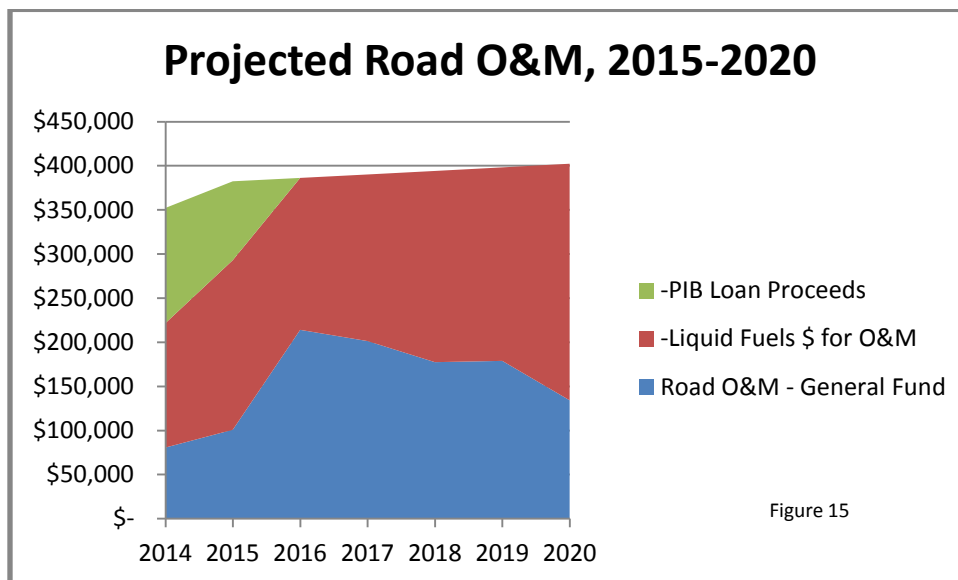
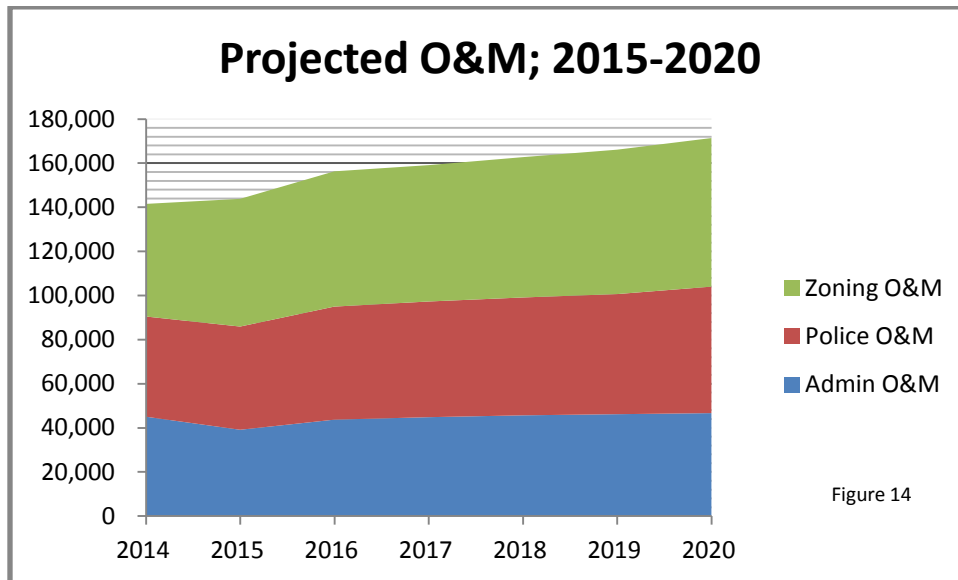
Operations and Maintenance (O&M) funding provides the ability for the individual departments to provide services. O&M funding for admin, zoning and police comes solely from the General Fund. O&M funding for roads comes from both the Liquid Fuels Fund and the General Fund. O&M funding for Parks and Recreation comes from the Township’s Open Space Fund.

