

LOWER PAXTON TOWNSHIP



LOWER PAXTON TOWNSHIP

2023 BUDGET PRESENTATION
TUESDAY, NOVEMBER 15, 2022 – 7:00PM

PUBLIC INSPECTION BUDGET PRESENTATION - NOVEMBER 15, 2022

LOWER PAXTON TOWNSHIP



Township Budget Highlights

- General Fund
 - Revenues - \$ 27,259,087
 - Expenditures - \$ 27,723,067

- State Aid Fund
 - Revenues - \$ 1,611,785
 - Expenditures - \$ 1,716,397

- General Improvement and American Rescue Plan Act (ARPA) Funds
 - Revenues - \$ 2,290,356
 - Expenditures - \$ 5,724,811

- Fire Protection Tax & Equipment Fund
 - Revenues - \$ 2,225,869
 - Expenditures - \$ 1,706,999

- Excludes Fiduciary Funds of the Township – Police and Non-Uniformed Pension Plans, Length of Service Award Program (LOSAP) Pension Plan, and Tax Collector Custodian Fund

2023 Township Municipal Budgets Overview

- Township Budgets scheduled for adoption at Board of Supervisor's Meeting on December 20, 2022

LOWER PAXTON TOWNSHIP



Township Authority Budget Highlights (Draft)

- LPT Authority Sewer Operating Fund
 - Revenues - \$ 17,417,976
 - Expenditures - \$ 18,430,402

- LPT Authority Sewer Capital Fund
 - Revenues - \$ 222,000
 - Expenditures - \$ 7,164,899
 - *From unspent bond/debt proceeds and accumulated interest earning reserves*

- LPT Authority Stormwater Operating Fund
 - Revenues - \$ 3,484,153
 - Expenditures - \$ 3,093,660

- LPT Authority Stormwater Capital Fund
 - Revenues - \$ 280,000
 - Expenditures - \$ 4,099,944
 - *From unspent bond/debt proceeds and accumulated interest earning reserves*

Proposed total expenditures for 2023 Municipal Budgets across all agencies total \$ 69,660,179

2023 Authority Municipal Budgets Overview

- Authority Budgets to be adopted by LPT Authority Board on November 22, 2022

LOWER PAXTON TOWNSHIP



2023 General Fund Budget Overview

- Provides all general services to residents and property owners/occupants of the Township – public safety, public works, parks and recreation, community development, and general administrative services
 - Most municipal services do not have direct charges to offset their costs, relying on taxation (primarily real estate and earned income sources) to fund these services
 - Majority of expenditures, as with any municipal entity's General Fund operation, relate to personnel and related benefits to provide and manage those services for the benefit of the community (77% of total expenditures)
- General Fund is balanced for 2023 based on proposed use of financial reserves of \$464,000
 - Starting 2022 financial reserves totaled \$9,952,684, and projected results for 2022 are anticipated to bring starting 2023 financial reserves to \$10.6 million (39% of proposed operating General Fund revenues)
- Funded primarily from real estate and earned income tax revenues (60% of total revenues)
 - Accounts for general (1.554) and library (0.041) real estate tax millage – **unchanged since 2016**
- Capital investments (property, equipment, and facilities) are currently limited in the General Fund budget, as the Township strategically invests in our vast parks and recreation infrastructure system in our General Improvement and American Rescue Plan Act (ARPA) Funds

