

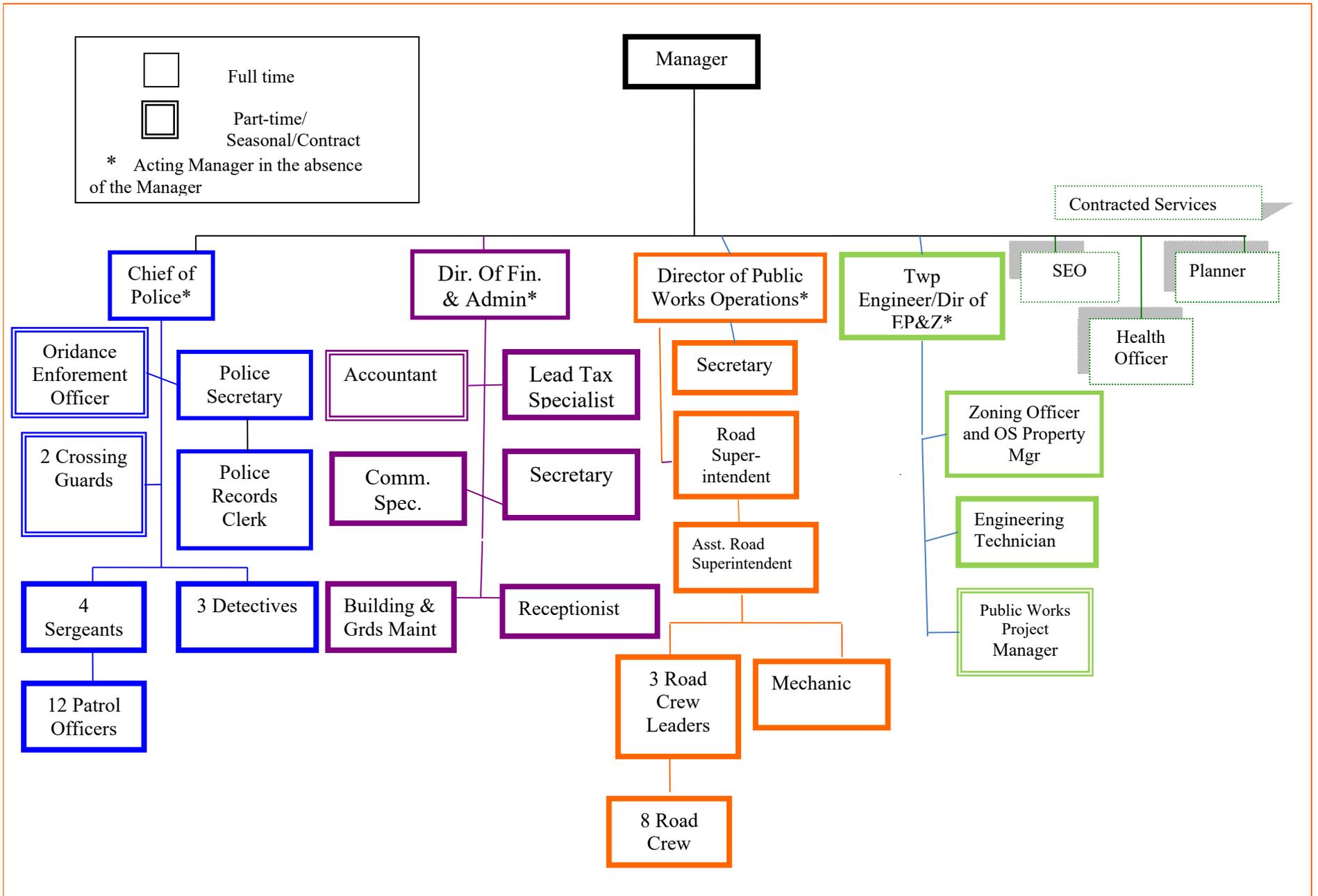


**2023 PATTON TOWNSHIP BUDGET**

# PATTON TOWNSHIP

## 2023 BUDGET SUMMARY

			Pages
BUDGET TRANSMITTAL			3-6
REVENUE	Real Estate Taxes	\$ 4,566,743	8-9
	Tax for Open Space Preservation	\$ 306,523	8-9
	Earned Income Tax	\$ 2,725,056	10-11
	Other Taxes	\$ 882,340	12-13
	Intergovernmental Payments	\$ 5,157,625	14-15
	Non-Tax Sources	<u>\$ 1,141,450</u>	16-17
<b>TOTAL REVENUE</b>		<b><u>\$ 14,779,737</u></b>	
EXPENSES	General Government Services	\$ 1,792,065	18-19
	Police	\$ 3,877,117	20-21
	Public Works Operations	\$ 6,804,258	22-23
	Community Services: Engineering, Planning & Zoning and Parks & Recreation	\$ 1,753,502	24-25
	Community Services: Other	\$ 1,241,575	26-27
	Debt Service	\$ 660,822	28-29
	Open Space Preservation	<u>\$ 245,435</u>	28-29
<b>TOTAL EXPENSES</b>		<b><u>\$ 16,374,774</u></b>	
NET INCREASE (DECREASE) IN CASH RESERVE		<u>\$ (1,595,037)</u>	30
FUND BALANCE TO BEGIN 2023		<u>\$ 3,793,143</u>	30
FUND BALANCE TO END 2023		<u>\$ 2,198,106</u>	30
DESIGNATED RESERVE FUNDS			31



# **BUDGET TRANSMITTAL (Manager's Recommendation)**

## **I. Introduction**

The proposed 2023 Patton Township Budget is offered for consideration by the Patton Township Board of Supervisors and the residents of our community. It provides for the continuation of our basic services and incorporates the changes and initiatives discussed below.

## **II. Budget Documents and Procedure**

The proposed 2023 Budget is presented in two parts. This Township Budget presents each major revenue and expenditure category in a two-page section. The companion document, the Line-Item Detail, shows more detail on revenue and expenditures and has a description of each proposed line item.

The proposed budget is the Township Manager's recommendation, prepared with the assistance of the Township staff. The Board of Supervisors initially adopts the Manager's proposed budget, with or without revisions, as the tentative budget to provide a working document for public review and comment. This action is scheduled for the November 9, 2022 meeting. After the public hearing and work session on November 16, 2022, the Board will identify any changes required before the anticipated December 14, 2022 final adoption of the 2023 Budget. If significant increases are to be made in the Budget, re-advertising is required; reductions do not require re-advertisement.

## **III. Financial Trends Monitoring and Capital Improvement Plan**

To assist with financial planning and to guide longer-term capital projects, the Township also utilizes two multi-year analysis and planning tools. The Financial Trends Monitoring report was presented to the Board in July, illustrating financial trends for the prior ten years. This tool helps identify shifts in financial conditions and provides alerts to management if trends are becoming unfavorable. The Board received the initial Capital Improvements Plan (CIP) in October and will adopt the five-year CIP for the period 2023 through 2027 in December. The Plan is a companion piece to the Budget documents, forecasting trends in revenues and expenditures, and providing a forum to consider and prioritize capital projects and staffing changes. The recommendations from the draft Plan for 2023 are incorporated into the Budget.

## **IV. Review of 2022 Budget**

In late 2008, the national and global economies headed into a recession. While Happy Valley was not as severely impacted as other areas in the USA, we found we were not immune to all symptoms. Growth in Real Estate assessment values flattened, and Transfer Tax revenues were at less than 50% of prior levels. Through this period Patton Township maintained delivery of municipal services to residents and businesses but had to increase property tax rates to replace other lost revenues.

The national economy had been improving prior to 2020, however the current pandemic has led the economy to enter a recession during the past two years. During the spring of 2020, Penn State students did not return to campus leading to reduced activity at Patton Township businesses. The pandemic continued to affect the economy throughout 2021 and 2022.

