



Proposed 2025 Budget

as presented November 6, 2024

Whitpain Township



Agenda

➤ **Summary:**

- Balanced budget
- No tax increase currently included for 2025
- Significant financial challenges ahead

➤ **Tonight's Topics:**

- 2024 Recap & 2025 Budget Background
- General Fund
- Capital Reserve
- Open Space
- Debt Service
- Next Steps & Questions

2024 Accomplishments

- Road & Bridge Safety Award – Pulaski Drive
- "Bike More, Drive Less" event
- Community Center
 - Location selected – Centre Square Park
 - Preliminary concepts in progress
 - \$1.7M RACP grant
- \$1.4M Grant for signal at School Rd & Route 73



2024 Accomplishments (continued)

- Public Works Garage Expansion Completed
- Comprehensive Plan Update Adopted
- PECO Trail Grand Opening
- Mission Moments Celebrating Achievements and Milestones



2025 Budget

Prioritizing Competing Goals



Financial Picture

- General Fund, Capital Reserve, Open Space and Debt Service Funds adequately funded for 2025
- Current Financial Challenges:
 - Inflation continues to impact Township budget
 - Equipment & vehicle costs up significantly
 - Impacts on workforce costs
 - Remote work impacts on Township major revenue streams
 - Real estate assessed value
 - Earned Income Tax (EIT)
 - Local Services Tax (LST)
- Revenue from the voter-approved adjustment to the Earned Income Tax (0.06% increase) is estimated to within budgeted levels to support open space/debt service

Major Projects

➤ Major Projects in 2025

- Mermaid - inclusive playground, dam removal planning, summer camp, and various preliminary improvements and utilities (total projects in 5-year plan = \$5.2M; other revenue sources = \$3.5M)
- Wissahickon Park - \$3.2M budgeted (\$2.4M from grants)
- Planned pickleball and tennis court reconstruction - \$490k
- Continue work on traffic improvement projects including:
 - Union Meeting & Township Line traffic signal upgrade
 - Walton & Stenton roundabout
 - School & Skippack traffic signal plan
- Regional Water Quality Enhancements - \$250k
- Community Center planning, permitting and possibly construction





Proposed 2025 General Fund Budget

as presented November 6, 2024

Whitpain Township

General Fund Financial Performance

General Fund (Million \$)	2023 Actual	2024 Budget	2024 Estimate	\$ Variance vs. Budget	% Variance vs. Budget
Beginning Fund Balance	\$ 11.00	\$ 13.05	\$ 10.45		
Revenues & Transfers In	18.21	17.92	19.27	\$ 1.35	7.5%
Expenditures	17.25	19.54	18.46	\$ (1.08)	-5.5%
Transfers Out	1.50	6.37	2.30	\$ (4.07)	-63.9%
Surplus/(Deficit)	\$ (0.55)	\$ (7.99)	\$ (1.49)	\$ 6.51	
Ending Fund Balance	\$ 10.45	\$ 5.06	\$ 8.96		
Ending FB % of Operating Expenditures	60.6%	25.9%	48.6%		

- ▶ Revenues higher than budgeted by \$1.35 million due to reallocation of tax millage to General Fund from Debt Service Fund, full year of Open Space EIT revenue and higher than projected intergovernmental revenue
- ▶ Expenditures lower than budgeted by nearly \$1.1 million mainly due to savings from lower Public Works expenses than budgeted and some personnel costs coming in less than projected
- ▶ Transfers out will be lower because of certain project delays