The Board of Supervisors has opted to implement two policy changes with respect to use of the Liquid Fuels Fund. First, the Board intends to consistently set aside the full amount allowed by law (20%) to pay for capital equipment replacement. The Road Department currently has an inventory of over \$1,000,000 invested in 17 pieces of equipment. In the past the Township has replaced equipment on an ad hoc basis. In 2015, the Board intends to set aside both LF and GF money to efficiently replace equipment and to smooth the cost impact over a longer period of time.



The second policy change is to tap the Liquid Fuels Fund first for Road Department O&M. This will reduce the demand on the GF by maximizing the state's contribution towards road maintenance.

Figure 14 depicts projected Admin, Zoning and Police O&M. Road O&M is discussed below, and Park & Rec O&M is covered in the Open Space Fund Section. Admin/Zoning O&M includes \$4,000 for updating the Township's Comprehensive Plan as an approved project.



Road Department O&M is expected to grow substantially from the period 2009-2014 as the Board has acknowledged the need to increase the Township's preventative maintenance to avoid more costly corrective maintenance. The Board has targeted 6 miles of sealcoating each year, plus 1.5 miles of repaving every other year, plus more materials to enable improved road

drainage. The Board authorized \$12,000 for preventative maintenance to the Springfield Street bridge, which had been deferred for the previous 3 years. Part of this increase is offset by anticipated revenue from Act 89, which is expected to provide +60% more liquid fuels funds to municipalities. The Board has also instituted a policy change to make the LF Fund the first draw for eligible road department expenses and making up shortfalls with the GF. For 2015, the Township will also use loan proceeds to partially pay for planned sealcoating.

Other Expenses the Township has are primarily in the areas of public safety, with major support going to the fire companies that serve the Township and Upper Bucks Regional EMS. In 2014 the Board of Supervisors increased support to these groups. UBREMS received \$41,500 in 2013 and was budgeted for \$81,000 in 2014. The fire companies received \$21,500 in 2013 and were budgeted for \$135,000 for 2014. These increases were acknowledgement that both organizations had capital equipment replacement needs. In addition, the Township—by law—pays fire company Workman’s Comp insurance, acts as a pass through for state money, and pays other miscellaneous expenses. The total financial support to all fire companies serving Springfield Township is approximately \$227,000, of which \$169,000 is from Township funds. The majority goes to the Springtown Volunteer Fire Company.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
BUILDING O&M	19,423	20,611	21,024	21,444	21,873	22,311	22,757
UBREMS	81,000	81,000	81,000	81,000	81,000	81,000	81,000
SPRINGTOWN VFC	164,794	166,111	167,530	169,060	170,710	172,488	174,405
FIRE COMPANY - OTHER	62,436	63,534	64,654	65,797	66,962	68,151	69,363
LEGAL	15,254	15,000	15,000	15,000	15,000	15,000	15,000
ENGINEER	6,080	5,500	5,500	5,500	5,500	5,500	5,500
CPA-AUDIT	6,725	6,860	6,997	7,137	7,279	7,425	7,573
COMMUNITY DAY	8,700	450	450	450	450	450	450
EMERGENCY MANAGEMENT	725	1,959	1,959	1,959	1,959	1,959	1,959
INSURANCE	33,515	35,234	37,042	38,942	40,940	43,040	45,248
DEBT SERVICE	16,410	15,719	15,719	8,904	6,632	6,632	6,632