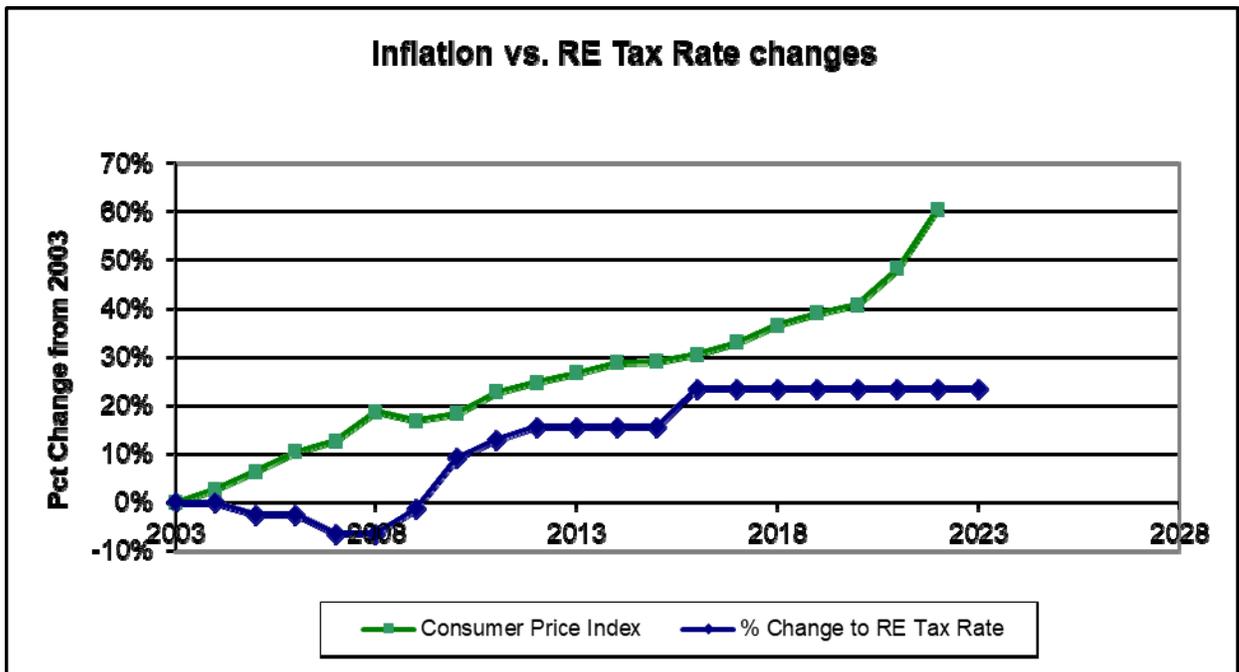
The overall revenue projection for year-end 2022 is that revenues will be above the budgeted amount mainly due to funds received as a result of the utilization of American Rescue Plan Act Funds. Without these funds, revenues would have been 99% of 2022 budget revenues.

Expenditures are also projected to be below budget. Expenditures are expected to be 6% less than budgeted expenditures. At the end of the year, it is expected that the Fund Balance will increase by approximately \$350,000. Remaining cash balance funds will be utilized in 2023 and 2024 to minimize any Real Estate Tax millage increases.

## V. Taxes for 2023 and the Future

### A. Real Estate Tax Rates

The 2023 budget proposes no change in the Real Estate Tax Rate. A 0.6 mills increase was approved in 2016 to fund Open Space acquisition.



When additional revenues are needed to fund services, the Township is limited by rate caps imposed by State law. The current earned income tax and real estate transfer tax rates are at their maximum allowable rates. Legislative changes to the Local Services Tax (formerly the Emergency Municipal Services Tax) have reduced the amount of revenue we can anticipate and increased the cost of collecting the tax.

### B. Forecast for 2023 and beyond

Up until 2009, past trends in tax revenue streams were fairly accurate gauges in forecasting tax collections for the upcoming year. That condition did not hold true for Real Estate and Transfer taxes for 2009. Much more conservative growth estimates have been used to forecast the 2023 and 2024 revenues.

With regard to anticipated tax rates for 2023 and beyond; the Draft Capital Improvements Plan anticipated no increase in the Real Estate Tax Rate for 2023 through 2024 and then anticipates a 1% increase for 2025 and 2026, followed by no increase in 2027.

### C. Cash Balance

The 2023 Budget anticipates that expenditures will exceed revenues by 10.8%. The 2023 Forecast anticipates that cash reserves will be used to make up the difference between anticipated revenues and expected expenditures. This strategy is in line with the policy adopted in 2007 to maintain a cash balance at approximately 8% to 12% of budgeted expenditures. As the cash balance approaches the target value we must bring revenues in line with needed expenditures.

The following year-end cash reserve amounts – expressed as a percentage of expected expenditures - are anticipated for the next few years:

2022	33.7%
2023	13.4%
2024	6.7%

**VI. Key Projects for 2023** – additional information on the items below may be found in the 2023 Township Budget and 2023 Line Item Detail.

**Bernel Road Park – Phase 2A**

The Master Plan for Bernel Road Park was first adopted in 2007 and Phase 1 was built in 2011. A revised Master Plan was adopted by the Patton Township Board of Supervisors in 2017. Engineering design for Phase 2A of the newly adopted Master Plan began in 2018 and was completed in spring of 2019. Grant applications were submitted in 2020 and 2021 which resulted in the renaming of the project from "Phase 2A" to "Phase 2A/2B".

**K-9 Patrol**

Police K-9's have proven to be invaluable resources to police departments and their handlers. The K-9 will be trained in narcotics detection and tracking. The dog would also be utilized at community relations events to facilitate positive community engagement.

**Atherton & Woodycrest Improvements (Patton Crossing)**

Utilize state grant funds to reconstruct and upgrade intersection that will serve as entrance to Patton Crossing development. The grant requires no monetary match from the Township. The Township Manager will be involved in managing the relationships between the project partners and may expend some funds for legal advertising purposes and other minor items. Costs for project management, the bidding process, inspections, and other ancillary costs will be paid with grant funds or by the developers. Any additional costs for construction of the project will be borne by the developers.

**VII. Restructuring of Public Works**

The Township Manager has divided the former Public Works Department into two new departments – Public Works Operations and an Engineering, Planning & Zoning Department. This change allows each department head to better focus on departmental objectives. Public Works Operations will focus on maintenance of Township assets, while Engineering, Planning & Zoning will focus on managing the land development process and creating new assets.

## VIII. Employee Raises and Benefits

Police – In accordance with the collective bargaining agreement, negotiated for a four-year term in 2022, the Police Officers will receive a 6% pay increase in 2023, 5% pay increase in 2024, 4% pay increase in 2025 and 2026. The employee contribution for health insurance will remain at 9% of premiums.

Non-uniform Employees – Non-uniform employees are eligible for a 1.25% merit increase, based on a satisfactory performance evaluation, on their anniversary date. The cost-of-living adjustment (COLA) for 2023 is 6.3% based on the August CPI-U (less food and energy) index. A portion of this increase was given to certain employees effective October 1, 2022.

The 2023 rate for non-uniform employee contributions for health insurance will be 12%. The overall increase in health insurance rates is 8%.

A small increase in self-insured dental benefits and eyecare benefits are included in this budget.

No other changes to employee salaries or benefits are proposed.

## IX. Personnel Changes

A Part-Time Communications Specialist was added in 2021. This position manages outreach, website content, social media, etc. In addition, this position will coordinate events for the Board of Supervisors and Manager. Due to increased workload, this position is proposed as a full-time position in the budget.

Date November 4, 2022

By *Douglas J. Erickson*  
Douglas J. Erickson, Manager

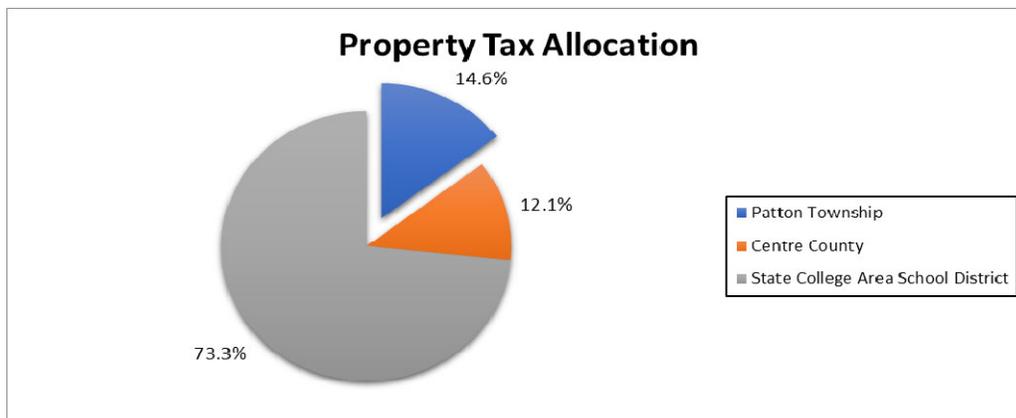
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# **REVENUE: REAL ESTATE TAXES**

## **I. Overview**

The power to levy Real Estate taxes is granted to the Township by the Second Class Township Code. The tax rate is established each year by resolution of the Board of Supervisors. The Real Estate tax is the largest single source of Township revenues.

