

*'The World in One Place'*



# Upper Darby Township

*FY2025 Proposed Budget Presentation*



# Agenda

1. Overview of FY2024 Budget Status
2. FY2025 Fiscal Projections
3. Council Input on Proposed Strategy for FY2025 and Beyond

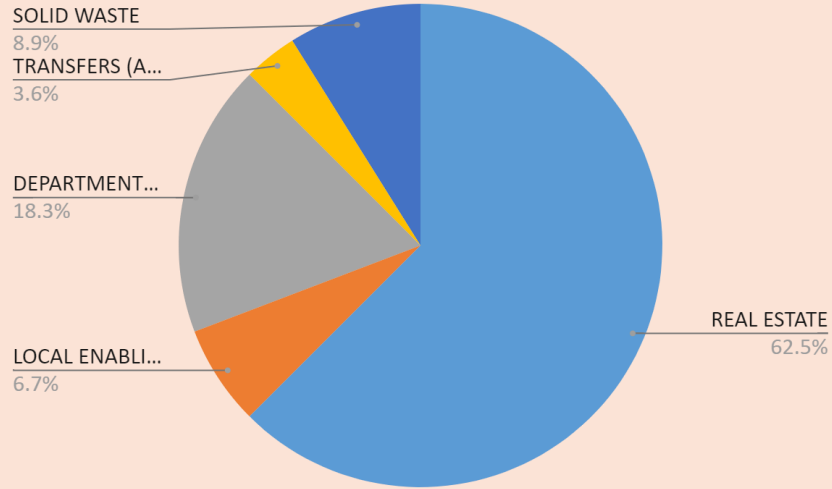


# FY2024 Budget Status

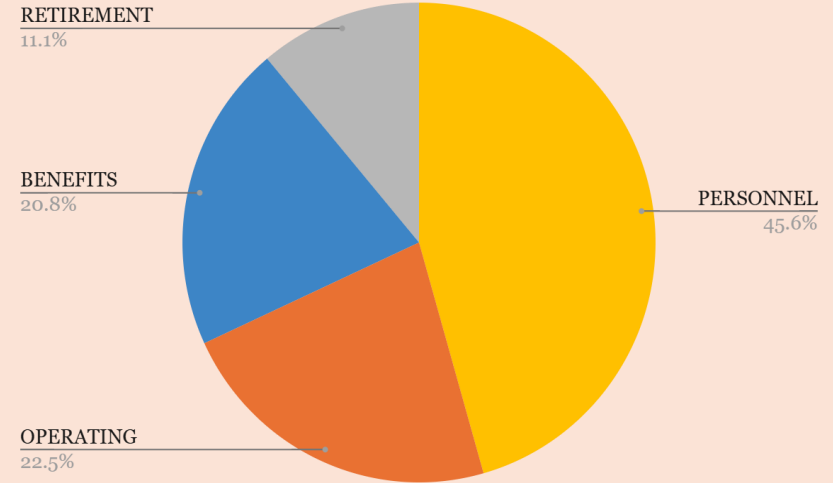
1. As budgeted, \$3.3M of ARPA funds will close the 2024 gap.
2. Real Estate revenue may not meet budget due to a lower than anticipated collectability rate and property value re-assessments.
3. Local enabling Taxes (BPT,LST) and Interest are doing better than expected.
4. Departmental expenses are tracking on target or below budget.
5. Departmental revenues in Police, Parking and Licenses and Inspection will exceed the revenue projections.
6. We anticipate achieving a positive or break-even budget variance.