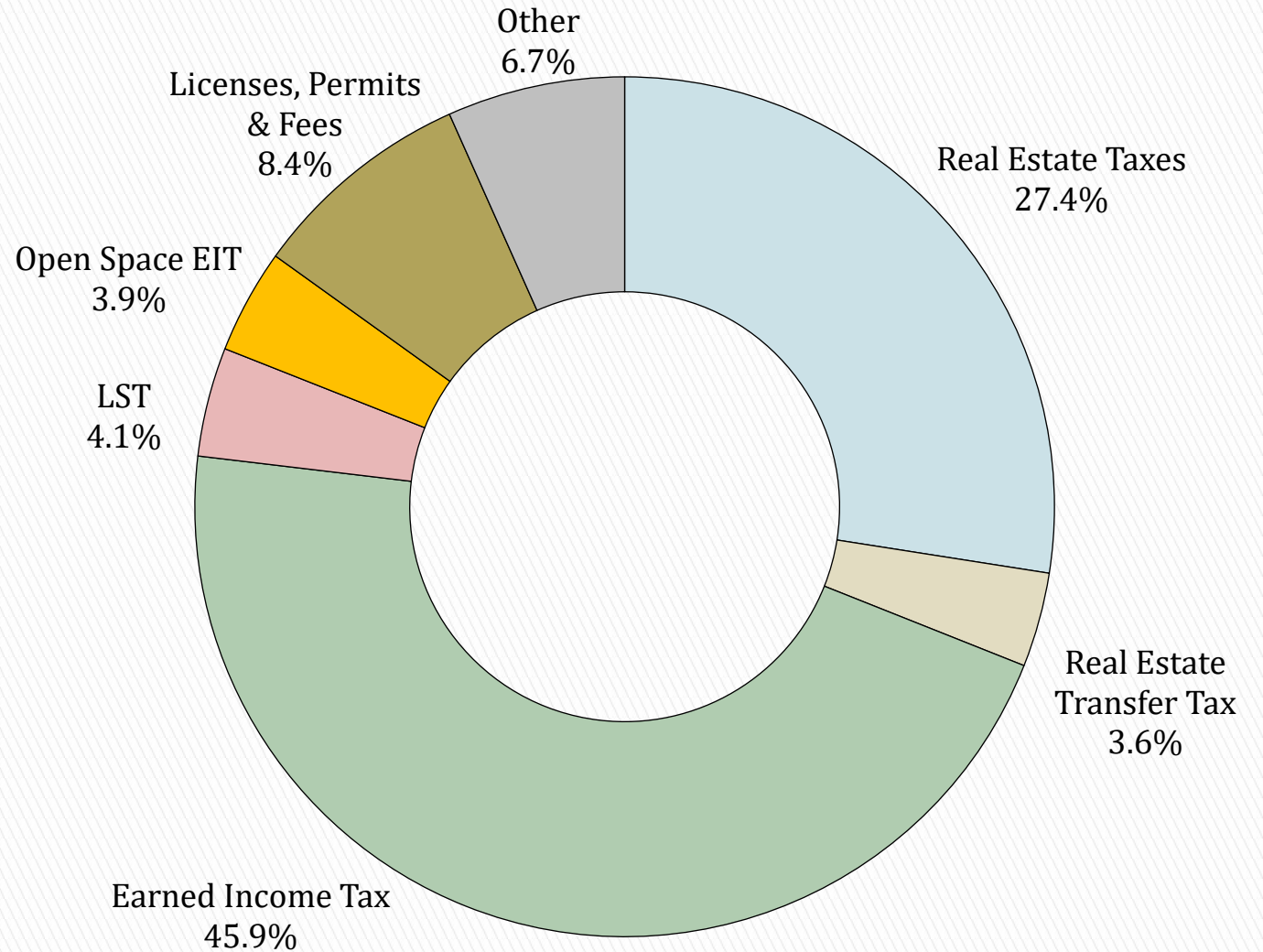
General Fund Proposed Budget

General Fund (Million \$)	2024 Budget	2025 Budget	\$ Variance vs. Budget	% Variance vs. Budget
Beginning Fund Balance	\$ 13.05	\$ 8.96		
Revenues & Transfers In	17.92	19.00	1.08	6.0%
Expenditures	19.54	19.72	0.18	0.9%
Transfers Out	6.37	3.90	(2.47)	-38.8%
Surplus/(Deficit)	\$ (7.99)	\$ (4.61)		
Ending Fund Balance	\$ 5.06	\$ 4.35		
Ending FB % of Operating Expenditures	25.9%	22.1%		

- ▶ Proposed 2025 Budget currently shows no real estate tax increase for the 15th consecutive year
- ▶ Budget includes a \$4.6 million budget gap to be filled by a drawdown on the GF fund balance
- ▶ Township staff has reviewed all Capital Reserve and Open Space Fund planned projects and the budget reflects transfers to those funds to adequately fund infrastructure and other capital investments in 2025

General Fund Revenues

- ▶ Earned Income Taxes (EIT) = \$8,715,000
- ▶ Real Estate Taxes = \$5,221,000
- ▶ Licenses, Permits & Fees = \$1,597,700
- ▶ Other Revenue = \$1,270,000
- ▶ Local Services Tax (LST) = \$780,000
- ▶ Open Space EIT = \$745,000
- ▶ Real Estate Transfer Tax = \$675,000
- ▶ Total 2025 Revenues = \$19,003,700



General Fund Revenue Trends

- There are some concerns about major General Fund revenue sources
- Total assessed value **declined** for only second time in last ten years – impacts real estate tax revenue in General, Fire Tax and Debt Service funds
- This is a result of recent assessment appeals, especially commercial properties

Year	Assessed Valuation	\$ Change	% Change
2016	2,023,513,879	16,675,542	0.83%
2017	2,030,461,459	6,947,580	0.34%
2018	2,022,098,819	(8,362,640)	-0.41%
2019	2,029,599,475	7,500,656	0.37%
2020	2,035,208,415	5,608,940	0.28%
2021	2,046,233,965	11,025,550	0.54%
2022	2,071,065,280	24,831,315	1.21%
2023	2,083,870,350	12,805,070	0.62%
2024	2,096,821,070	12,950,720	0.62%
2025	2,083,217,854	(13,603,216)	-0.65%