Three taxing bodies impose Real Estate taxes on properties in Patton Township: The State College Area School District, Centre County and the Township. Approximately one-sixth of a property owner's tax bill is paid to Patton Township. The distribution of 2023 Real Estate taxes paid by Patton Township property owners is shown below:



## **II. Highlights**

### **A. Taxes for 2023 and the Future**

It is proposed that the tax rate remain at a total rate of 9.5 mills. This will continue to provide sufficient revenues to maintain current levels of services, plus provide revenue to cover the debt service for the Open Space loan borrowed in late 2017.

<b>Real Estate Tax Rates</b>	<u>2021 Actual</u>	<u>2022 Budget</u>	<u>2023 Proposed</u>	<u>2023 Forecast</u>
Tax for General Government	8.9 mills	8.9 mills	8.9 mills	8.9 mills
Tax for Open Space Preservation	0.6 mills	0.6 mills	0.6 mills	0.6 mills

Patton Township is regulated by the Second Class Township Code of Pennsylvania which limits all issues of taxation. Currently, in all taxes levied by the Township, except real estate taxes, the maximum rate allowed is in effect. This means when revenues need to be raised, the only recourse is to raise real estate tax rates.

In communities with Home Rule Charters much of the burden of taxation is shifted from real estate taxes to earned income taxes which may be considered a more progressive form of taxation. A small increase in the earned income tax rate would offset a major portion of the real estate taxes.

### **C. Open Space Referendum**

The November 4, 2014 Election ballot contained the following referendum question: "Shall debt in the sum of 3,500,000 dollars for the purpose of financing acquisition of development rights, conservation easements, and land for the preservation of open space be authorized to be incurred as debt approved by the electors?" The ballot passed with 63% of voters voting in favor of the referendum.

## **REVENUE: REAL ESTATE TAXES**

### **II. Highlights (Cont'd)**

#### **C. Open Space Referendum (cont'd)**

To fund this acquisition a borrowing (loan) was made in late 2017. The debt will be paid through a dedicated real estate millage estimated to be 6/10ths of a mill levied beginning in 2016. This millage has been added to the forecast and was approved in a prior budget.

#### **B. Improved Growth in Assessed Values**

Minimal growth is expected in 2023 based on the submitted reviews of development received by the Township to date. Higher growth is expected in 2024 with the completion of current construction projects.

Slow growth in the tax base increases the pressure on the real estate tax millage rate. Expenditures that Township staff can control, have been parsed significantly over the same time period but some increases in costs are unavoidable.

### **III. Tax Limits and Rates**

There are 15 categories of real estate taxes permitted by Pennsylvania law. Patton Township uses the following, as outlined below:

<u>Purpose</u>	<u>Limit</u>	<u>2022 Rate</u>	<u>Proposed 2023 Rate</u>
General	14 mills	6.2	6.2
Debt	None	1.2	1.2
Open Space Preservation	Voter Set	0.6	0.6
Library	None	0.4	0.4
Parks Capital Improvements	None	0.7	0.7
Fire Protection	3 mills	0.4	0.4
TOTAL		9.5	9.5

The revenue from the millage for each of the enumerated categories must be used for the stated purpose and no others.

### **IV. Revenue from Real Estate Taxes**

Each mill of tax will produce \$524,288 in current revenues. The remaining property taxes are collected as either prior or delinquent taxes. Estimates of prior and delinquent tax collections are projected based on prior years' experiences. The combined revenue from current, prior year and delinquent real estate taxes is shown below.

<b>BUDGET: REVENUE</b>	<u>2021 Actual</u>	<u>2022 Projected</u>	<u>2023 Proposed</u>	<u>2024 Forecast</u>
Real Estate Tax	\$4,474,784	\$4,477,199	\$4,566,743	\$4,932,082
Tax for Open Space Preservation	<u>297,751</u>	<u>300,513</u>	<u>306,523</u>	<u>331,045</u>
	<u>\$4,772,535</u>	<u>\$4,777,712</u>	<u>\$4,873,266</u>	<u>\$5,263,127</u>

# **REVENUE: EARNED INCOME TAX**

## **I. Overview**

The power to levy the Earned Income and Net Profits Tax is granted to the Township by the Local Tax Enabling Act (Act 511) of 1965. Patton Township adopted this tax by ordinance in 1965 and it continues unless the ordinance is amended. The earned income tax is the second largest source of current Township revenues; approximately 17 percent of the total.

The State College Area School District and Patton Township levy the Earned Income Tax on Township residents. Residents pay a combined rate of 1.45% (0.5% to the Township; 0.95% to the School District). Beginning in 2012, with the adoption of the Act 32 Ordinance amending the Local Tax Enabling Act, non-residents living temporarily in the Township who do not pay this tax in their home municipality will pay an income tax of one percent to the Township; up from 0.5%. The School District is not empowered to tax non-residents.

This tax is not assessed on pensions and investment income. While this is a good feature for retirees, it also means that residents with large earnings from investments are not taxed locally, while minimum wage earners are taxed at 1.45 percent.

## **II. Highlights**

### **A. No Change in Township Tax Rate of 1/2 of One Percent for Township Residents**

A continuation of the current Patton Township earned income and net profits tax rate of 1/2 of one percent is anticipated in 2023. The Township's rate remains at the statutory limit for Townships of the second class.

### **B. Growth in Revenue**

The transition to the new Act 32 county-wide collection process went very well with collections for 2012 exceeding budget. Anticipated delays in cash flow from the new collection and distribution process did not materialize. In 2013, collections were significantly higher than expected. This can be explained by the wrapping up of collections by local municipal collectors. More outstanding claims by taxing jurisdictions were resolved for taxes withheld in one jurisdiction but payable to another. The new regional system makes claims less cumbersome resulting in the appropriate taxing jurisdiction getting its tax revenue faster.

There continues to be modest growth in Earned Income Tax revenue over the last several years. Growth in this revenue helps cover costs to serve a larger population and mitigate the need for tax increases in other taxes.

### **D. County-wide Collection of Earned Income Taxes**

In 2008, Act 32 became law, drastically changing the way earned income tax will be collected in Pennsylvania. Beginning January 1, 2012, earned income is collected for all municipalities and school districts in Centre County by the State College Borough. A tax collection committee (TCC) composed of an appointed delegate from each taxing jurisdiction in the County oversees the collection of taxes

The voting rights of each jurisdiction are weighted based on a combination of revenue collected and population for their jurisdiction. Patton Township is a relatively small part of the overall committee that will be dominated by several school districts, the State College Borough and Ferguson Township partly because of population but mostly because those jurisdictions are not limited by the Second Class Township Code which caps earned income tax rates.

## **REVENUE: EARNED INCOME TAX**

The Township now pays a flat fee of 2.4% of revenue collected (reconciled to actual costs) for this new collection process. The reconciliation for 2021 resulted in a refund of commissions paid, reducing the cost to 1.7%.

