



Warminster Township
2018 Board of Supervisors Proposed Budget

November 16, 2017

Warminster Township 2018 Board of Supervisors Proposed Budget

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Section One

Introduction

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GOVERNMENTAL FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO
Warminster Township
Pennsylvania

For the Fiscal Year Beginning
January 1, 2017

Acting Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Warminster Township, Pennsylvania, for its annual budget for the fiscal year beginning January 1, 2017.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and will be submitting it to GFOA to determine its eligibility for another award.

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HIGHLIGHTS

- No adjustments to Real Estate Tax distribution
- Both the Uniform and Non-Uniform pension MMO have been budgeted on the smoothing method
- Golf Fund has been restructured to reflect the upcoming change in operation with Spirit Golf
- No full time staffing changes are proposed except the move of a Golf Course Employee to a General Fund position. This will not add any headcount. Seasonal and Part Time staff at the Golf Course will now be contracted by Spirit Golf
- Four new police vehicles and updated police software
- Five miles of road work
- Funds are budgeted for the Licenses & Inspections change of software to TRAISR
- Debt fund reflects new \$7 million draw down loan repayment to be repaid over the next 15 or 20 years. Only interest will be paid in 2018.

SUMMARY OF FUNDS

Provided below is a brief description of each fund and the challenges we face in the upcoming year.

General Fund

After years of benefiting from large one time revenues associated with construction, the General Fund budget is now budgeted for a larger deficit in 2018 as these one-time revenues slow.

The increases in our defined benefit pension funding obligation are a significant factor in the growth of the expenditure side of the budget. We have elected to utilize the

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smoothing method for both the police and non-uniform pensions. That choice, coupled with an aggressive assumed rate of return, has led to underfunding of both pensions.

The structural deficit remains in the General Fund, and has increased from \$654,566 to over \$1.6 million. It is not possible to fund all of our priorities and keep the tax rate stable without this deficit. It is important that we work towards eliminating this deficit in the coming years before the Fund Balance is exhausted.

The 2018 budget takes a realistic approach to projecting revenue. We continue to use a collection rate of just 97.5% for Real Estate Taxes. Typically the Township collects in excess of 98% of current Real Estate Taxes. We will likely experience a small rise in Property Taxes due to the new residential construction. However, the recent significant development and redevelopment occurring in the Township and higher fees collected will begin to slow in 2018, with this slowing trend anticipated to continue in future years. All other indications point to slow growth in our other revenue streams.

The total Township assessment has been in slight decline over the past year, but will likely increase as many of these new projects are constructed. Earned income tax increases can be expected over time with the increased residential units.

The Ambulance and Fire Funds

The Ambulance and Fire Funds are used to pass through tax monies designated for Ambulance and Fire purposes along with grant monies received from the Commonwealth on behalf of the Fire Companies.

The fire fund budget structure remains unchanged. Though the Township changed Ambulance providers in 2017, the Ambulance Fund structure will remain unchanged from the 2017 Budget as well.

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Library Fund

The Warminster Community Library had been primarily funded with a 1.25 mil Real Estate Tax for a decade. Over time, a structural deficit had emerged in this budget and funds from the General Fund had been utilized to offset the imbalance. Additionally, the fund balance has been nearly depleted because of the structural deficit. In 2017, the Tax Rate was increased to 1.85 mills to improve the structural deficit. With increasing costs, a small structural deficit is budgeted in 2018.

Parks and Recreation

2018 will continue the partnership with the YMCA. The majority of the proposed Parks and Recreation budget is allocated for oversight and maintenance of our extensive park system. Most grant funding for park improvements will now flow through the Capital Reserve Fund. This will allow the Parks and Recreation Fund to show only the operational cost of the park system without intermingling one-time grant funding. A structural deficit continues in this fund. With the new Warminster Community Park development to be underway in 2018, maintenance costs will likely rise of the coming years to support these developments.

Sanitation Fund

The sanitation fund's primary source of revenue is the sanitation fee collected by the Elected Tax Collector, currently set at \$353 annually which will be kept the same for 2018 including the senior discount currently set at \$55.00.