LOWER PAXTON TOWNSHIP

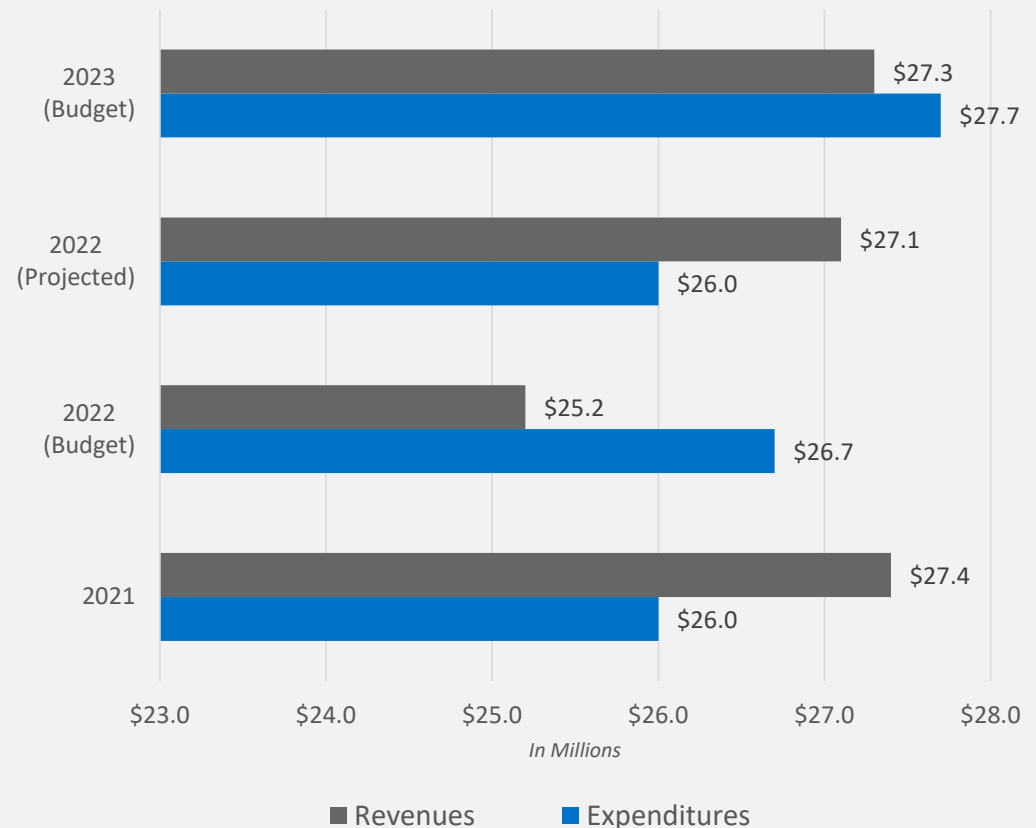


2023 General Fund Budget Overview

Revenue Trends for 2023 Budget

- Overall increase of \$2.0 million (8%) in revenues versus 2022 budget
 - Continued growth projected in taxes, primarily real estate and earned income taxes relative to continued housing development and area wage growth (\$1.1 million increase)
 - Improved liquid investment earnings (\$215,000 increase)
 - Increased revenues from Management Agreement with Township Authority for cost sharing (\$301,000 increase)
 - Historical trending for real building/related permits providing for increased revenue (\$195,000 increase)
- Revenues have been consistent over the past several years, highlighting minimal growth
 - **General (1.554) and library (0.041) tax millage remains unchanged since 2016**
 - Since 2012, population has risen 14%, but assessed real estate values by only 1.2% per year on average
 - 2022 budget highly conservative for earned income taxes, which significantly improved in mid/late 2021 and have continued positive increase trends (five-year 21% growth)