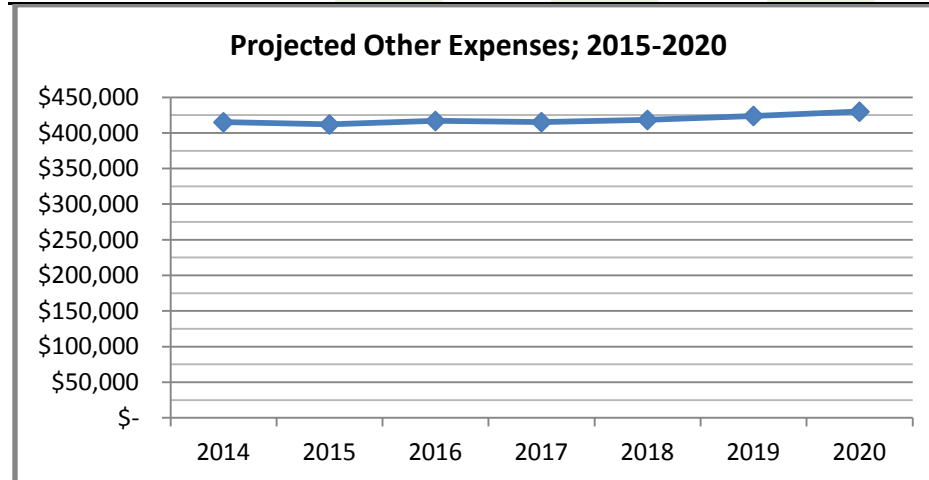


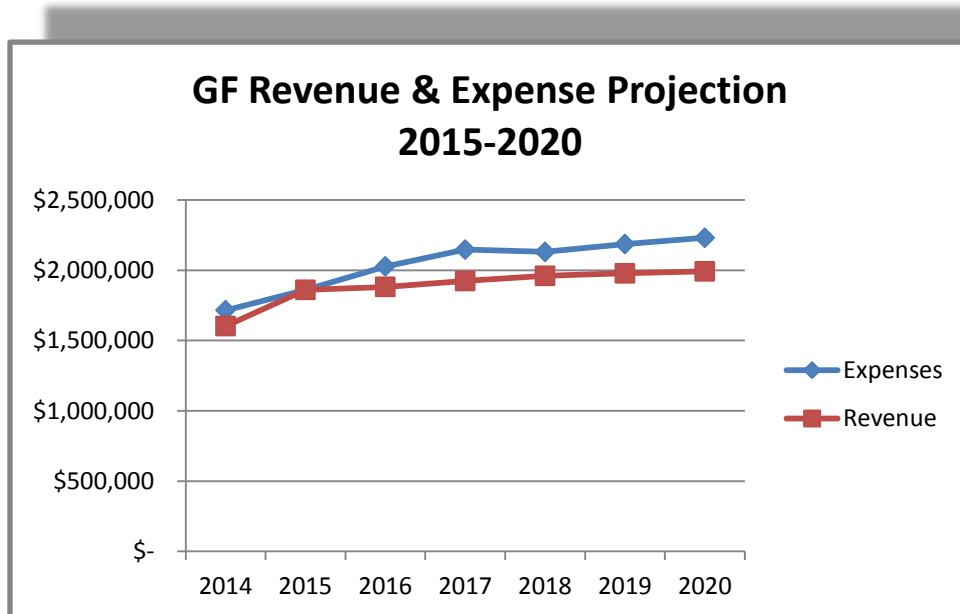
Figure 16

Capital Expenses from the General Fund will be reflected by transfers from the General Fund to a Capital Reserve Fund created in 2015. The purpose of these transfers is to smooth General Fund expenses over time. For instance, the Township plans to spend approximately \$120,000 every other year on paving projects, but will transfer \$60,000/year from the GF to Cap Reserve to even the cash demand.

The Township is also establishing a Capital Equipment replacement plan. Funding equipment replacement requires setting aside money from the General Fund and Liquid Fuels Fund in Capital Reserve to fund future replacements. This method will achieve several goals: smooth cash flow demand, identify reasonable targets for equipment life, reduce reliance on borrowing, create public awareness of the financial impact of capital equipment and—in cases of extreme emergency—provide a source of cash to meet another need. These transfers are detailed in the Capital Reserve Fund section.

### Summary

Figure 17 shows the projection of General Fund revenue and expenses under the assumptions discussed previously. The overall outlook for the General Fund is flat revenue and non-flat expenses, particularly with the Township trying to anticipate future capital needs. The Board of Supervisors has achieved a balanced budget for 2015 while simultaneously addressing the Township’s most critical needs and preserving roughly \$250,000 in unencumbered cash reserve. The 2016-2020 period will likely require more revenue to meet the service needs.



(Figure 17)

## Liquid Fuels Fund

Revenue for this Fund is allocated by PennDot and paid to the municipalities annually in March. Act 89 of 2012 substantially increased the pool of money available. These funds are restricted to road related expenses: equipment and materials.

