

Borough of Doylestown

2022 Preliminary Budget

November 15, 2021

**OFFICIALS:**

RON STROUSE, Mayor
JACK O'BRIEN, President
NONI WEST, Vice President
JOHN H. DAVIS, Manager

Borough of Doylestown 2022 Preliminary Budget

November 15, 2021

BUDGET PROCESS

Doylestown Borough's fiscal year coincides with the calendar year, beginning January 1 and ending December 31, per §1301 of the Borough Code.

The annual Borough budget is developed and analyzed throughout the fiscal year. In many cases, three fiscal-year budgets are being worked on in one fiscal year: closing out the previous year's budget, analyzing and working through the current year's budget, and developing the next year's budget. At the same time, Borough Council and staff continue to monitor the rolling 5-year Capital budget and make additions or deletions as warranted.

The process begins with a comparison of the current budget to actual revenues and expenditures. We are able to learn from any discrepancies and incorporate that knowledge into the proposed budget. We also evaluate current operations and staffing to see if adjustments are needed.

Starting in August, meetings are held with department heads to receive their input and needs for the coming fiscal year. The direction given to department heads is to present what they feel their department needs and estimated costs using the 5-year Capital budget as a starting point. Additional Capital budget requests are also submitted and reviewed. The Department Heads then review the requests with Council at the first budget worksession in October.

Police protection for Doylestown Borough is provided by the Central Bucks Regional Police Department that serves Doylestown, New Britain and Chalfont Boroughs. The Department was formed in 2014 by Doylestown and New Britain Boroughs, with Chalfont Borough joining in 2016. Percentage share contributions from each municipality are reviewed annually and are based on road miles, three-year average call volume, three-year year average crimes and population. Each municipality appoints elected officials to serve on the Police Commission which is responsible for preparing and submitting the police department budget to each municipality annually by September 1. The Boroughs will either accept or reject the budget at that time. If rejected, the Commission must make adjustments and resubmit a budget to the Boroughs by November 1.

After this process, a first draft of the budget is assembled. Once the first draft is ready, and revenue and expenditure numbers solidify, the Borough Manager then makes decisions on what to recommend to the Borough Council. The analysis takes into account the priority of budget requests, impact to the community, and potential tax implications. After the analysis is complete, the Borough Manager finalizes the proposed budget and transmits it to Borough Council. The first budget worksession is held in early October, and is Council’s first review of the entire budget and capital requests for all departments.

A second budget worksession is held in early November. Through this process, Council will work with the Manager to understand the proposal and ensure it meets the needs of the community. Council may amend the proposal as they deem fit. When Borough Council is comfortable with the budget, they will formally propose the budget in November and advertise it according to §1308 of the Borough Code.

After Council proposes and advertises a budget, and the required time has passed, they may make final amendments if desired and then adopt the budget no later than December 31. In conjunction with adoption of the budget, Borough Council will establish millage rates and fees for the coming year.

[2022 Budget Calendar](#)

Preparation of Staff Requests	September 2021
Manager Capital Budget Review	September 2021
Central Bucks Regional PD Budget Due	September 1, 2021
Staff Budget Update to Finance & Pension Committee	September 9, 2021
First Budget Meeting (Joint Finance Committee/Council)	October 14, 2021
Budget Changes/Amendments	October 14 – October 29, 2021
Central Bucks Regional PD Amended Budget Due	November 1, 2021
Second Budget Meeting (Joint Finance Committee/Council)	November 9, 2021
Third Budget Meeting (Joint Finance Committee/Council)	
Prior to Council meeting	November 15, 2021
Adoption of Preliminary Budget	November 15, 2021
Proposed Budget Advertised for Public Inspection	December 5, 2021
Final Budget Meeting (Joint Finance Committee/Council)	
Prior to Council meeting	December 20, 2021
Adoption of 2021 Budget and Tax Ordinance	December 20, 2021