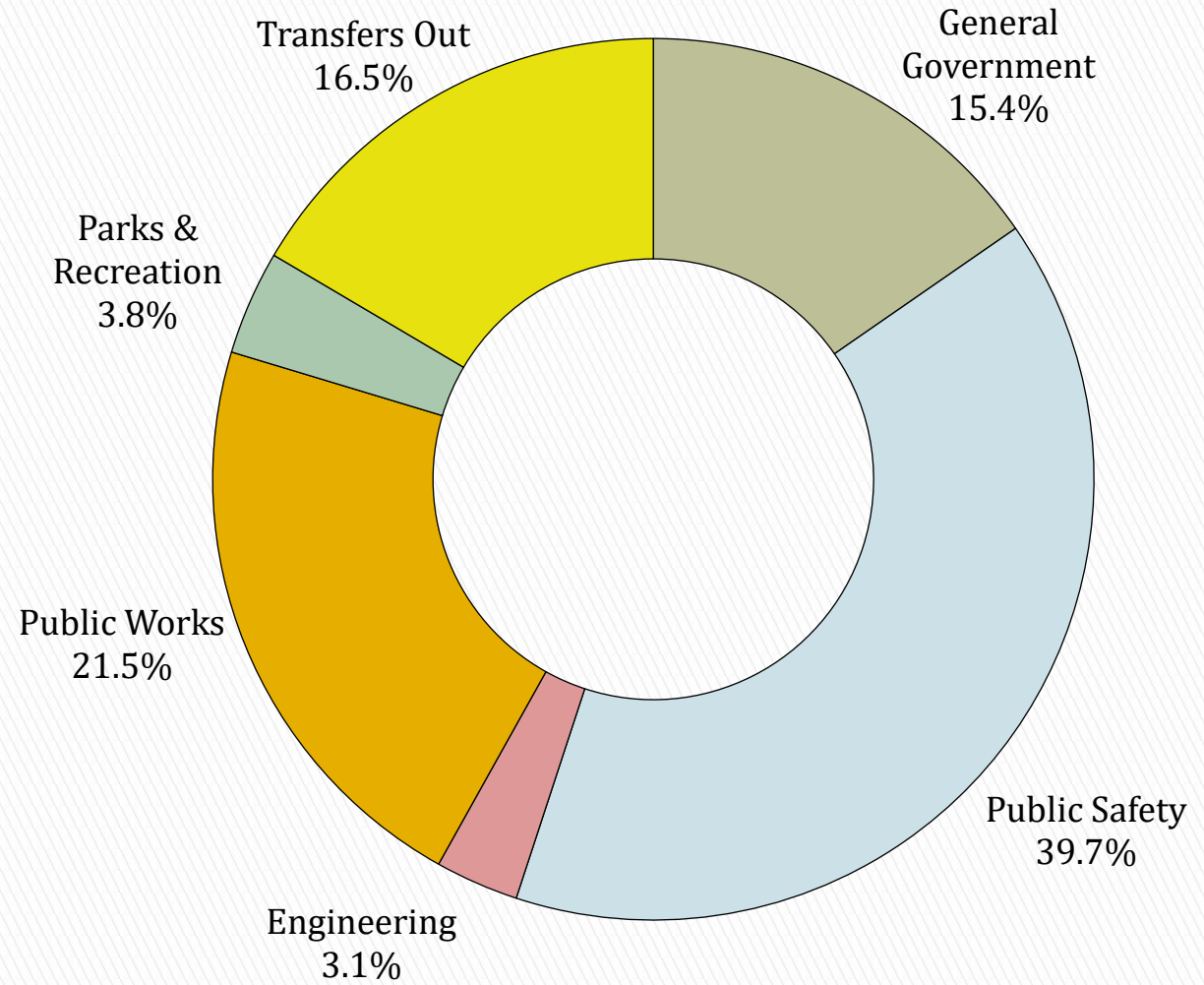
General Fund Revenue Trends

- EIT has declined from previous highs
 - Impact of remote work, return to office directives, EIT implementation in area communities will reduce future EIT by roughly \$100k moving forward
- LST has declined from previous highs
 - Likely a result of reduced occupancy of area office buildings
- Real estate transfer tax has declined due to interest rates and home sale declines
- Franchise fee revenue has declined as cord cutting has increased

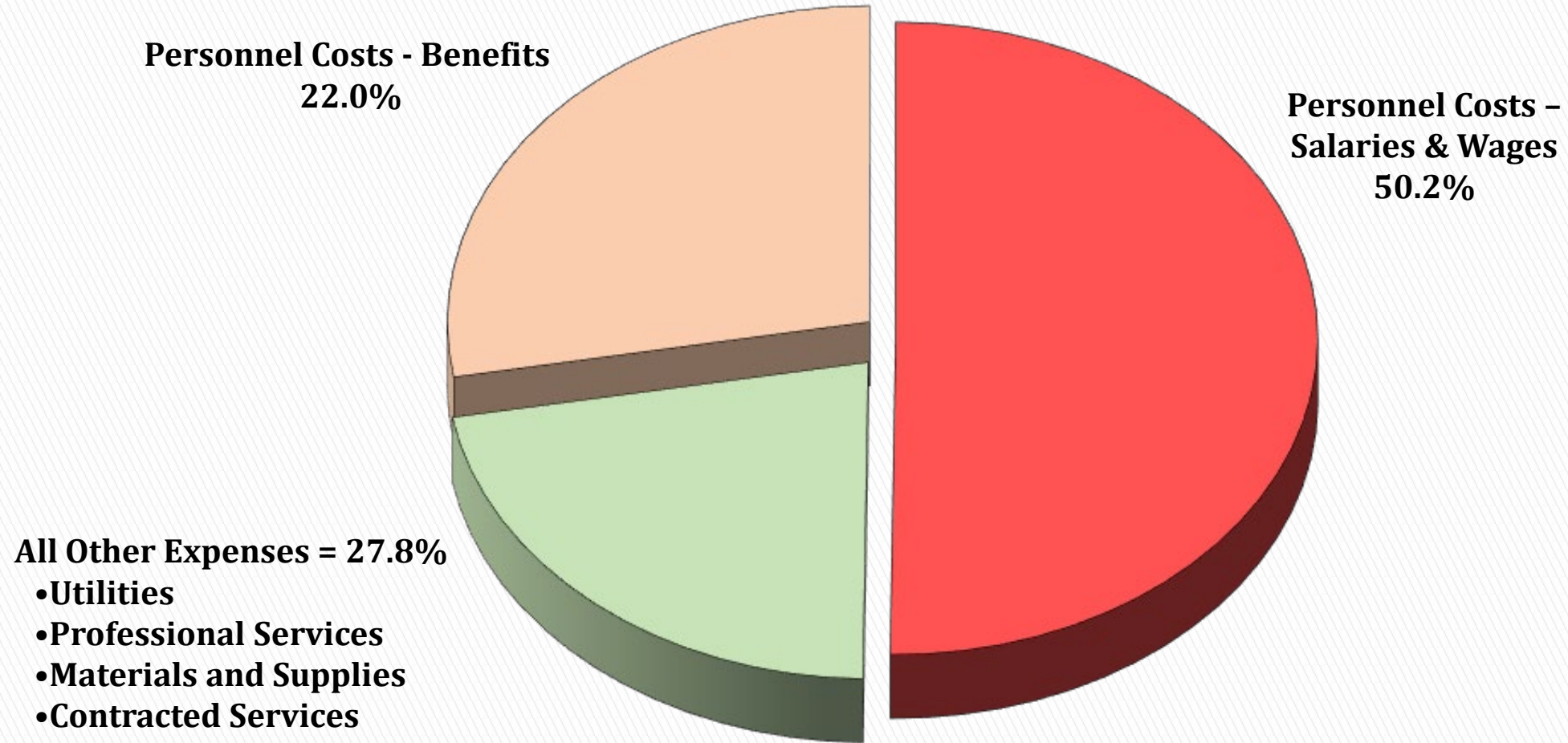
General Fund Revenue	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2025 Budget	\$ Variance vs. 2022
Earned Income Tax	\$ 8,827,409	\$ 9,443,979	\$ 8,490,433	\$ 8,825,000	\$ 8,715,000	\$ (728,979)
Real Estate Transfer Tax	2,174,897	1,598,640	706,774	650,000	675,000	(923,640)
Local Services Tax	894,252	904,834	881,856	820,000	780,000	(124,834)
Franchise Fees	470,941	466,105	447,581	437,000	430,000	(36,105)
Subtotal	\$ 12,367,499	\$ 12,413,558	\$ 10,526,644	\$ 10,732,000	\$ 10,600,000	\$ (1,813,558)
Total General Fund Rev	\$ 18,502,684	\$ 18,855,392	\$ 18,208,434	\$ 19,267,400	\$ 19,003,700	
% of General Fund Rev	66.8%	65.8%	57.8%	55.7%	55.8%	

General Fund Expenditures

- ▶ Public Safety * = \$9,369,342
 - ▶ Public Works = \$5,091,231
 - ▶ General Government = \$3,627,920
 - ▶ Parks & Recreation = \$902,828
 - ▶ Engineering = \$723,952
 - ▶ Transfers Out = \$3,900,000
 - Open Space = \$2,200,000
 - Capital Reserve = \$1,700,000
 - ▶ Total 2025 Expenditures = \$23,615,273
- * Includes Police, Fire Marshal and Code Enforcement



