

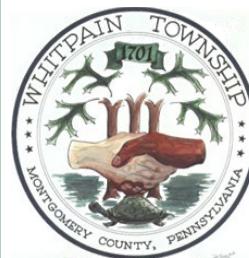


# **Whitpain Township Proposed 2025 Budget**

## **Presentation III**

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**Board of Supervisors  
December 3, 2024**





# General Fund Financial Forecast - Recap

- The Township's current General Fund financial outlook shows increasing projected deficits which will erode the Township's fund balance (savings) position quickly over the near term
- Board can opt to pass a balanced budget without a tax increase for another year, but that will place greater pressure on the need to have positive financial performance and still leave potentially significant tax increases as a possibility in 2026
- The Board may also look at acting earlier to adjust tax rates in 2025 to begin to close the projected financial deficits while also directing Township staff to begin to make budgetary adjustments wherever feasible that do not significantly impact services
- These are difficult policy decisions. The following financial scenarios have been modeled to try to provide additional information to the Board so they can make a better-informed decision on how they would like to proceed



# Current General Fund Financial Forecast

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

- Forecast assumes no real estate tax millage increases
- Growing annual deficits without additional revenue or expenditure reductions
- Fund balance level would fall below 17% of expenditures by end of 2026 and would require significant additional funds in order to reach an acceptable level
  - Would likely require at least a 1.0 mill increase in 2026 to reduce the deficit and leave the Township with an acceptable fund balance level



# Revised General Fund Financial Forecast – 2026 Tax Scenario

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	3,392,491	2,030,992	377,356
Revenues & Transfers In	19,267,400	19,003,700	21,282,287	21,527,490	21,785,707	22,099,631
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)	(958,755)	(1,361,499)	(1,653,636)	(1,736,033)
Ending Fund Balance	8,962,819	4,351,246	3,392,491	2,030,992	377,356	(1,358,677)
Ending FB %	48.6%	22.1%	16.4%	9.5%	1.7%	-6.0%

- Alternative forecast assumes General Fund real estate tax millage increase of 1.02 mills in 2026; reduces annual forecasted deficits
- Fund balance level would be right around 17% of expenditures by end of 2026
- Township would still need to address financial challenges in Fire Tax and Debt Service Funds
  - Would likely require an increase of 0.2 mills in 2026 in order to stabilize those funds in 2026



# Updated Real Estate Tax Impact – 2026 Scenario

- The following shows a potential tax increase scenario for the average homeowner if the current financial forecast is accurate, and the Township waits until 2026 to make any changes to tax policy

Township Tax Rate	2025	2026
General Fund	2.54	3.56
Fire Tax Fund	0.40	0.50
Fire Hydrant Fund	0.05	0.05
Debt Service Fund	0.21	0.31
<b>Total Tax Rate</b>	<b>3.20</b>	<b>4.42</b>
Avg. Home Impact	\$ 726	\$ 1,003
Difference		\$ 277
Difference/month		\$ 23



# Revised General Fund Financial Forecast – 2025 Tax Scenario

General Fund	Proj. 2024	2025 Bud.	2026 Est.	2027 Est.	2028 Est.	2029 Est.
Beginning Fund Balance	10,451,615	8,962,819	5,637,425	3,890,631	1,741,093	(700,582)
Revenues & Transfers In	19,267,400	20,289,879	20,494,248	20,739,451	20,997,668	21,311,592
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)	(3,325,394)	(1,746,794)	(2,149,538)	(2,441,675)	(2,524,072)
Ending Fund Balance	8,962,819	5,637,425	3,890,631	1,741,093	(700,582)	(3,224,654)
Ending FB %	48.6%	28.6%	18.8%	8.1%	-3.2%	-14.3%

- This forecast assumes General Fund real estate tax millage increase of 0.63 mills in 2025; which again would reduce annual forecasted deficits
  - Fund balance very likely sufficient in 2026 with positive financial performance compared to budget/projections
- Township would address Fire Tax and Debt Service funds in 2025 as well
  - Would request an increase of 0.12 mills in order to stabilize those funds through at least 2026



# Updated Real Estate Tax Impact – 2025 Scenario

- The following shows a potential tax increase scenario for the average homeowner if the current financial forecast is accurate, and the Township opts to increase real estate taxes in 2025

<b>Township Tax Rate</b>	<b>2024</b>	<b>2025</b>
General Fund	2.54	3.17
Fire Tax Fund	0.40	0.46
Fire Hydrant Fund	0.05	0.05
Debt Service Fund	0.21	0.27
<b>Total Tax Rate</b>	<b>3.20</b>	<b>3.95</b>
Avg. Home Impact	\$ 726	\$ 897
Difference		\$ 170
Difference/month		\$ 14



## Next Steps

- There is no good time to potentially raise property taxes; however, given the financial fundamentals and declines in other major revenue sources it appears to be an issue of “when” and not “if” absent very significant reductions in spending/public services
- The Township has not raised taxes since 2010 and since that time the CPI in the Philadelphia region has increased by nearly 39% and the Municipal Cost Index has increased by 49%
  - Post-pandemic issues such as the cost of vehicles and equipment have had an outsized impact on local governments
- Township will continue to pursue opportunities for cost savings
- This is a tax policy matter for the Board to discuss and get feedback from the public/stakeholders prior to making a final decision as we move forward in the budget adoption process
- Questions and comments...