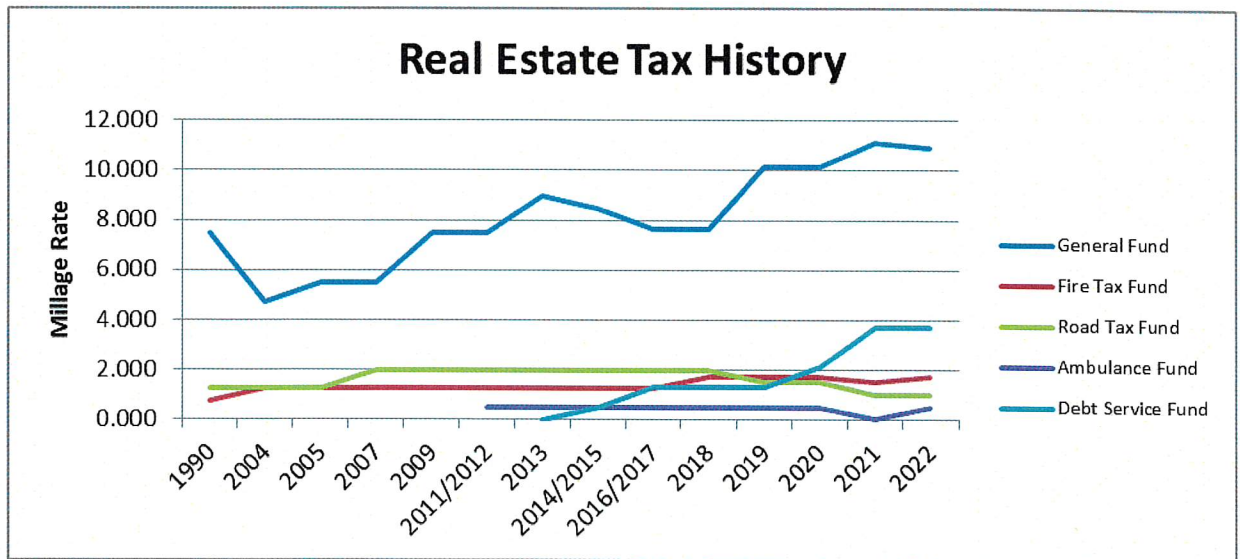
EXECUTIVE SUMMARY

Doylestown Borough’s 2022 Budget will see the long awaited opening of the new Borough Hall, Central Bucks Regional Police Headquarters, and Broad Commons Park. More than two decades in the making, this project marks the most significant upgrades to the Borough’s governmental, public safety and park facilities in its history. The 2022 Budget, however, calls for the Borough’s total property tax burden to remain the same as in 2021.

The average homeowner will pay \$538.77 in **total** Borough Real Estate taxes in 2022.

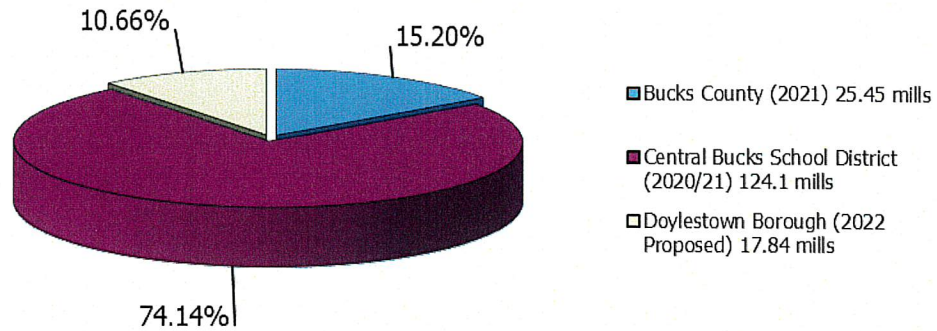
Average Residential Assessment	\$30,200
Dollar Cost of 1 mill of Borough Tax	\$30.20
2022 Total Borough Property Tax for the Average Homeowner:	

\$30.20 per mill x 17.84 total mills of tax	=	\$538.77 per year
General Purposes Tax 10.915 mills (61.2%)	=	\$329.63 per year
Fire Protection 1.70 mills (9.5%)	=	\$ 51.34 per year
Special Road Fund Tax 1.00 mills (5.6%)	=	\$ 30.20 per year
Ambulance & Rescue 0.50 mills (2.8%)	=	\$ 15.10 per year
Debt Service Fund 3.725 mills (20.9%)	=	\$112.50 per year



The Doylestown Borough Real Estate Tax continues to be the smallest portion of a Borough homeowner’s overall Real Estate Tax bill, accounting for 10.66% of the total taxes paid.