# FY2023 General Fund Revenues & Expenses by Category



	AMOUNT (\$)	PERCENTAGE
Real Estate Taxes	55,878,750	62.5%
Local Enabling Taxes	6,007,869	6.7%
Departmental, Grants, License and Permits, Misc.	16,306,992	18.3%
Transfers (ARPA and Sewer)	3,210,017	3.6%
Solid Waste	7,934,732	8.9%

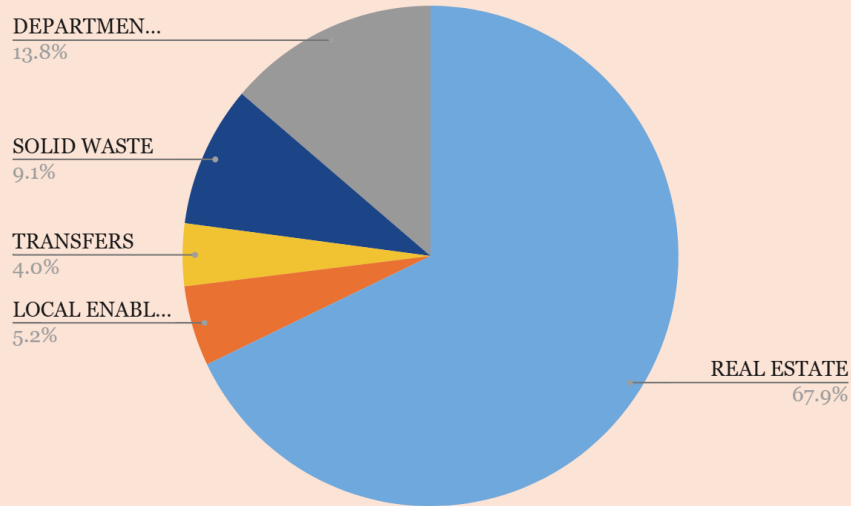


	AMOUNT (\$)	PERCENTAGE
Personnel	38,205,697	45.6%
Operating	18,875,847	22.5%
Benefits	17,453,146	20.8%
Retirement	9,248,338	11.1%

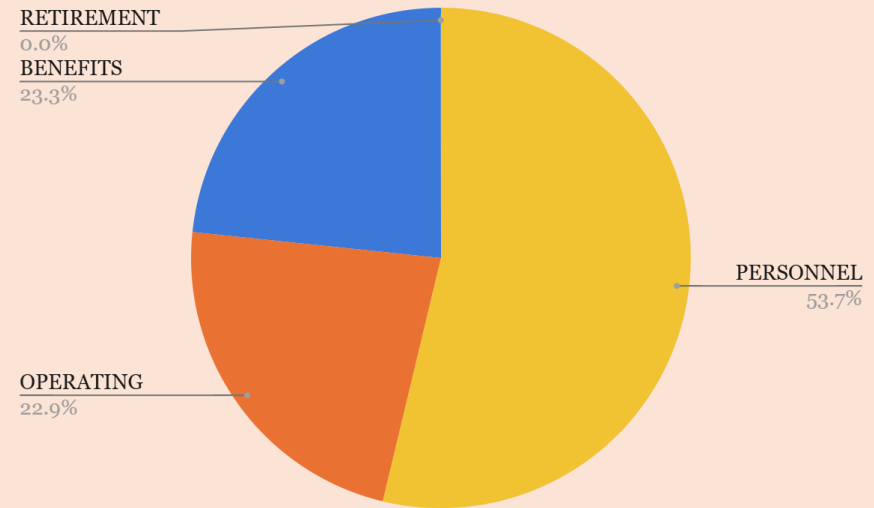
\*Data taken from the FY23 Audit Statement of Revenues, Expenditures, and changes in Fund Balance



# FY2024 YTD (as of 9/30/24) General Fund\* Revenues & Expenses by Category

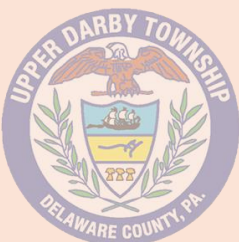


	AMOUNT (\$)	PERCENTAGE
Real Estate Taxes	55,654,554	67.9%
Local Enabling Taxes	4,254,630	5.2%
Departmental, Grants, License and Permits, Misc.	11,295,526	13.8%
Transfers (ARPA and Sewer)	3,310,000	4%
Solid Waste	7,487,875	9.1%