General Fund: Revenues vs. Expenditures Trends



LOWER PAXTON TOWNSHIP

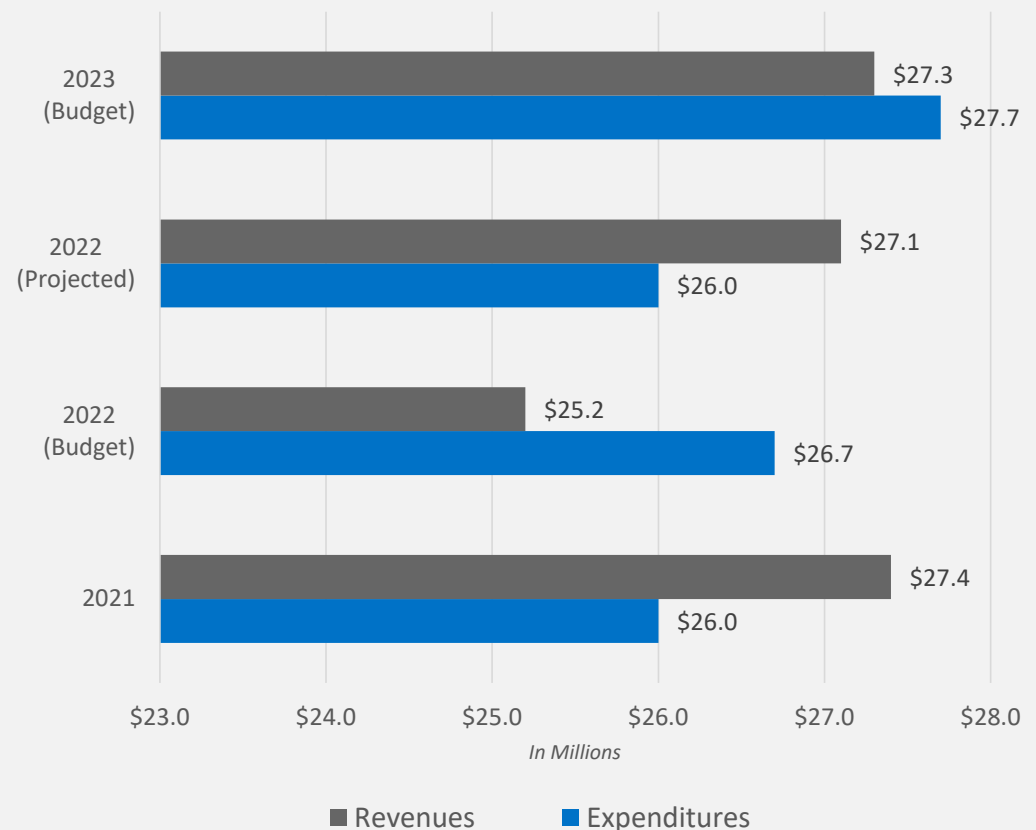


2023 General Fund Budget Overview

Expenditure Trends for 2023 Budget

- Overall increase of \$1.0 million (4%) in expenditures versus 2022 budget
 - Personnel and related benefits account for \$21.4 million of the overall expenditure budget (77%)
 - Increase of \$894,000 (4%) over 2022 budget, reflecting contractual and proposed administrative compensation increases, and increase in minimum municipal (pension) obligation costs
 - Overall inflationary pressures increase costs relative to commodities and services, including increase of \$100,000 relative to vehicle fuel (unleaded and diesel)
 - General Obligation Bond debt service, primarily relative to improvements to municipal facilities, budgeted at \$2.0 million
 - No new debt proposed for General Fund purposes
 - Slight decrease of \$6,000 relating to scheduled payments due
 - Declines mildly over the next three years, over \$200,000 starting in 2027, and nearly \$1.1 million starting in 2029
- Expenditure growth from 2020 to 2021 (budget) primarily tied to rise in health insurance costs and pension obligations

General Fund: Revenues vs. Expenditures Trends



LOWER PAXTON TOWNSHIP



2023 State Aid Fund Budget Overview

- Accounts for Highway Liquid Fuels allocation from PennDOT
 - Majority of annual allocation relates to the State's Motor License Fund tax collections
 - Significantly negatively impacted for 2021 (reduced by \$115,000) due to COVID-19 travel impacts, but mostly rebounded in 2022 (increased \$103,000)
 - Initial State estimates for 2023 are slightly increased over 2022 projected results (currently estimated at \$1.6 million, up 1%)
 - Funds are mandated for use relative to Township roads, including equipment/vehicle acquisition for repair and maintenance functions, relative to our 210+ miles of roadway!
- State Aid Fund is balanced for 2023 based on proposed use of financial reserves of \$105,000, which would bring anticipated financial reserves to start 2024 to \$93,000
- Total proposed expenditures of \$1.7 million reflects \$101,000 (6%) reduction from 2022 budget, primarily due to reduction in lease expenditures
 - Paving projects total \$1.1 million of the proposal, an increase of \$78,000 over 2022 budget