	2014	2015	2016	2017	2018	2019	2020
Balance on 01/01/20XX	\$ 40,570	\$ 110,641	\$ 46,259	\$ 27,204	\$ 1,000	\$ 1,000	\$ 27,358
Annual Allocation	\$ 208,912	\$ 222,738	\$ 270,835	\$ 291,546	\$ 326,404	\$ 329,668	\$ 332,965
Turn Back Allocation	\$ 2,120	\$ 2,120	\$ 2,120	\$ 2,120	\$ 2,120	\$ 2,120	\$ 2,120
Interest	\$ 41	\$ 42	\$ 48	\$ 54	\$ 62	\$ 71	\$ 81
TOTAL Cash in Fund	\$ 251,643	\$ 335,541	\$ 319,262	\$ 320,925	\$ 329,586	\$ 332,859	\$ 362,523
*Liability to Cap Reserve from Prev Year	\$ 40,570	\$ 51,132	\$ 45,258	\$ 26,204	\$ -	\$ -	\$ 26,358
*Liability to Cap Reserve for Current Year	\$ 42,206	\$ 44,972	\$ 54,591	\$ 58,733	\$ 65,705	\$ 66,358	\$ 67,017
*Total Liabilities to Cap Reserve	\$ 82,776	\$ 96,104	\$ 99,849	\$ 84,938	\$ 65,705	\$ 66,358	\$ 93,375
Other Liquid Fuels Loan Payments		\$ 46,168	\$ 46,168	\$ 46,168	\$ 46,168	\$ 46,168	\$ -
Road O&M Expense	\$ 141,002	\$ 192,269	\$ 172,245	\$ 188,819	\$ 216,713	\$ 219,333	\$ 268,149
Balance on 12/31/20XX	\$ 110,641	\$ 46,259	\$ 27,204	\$ 1,000	\$ 1,000	\$ 27,358	\$ 34,375

\*These are not actual cash transfers to the Capital Reserve

Twenty percent (20%) of the annual Liquid Fuels allocation is available for road equipment purchases, which is shown as a liability to Capital Reserve. The remaining funds are tapped for road O&M.

## Capital Reserve Fund

The Board of Supervisors authorized creation of the Capital Reserve Fund for 2015. This fund receives revenue (or counts as assets) money from the General Fund and Liquid Fuels Fund. As a matter of policy, the Board of Supervisors has directed the Township replace worn out road equipment with used equipment whenever quality used equipment is available. The Board endorsed the concept of scheduled equipment replacement, but has expressed a policy of waiting until sufficient funds are available in Capital Reserve to make purchases even if it causes replacement delay. The long term goal is to conserve enough money from Liquid Fuels to make road equipment replacement possible strictly from that Fund starting in 2030.

For 2015, the Board has endorsed six capital projects or equipment:

- Replace road department roller--\$14,000
- Add truck mounted asphalt conveyor--\$9,000
- Replace admin copier--\$6,875
- Replace police AED--\$3,000
- Repair Springfield Street bridge--\$12,000
- Add codified Zoning & SALDO--\$8,000