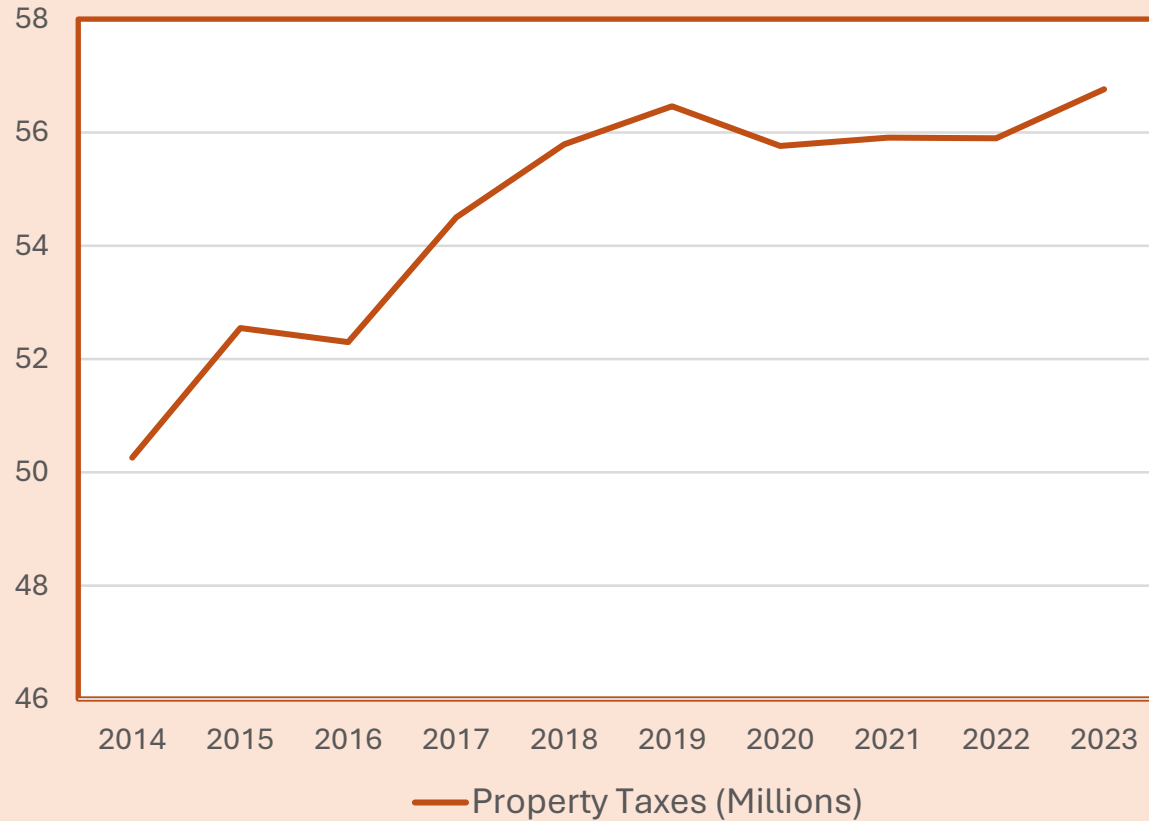


	AMOUNT (\$)	PERCENTAGE
Personnel	27,445,481	53.7%
Operating	11,700,360	22.9%
Benefits	11,908,062	23.3%
Retirement	12,789	0.03%

\*For comparability to FY23, the ARPA Revenue Replacement, \$13.6M for Capital Reserve has been excluded.