General Fund Expenditures



General Fund Expenditures

- Local government is labor intensive, so staff personnel costs are the largest expense
 - No additional full-time positions are included within the Proposed Budget with the exception of the temporary increase in sworn police staffing approved by the Board in August
- Health insurance premiums are expected to increase by approximately 2.1%
 - Prescription premiums are projected to increase by 16% compared to the prior year
 - Dental and vision premiums are expected to be flat
 - Participation in health insurance trust and contractual changes to certain medical plans will allow for minimal increase to health insurance costs
- Township will make an estimated \$1.24 million contribution in 2025 to the Township's pension plans (police and non-uniform)
- Proposed Budget is focused on continuing to provide high-quality services to Township residents. Provide funding for services from police to code enforcement to recreation programs to snow removal and park maintenance

General Fund Financial Forecast

General Fund	Proj. 2024	2025 Bud.	2026 Est.	2027 Est.	2028 Est.	2029 Est.
Beginning Fund Balance	10,451,615	8,962,819	4,351,246	1,318,273	(2,117,444)	(5,845,298)
Revenues & Transfers In	19,267,400	19,003,700	19,208,069	19,453,272	19,711,489	20,025,413
Expenditures	(18,456,196)	(19,715,273)	(20,741,042)	(21,388,989)	(21,989,343)	(22,535,664)
Transfers Out	(2,300,000)	(3,900,000)	(1,500,000)	(1,500,000)	(1,450,000)	(1,300,000)
Surplus/(Deficit)	(1,488,796)	(4,611,573)	(3,032,973)	(3,435,717)	(3,727,854)	(3,810,251)
Ending Fund Balance	8,962,819	4,351,246	1,318,273	(2,117,444)	(5,845,298)	(9,655,549)
Ending FB %	48.6%	22.1%	6.4%	-9.9%	-26.6%	-42.8%

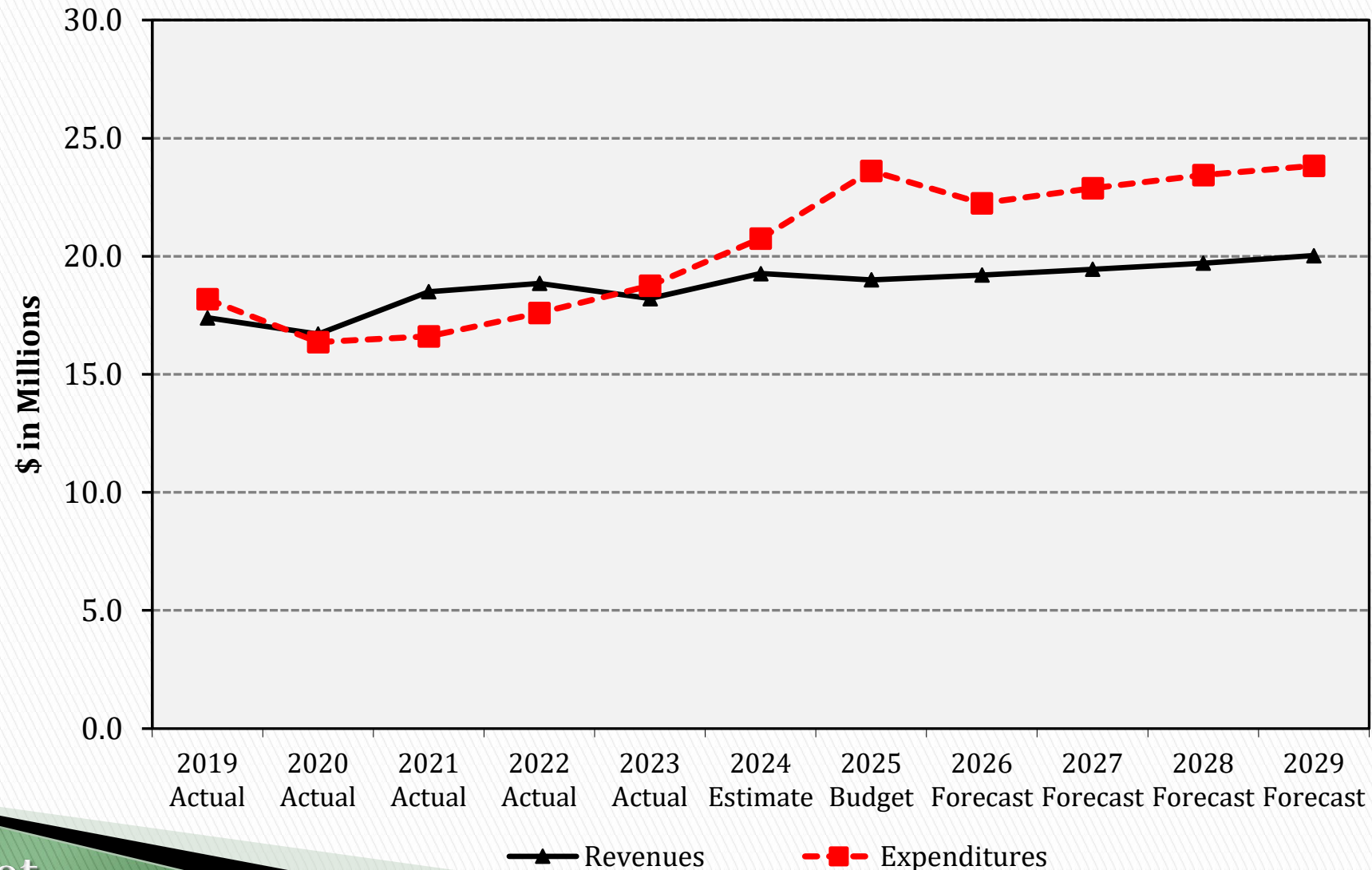
- ▶ Forecast assumes no real estate tax millage increases
- ▶ Revised revenue and expenditure growth assumptions based on current economic outlook, inflationary environment and projected known future cost increases
- ▶ Assumes current levels of Township services and staffing
- ▶ Growing annual deficits without additional revenue or expenditure reductions
- ▶ Fund balance level would fall below 17% of expenditures by end of 2026
- ▶ Projections are consistent with prior General Fund forecasts