LOWER PAXTON TOWNSHIP



2023 General Improvement and ARPA Funds Budget Overview

➤ ARPA Fund

- Accounts for receipt and holding of ARPA awards, transferred to the General Improvement Fund for related authorized project spending (*allows segregation of the Federal Funds for tracking/management purposes*)
- Projected reserves to start 2023 are \$4.6 million, and \$1.08 million is proposed to be transferred to the General Improvement Fund (*following slide*); no other activity to note

➤ General Improvement Fund

- Accounts for “one-time” capital projects for the Township, often spanning multiple budget periods, primarily funded through grants, bond proceeds, restricted donations/contributions, and transfers from the General Fund, as necessary
- Accounts for all spending relative to American Rescue Plan Act (ARPA) awards received (\$5.24 million; \$2.68 million earmarked/spent)
- Total revenues of \$3.37 million relate to the following:
 - \$1.08 million transferred from the ARPA Fund, and \$46,000 transferred from the General Fund
 - \$2.19 million in Federal, State and County grant support for proposed capital project investments
 - \$50,000 projected short-term investment earnings

LOWER PAXTON TOWNSHIP



2023 General Improvement and ARPA Funds Budget Overview

➤ General Improvement Fund

- Total expenditures of \$5.72 million (utilizing current year revenues and unspent designated parks donations and land sale proceeds) as follows:
 - ARPA Fund transfers (net \$1.08 million)
 - \$333,000 for Information Technology (IT) improvements and security upgrades
 - \$325,000 for comprehensive reception area remodeling and security upgrades
 - \$1.29 million (*further netted by \$1.04 million in Federal/State grants*) for Union Deposit Pedestrian Safety Improvement Project – Phase 1 and 2
 - \$164,000 improvements and security upgrades for police department, and general ARPA consulting support
 - Designated parks donations and land sale proceeds (net \$2.39 million)
 - Hodges Heights Park Improvements - \$851,000 (*further netted by \$426,000 anticipated State grants*)
 - Brightbill Park Improvements - \$1.36 million (*further netted by \$670,000 State grants*)
 - Additional \$1.28 million in park improvements, pending completion of Parks Master Plan (slated to complete late 2022/early 2023)
 - Existing reserves and General Fund transfers (net \$63,000) for traffic light safety/automation improvements and related Public Works project assessments
- Remaining projected reserves (\$23,000) relate to restricted donations for specific future park improvements

LOWER PAXTON TOWNSHIP



2023 General Improvement and ARPA Funds Budget Overview

Summary of Significant Proposed Investments from ARPA and Designated Park Proceeds for 2023

**\$3.5
Million**

Parks and
Recreation
Improvements and
New Amenities

**\$1.6
Million**

Public Safety and
Network
Infrastructure
Improvements

\$672,000

Information
Technology, Security
Upgrades, and Related
Other Investments

*Over **\$9.7 million** is set for investment in the above projects over the 2022-2023 project period, and over \$1 million in additional years*

LOWER PAXTON TOWNSHIP



2023 Fire Protection Tax & Equipment Fund Budget Overview

- Accounts for full fire protection tax millage (entirely centralized in 2022) to support fire protection services within the Township, including significant capital investment into volunteer fire department apparatus
- **Fire (0.6365) tax millage for fire protection and equipment purposes remains unchanged from 2022**
- 2022's budget initiated a comprehensive assessment of fire protection services within the Township
 - Extensive demand for volunteers and dwindling citizens to answer the call
 - Reduction in volunteer firefighters in Pennsylvania from 300,000 in the 1970's to fewer than 30,000 today
 - Township is supported by Colonial Park, Linglestown, and Paxtonia Volunteer Fire Departments
 - Rising operational, capital, and administrative costs relative to training and services require municipalities to supplement the volunteer model
 - As the 15th largest municipality in Pennsylvania, and one of few municipalities of such significant size relying solely on volunteers for fire protection services, the need to supplement volunteers with paid firefighters in years ahead is growing
 - Preserving fire protection and emergency response
 - 2022's budget included addition of a Deputy Fire Chief position (*anticipated in late 2022*), and a comprehensive study for a long-term model for fire protection service assessment, apparatus management, and paid fire protection complement for volunteers for the Township as well as ensuring Emergency Medical Services (EMS), supporting both basic/advanced life support (BLS/ALS), remain strong throughout the Township (*currently in process and anticipated for completion late 2022/early 2023*)