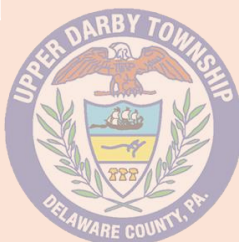


# Revenue Trends – Property Taxes

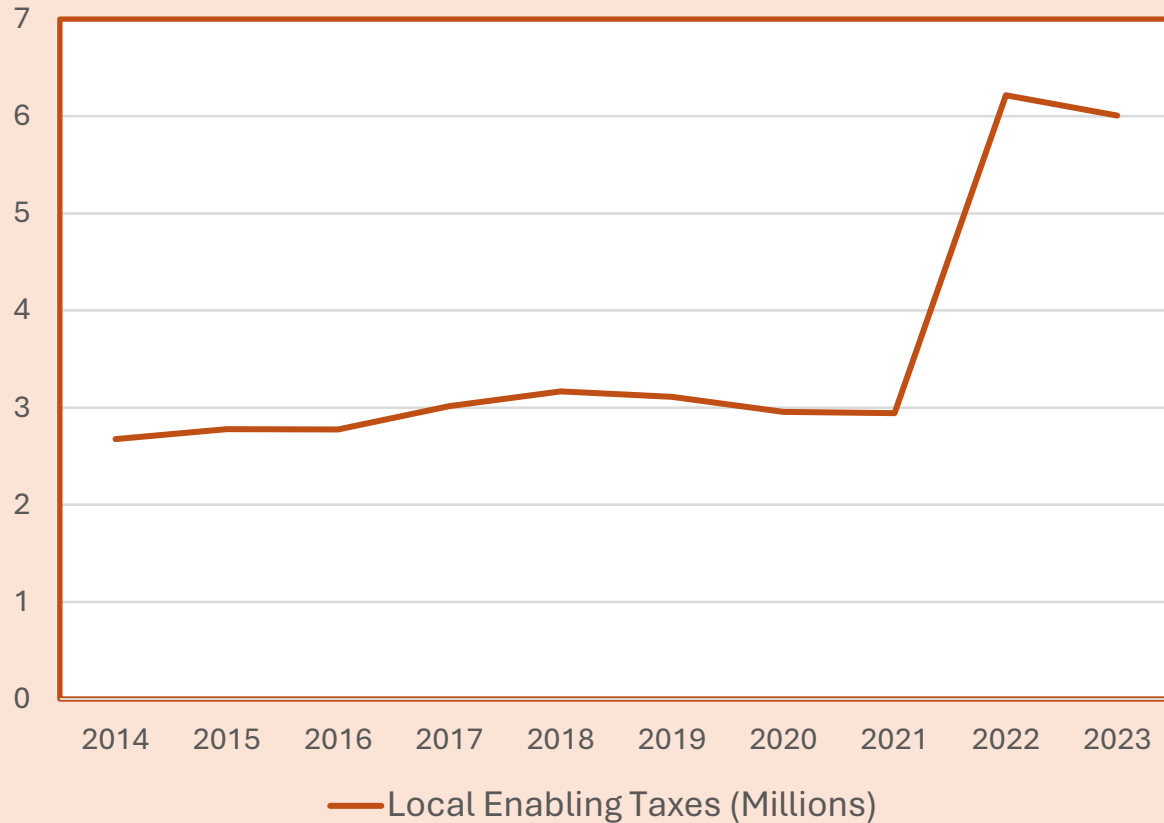


YEAR	REVENUE
2014	\$50,269,703
2015	\$52,551,304
2016	\$52,305,454
2017	\$54,502,232
2018	\$55,794,324
2019	\$56,459,584
2020	\$55,759,365
2021	\$55,910,012
2022	\$55,894,891
2023	\$56,762,548

\*Per the audited financial statements



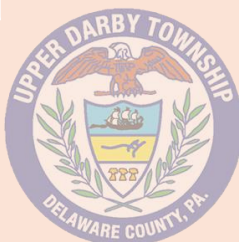
# Revenue Trends – Local Enabling Taxes



\*Increase in 2022 due to R.E. Transfer Tax

YEAR	REVENUE
2014	\$2,676,651
2015	\$2,777,386
2016	\$2,776,504
2017	\$3,014,352
2018	\$3,166,507
2019	\$3,111,672
2020	\$2,957,499
2021	\$2,942,401
2022	\$6,216,922
2023	\$6,007,868