Prior Year General Fund Financial Forecast

<u>GENERAL FUND</u>	<u>Proj. 2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
BEGINNING BALANCE	23,363,628	13,053,572	5,095,069	1,796,122	(844,899)	(4,043,727)
REVENUES	17,198,154	17,914,500	18,211,965	18,525,144	18,844,146	19,169,085
EXPENDITURES	(17,284,442)	(19,539,003)	(20,004,912)	(20,669,165)	(21,242,975)	(21,783,009)
TRANSFERS OUT	(10,223,768)	(6,370,000)	(1,470,000)	(537,000)	(760,000)	(776,000)
ENDING BALANCE	13,053,572	5,059,069	1,796,122	(884,899)	(4,043,727)	(7,433,651)
GF Fund Balance %		25.9%	9.0%	-4.3%	-19.0%	-34.1%

General Fund Financial Forecast

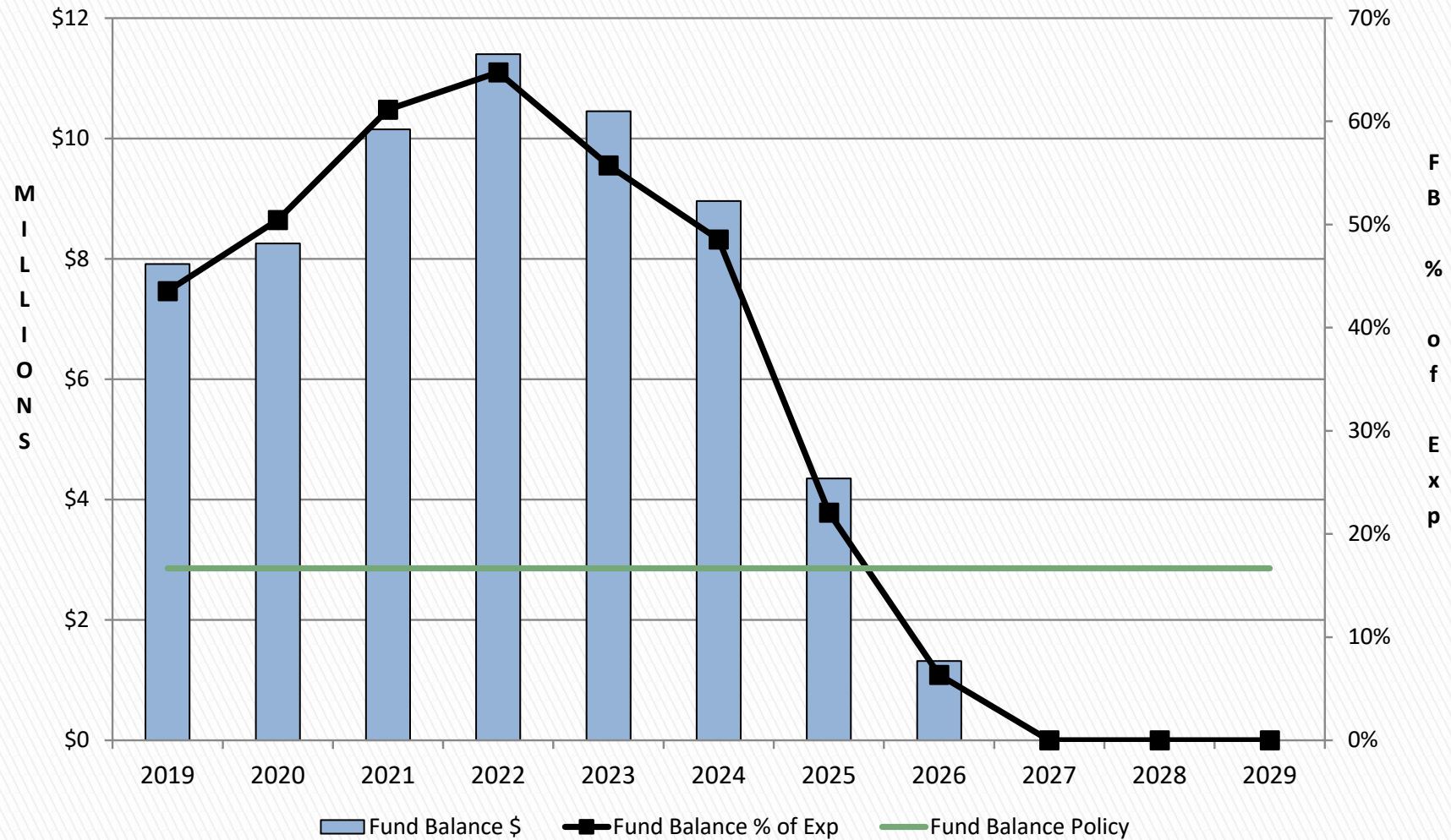
General Fund Revenues & Expenditures 2019-2029