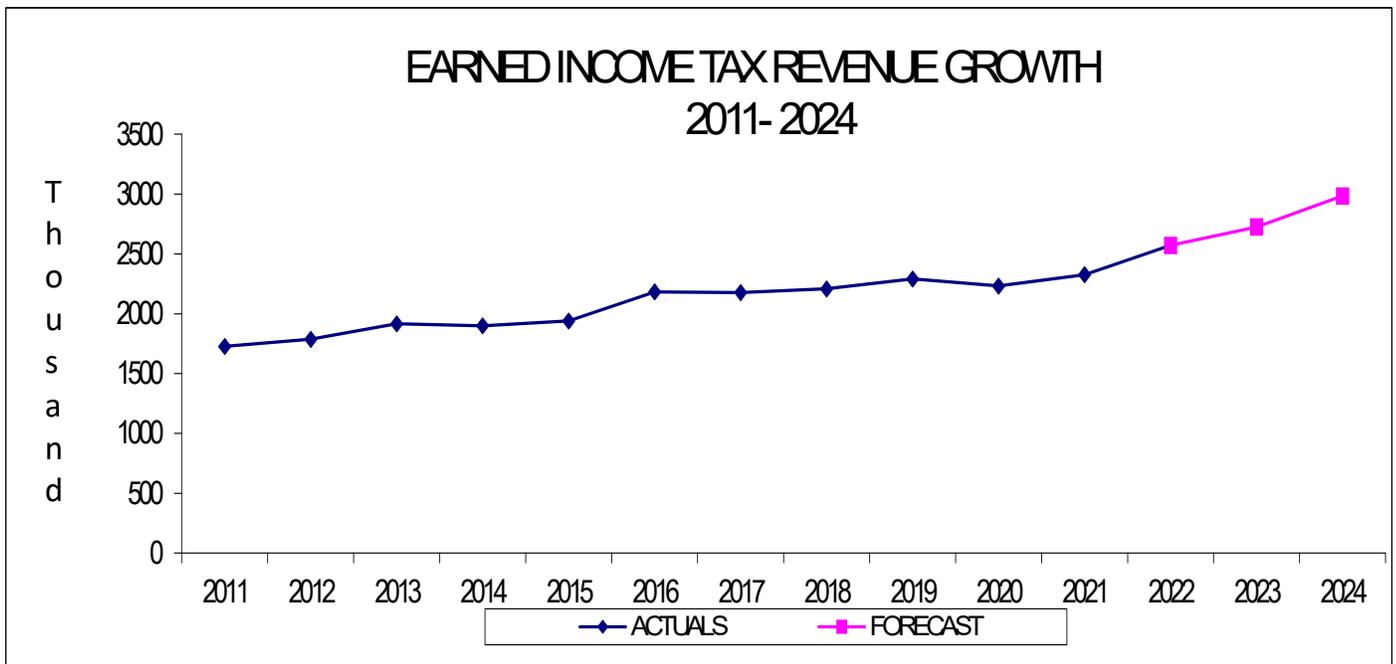
### **III. Patton Township Tax Reform**

Because the Pennsylvania General Assembly has not enacted substantive legislation to reform local taxes, the only way the Township could shift the burden of taxation from property owners to an income tax, would be to obtain a Home Rule Charter.

It should be noted that the Township considered and voted down a proposed Home Rule Charter in 1985. Through a Home Rule Charter, the Earned Income Tax rate is not capped, allowing what might be a fairer mix of taxes for residents and property owners. Future tax increases could be allocated between real estate and earned income and not be fully borne by property owners.

### **IV. Revenue from Earned Income Tax**

Based on the growth in receipts over the past 10 years as shown in the graph below, and examination of the current economic climate during the pandemic in Patton Township, an increase of 6 percent in revenue from the Earned Income Tax is projected for 2023.



<b>BUDGET: REVENUE</b>				
	<u>2021 Actual</u>	<u>2022 Projected</u>	<u>2023 Proposed</u>	<u>2024 Forecast</u>
Earned Income Tax	\$2,326,018	\$2,570,808	\$2,725,056	\$2,983,936

## **REVENUE: OTHER TAXES**

### **I. Overview**

The Local Tax Enabling Act (Act 511) of 1965 grants the power to the Township to levy a broad variety of taxes. In addition to the Earned Income Tax, Patton Township uses two other taxes authorized by Act 511. Act 511 taxes are enacted by ordinance and continue from year to year unless the ordinance is amended. The Township currently has ordinances in effect which allow for the collection of the Real Estate Transfer Tax and Local Services Tax. Revenues from these taxes are shared with the other jurisdictions.

### **II. Highlights**

#### **A. Real Estate Transfer Tax**

The revenue from this tax is the most difficult of any of the Township's taxes to predict because the number and value of real estate transactions vary widely. Much analysis goes into estimating this budget number, generally with little success in approximating actual numbers. In the past, staff has tried to be very conservative in predicting this widely variable number (ranging from \$200,000 in 2001 to \$1,100,000 in 2016) because a significant shortfall in revenues could make cash flow management difficult.

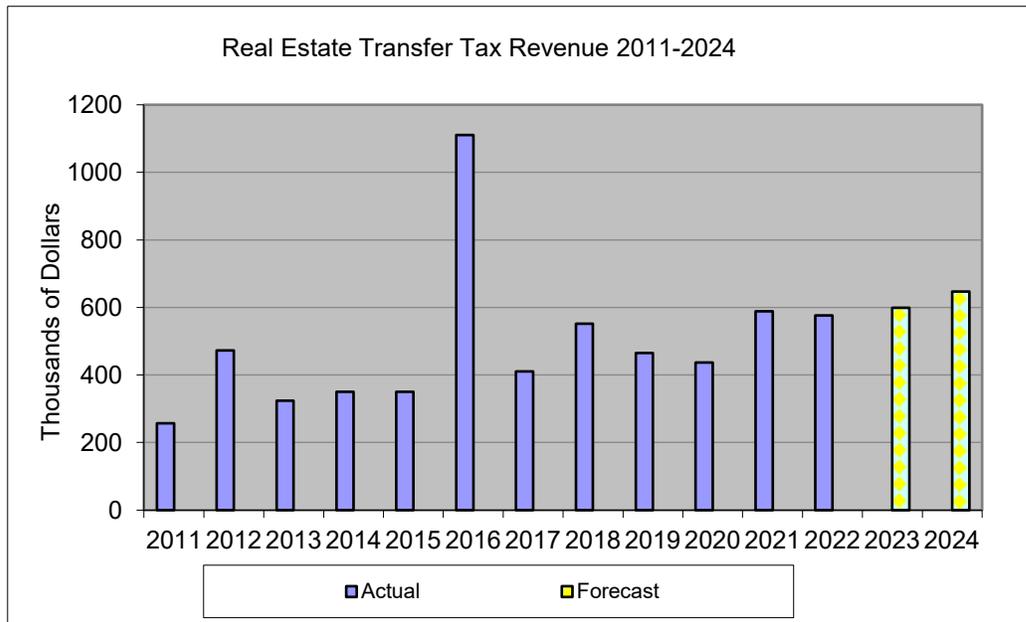
#### **B. Local Services Tax**

This tax is levied on persons employed within the Township and the maximum amount collected from any employee is \$52 regardless of the number of jobs a person has in a year. The tax will continue to be allocated \$5 to the School District and \$47 to the municipality. Exemptions, at the Township level only, are available for qualified low income earners as well as disabled veterans. For those who qualify for exemption but do not file the forms, there is the ability to file for a refund.

### **III. Transfer Tax Projections**

Real Estate Transfer Tax revenues varied widely during the past 8 years. Projections for income from this tax are difficult because of the variability of property sales from year to year and the impact of the occasional large sale such as two apartment complexes in late 2016. A increase is budgeted for 2023 and 2024.

**REVENUE: OTHER TAXES**



**IV. Revenue from Other Taxes**

Proposed 2023 revenue for the Act 511 taxes collected by the Township, other than the Earned Income Tax, is as shown in the following table.

BUDGET: REVENUE				
	2021	2022	2023	2024
	Actual	Projected	Proposed	Forecast
Real Estate Transfer	588,812	576,315	599,368	647,317
Local Services	253,126	272,088	282,972	305,610
<b>TOTAL</b>	<b>\$841,938</b>	<b>\$848,403</b>	<b>\$882,340</b>	<b>\$952,927</b>

# **REVENUE: INTERGOVERNMENTAL PAYMENTS**

## **I. Overview**

Patton Township receives various revenues from the County, State, and Federal governments, the majority of which are passed through from the State. Generally, these funds must be used for specified purposes. Approximately 38 percent of the Township's annual revenue comes from these sources. The table below lists the sources and uses of Intergovernmental Revenues received by Patton Township.