\*Per the audited financial statements



# FY2025 Budget Considerations

- We will experience a 16% increase in health care costs – we will explore lower cost options in 2026.
- We have budgeted a 3% salary increase, subject to ongoing negotiations.
- Implications of the Earned Income Tax:
  - The establishment of an Operational Reserve fund (\$2,188,756) and a Capital Reserve fund (\$3,000,000)
  - The establishment of a fund balance policy of 20% of the General Fund Budget (approximately \$20,000,000.00), which will position the Township to reestablish a credit rating.
- Millage rate will stay at 14.02
  - The Budget anticipates reductions in our overall property value due to assessment appeals.
  - The stable millage rate is a direct result of the implementation of the Earned Income Tax.





# FY2025 GENERAL FUND REVENUE SUMMARY

DESCRIPTION	ACTUAL 2023	BUDGET 2024	PROPOSED 2025	% CHANGE
Real Estate Taxes	55,878,750	58,106,503	56,511,802	-2.7%
Local Enabling Taxes	6,007,869	5,985,000	21,275,900	255.5%
Licenses & Permits	2,911,765	2,787,563	3,669,500	31.6%
Fines & Forfeits	774,774	795,010	1,005,010	26.4%
Interest & Rent	1,234,945	1,031,478	1,245,160	20.7%
Intergovernmental Revenue	11,570,131	8,850,114	6,176,880	30.2%
Charge for Services	9,766,971	10,084,395	10,587,626	5%
Miscellaneous	483,138	440,000	500,000	13.6%
Interfund Operating Transfer	710,017	700,000	700,000	0%
<b>Total Gross Revenue</b>	<b>\$89,338,360</b>	<b>\$88,780,063</b>	<b>\$101,671,878</b>	<b>14.5%</b>

\*2023 Actual based on FY2023 Financial Audit - Statement of Revenue, Expenditures and Changes in Fund Balance. FY2023 includes grant revenue that may not have been budgeted.



# Revenue Changes – General Fund

Total Revenue Increase (14.5%) -- Significant Changes:

- Local Enabling Taxes increase due to the implementation of the Earned Income Tax (\$15.2M)
- Real estate Tax decrease due to property reassessments and decreasing collectability rate (-\$1.6M)
- Licenses and Permits increase due to stricter enforcement of L&I policies (\$880K)
- Decrease in Intergovernmental Rev. due to end of ARPA revenue replacement (-\$3.3M) and increase in Pension State Aid (\$440K) and Grant Revenue (\$200K) (Net, -\$2.7M)
- Increase in Charges for Services due to Trash Fee (\$320K) and other departmental charges (\$183K)