Golf Fund - Five Ponds Golf Course

The finances of Five Ponds Golf Course have improved over the last couple of years. The course is now cash flow positive and is beginning to repay its debt to the General

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Fund. The proposed budget contemplates a new agreement with Spirit Golf to manage the entire golf course including food and beverage operations and personnel. This has led to a significant restructuring of the Fund for 2018. Please note, the budget for the golf course has been completed on a cash basis of accounting.

Debt Service Fund

The 2017 budgeted increased the Real Estate tax to 0.75 mills for this fund. In late 2017 or early 2018, the Township approved a \$7 million loan to finance the development of Warminster Community Park and the acquisition, remediation and reclamation or Shenandoah Woods to be repaid over the next 20 years. In 2018, the Township is only obligated to pay the interest on this loan, resulting in a small deficit. This obligation will increase in outgoing years.

Capital Reserve Fund

This fund is used to account for township wide capital expenditures. These expenditures are usually in excess of \$5,000 and have a useful life beyond one year. The fund receives transfers from other funds or departments for specific purposes. The Township's new debt financing will fund two large capital projects to being in 2018: the development of Warminster Community Park and the acquisition, remediation and reclamation or Shenandoah Woods. The remodeling of the Library small meeting room, the purchase of four police vehicles, and other Park Improvements are budgeted for as well.

Highway Traffic

This fund is used to account for traffic contributions made on behalf of developers which are then used to make needed traffic improvements. The fund is also utilized for the repair of damaged traffic signals and the receipt of any insurance revenue.

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Highway Aid

The Highway Aid Fund is the fund that is used to account for Pennsylvania Liquid Fuels money allotted to the township to help us accomplish our road paving program and buy needed equipment. In 2018 we are expecting to be able allocate in excess of \$700,000 for road paving.

Operating Reserve Fund. *(Note; there are no revenues or expenditures planned for this fund in 2017 and therefore no supporting schedules are attached.)*

This Fund was first created in 2014 with a transfer from the General Fund in the amount of \$575,000. This operating reserve will be used for any unforeseen emergency expenditures which may arise. No expenditures are planned for 2018. The future of this fund should be discussed.

Public Safety Equipment *(Reserve Fund - No schedules attached)*

From time to time the Police Department and Township receive donations for public safety equipment and these donations are deposited in an account in the Public Safety Equipment Fund and used when a specific need is identified. There are no revenues or expenditures planned for this fund in 2018 and thus there are no supporting schedules.

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Township Description

Located in central Bucks County, Pennsylvania, Warminster Township is a vibrant community to live, work, and play. There are over 32,000 residents and more than 900 commercial businesses. Warminster is easily accessible to the Pennsylvania Turnpike, I-95, and major regional bus and train corridors.

In 1711, Warminster Township was founded and later organized as a Second-Class Township. This designation of a Second-Class Township outlines the powers granted by the Commonwealth of Pennsylvania to the Township. Warminster's authority is restricted to those powers specifically authorized by the Commonwealth.

The Township provides a variety of leisure services including 409 acres of passive and active parks, Benjamin Wilson Senior Center, and Five Ponds Golf Club, to name a few. Warminster also prides it's self in fostering strong business organizations including the Warminster Rotary Club and Warminster Kiwanis. Warminster's business campus and office/professional industrial business areas offer a variety of commercial uses and provide many economic development opportunities.

Although Warminster's historical roots run deep, the Township is an emerging leader in environmental, technological, and economic practices.

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Government Description

Warminster Township has a Council/Manager form of government with a Board of Supervisors consisting of five elected members serving staggered six-year terms. Powers and privileges are conferred and granted to the Township by the Pennsylvania Second Class Township Code.

Legislative power is vested with the Board of Supervisors. The annual budget and all appropriations are approved by the Board. The Board also adopts and amends ordinances as needed.