2022 REAL ESTATE TAX MILLAGE COMPARISON



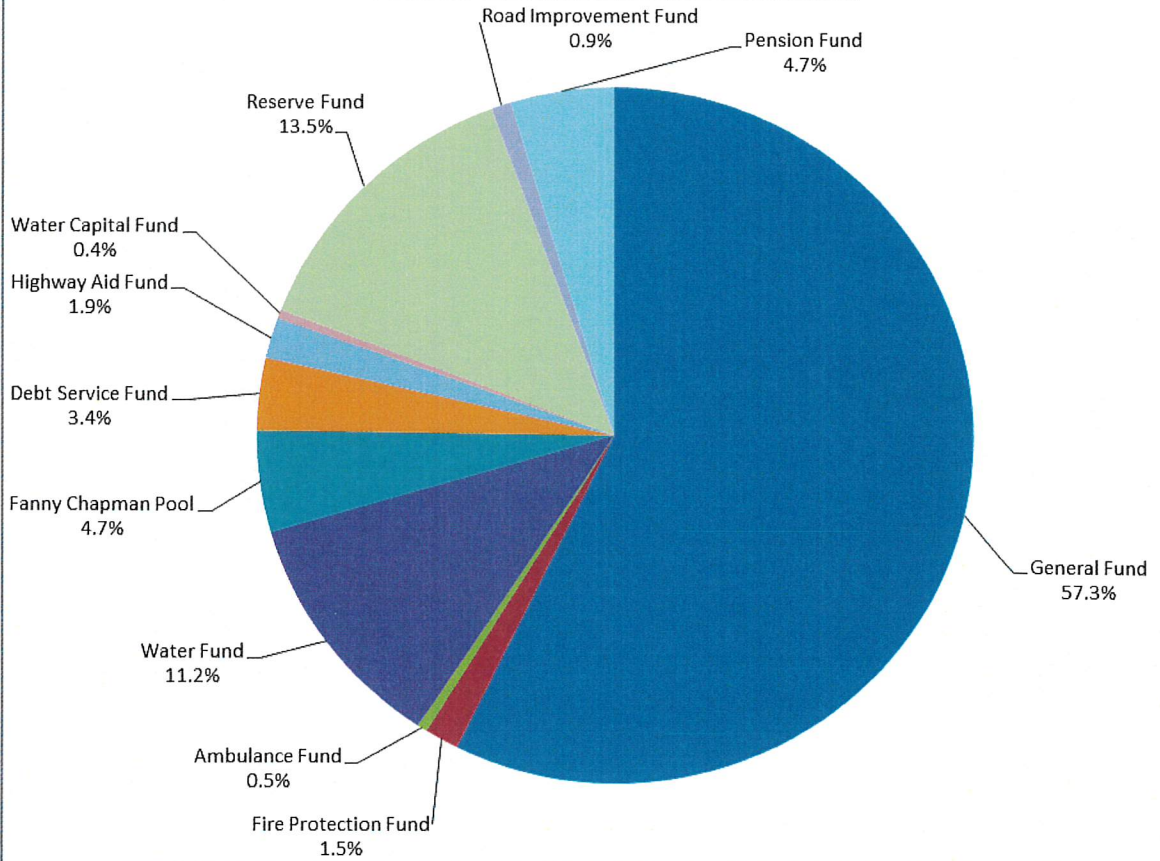
Borough water rates will continue to rank as the second lowest in the region, despite a 3.5% rate increase.

The Borough's Reserve Fund will be supplemented in 2022 by a \$1.5 million Redevelopment Assistance Capital Program (RACP) grant and \$432,912 in ARPA Funds. These funds will support the completion of the Borough Hall/CBRPD Headquarters project and the first phase of the implementation of the Borough's MS4 pollution reduction plan as mandated by the Commonwealth of PA. The project will consist of streambank improvements on the Fonthill Castle property. With the help of these funds, the Reserve will remain at just under \$5 million at the end of 2022.