# FY2025 GENERAL FUND EXPENDITURE SUMMARY

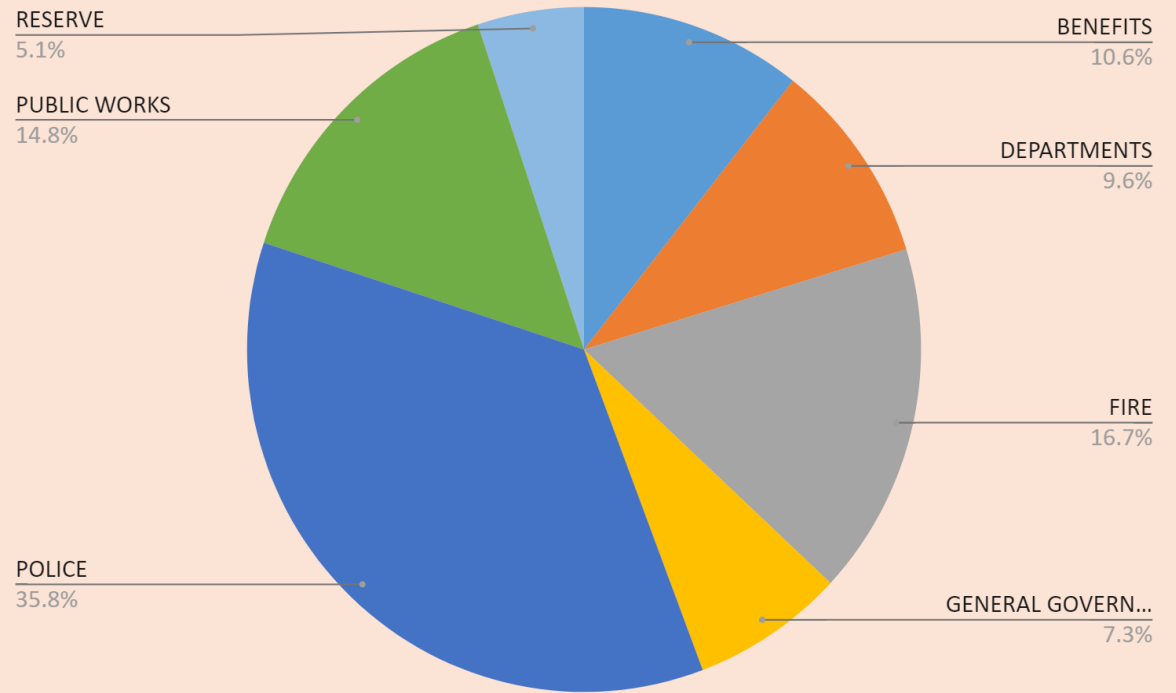
ACCOUNT	ACTUAL 2023	BUDGET 2024	PROPOSED 2025	% CHANGE
Personnel	38,205,697	41,125,710	42,937,360	4.4%
Benefits (incl. Retirees)	17,453,146	19,117,710	21,640,875	13.2%
Retirement	9,248,338	10,343,448	10,858,417	5%
Total Personnel	<b>64,907,181</b>	<b>70,586,868</b>	<b>75,436,652</b>	6.9%
Total Operating	<b>18,875,847</b>	<b>18,193,195</b>	<b>21,046,470</b>	15.7%
Transfer to Capital Reserve	n/a	n/a	3,000,000	100%
Operational Reserve	n/a	n/a	2,188,756	100%
<b>Total Expenditures</b>	<b>\$83,783,028</b>	<b>\$88,780,063</b>	<b>\$101,671,878</b>	<b>14.5%</b>

\*FY23 Data taken from Audited Financial Statements



# FY2025 General Fund Expenditures – Department Summary

	AMOUNT (\$)	PERCENTAGE
Police	36,384,952	35.8%
Fire	16,948,277	16.7%
Public Works	15,088,626	14.8%
Benefits*	10,820,606	10.6%
All Other Departments	9,790,812	9.6%
General Government	7,449,849	7.3%
Reserve	5,188,756	5.1%



\*The "Benefits" category includes non-uniform employee healthcare, retirement, pension and life insurance and workers compensation for all employees. For uniform employees(Police & Fire) the health care, pension and life insurance costs are categorized in their respective departments.



# Expense Increases – General Fund

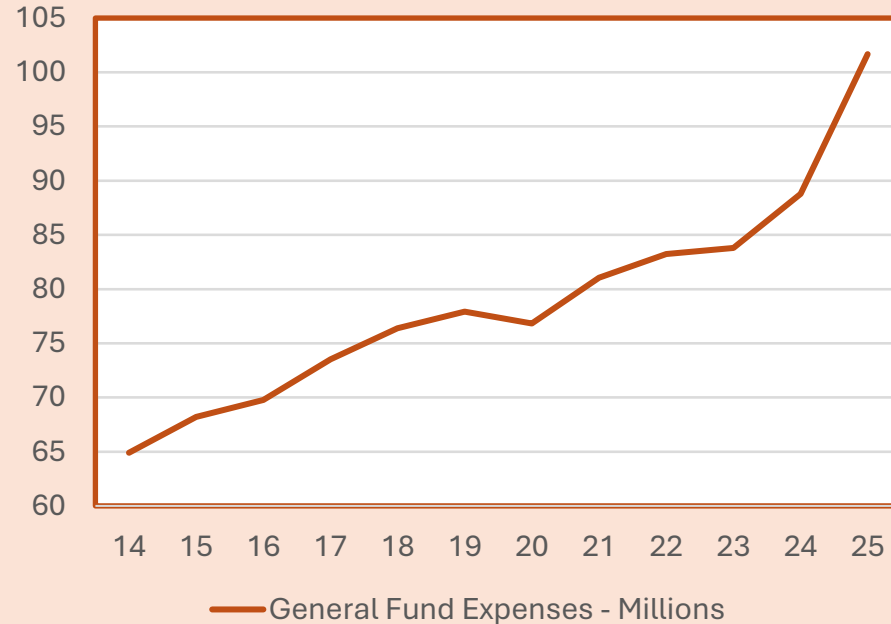
Approved FY24 Budget:  
**\$88,780,063.00**