2025 Budget

General Fund Financial Forecast

General Fund - Fund Balance 2019-2029





Proposed 2025 Capital Reserve Budget

as presented November 6, 2024

Whitpain Township

Capital Reserve Fund

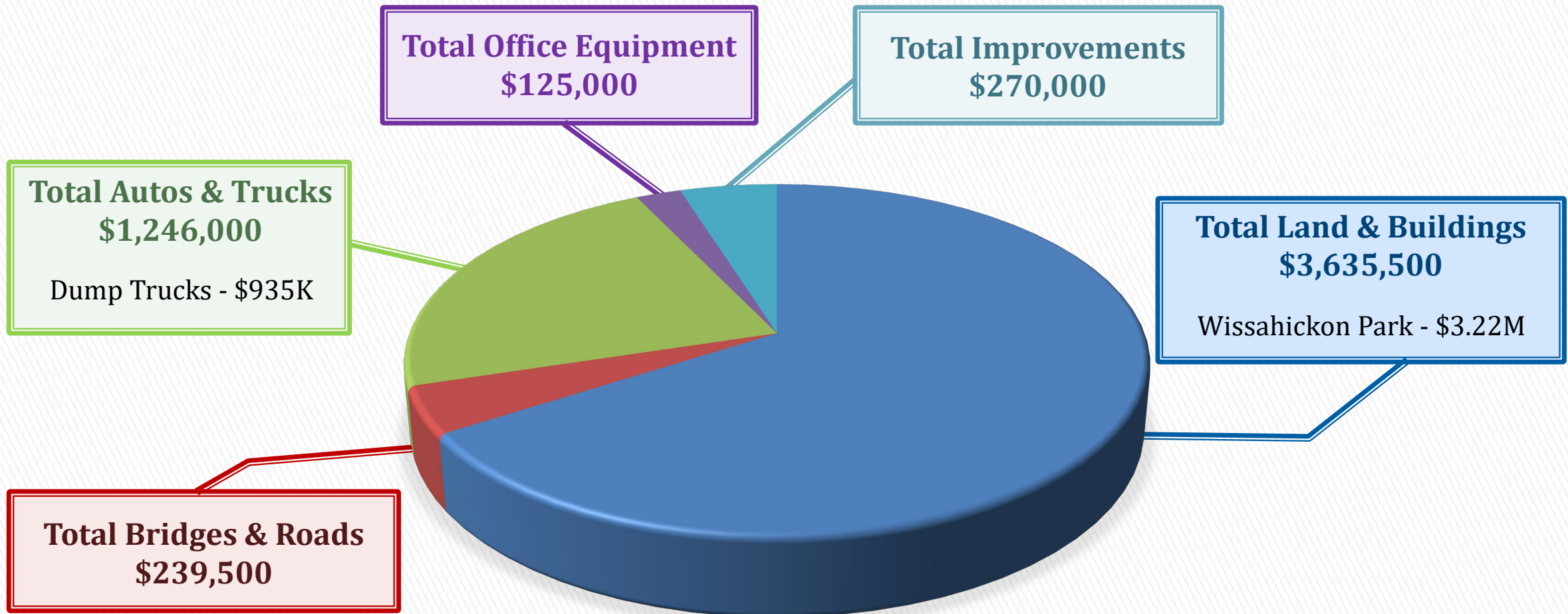
Beginning Balance 2025	\$ 1,192,311
Revenues & other funding sources	\$ 2,731,552
<u>Transfers from General Fund</u>	<u>\$ 1,700,000</u>
Available	\$ 5,623,863
 <u>Budgeted Expenditures</u>	 <u>\$ 5,516,000</u>
 Ending Balance	 \$ 107,863



Capital Reserve Summary 2025-2029

	2025	2026	2027	2028	2029	2025-2029	Other Rev. Sources	Cap. Rsrv. Funding
Land & Buildings	3,635,500	12,500	48,000	135,000	-	3,831,000	2,429,784	1,501,216
Bridges & Road Construction	239,500	-	-	-	-	239,500	3,799,816	(1,493,516)
Autos, Trucks & Equipment	1,246,000	601,212	922,647	523,003	-	3,292,862	-	3,292,862
Office Equipment	125,000	-	-	35,000	-	170,000	-	120,000
Improvements	270,000	250,000	250,000	250,000	250,000	1,270,000	100,000	1,170,000
Grand Total	5,516,000	863,712	1,220,647	943,003	250,000	8,803,362	6,329,600	4,590,562

2025 Capital Reserve



2025 Capital Reserve Items

Total Capital Items for 2025 - \$ 5,516,000 – Summary follows:

Land & Buildings	Budget 2025
Wissahickon Park Construction	3,225,000
Building & Facility Improvements – Main Complex, Olson House, Public Works, Police, & Manor House	410,500
Total Land & Buildings	3,635,500

Bridges & Road Construction	Budget 2025
Union Meeting & Township Line Traffic Signal Upgrades*	139,500
Walton Road & Stenton Avenue Roundabout Design*	100,000
Total Bridges & Road Construction	239,500

* Multi-Year Project; Township has additional grants for each project

2025 Capital Reserve Items

Total Capital Items for 2025 - \$ 5,516,000 – Summary follows:

Autos, Trucks, & Equipment	Budget 2025
Dump Trucks (x4)	935,000
Maintenance Vehicles (x1)	15,000
Pickup Trucks (x4)	296,000
Total Autos, Trucks, & Equipment	1,246,000

Improvements	Budget 2025
Regional Water Quality Enhancements	250,000
Green Energy Consultant	20,000
Total	270,000

2025-2029 Capital Reserve Summary

CAPITAL RESERVE FUND	Projected 2024	2025	2026	2027	2028	2029
BEGINNING BALANCE	3,524,292	1,192,311	107,863	255,919	29,237	7,474
REVENUES & OTHER FUNDING SOURCES	229,646	2,731,552	311,768	293,965	271,240	198,595
TRANSFERS IN	1,300,000	1,700,000	700,000	700,000	650,000	500,000
EXPENDITURES	(3,861,627)	(5,516,000)	(863,712)	(1,220,647)	(943,003)	(250,000)
ENDING BALANCE	1,192,311	107,863	255,919	29,237	7,474	456,069