### **A. Regular Annual Revenues**

#### **DEDICATED USE**

	<b><u>Source</u></b>	<b><u>Mandated Use</u></b>
Liquid Fuels Tax	State/County	Road Maintenance/Traffic Signals
State Pension Aid	State	Employee Retirement Plans
Act 205 Volunteer Fire Relief Assoc.	State	Fire Company Health & Welfare Fund
Police Revenue Programs	State	Police Overtime for Program Activities
Act 13 Marcellus Impact Fee	State	Various-road improvements, environment, etc.
American Rescue Plan Act	Federal	Salaries and Wages

#### **GENERAL FUND USE**

	<b><u>Source</u></b>	<b><u>Mandated Use</u></b>
Public Utility Realty Tax	State	None
Beverage Licenses	State	None
State Police Fines	State	None
Game Commission in-lieu payment	State	None

### **B. Grants (year of most recent grant). Require application; approval on competitive basis.**

#### **Grant**

	<b><u>Source</u></b>	<b><u>Mandated Use</u></b>
Multi-Modal Grant (2022)	State	Atherton & Woodycrest Improvements
DEP Recycling Grant (2023)	State	Leaf Collection Equipment
Automated Red Light Enforcement (2023)	State	Waddle/Vairo Pedestrian & Signal Upgrades
Green-Light-Go Grant (2022)	State	Atherton Street Signal Improvements
RACP Grant (2022)	State	Toftrees Resort Redevelopment

## **II. Highlights**

### **A. LFT Funding**

Based on the correspondence from the State, the estimate of the 2023 LFT allocation is \$464,733 which is a slight increase over 2022. In 2022, the Township received a Liquid Fuels tax allocation from Centre County in the amount of \$48,300. This was used to address safety issues on Purdue Mountain Road.

### **B. Act 13 Marcellus Impact Fee**

Act 13 became a law in 2012 and provides for the imposition of an unconventional gas well drilling impact fee by the State. The money must be spent on water, wastewater, road improvements, infrastructure, maintenance, social service delivery, emergency preparedness, environmental programs, tax reduction, increased safe/affordable housing, employee training or planning initiatives.

The Township received \$3,044 in 2022 and \$1,822 in 2021. In 2023 and 2024, revenue from the source is budgeted to be the \$3,050 and \$3,850, respectively. These funds have been used to offset the costs of conversion of two vehicle to bi-fuel (gasoline and Compressed Natural Gas) and the installation of a CNG fueling station on premise.

# REVENUE: INTERGOVERNMENTAL PAYMENTS

## C. State Pension Aid

The 2023 Minimum Municipal Obligation (MMO), which represents budgeted pension expenses, is \$362,012. The 2022 revenue received was \$316,008 which is the basis for the 2023 budgeted revenue. This means that is likely a general fund contribution will be needed to cover the 2023 pension costs.

## III. Revenue from Intergovernmental Payments

<b>BUDGET: REVENUES</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Projected</b>	<b>Proposed</b>	<b>Forecast</b>
<b><u>Annual</u></b>				
Dedicated Uses				
Liquid Fuels Tax	\$456,316	\$460,061	\$464,733	\$473,306
Act 13 Marcellus Impact Fee	\$1,822	\$3,044	\$3,050	\$3,850
Other Dedicated Uses	753,726	1,112,287	1,178,879	1,263,212
General Uses	14,938	20,346	20,496	23,265
<b><u>Grants</u></b>				
PA Community Transp. Alternative	0	75,000	32,000	10,000
PennDot ARLE	108,403	0	0	0
PennDot Multi-Modal Grant	0	0	0	0
County LFT	0	0	0	0
Valley Vista Dr. Adaptive Signaling	0	0	0	0
Solar Panels	0	0	0	0
CFA/Multi-Modal Grant	464,520	235,480	0	0
RACP Nit. Valley Sports Complex	1,462,500	37,500	0	0
Abington Equine Hospital	0	370,000	0	0
Atherton & Woodycrest Improveme	0	0	1,000,000	250,000
Toftrees Corridor Improvements	0	0	572,606	1,200,000
Atherton Street Signal Improvemen	0	0	270,000	0
Bernel Road Park Phase 2A	0	0	0	0
HVAB-Nit. Valley Sports Complex	62,500	0	0	0
NVSC-Bernel/Fox Hill Intersection	0	0	0	0
Toyota Prius Replacement	0	0	7,500	0
Hamer Fdn-Grays Woods OS	0	164,400	0	0
DEP Recycling Grant-Leaf Truck	0	0	151,261	246,478
Toftrees Resort RACP Grant Spons	0	0	1,250,000	1,250,000
Waddle Conversion from Centracs	0	0	33,444	0
Colonnade CLG Grant	0	0	0	70,838
Waddle/Vairo ARLE Grant	0	0	0	368,725
Police Grants	0	0	173,656	11,690
	<b>\$ 3,324,725</b>	<b>\$ 2,478,117</b>	<b>\$ 5,157,625</b>	<b>\$ 5,171,364</b>

## REVENUE: NON-TAX SOURCES

### I. Overview

The Township typically receives about 5 percent of its revenues from non-tax sources. Most of these funds are allocated to pay for specific purposes; some are available for General Fund use. The main categories of non-tax revenues received by the Township are as follows:

<u>Source</u>	<u>Basis</u>	<u>In Support of</u>
Assessments	Streetlights @\$0.23/front foot Fire hydrants @\$0.23/front foot Homestead Farms NID	Electricity Hydrant Fees Road Work
Licenses & Permits	Fee schedule	Inspections
Cable TV Franchise	5% of Comcast Cable gross revenues	General Fund
Right-of-Way Agreements	Use of Township owned property	General Fund
Court Fines	Citations issued by Police	General Fund
Interest	Investment of funds	General Fund
Department Earnings	Fee Schedule	Inspections/Plan Reviews
Tax Collection Fees	School and County payment rates	Tax Office Operations
Penn State Impact Fee	Agreement with Penn State University	General Fund
Parkland Payments	Developer pays in lieu of land	Park Improvements
COG Rent	COG Formula	Offset Debt
Loan Proceeds	Project Costs	Capital Projects
Miscellaneous	Varies	Varies

### II. Highlights

The following changes are anticipated for 2023 and 2024:

#### A. **Cable Television Franchise Agreement**

Comcast acquired Adelphia in 2006. It is still the only cable television company providing service to Patton Township residents. A new cable franchise agreement was negotiated and became effective January 1, 2020. The agreement is for ten years. Revenue in this line item is dependent on company revenues from Township residents. No significant changes were made to the agreement.

#### B. **Penn State Impact Fees**

Based on the original 1992 agreement, further clarified in 2007, the Township receives fees and in-lieu of tax payments from the University for property it owns within the Township.

#### C. **Rental Housing Application Fee**

A \$20.00 fee is required on new or transferred rental housing permit applications. In 2014, the township began sending out notices to property owners whose real estate tax billing address was different from the property address. This is in an effort to insure that any properties that are actually rentals are property permitted and inspected to ensure the safety of renters.

#### D. **Rental Housing Permit Surcharge**

The Township implemented an annual \$3 surcharge on each rental unit permit issued to help offset regulatory and enforcement costs directly associated with rental housing in the Township. There are approximately 3,300 registered rental units in the Township.

## **REVENUE: NON-TAX SOURCES**

### **III. Revenue from Non-Tax Sources**

Based on the discussion in the preceding sections the following revenues from non-tax sources are anticipated:

<b>BUDGET: REVENUE</b>				
	<b>2021 Actual</b>	<b>2022 Projected</b>	<b>2023 Proposed</b>	<b>2024 Forecast</b>
Assessments (hydrants & street lights)	\$ 105,210	\$ 104,355	\$ 119,448	\$ 137,559
Homestead Farms NID	13,668	14,934	12,276	-
Licenses and Permits	68,827	123,583	83,403	92,680
Cable TV Franchise	236,349	225,653	215,441	226,213
Small Cell Antennae Fee	5,625	5,625	5,625	5,625
Court Fines	42,259	30,889	31,500	34,020
Interest	4,539	6,981	9,500	9,500
Department Earnings	29,487	29,457	29,770	32,412
Tax Collection Fees	30,361	26,973	27,790	31,405
Penn State Impact Fee	49,001	49,001	49,954	52,452
Building Rent Revenue	37,683	37,683	37,683	37,683
Loan Proceeds-Road Projects	1,837,500	-	-	273,924
Loan Proceeds-Electoral Debt Open Space	-	-	-	-
Miscellaneous	480,465	610,950	519,060	56,979
<b>Total</b>	<b>\$ 2,940,974</b>	<b>\$ 1,266,084</b>	<b>\$ 1,141,450</b>	<b>\$ 990,452</b>

## **EXPENDITURES: GENERAL GOVERNMENT SERVICES**

### **I. Overview**

General government services include three areas of Township activity as well as an accounting of other expenses not assigned to a department.