Figure 19 on the next page depicts the long range projections and cash flow of the Capital Reserve Fund. Figure 20 depicts potential replacement years for existing equipment and estimated costs. The Board of Supervisors has not authorized this exact replacement schedule, it is offered for planning purposes only.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Carryover LF Equipment Allocation	51,131	45,258	26,204	-	-	26,358	33,375	-	-	69,035	-	50,164	21,278	-	-	73,256
Current Year LF Equipment Allocation	44,972	54,591	58,733	65,705	66,358	67,017	67,683	68,355	69,035	69,721	70,414	71,114	71,821	72,535	73,256	73,984
Total from LF Allocation	96,103	99,849	84,938	65,705	66,358	93,375	101,057	68,355	69,035	138,756	70,414	121,278	93,098	72,535	73,256	147,240
Cash Balance in Cap Reserve from Previous Year		70,225	14,925	66,625	3,025	90,025	60,963	165,213	84,703	116,353	127,703	202,254	178,139	182,488	68,203	128,299
Fund Balance 01/01/20XX	96,103	170,074	99,863	132,330	69,383	183,400	162,020	233,568	153,737	255,108	198,116	323,531	271,237	255,022	141,458	275,539
Sale of Equipment - Current Year	2,500	4,200	15,300	7,400	8,500	6,800	10,900	11,150	2,750	48,000	1,500	12,700	17,675	7,425	1,596	6,800
Transfer from GF for CE Replacement	17,600	35,000	37,000	40,000	35,000	35,000	35,000	35,000	25,000	25,000	25,000	25,000	-	-	-	-
Transfer from GF for Projects	80,000	63,000	60,000	60,000	80,000	90,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Transfer from GF for LF Shortfall	-	-	91,907	33,006	-	-	3,943	31,245	-	11,244	-	-	116,402	8,465	-	-
Liquid Fuels Equipment Loan	26,845	26,845	26,845	6,711	-	-	-	-	-	-	-	-	-	-	-	-
Road Equipment Purchases	24,000	46,800	150,000	92,000	40,000	60,000	105,000	99,600	-	150,000	20,250	100,000	209,500	81,000	-	81,000
Admin/Police Equipment Purchases	9,875	34,500	60,600	51,000	16,500	10,863	1,650	66,660	56,100	1,650	11,949	1,815	73,326	61,710	1,500	3,993
Projects	20,000	123,000	-	120,000	20,000	150,000	-	120,000	-	120,000	-	120,000	-	120,000	-	120,000
Fund Balance 12/31/20XX	115,483	41,129	66,625	3,025	116,383	94,337	165,213	84,703	185,387	127,703	252,418	199,416	182,488	68,203	201,554	137,346

(Figure 19)



## **Special Fees Fund**

Resolution 2006-17 established the Special Fees Fund to hold money paid to the Township for fees-in-lieu of improvements required by development plans. For instance, if a subdivision project required sidewalks to be installed, but sidewalks were not the best fit for the property, the developer would pay a fee-in-lieu of the sidewalks to the Township that it could then use for other worthwhile projects. Resolution 2010-14 added fees-in-lieu of stormwater improvements for those stormwater facilities that could be waived without damage to the waterways. Finally, the Township requires mandatory dedication of recreation land for major subdivisions for which a developer can pay a fee-in-lieu which the Township can then apply to Township owned parks.

By law, the monies paid as a fee-in-lieu of mandatory recreation land must be kept separate. The Board of Supervisors will transfer remaining monies from the Special Fees Fund into Capital Reserve at the beginning of 2015, and rename the Special Fees Fund to Park and Rec Fund.



## Open Space Fund

	2006	2007	2008	2009	2010	2011	2012	2013	2014*
<b>Total Income</b>	377,345	6,163,187	526,766	414,465	349,288	377,621	737,290	360,616	280,600
<b>Legal</b>	4,380	9,561	6,010	15,451	35,206	37,030	34,402	15,644	6,566
<b>Engineering</b>	26,412	20,942	12,873	9,852	94,978	64,277	23,250	6,386	4,124
<b>Appraisals</b>	1,500	2,500	8,400	33,500	38,900	23,050	12,500	9,850	9,500
<b>Conservation Purchases</b>	192,350	361,146	0	293,937	2,904,825	1,253,248	599,273	206,124	8,000
<b>Bond Payment/Bank Fees</b>		629	1,018	332,372	334,507	325,748	92,586	101,787	52,955
<b>EIT Commission</b>	<u>14,235</u>	<u>14,569</u>	<u>16,121</u>	<u>15,876</u>	<u>15,179</u>	<u>17,914</u>	<u>4,697</u>	<u>4,854</u>	<u>3,895</u>
<b>Total Expense</b>	238,877	409,347	44,422	700,988	3,423,596	1,721,267	766,709	344,644	85,040
<b>Net Income</b>	138,468	5,753,839	482,344	(286,523)	(3,074,308)	(1,343,646)	(29,419)	15,972	195,559

*\*2014 as of 10/15*

Springfield Township covers 30.8 square miles (19,712 acres) of the Upper Bucks County region and is blessed with an abundance of prime agricultural land and other natural resources, including the Cooks Creek Watershed. The Cooks Creek Watershed comprises nearly 80% of the Township and has been designated as an Exceptional Value Watershed by the Pennsylvania Department of Environmental Protection. This represents a unique land assortment in eastern Pennsylvania.