Proposed 2025 Open Space Budget

as presented November 6, 2024

Whitpain Township

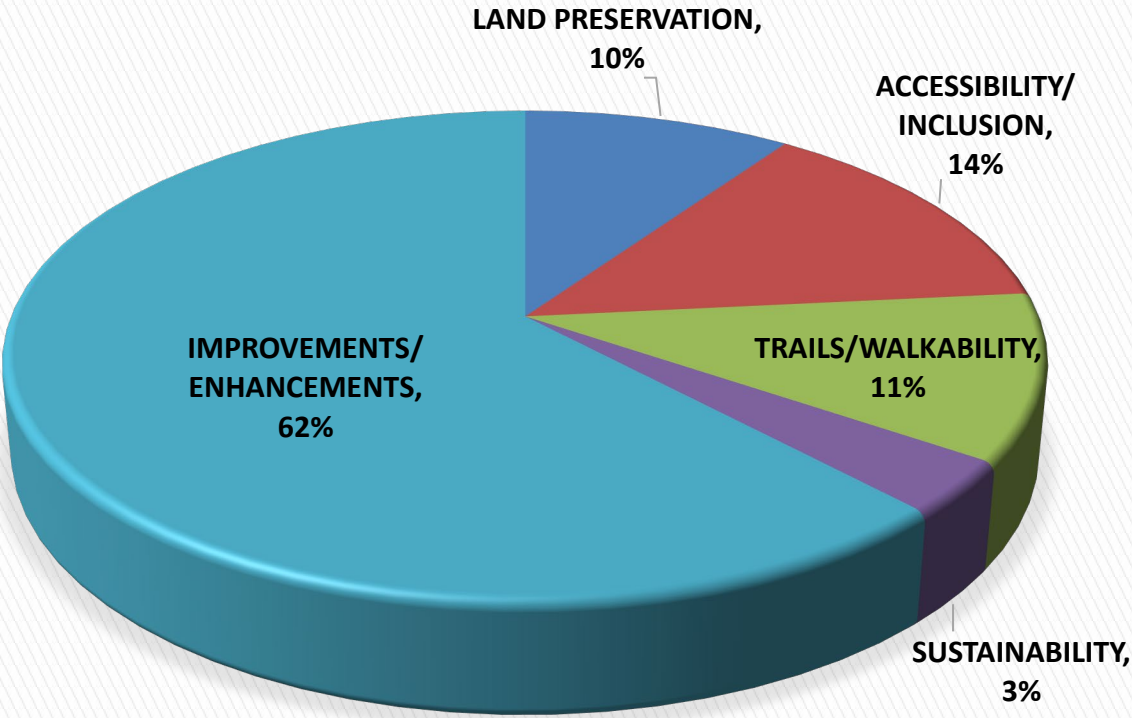
Open Space Highlights



	2025 Proposed	Total 2025-2029	Other Revenue Sources
Mermaid	2,958,500	5,208,500	3,475,000
Stony Creek Sports Park	10,000	110,000	12,500
Master Trails Plan	485,000	735,000	371,300
Wentz Run Park	1,065,000	1,170,000	772,500
West Ambler	57,500	182,500	3,750
Prophecy Creek Park	40,000	40,000	20,000
Erbs Mill Park	30,000	30,000	-
Shade Tree Commission	194,500	748,500	75,000
Land Preservation	539,000	2,724,000	-
<u>Total</u>	5,544,500	11,113,500	4,700,050

Open Space Project Categories

	2025 Total \$	2025 % of Total	2025-2029 Total \$	2025-2029 % of Total
Trails/Walkability	610,000	11%	870,000	8%
Sustainability	194,500	3%	748,500	7%
Improvements/ Enhancements	3,441,000	62%	5,986,000	54%
Accessibility/ Inclusion	760,000	14%	785,000	7%
Land Preservation	539,000	10%	2,724,000	24%
Total	5,544,500		11,113,500	



Open Space Summary

	Proj. 2024	2025	2026	2027	2028	2029
BEGINNING BALANCE	1,363,075	1,110,851	86,101	9,101	334,101	538,601
REVENUES & OTHER FUNDING SOURCES	226,900	2,119,750	1,523,500	758,000	51,000	8,500
EXPENDITURES	(1,679,124)	5,544,500	2,600,500	1,433,500	846,500	688,500
TRANSFERS IN	1,200,000	2,400,000	1,000,000	1,000,000	1,000,000	1,000,000
ENDING BALANCE	1,110,851	86,101	9,101	334,101	538,601	858,601



Debt Service Fund

as presented November 6, 2024

Whitpain Township

Debt Service Fund – 5 Year Projection

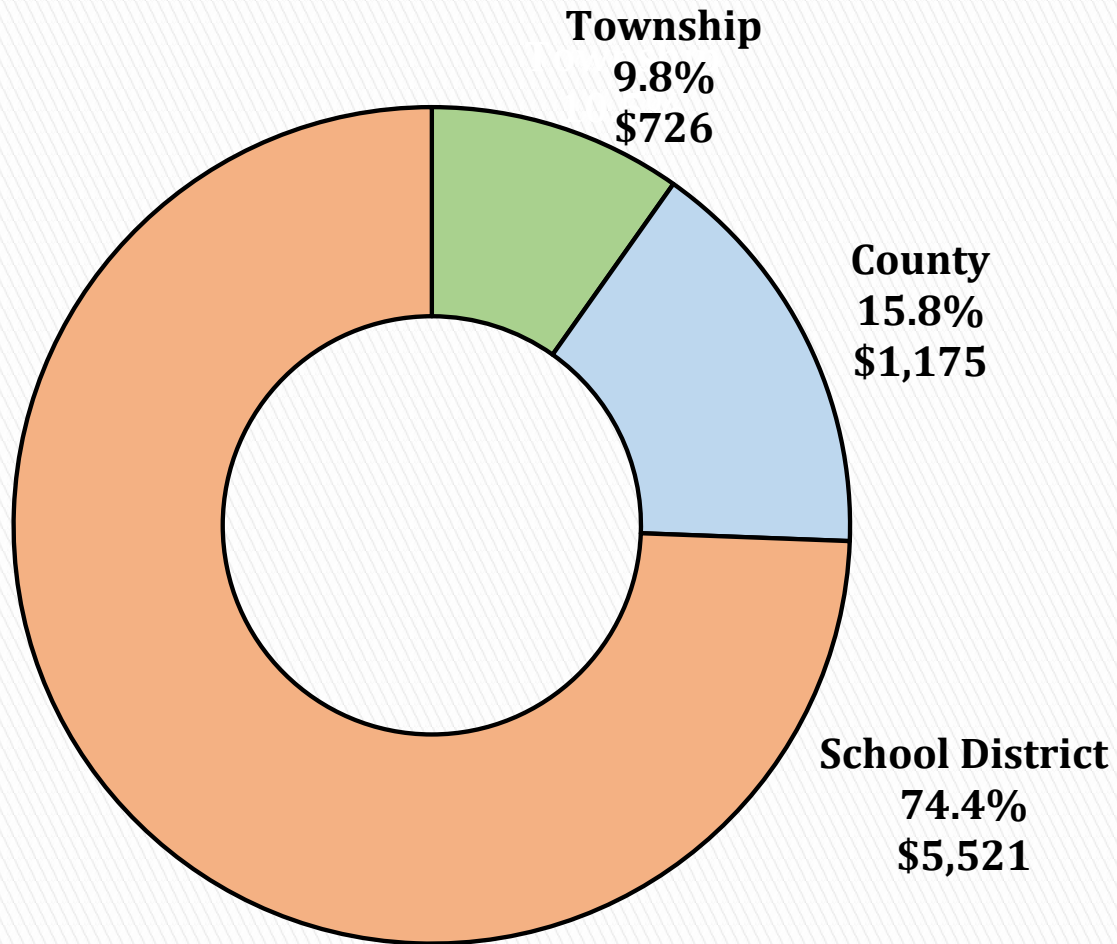
	Proj. 2024	2025	2026	2027	2028	2029
BEGINNING BALANCE	586,914	309,885	34,508	(197,791)	(426,029)	(637,730)
REVENUES & OTHER FUNDING SOURCES	443,300	443,500	444,725	446,051	447,468	448,969
TRANSFERS IN	665,479	667,860	667,860	670,560	685,472	688,142
EXPENDITURES	1,385,808	1,386,737	1,344,884	1,344,849	1,344,641	1,345,188
ENDING BALANCE	309,885	34,508	(197,791)	(426,029)	(637,730)	(845,807)