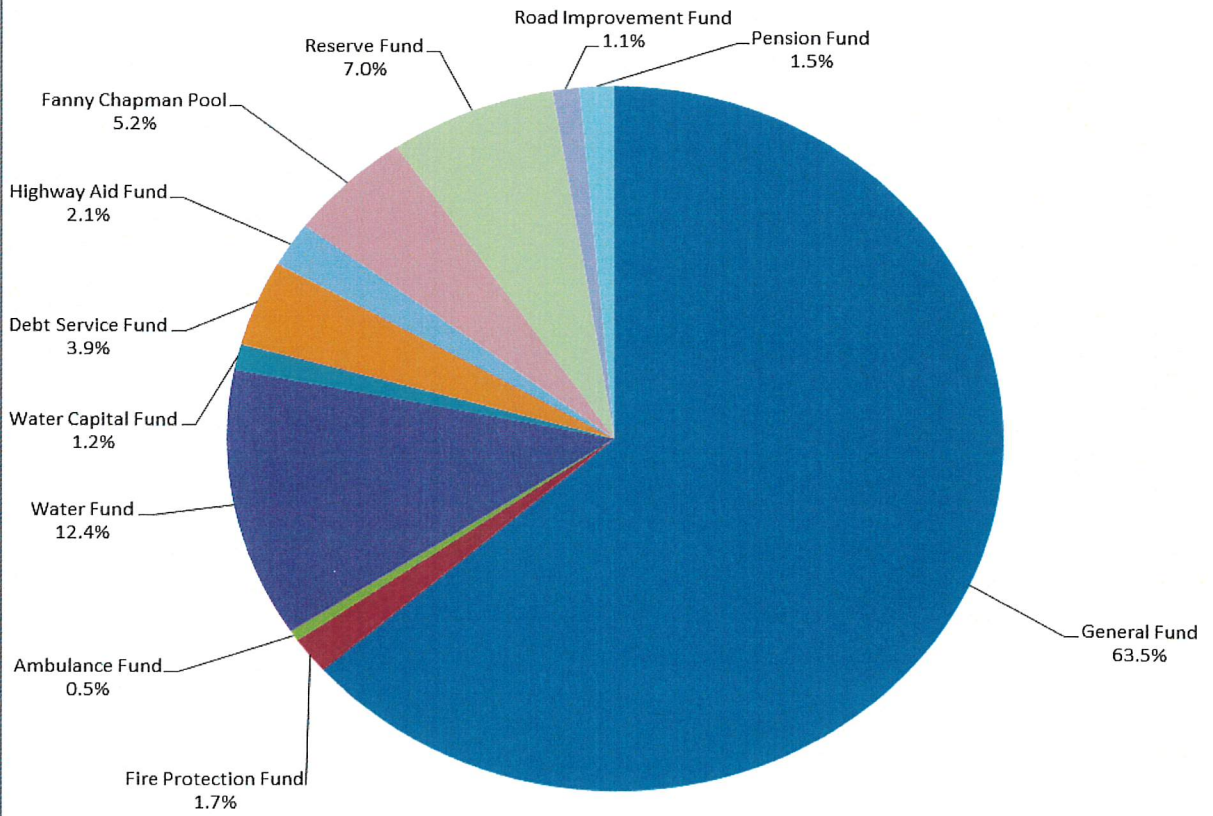
The forecasted total beginning fund balance (all funds) for 2022 is \$10,741,237. A total of \$12,680,006 in revenues is anticipated with \$11,466,597 proposed in expenditures over all eleven funds, leaving a fund balance of \$11,954,646. The breakdown of revenues and expenditures is listed below:

TAX MILLAGE	FUND	BEGINNING BALANCE	2022 REVENUES	2022 APPROPRIATIONS	ENDING BALANCE
10.915	General Fund	\$ 720,356	\$ 7,264,099	\$ (7,284,455)	\$ 700,000
0	Water Fund	288,380	1,421,500	(1,416,276)	293,604
0	Water Capital	277,170	53,025	(137,078)	193,117
0	Reserve Fund	4,018,124	1,715,075	(797,655)	4,935,544
1.700	Fire Protection Fund	100	194,750	(194,750)	100
0.500	Ambulance Squad Fund	-	57,510	(57,510)	-
0	Fanny Chapman Pool Fund	100,000	595,710	(595,710)	100,000
3.725	Debt Service Fund	34,208	427,100	(450,714)	10,594
0	Highway Aid Fund	458	238,193	(238,000)	651
1.000	Road Improvement Fund	48,366	114,600	(127,000)	35,966
0	Non Uniform Pension Fund	5,254,075	598,444	(167,449)	5,685,070
17.840	TOTAL:	\$ 10,741,237	\$ 12,680,006	\$ (11,466,597)	\$ 11,954,646

2022 REVENUE BY FUND



2022 APPROPRIATIONS BY FUND



GENERAL FUND BUDGET

The **General Fund** is the Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General fund includes appropriations for administration and finance, planning and zoning, code enforcement, public works, parking, parks and recreation, community development, and employee benefits and insurance.

Primary revenue sources for the General Fund are Real Property Taxes, Act 511 taxes (Earned Income, Local Services and Real Estate Transfer taxes), Licenses & Permit fees, Meter Fines and Fees, and State Shared Entitlements and charges. Other sources of revenue in the General Fund include cable TV franchise fees, cell tower rental revenue, and interfund transfers.

The 2022 General Fund Budget maintains all taxes at current levels while restoring a clerical position left unfilled during the Pandemic and adding a full-time public works laborer. The new laborer will address an ongoing staffing shortage that would otherwise be exacerbated by the department's new responsibilities to maintain an additional park and new Borough Hall. The public works department has been staffed at its current level since 2004, despite taking on responsibility for tree maintenance, and maintaining long-standing labor intensive services including paving, water distribution system repair, and leaf collection.