The Board of Supervisors created the Open Space Committee in 2006 to implement the open space program. The program is based upon the voluntary application of landowners who are interested in preserving their land.

On November 7, 2006, the electorate approved a ballot referendum that allowed the Township to borrow up to \$5 million for financing the acquisition of open space.

In 2007, a bond for \$5 million was issued to the Township with residents to pay an earned income tax of .25% to pay for the bond. This money has been used to acquire agricultural or conservation easements and land for recreation, which means the Township would buy development rights to the purchased land and easements. In addition, the Open Space Committee has brokered land preservation utilizing state and county funding to increase the leverage of the Township's money.

In 2012, the Board of Supervisors chose to refinance the original 2007 Bond. On November 27, 2012, a new bond for \$4.62 million was issued. This created a surplus of \$796,765 that can now be used for:

- acquire land and easements
- develop, improve, design, engineer and maintain open space (up to 25%)
- prepare a resource, recreation or land use plan needed to acquire open space under law
- use towards paying the bond

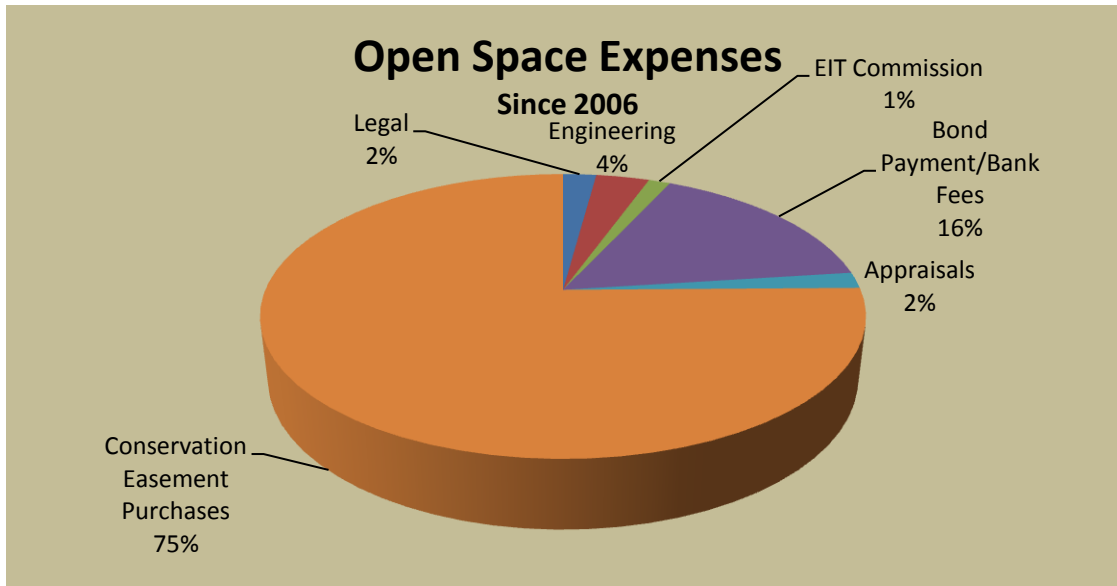
### 2012 Bond Amortization Schedule

	Principal	Rate	Interest	Total
2013	5,000	2.00%	102,463	107,463
2014	5,000	2.00%	101,238	106,238
2015	210,000	2.00%	101,138	311,138
2016	215,000	2.00%	96,938	311,938
2017	225,000	2.00%	92,638	317,638
2018	225,000	2.00%	88,138	313,138
2019	235,000	2.00%	83,638	318,638
2020	235,000	2.00%	78,938	313,938
2021	240,000	2.00%	74,238	314,238
2022	245,000	2.00%	69,438	314,438
2023	250,000	2.00%	64,538	314,538
2024	260,000	2.00%	59,538	319,538
2025	265,000	2.00%	54,338	319,338
2026	270,000	2.10%	49,038	319,038
2027	270,000	2.20%	43,368	313,368
2028	280,000	2.30%	37,428	317,428
2029	290,000	2.40%	30,988	320,988
2030	290,000	2.60%	24,028	314,028
2031	300,000	2.70%	16,488	316,488
2032	305,000	2.75%	8,388	313,388
TOTAL	4,620,000		1,276,936	5,896,936