- ▶ Debt Service Fund is receiving less real estate tax revenue due to reallocation of real estate tax millage
- ▶ This will need to be addressed beginning in 2026 when additional funding will be necessary
- ▶ Township staff can also evaluate whether to adjust funds that are transferred from the Open Space Fund or potential debt refinancing options to see if these alternatives may reduce the need for additional real estate tax revenue

Budget Summary

- 2025 Budget focuses on providing high quality municipal services along with the completion of long planned investments such as the inclusive playground at Mermaid and construction of Wissahickon Park
 - Success in obtaining grants makes long-term park and infrastructure improvements feasible within budget constraints
- Budget is the product of a lot of hard work by Township staff and input from stakeholder groups like boards and commissions
- Continue to utilize 5-Year budgeting for all funds to help identify potential future financial issues
- No real estate tax increase since 2010; will become difficult to continue this streak given current financial forecast projections

Total Real Estate Tax Bill



(Amounts based on average residential assessment of \$227,000)

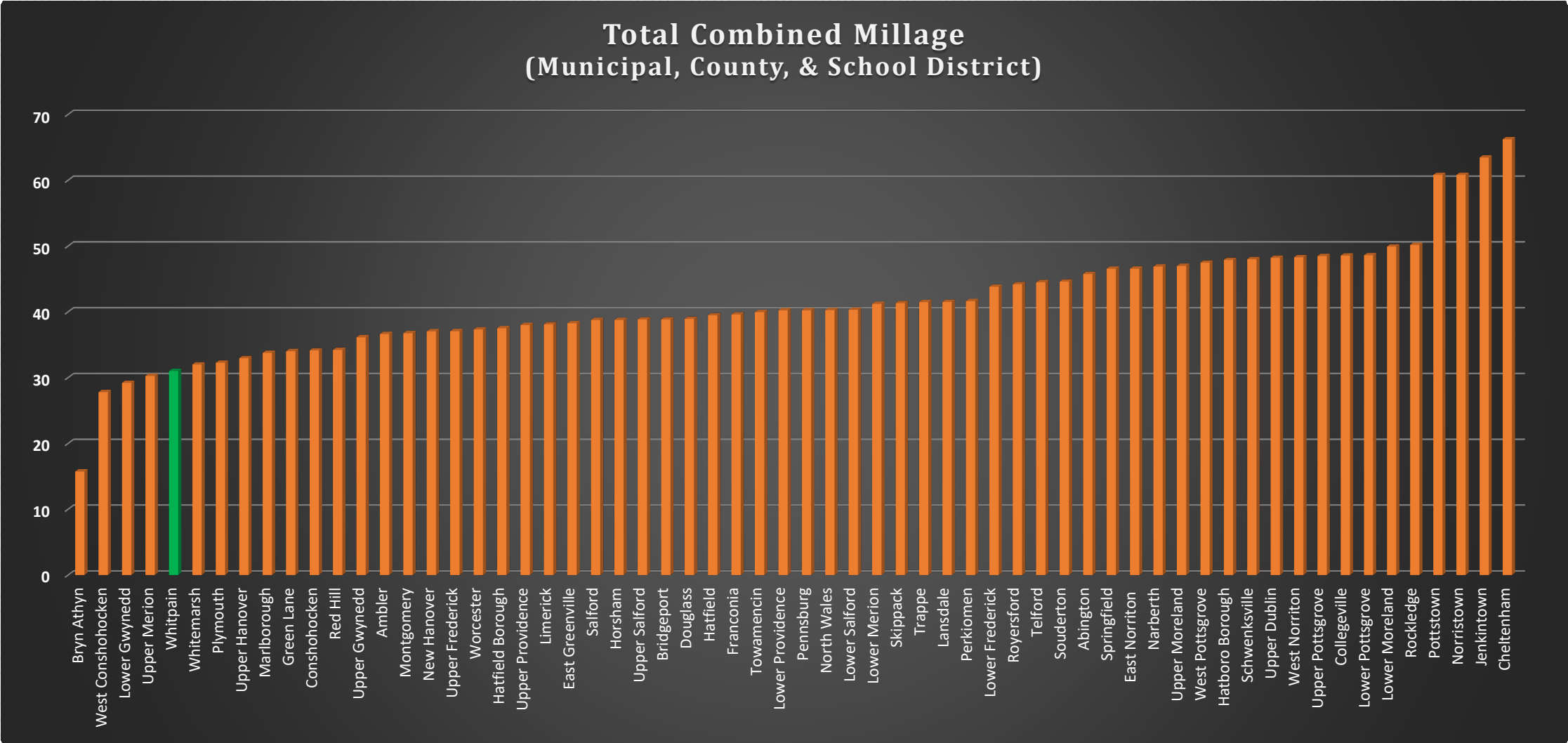
Total Millage Change Over Last Decade:

	<u>2015</u>	<u>2024</u>	<u>% Change</u>
Whitpain Township	3.2	3.2	0%
Montgomery County	3.152	5.178	64%
<u>Wiss. School District</u>	<u>17.925</u>	<u>24.32</u>	<u>36%</u>
Total Tax Rate	24.277	32.698	35%

Total Township Millage Allocation:

➤ General Fund	2.54
➤ Fire Tax	0.40
➤ Fire Hydrant	0.05
➤ <u>Debt Service</u>	<u>0.21</u>
	3.20 mills

Millage Comparison by Municipality



Conclusion

- No tax increase currently included for 2025
 - 2025 expenses and revenues need to be monitored to refine future projections
 - Future budgets will be significantly more challenging without a revenue rebound from existing revenue streams, an increase in the real estate tax millage or a significant reduction in the expenses which may impact public services
- Township continues managing numerous grants and will pursue additional grants to provide new funding streams for capital projects that improve the Township's infrastructure and reduce the need for Township funding
- Fire, Sewer and other funds to be presented on November 19th
- Budget scheduled for adoption December 17th

Upcoming Meetings

- Budget Work Sessions
 - November 19th at 6:00 PM
- Board of Supervisors Regular Meetings
 - November 19th 6:00 PM
 - December 3rd 6:00 PM
 - December 17th 6:00 PM





Comments & Questions

Whitpain Township