Proposed FY25 Budget:  
**\$101,671,878.00**

**Increase between FY24 and FY25:**

Personnel Costs: 6.9% Increase

Operating Costs: 15.7% Increase



YEAR	ACTUAL EXPENSE
2014	\$64,903,317
2015	\$68,201,688
2016	\$69,768,417
2017	\$73,530,322
2018	\$76,395,139
2019	\$77,905,869
2020	\$76,837,575
2021	\$81,045,633
2022	\$83,242,736
2023	\$83,783,028
2024	\$88,780,063
2025	\$101,671,878

Actual Expense per the UDT Audited Financial Statements. 2024 and 2025 are the approved and proposed budgets, respectively.

# FY2025 Expense Increases – General Fund

## Personnel Costs Increase (6.9%):

- Salary (\$1.8M)
- Health care - Current employees (\$1.45M)
- Health care - Retirees(\$850K)
- Pension costs (\$514K)
- Other Benefits (\$220K)

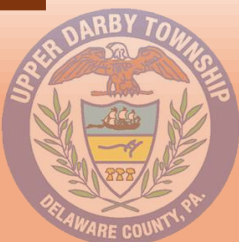
## Operating Costs Increase (15.7%):

- Information Technology due to the implementation of new systems (L&I, HR/PR) and improvements to IT system network and infrastructure (\$505K)
- 3rd party and professional services (\$385K)
- Contingency to ensure resources available for unknown expenses that will impact the Township (\$400K)
- Property Insurance for vehicles, buildings, infrastructure (\$350K)
- Five new police officers – equipment and vehicles (\$338K)
- HUD budget as approved (\$337K)
- Keystone Collections (EIT) (\$220K)
- Staff Development (\$141K)
- Library Support (\$99K)

# FY2025 GENERAL FUND BUDGET SUMMARY

GENERAL FUND	FY23 ACTUAL (PER AUDIT)	FY24 BUDGET	FY25 PROPOSED BUDGET	% CHANGE
<b>Revenue</b>	<b>\$89,338,360</b>	<b>\$88,780,063</b>	<b>\$101,671,878</b>	<b>14.5%</b>
Expenditures	83,783,028	88,780,063	96,483,122	9%
Operational Reserve	0	0	2,188,756	100%
Transfer to Capital Reserve	0	0	3,000,000	100%
<b>Total Expenditures and Reserves</b>	<b>\$83,783,028</b>	<b>\$88,780,063</b>	<b>\$101,671,878</b>	<b>14.5%</b>
Over / (Under)	\$5,555,332*	0	0	

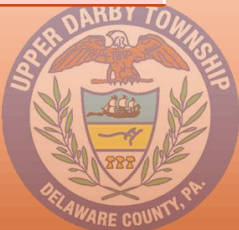
\*NOTE: For FY 2023, this is the increase to the Fund Balance



# FY2025 SINKING FUND

- Debt Service is principal and interest owed for the bonds the Township obtained to fund capital projects
- Debt Service = **\$2,009,360**
- Per ordinance, Debt Service is fully funded from Real Estate Taxes