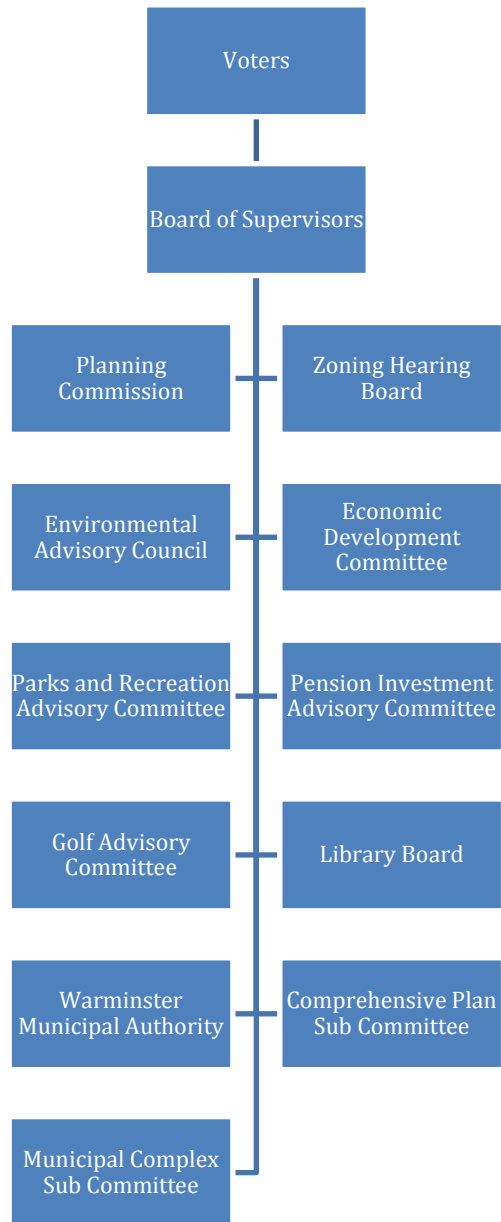
The Township Manager is the Chief Administrative Officer of the Township. He/she attends and participates in all Board meetings but has no vote. The Township Manager is responsible for the direction and activities of all departments.

Municipal sewer and water is provided by the Warminster Municipal Authority which is a separate entity from the Township. It is governed by a board which is appointed by the Board of Supervisors. The Township Manager is not responsible for the authority.

The Centennial School District is governed by an elected board. That board, and all operations of the school district, is separate from the municipal government. The District is a separate taxing authority.

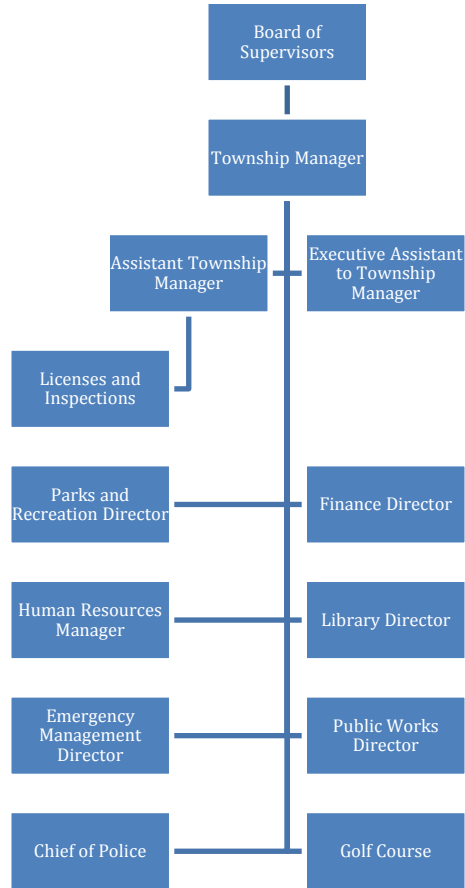
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Organizational Chart - Boards and Committees



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Organizational Chart - Management Staff



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Principal Municipal Officials

Board of Supervisors

Mark McKee, Chairman

Jason Croley, Vice Chairman

Daniel McPhillips, Secretary

Brian Munroe, Treasurer

Katherine Frescatore, Assistant Treasurer

Tax Collector

Barbara "Bobbie" Loftus

Township Staff

Gregg Schuster, Township Manager

Amanda Zimmerman, Assistant Township Manager

Megan Weaver, Human Resources Manager

John Marcarelli, Director of Finance

James Donnelly, Chief of Police

Eric Hinz, Director of Public Works

Peggy Lindner, Director of Library Services

Karen Whitney, Director of Parks and Recreation

Joe Velten, Director of Emergency Management

Township Solicitor

Mike Savona, Eastburn and Gray, PC

Township Engineer

Craig Kennard, Gilmore & Associates

A special note of thanks to Katherine McGovern, Executive Assistant to the Township Manager, for her assistance in preparing this proposal.

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Township Profile