- A. General Government** - Major general government expenses include salaries and related costs for elected officials, professional services (legal, auditor, and actuary), insurance, advertising, building operations and Centre Region COG administration.
- B. Administration** - The Township's administrative office includes the Manager, the Administrative Secretary, the receptionist, and Communications Specialist (4 FTE: full-time employees) and the Finance Department which is comprised of the Director of Finance and Administration and the accountant (1.875 FTE). The Manager is responsible for day-to-day operations of the Township within the policy and budgetary parameters established by the Board of Supervisors. Department heads report to the Manager.
- C. Tax Collection** – The Township tax office collects real estate taxes for the Township, County and School District. The tax office is a division of the Finance Department. There is 1 FTE. The Administrative Secretary provides back up for the tax office as well as for payroll.
- D. Other** - This minor category provides for items that do not fit elsewhere in the budget.

### **II. Highlights**

#### **A. Township Manager Change**

The Manager reports directly to the Board of Supervisors and is responsible for all administrative and operational activities of the Township. The Board of Supervisors establishes the salary of the Manager. The Current Manager is set to retire in 2023, this expenditure includes an overlap in salary from the current Manager to the new Manager.

#### **B. Personnel Costs**

Health insurance costs will increase by 8% for 2023 (increase 2.2% for 2022). Employees share in the cost of health insurance will be 9% for police and 12% for non-uniform employees.

The Township negotiated a 4-year contract with police for 2023 to 2026. Raises are 6% for 2023, 5% for 2024 and 4% for 2025 and 2026 with other small adjustments to benefits such as dental and eyecare. In addition, the police will contribute 2% of their pay to the pension. Non-uniform employees will receive a 6.3% cost of living adjustment based on the August 2021 CPI-U (all items less food and energy). A portion (4%) of this increase was given to certain employees effective October 1, 2022. They are also eligible for a 1.25% merit increase on their anniversary date.

## **EXPENDITURES: GENERAL GOVERNMENT SERVICES**

### C. Township Facilities Planning

The Township will develop a multi-year plan for needed improvements to Township facilities at 100 Patton Plaza. Work will include: conducting a 20 year growth estimation for Township population and businesses; based on growth estimates, doing a needs analysis to project future staffing, building and equipment needs.

## II. Expenditures for General Government Services

The following are the current and proposed expenditures for Patton Township's general government services:

<b>BUDGET: EXPENDITURES</b>	<b>2021 Actual</b>	<b>2022 Projected</b>	<b>2023 Proposed</b>	<b>2024 Forecast</b>
General Government	\$ 525,380	\$ 681,164	\$ 686,793	\$ 679,834
Administration	718,260	750,706	868,394	863,778
Tax Collection	113,814	121,120	130,366	133,424
Other	54,689	45,432	106,512	25,000
<b>TOTAL</b>	<b>\$ 1,412,143</b>	<b>\$ 1,598,422</b>	<b>\$ 1,792,065</b>	<b>\$ 1,702,036</b>

## **EXPENDITURES: POLICE**

### **I. Overview**

The police department is responsible for public safety and law enforcement within the Township. The Department staff of 20 sworn officers and five civilians is organized into four areas.

#### **A. Emergency Response and Patrol**

Patrol officers respond to calls ranging from serious 911 incidents to providing assistance at emergency medical incidents to barking dog complaints. Regular patrols promote community safety. The Department endeavors to have a sergeant and one or two officers on duty at all times. This function of the Department accounts for 73 percent of expenditures.

#### **B. Crime Prevention/Community Relations**

Programs include the Junior Police Academy, the Patton Township Safety Fair, and Project KidCare, in addition to working with businesses and homeowners on crime prevention and security. Officers participate in community events to foster better community rapport. This function accounts for 1.4 percent of the Departmental expenditures.

#### **C. Criminal Investigation**

Detectives are responsible for investigating all crime reported in the Township. This function accounts for 14 percent of the departmental expenditures. Major investigations are coordinated with neighboring police departments, State Police, the FBI and the State Attorney General's office. A third detective was appointed in April 2010. This was to relieve the workload covered by patrol officers and provide a proactive response to drug-related activities by working more closely with the State Attorney General's Bureau of Narcotics Investigation.

#### **D. Communications/Records**

This function provides administrative support for department activities and also serves as the point of contact for the public in the office. This function accounts for 11.6 percent of the Departmental expenditures.

The marked patrol vehicles are equipped with Mobile Computer Terminals (MCTs) allowing officers to access calls-for-service information, warrant information and license/registration data directly from their vehicles. The new system went live in June 2009. This system integrates the County 911 dispatch center and MCTs allowing officers to efficiently complete reports in the field and when approved, automatically updating the records database, eliminating the need for manual data entry. This permits officers to remain on patrol, visible in the community, instead of returning to station to manually complete reports.

# **EXPENDITURES: POLICE**

## **II. Highlights**

### **A. K-9 Patrol:**

Police K-9's have proven to be invaluable resources to police departments and their handlers. The K-9 will be trained in narcotics detection and tracking. The dog would also be utilized at community relations events to facilitate positive community engagement.

### **B. Records Management System Change**

The Chief is working with our county law enforcement partners to identify a replacement records management system. Funding was encumbered in 2015, 2016 and 2017. The new system went live in January 2019. The 2023 Budget includes an external consultant for support in choosing a new Records Management System.

## **II. A Look to the Future**

### **A. Additional Staffing**

An Administrative Sergeant will be added in 2023. This officer will ensure that the police department continues to operate with the most contemporary policies and procedures. This officer will also be responsible for training and training records emphasizing current needs of the department and trends in policing.

## **III. Police Department Expenditures**

Proposed expenditures for the police department are as follows:

BUDGET: EXPENDITURES				
	2021 Actual	2022 Projected	2023 Proposed	2024 Forecast
Emergency Response Patrol	\$2,438,546	\$2,602,579	\$2,819,099	\$2,913,230
Crime Prevention/Community Relations	50,047	51,413	55,414	57,149
Criminal Investigations	532,115	514,074	552,893	571,242
Communications/Records	206,105	240,954	449,711	487,298
TOTAL	\$3,226,814	\$3,409,020	\$3,877,117	\$4,028,919

# **EXPENDITURES: PUBLIC WORKS OPERATIONS**

## **I. Overview**

The Public Works Operations Department is responsible for maintenance of Township roads and facilities, and administration of construction contracts. The Director of Public Works Operations oversees the department's activities. The road crew provides maintenance for facilities and is under the direction of the Assistant Road Superintendent. The Engineering Technician, and Department Secretary provide support. In 2014, the duties of the Road Superintendent were reevaluated. It was determined to hire an Assistant Road Superintendent to directly manage the Road Crew and have the Road Superintendent assist with responsibilities that were previously performed only by the Director. The major functions of the Public Works Operations Department are:

### **A. Maintenance**

1. Roadways - Maintain roadways, sidewalks, signs, signals, and markings.
2. Snow and Ice Control – The Road Crew provides 24-hour coverage during winter weather events.
3. Leaf and Brush Collection – Spring and fall collection of leaves and monthly collection of brush.
4. Stormwater System Maintenance –Maintain system of pipes, inlets, swales and cross pipes.
5. Other Duties: maintain public grounds and buildings, parks not in a regional program, vehicles and equipment including police cruisers.

### **B. Asset Management**

1. Facilities Management – conduct pavement inspections, inspect roadway occupancy permits, respond to ONE CALL requests, and carry out the park development program.
2. Equipment Maintenance – maintains all vehicles and equipment, including police vehicles, and programs the periodic replacement of department equipment.
3. Other duties – Respond to citizen inquiries; administer consultant contracts; serve on regional technical committees; support maintenance work of the road crew.

### **C. Construction Contracts**

Each year the Township bids the road-resurfacing program for completion by contract. Other contracts are bid, let and managed as needed for township projects.

## **II. Highlights**

### **A. Office and Shop Roof Replacements**

New shingles for the office roof and main shop building roof.

### **B. Equipment for Bike/Walking Trail Maintenance**

Add a new piece of equipment for use on the bike/walking trails for snow and ice control along with the ability to use it for herbicide application to control vegetation if needed. The cost associated with this would be \$90,000. The amount of Bike/walking trails has increased by 5.3 miles since 2014.

## **EXPENDITURES: PUBLIC WORKS OPERATIONS**

### **III. Future Issues**

#### **A. Petroleum Costs**

Beyond our direct fuel costs, escalating oil prices impact asphalt, lubricants, and delivery costs for many materials including salt, aggregates, and even equipment parts and park equipment. Over the past three years we have experienced widely fluctuating fuel costs which are hard to forecast. Currently, fuel costs appear to have some stability but still remain under close observation.