To date, approximately 4,000 acres of land (approximately 20% of the Township) have been preserved under easement. The Committee has been successful in coordinating their efforts to not only use the bond money, but also the Bucks County Agricultural and Bucks County Natural Areas Programs to purchase the conservation easements. In 2011, the Open Space Committee received the Heritage Partnership Award for Land Conservation, which recognizes individuals or organizations involved with projects, programs and initiatives aimed at protecting open space.

In 2002, the Board of Supervisors purchased the Kurteson property (TMP#42-12-22-1) consisting of 45.395 acres to build a future park. In 2013, a grant was secured for \$111,323 with matching funds to be paid by the Township to build amenities at what may be known as Peppermint Park. The Park & Recreation Board and Board of

Supervisors determined that \$10,000 would be needed for yearly operation and maintenance. At the September 23, 2014 meeting, the Board authorized the park to be constructed with a budget not to exceed \$233,000 and for engineering and permitting services in an amount not to exceed \$50,544. Both construction costs and annual O&M will be paid from the surplus created from the refinancing of the open space bond.



The program has \$1.465 million left to spend. The committee expects to have exhausted this within the next 2 years.

# 2015 GF Budget Authorization

## Revenue

Real Estate Taxes	\$727,000
Real Estate Transfer Tax	\$66,200
Earned Income Tax	\$703,100
Local Services Tax	\$48,300
Licenses	\$700
Cable Franchise Fee	\$53,000
Fines/Forfeits	\$13,600
Interest/Rent	\$1,000
Intergovernmental	\$114,500
Charges for Services	\$6,500
Permits	\$80,000
Service Reimbursements	\$4,200
Insurance Rebates	\$42,500
<b>Total</b>	<b>\$1,860,600</b>

**Cash Balance 1/1/2015**                      **\$257,400**

**Cash Balance 12/31/2015**                **\$257,400**

## Expenses

Admin/Zoning Labor	\$250,700
Police Labor	\$482,000
Road Labor	\$365,500
Admin/Zoning O&M	\$97,000
Police O&M	\$46,800
Road O&M	\$100,700
Building O&M	\$20,600
UBREMS	\$81,000
Springtown VFC	\$166,100
Other Fire Companies	\$63,500
General Legal	\$15,000
General Engineering	\$5,500
Historic Commission	\$500
Audit	\$6,800
EAC	\$1,200
PC	\$5,800
EMC	\$2,000
Liability & Property Insurance	\$35,200
Debt Service	\$15,700
Misc	\$1,400
Transfer to Cap Reserve	\$97,600
<b>Total</b>	<b>\$1,860,600</b>

## 2015 Liquid Fuels & Capital Reserve Authorization

### LF Revenue

State Allocation	\$222,700
Turnback	\$2,100
<b>Total</b>	<b>\$224,800</b>

### LF Expenses

Transfer for Capital Reserve Purchases	\$24,000
Debt Service	\$73,000
Road O&M	\$192,300
<b>Total</b>	<b>\$289,300</b>

**Cash Balance 1/1/2015** **\$110,600**

**Cash Balance 12/31/2015** **\$46,200**

### Capital Reserve Revenue

Transfer from GF	\$97,600
Transfer from LF	\$24,000
Sale of Equipment	\$2,500
<b>Total</b>	<b>\$124,100</b>

### Capital Reserve Expenses/Projects

Road Dept Roller Replacement	\$14,000
Road Dept Asphalt Conveyor	\$9,000
Admin Copier Replacement	\$6,900
PD AED replacement	\$3,000
Springfield Street Bridge Repair	\$12,000
Codify Zoning & SALDO	\$8,000

**Total** **\$52,900**

**Cash Balance 1/1/2015** **\$0**

**Cash Balance 12/31/2015** **\$71,200**