Debt	Date	Principal	Interest	Total
Series 2021	5/1/2025	685,000	124,200	809,200
	11/1/2025		117,350	117,350
Series A of 2021	5/1/2025	820,000	133,826	953,826
	11/1/2025		128,984	128,984
		<b>\$1,505,000</b>	<b>\$504,360</b>	<b>\$2,009,360</b>





# FY2025 HIGHWAY FUND

- The 2025 allocation from the Pennsylvania Department of Transportation will be **\$1,904,742**
- Allocation is based on the Township's mileage of state roads and population
- In FY2025, the Township will budget a \$1,000,000 fund balance carryforward to be used for road repairs

ACCOUNT	FY24 BUDGET	FY25 PROPOSED
Interest	45,000	55,000
Liquid Fuels Tax	1,923,418	1,904,742
Highway Turn Back Allowance	6,501	6,160
Fund Balance Carryforward	1,000,000	1,000,000
<b>TOTAL</b>	<b>\$2,974,919</b>	<b>\$2,965,902</b>



# FY2025 SEWER FUND

- The proposed Sewer Fee is **\$280** – a \$5 increase from 2024.
- Significant increase in Sewer Authority payments due to contractual increases.
- Would like transfer to Capital Reserve to be \$1M but reduced to \$650k to keep the fee increase at a minimum. Aging infrastructure requires capital funding.

## REVENUE

Account	FY24 Budget	FY25 Proposed
Other Revenue	65,000	100,000
Sewer Fees	10,286,060	10,439,023
Sewer Reimbursements	1,750,517	2,369,032
<b>Total Revenue</b>	<b>\$12,101,577</b>	<b>\$12,908,055</b>

## EXPENSE

Account	FY24 Budget	FY25 Proposed
Personnel Expenses	913,641	957,075
Operating Expenses	9,306,347	10,500,980
Transfers	700,000	700,000
Capital & Repair/Maintenance	1,181,589	750,000
<b>Total Expense</b>	<b>\$12,101,577</b>	<b>\$12,908,055</b>



# FY2025 TRASH FEE

- The proposed Trash Fee is **\$325** – a \$10 increase from 2024.
- This proposed fee does not cover our expenses related to trash collection and does not have consideration for a capital budget or the purchase of additional trash trucks and other equipment.
- Note: “indirect expenses” refers to employee benefits, vehicle maintenance, delinquent trash collection costs, and public works administration allocation.

ACCOUNT	PROPOSED 2025
<b>Total Revenue</b>	<b>\$9,014,688</b>
Direct Expenses – Trash Collection Department	7,499,728
Indirect Expenses	1,728,202
<b>Total Expenses</b>	<b>\$9,277,930</b>
<b>DEFICIT</b>	<b>-\$213,242</b>



# 5-YEAR CAPITAL SUMMARY

	FY2025	FY2026	FY2027	FY2028	FY2029	TOTAL
General	6,064,506	7,685,756	2,849,216	2,768,216	4,903,216	24,270,910
Sewer	1,990,000	1,875,000	1,775,000	1,775,000	1,775,000	9,190,000
Highway	1,665,000	2,320,983	1,350,000	1,150,000	1,150,000	7,635,983
<b>Total</b>	<b>\$9,719,506</b>	<b>\$11,881,739</b>	<b>\$5,974,216</b>	<b>\$5,693,216</b>	<b>\$7,828,216</b>	<b>\$41,096,893</b>



# Fee Schedule

- Council has received a separate handout detailing the full fee schedule for the FY2025 Budget.
- Additional copies of the handout are available at the meeting.
- Does Council have any questions regarding the fees?



# Key Dates

Proposed 2025 Budget Available for Public Review and Comment: October 17<sup>th</sup>

Budget Hearing I: November 13<sup>th</sup>

Budget Hearing II: November 20<sup>th</sup>

Final Adoption of 2025 Budget and 2025 Fee Schedule: December 4<sup>th</sup>



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THANK YOU