#### **B. CIP Allocations**

\$ 1,250,000 – Toftrees Resort RACP Grant Sponsorshp	\$1,255,000 – Atherton & Woodycrest Improvements
\$ 37,200 – Office & Shop Roof Replacements	\$ 50,000 – Replace Toyota Prius
\$ 90,000 – Bikeway Snow Removal Equipment	\$ 100,000 – Road Equipment Fund
\$ 79,715 – Bikeway Development	\$ 110,000 – Road Resurfacing Reserve Fund
\$ 270,000 – North Atherton Traffic Signal Upgrade	\$ 780,660 – Toftrees Corridor Improvements
\$ 30,000 – Sidewalk from Galen to Sheetz	\$ 103,500 – Cricklewood Drive Pedestrian Access
\$ 40,000 – MS4 Stormwater Projects	\$ 33,443 – Waddle Conversion from Centracs
\$ 20,000 – Flashing Yellow Arrows on Green Tech	\$ 7,500 - Toftrees Traffic Mitigation Fund

### **IV. Public Works Expenditures**

Current and proposed expenditures are as follow:

<b>BUDGET: EXPENDITURES</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Projected</b>	<b>Proposed</b>	<b>Forecast</b>
Public Works Operations Dept	\$1,799,283	\$1,585,567	\$2,092,507	\$2,251,438
Construction Contracts	3,413,989	818,288	4,247,018	3,954,027
Liquid Fuels Projects	456,316	460,061	464,733	473,306
<b>TOTAL</b>	<b>\$5,669,588</b>	<b>\$2,863,916</b>	<b>\$6,804,258</b>	<b>\$6,678,771</b>

# **EXPENDITURES: COMMUNITY SERVICES: ENGINEERING, PLANNING & ZONING AND PARKS AND RECREATION**

## **I. Overview**

In 2021, the Township Manager divided the Township Engineer and Director of Public Works Operations into two separate positions and created this department to be headed by the Township Engineer.

Engineering, Planning and Zoning include a significant effort as part of the Centre Region COG programs. These include Regional and Local Planning from the Centre Regional Planning Agency, and Transportation Planning from the Centre County Metropolitan Planning Organization (CCMPO).

Township work on planning and zoning includes the position of the Zoning Officer and the Engineering Technician. The Township staff supports the work of the Planning Commission and the Zoning Hearing Board.

Parks and Recreation also includes participation in the Centre Region COG Programs, including Centre Region Parks and Recreation, the swimming pools, the senior citizens' center, and the regional nature center. The Township's responsibility is the purchase of land and improvement of the Township's park properties.

## **II. Highlights**

### **A. New Planner on Board**

Senior Planner, Leslie Warner, joined COG in October 2022 and is working on several projects with the Department of Engineering, Planning & Zoning staff.

### **B. Local Parks**

Bernel Road Park – Phase 2A: The Master Plan for Bernel Road Park was first adopted in 2007 and Phase 1 was built in 2011. A revised Master Plan was adopted by the Patton Township Board of Supervisors in 2017. Engineering design for Phase 2A of the newly adopted Master Plan began in 2018 and was completed in spring of 2019. Grant applications were submitted in 2020 and 2021 which resulted in the renaming of the project from "Phase 2A" to "Phase 2A/2B".

**EXPENDITURES: COMMUNITY SERVICES: ENGINEERING, PLANNING & ZONING AND PARKS AND RECREATION**

BUDGET EXPENDITURES				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Actual</b>	<b>Projected</b>	<b>Proposed</b>	<b>Forecast</b>
EngiPlanning and Zoning				
Centre Region Planning Agency/MPO	\$ 152,099	\$ 178,334	\$ 156,086	\$161,549
Township Staff	312,561	369,498	420,979	412,208
Subtotals	<u>\$ 464,660</u>	<u>\$ 547,832</u>	<u>\$ 577,065</u>	<u>573,757</u>
Parks and Recreation				
Parks Project Manager (1/3)	24,470	29,592	33,988	35,438
Centre Region Pools -Capital	169,117	161,140	172,601	178,642
Centre Region Parks Operating & Capital	331,676	432,575	466,991	483,336
Centre Region Parks Capital	-	-	-	-
Capital Improvements-Park Equipment	347,530	349,799	356,795	385,339
Contributions to Community Fire Works	-	2,225	2,500	3,000
Contributions to Regional Parks	173,685	106,652	106,349	110,071
Contributions to Spring Creek Watershed	2,388	2,527	2,500	2,500
Centre Region Adult Activity Center	29,121	18,726	29,213	30,235
Community Gardens	1,794	5,250	5,500	6,000
Subtotals	<u>1,079,781</u>	<u>1,108,486</u>	<u>1,176,437</u>	<u>1,234,561</u>
Totals	<u>\$ 1,544,441</u>	<u>\$ 1,656,318</u>	<u>\$ 1,753,502</u>	<u>\$1,808,318</u>

## **EXPENDITURES: COMMUNITY SERVICES: OTHER**

### **I. Overview**

Most of the Township's other community services are provided in cooperation with our neighboring municipalities either through the Centre Region Council of Governments (COG) or other regional programs. The following list illustrates each service and identifies the provider.

<b><u>Category</u></b>	<b><u>Service</u></b>	<b><u>Provider</u></b>
Fire Protection	Alpha Fire Company Fire Hydrants	COG State College Water Authority
Health and Welfare	Health Inspections Sewage Enforcement Officer Septic System Inspections Emergency Management Oak Wilt Control Program Gypsy Moth Suppression	State College Borough Independent Contractor Centre Region Code Agency COG Patton Township In coordination with the County and State
Cable TV	Public Access Channel	C-NET
Transit	Bus and Para-Transit	Centre Area Transportation Authority
Library	Schlow Memorial Library	COG
Streetlights	Streetlights	West Penn Power
Open Space	Preservation of Open Space	Patton Township

### **B. Highlights**

#### **A. Professional Services, Sewage Enforcement Officer**

The Township is required by State Law to have a qualified Sewage Enforcement Officer. Mary Kay Lupton took over the position on January 1, 2015. Her responsibility is to inspect all subdivisions and lots when on-lot sewage disposal systems are requested. In the past, up to half of the costs of this service were reimbursed by the State and the remainder by fees charged to developers/property owners. In 2009, the State reduced, without notice, reimbursements for this service as part of their budget cuts. In light of a reduced reimbursement and because of an increase in the SEO rates the Township began to pay in 2011, the permit fees have been increased to cover municipal costs. The State no longer reimburses the Township for any costs. The rates are set to cover the costs of service.

#### **B. Contribution to Community Housing**

The Board approved a three-year commitment to contribute \$6,000 per year for the next three years to the Centre County Housing and Land Trust during their October 23, 2019 meeting. \$6,000 is included in 2020, 2021 and 2022 per this pledge.

**EXPENDITURES: COMMUNITY SERVICES: OTHER**

**C. Open Space Loan Proceeds**

On November 4, 2014 the voters approved a referendum authorizing the borrowing of \$3.5 million to acquire and preserve additional open space lands in the Township. To fund this acquisition a borrowing (loan) was made in late 2017. The type of borrowing is a 20-year note with Jersey Shore Savings Bank. These funds were transferred to the Open Space Preservation Reserve Fund.

**D. Contribution to Economic Development Fund**

On October 23, 2019, the Board of Supervisors of Patton Township, established a Designated Reserve Fund for Economic Development. Commencing in 2020, five percent (5%) of the budgeted Real Estate Transfer Tax (RETT) revenue will be allocated to the Economic Development Reserve Fund (EDRF) for the budget year. In addition, twenty percent (20%) of the RETT funds received that exceed the prior year's budgeted amount will be allocated to the Economic Development Reserve Fund.