LOWER PAXTON TOWNSHIP



2023 Fire Protection Tax & Equipment Fund Budget Overview

- Fire Protection Tax & Equipment Fund budget is proposed to add \$478,000 to operating reserves for future paid fire protection complement and \$346,000 to capital reserves rising apparatus cost needs
 - Projected starting reserves for 2024 are \$1.1 million for operating and \$1.7 million for capital
- Total proposed operating expenditures of \$1.7 million (\$56,000 increase over 2022 budget); primary items include
 - \$179,400 for annual allotments provided to each of the three volunteer fire companies serving the Township (\$538,200 total) – represents a 5% increase over 2022 budget
 - \$151,000 for Deputy Fire Chief salary and related taxes/benefits
 - \$50,000 for unemployment compensation required (by State) covering all volunteer fire companies (*shifted from General Fund*)
 - \$260,000 for payments to Veolia for public fire hydrants throughout the Township
 - \$305,410 contribution to Township Equipment Plan Capital Reserve
 - Follows funding model previously adopted, with next significant phase of planned purchases in 2029 (estimated at \$2,000,000)
 - \$313,000 for debt service relative to 2019 General Obligation Bonds issued for apparatus acquisitions (no new debt proposed for 2023)
- No capital expenditures proposed in the 2023 budget

LOWER PAXTON TOWNSHIP



2023 Authority Sewer & Stormwater Budgets Overview

- Lower Paxton Township Authority Board is expected to adopt the 2023 Operating and Capital Fund budgets for the Sewer and Stormwater Funds on Tuesday, November 22, 2022
- Rates for stormwater services remain unchanged from 2021, at \$26 per quarter (reduced in 2021 from \$32 per quarter), and a \$5-per-quarter increase is proposed for 2023 for sanitary sewer charges (\$158 per quarter) tied with inflationary impacts on capital improvements and necessary consulting services
- Capital budgets are proposed as follows, reflecting continued significant investment in improvement of utility infrastructure throughout our collection and conveyance system, including full restoration of all related roadway infrastructure
 - \$7.2 million for sewer capital investments
 - \$4.1 million for stormwater capital investments
 - No additional debt issuance is targeted for 2023, though \$26 million anticipated for sewer improvements in 2024 pending continued evaluation of consent decree investment mandates and cumulative operating results

LOWER PAXTON TOWNSHIP



2023 Municipal Taxation Overview

Total Township proposed real estate tax millage is 2.2315 – for average assessed home in the Township (\$207,200), real estate tax cost would be \$462.37 for 2023 Township services as follows:



Within the County, only five municipalities have over 20,000 population – Lower Paxton, Swatara, Susquehanna, and Derry Townships and the City of Harrisburg. Excluding the City (**with 30.97 mills for land and 5.16 mills for buildings**), average real estate tax millage is 3.1605 mills; average relative to all taxing municipalities (38; excludes two with millage rates over 20!) within the County is 3.8585 mills.

Lower Paxton Township taxes continue to remain significantly lower than our neighboring communities!

LOWER PAXTON TOWNSHIP

2023 TOWNSHIP MUNICIPAL BUDGETS OVERVIEW

*Thank you from the departmental staff of the
Township!*

QUESTIONS?

R. Samuel Miller, CPA, CGFM

Assistant Township Manager / Finance Director

(717) 657-5600 ext. 1124

lowerpaxton-pa.gov