**E. Board of Supervisors Directed Projects**

\$ 2,500 – Contribution to COG Library	\$ 10,000 – Contribution to Home Foundation
\$ 50,000 – Contribution to Habitat for Humanity	\$ 24,118 – Contribution to COG Fire
\$ 50,000 – Contribution to CC Housing & Land Tr	\$ 25,000 – Contribution to Centre Life Link
\$ 55,000 – First-Time Home Buyers Fund	\$

**III. Expenditures for Community Services**

The following table outlines current and proposed expenditures for Community Services: Other

<b>BUDGET: EXPENDITURES</b>				
	<b>2021 Actual</b>	<b>2022 Projected</b>	<b>2023 Proposed</b>	<b>2024 Forecast</b>
Fire Protection	\$526,956	\$555,911	\$603,041	\$647,348
Health and Welfare	96,088	97,621	104,428	77,281
C-NET	39,235	39,836	40,219	41,023
Transit	111,970	123,298	128,743	134,460
Library	304,624	310,754	336,358	348,131
Streetlights	29,376	26,169	28,786	29,218
Open Space Loan Proceeds	0	0	0	0
<b>TOTAL</b>	<b>\$1,108,249</b>	<b>\$1,153,589</b>	<b>\$1,241,575</b>	<b>\$1,277,461</b>

## **EXPENDITURES: DEBT SERVICE**

### **I. Overview**

Patton Township finances major capital projects through the issuance of municipal bonds or other long-term borrowing.

In 2017 the Township was able to take advantage of historically low interest rates to refinance all outstanding debt as well as borrow new money for Open Space Acquisitions. The refinancing saved \$138,172 over the remaining life of the 2010 debt and the 2011 debt. These savings which are reflected in the general fund as well as the open space fund have helped considerably in keeping significant tax increases at bay for the next several years.

### **II. Highlights**

#### **A. Open Space Acquisitions – Phase 2**

The referendum question included on the November 4, 2014 ballot passed by a with 63% support. The question asked voters if they support the expansion of the Open Space Preservation program. The question reads: “Shall debt in the sum of 3,500,000 dollars for the purpose of financing acquisition of development rights, conservation easements, and land for the preservation of open space be authorized to be incurred as debt approved by the electors?”

To fund this acquisition a borrowing (bond or loan) will be made in 2016. The debt will be paid through a dedicated real estate millage estimated to be 6/10ths of a mill levied in 2016. This millage has been added to the proposal but must be approved in the budget presented in November 2015. For 2014, no tax mill was required for Open Space Preservation debt service. Accumulated funds previously collected from the Open Space Tax allowed the debt to be extinguished on schedule in 2014.

#### **B. PIB Loan/Capital Project Line of Credit**

The Capital Improvement Plan and this Budget propose a number of capital projects over the next several years (Toftrees Corridor Improvements and Atherton & Woodycrest Improvements). Although some grant funding is available for these awards are on a reimbursement basis. The Township was awarded a PIB loan with a principal amount of \$1,837,500 for the Bernel Rd./Fox Hollow Rd. Interchange.

## **EXPENDITURES: DEBT SERVICE (Cont'd)**

### **II. Future Financing Issues**

The Capital Improvement Plan for the period 2022-2026 allows for the contemplation and implications of adding significant capital projects and staff to the operating budget. By taking a more critical look at future projects and costs, we will be better able to assess the Township's financing needs and borrowing capacity.

### **III. Debt Service Expenditures**

<b>BUDGET: EXPENDITURES</b>				
	<b>2021 Actual</b>	<b>2022 Projected</b>	<b>2023 Proposed</b>	<b>2024 Forecast</b>
Open Space Preservation	\$240,435	\$245,432	\$245,435	\$245,433
2010 Debt Refinancing	365,094	355,974	351,896	357,316
2011 General Obligation Note	122,277	0	0	0
PIB Loan/Capital Project Line of Credit	96,460	96,460	96,460	96,460
PIB Loan/Bernel Rd/Fox Hill Rd Intersec	0	212,466	212,466	212,466
<b>TOTAL</b>	<b>\$824,266</b>	<b>\$910,332</b>	<b>\$906,257</b>	<b>\$911,675</b>

# FUND BALANCE

## I. Overview

Fund balance is the amount of money remaining in the General Fund at year-end. It represents the accumulated difference between revenues and expenditures over time. A healthy cash balance provides the needed cash to pay bills early in the year before tax revenues are received. It is also important to have a cash balance to cover unexpected expenditures, to assure a solid bond rating and to prevent increases in future tax rates.

The Government Finance Officers' Association best practice recommends approximately 17% fund balance as a minimum which equates to approximately two months expenses. The target range for the ending cash balance is between 8% and 12% of expenditures.

## II. Table of Fund Balances

The fund balance expected to start 2024 is \$2,198,105. This amount is 13.42% of budgeted expenditures, excluding loan proceeds.

<b>BUDGET: FUND BALANCE</b>				
	2021 Actual	2022 Projected	2023 Proposed	2024 Forecast
Revenue	\$ 14,206,188	\$ 11,941,124	\$ 14,779,737	\$ 15,304,827
Expenditures	13,784,497	11,591,597	16,374,774	16,407,180
Net +(-)	421,691	349,527	(1,595,037)	(1,102,353)
Fund Balance from Prior Year	3,022,925	3,444,616	3,794,142	2,199,105
Fund Balance to start New Year	<u>\$ 3,444,616</u>	<u>\$ 3,794,142</u>	<u>\$ 2,199,105</u>	<u>\$ 1,096,752</u>
FB as % of Expenditures *net of loan proceeds	24.98% *	32.72% *	13.42% *	6.68% *

**DESIGNATED RESERVE FUNDS**

**I. Overview**

The Township has sixteen restricted reserve funds proposed for 2022. Where dedicated revenues are received for a reserve fund, the revenue is shown in the general fund and is matched by an "expenditure" transferring the amount to the reserve fund. The accounting below illustrates the proposed activity in each fund for 2023. For this budget, the reserve funds have been categorized into capital funds and operating funds. The restricted reserve funds are as follows:

<b><u>Fund</u></b>	<b><u>Source of Revenue</u></b>	<b><u>Purpose</u></b>
<b><u>**Capital Reserve Funds</u></b>		
Police Cars	General Fund	Even out costs for car replacements
Park Fund	Dedicated Millage	Park purchase and development
Open Space Preservation	Dedicated Millage	Acquisition of land and easements
Liquid Fuels Tax Fund	State Funding	Road Maintenance/Traffic Signals
Road Equipment	General Fund	Smoothes equipment replacement cost
Road Resurfacing	General Fund	Pay annual paving contract
Road Improvements	Private Contributions	Pay for specific road projects
Building Refurbishment	General Fund	Pay for replacement of worn fixtures
Toftrees Traffic Mitigation	Private funds/Loan	Waddle Rd Interchange Improvements
Homestead Farms NID	Special Assessment Fees	Road Improvements in Homest'd Farms
Traffic Light Replacement	General Fund	Even out costs for replacing traffic signals
<b><u>**Operating Reserve Funds</u></b>		
Economic Development	Real Estate Transfer Tax	Pay Regional Economic Development requests
Fire Hydrant	Front Footage Assessments	Pay cost of hydrants
Street Lights	Front Footage Assessments	Pay cost of lighting
Accrued Absences	General Fund	Pay accrued leave on termination
Emergency Assistance	General Fund	Cover cost during emergencies
Encumbrances	Prior Year General Fund	On-going projects

**C. Table of Designated Reserve Funds**

<b>BUDGET: DESIGNATED RESERVE FUNDS</b>				
	<u>01/01/23</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>12/31/23</u>
<b><u>Capital Reserve Funds</u></b>				
Police Vehicles	\$43,062	\$60,100	\$52,506	\$50,656
Park Fund	\$423,293	\$712,295	\$1,099,000	\$36,588
Open Space Preservation	\$1,106,324	\$348,012	\$342,085	\$1,112,251
Liquid Fuels Tax Fund	\$158,990	\$464,983	\$527,883	\$96,090
Road Equipment	\$75,739	\$364,308	\$228,731	\$211,316
Road Resurfacing	\$38,776	\$435,365	\$430,000	\$44,141
Building Refurbishment	\$103,737	\$35,150	\$96,812	\$42,075
Traffic Mitigation	\$242,645	\$7,750	\$122,277	\$128,118
Homestead Farms Neighborhood Improvemt	\$14	\$12,276	\$5,200	\$7,090
Traffic Light Replacement	\$88,229	\$34,000	\$74,998	\$47,231
<b><u>Operating Reserve Funds</u></b>				
Fire Hydrant	\$3,377	\$91,106	\$92,208	\$2,275
Streetlights	\$76,726	\$28,892	\$28,786	\$76,832
Accrued Compensated Absences	\$30,145	\$106,537	\$106,512	\$30,170
Emergency Assistance	\$3,407	\$25,050	\$10,000	\$18,457
Encumbrances	\$193,488	\$0	\$118,488	\$75,000
Economic Development	\$23,000	\$30,000	\$25,000	\$28,000

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