Police services will continue to be provided by the Central Bucks Regional Police Department, which serves Doylestown, New Britain, and Chalfont Boroughs. The largest expenditures in the General Fund is the Borough's contribution to the Regional Police Department, representing 50.6% of all General Fund expenditures, net of interfund transfers.

WATER FUND BUDGET

Residents and businesses of the Borough receive water service from Doylestown Borough. The Borough has five supply wells and two water storage standpipes located at Spruce Street (1-million gallon capacity) and South Chubb Drive (500,000 gallon capacity). Billing is quarterly, and the rates are reviewed and set annually.

Borough water rates will rank as the second lowest in the region when compared to 2021 rates, despite a 3.5% rate increase. The average residential customer's quarterly bill will increase by \$1.84 to \$54.47. The increase is necessary to address an operating budget deficit and a share of the cost of a new public works laborer to be added in 2022.

Quarterly Base Charge Per Meter Size

Meter Size	2021	2022
	Base Charge	Base Charge
<1.5" meter	\$ 25.02	\$ 25.90
1.5" meter	\$ 26.30	\$ 27.22
2" meter	\$ 28.84	\$ 29.85
3" meter	\$ 30.11	\$ 31.16
4" meter	\$ 31.38	\$ 32.48

Quarterly Usage Charges

CONSUMPTION	CHARGES - 2021	CHARGES - 2022
0-3,000 gallons	Base Charge	Base Charge
3,001-20,000 gallons	\$3.73/1,000 gal	\$3.86/1,000 gal
20,001 gallons & up	\$4.65/1,000 gal	\$4.82/1,000 gal

2022 Water Capital Fund expenditures total \$137,078, and will be funded solely by the Water Capital Fund, revenues which come from tapping fees. The most prominent capital projects in 2022 are renovations to Well #9 (Maplewood) and Well #10 (Sandy Ridge) to improve water quality.

WATER RATE COMPARISON - 2022

MUNICIPALITY	MINIMUM CONSUMPTION	QTRLY BASE CHARGE	OVERAGE CHARGE	AVG QTRLY BILL (10,400 gallons)	CURRENT RANK
Warrington Twp. (North Wales Water Auth)	None	\$12.00	\$3.60/1,000	\$49.44	1
Montgomery Twp. (North Wales Water Auth)	None	\$12.00	\$3.60/1,000	\$49.44	1
Doylestown Borough *2022 Proposed	3,000 gallons	\$25.90	\$3.86/1,000 for 3,000-20,000 \$4.82/1,000 over 20,000	\$54.47	2
Hilltown Township	None	\$23.00	\$3.72/1,000 to 24,000 \$4.43/1,000 over 24,000	\$61.69	3
Horsham Twp (Horsham Twp Water Authority)	None	\$10.95/MO	\$3.19/1,000 to 10,000 \$5.52/1,000 over 10,000 \$1.73/1,000 capacity rental	\$63.05	4
Dublin Borough	None	\$25.00	\$3.70/1,000	\$63.48	5
Warwick Township	None	\$26.40	\$3.97/1,000 to 40,000 \$5.82/1,000 over 40,000	\$67.69	6
Buckingham Township	3,000 gallons	\$15.95	\$2.65/1,000 over 3,000 +\$46.45 fixed Capital Fee/qtrly	\$79.47	7
Doylestown Township	None	\$20.00	\$5.85/1,000	\$80.84	8
Quakertown Borough	3,000 gallons	\$13.31/MO	\$6.25/1,000 over 2,250	\$90.87	9

Newtown Borough (Newtown Artesian Water)	None	\$22.71	\$6.635/1,000	\$91.91	10
Perkasie Borough	None	\$62.50	\$4.05/1,000 to 5,000 \$4.20/1,000 6k-10k \$4.35/1,000 11k to 15k	\$105.49	11
Chalfont Borough	None	\$15/MO	\$7.10/1,000	\$118.84	12
New Hope Borough (BCWSA)	None	\$25/MO	\$4.70/1,000	\$123.88	13

**all are 2021 rates unless otherwise noted*

RESERVE FUND

The **Capital Projects/Reserve Fund** was created in the early 1990's to provide for emergency expenditures. In 1994, the Borough sold its sanitary sewer system to Bucks County Water and Sewer Authority. Approximately \$7 million of the sale proceeds were deposited to this fund to be used for capital improvements and equipment purchases.

The Borough's 2022 Capital Projects/Reserve Budget will fund the completion of the new Borough Hall, Central Bucks Regional Police Headquarters, and Park, the implementation of the MS4 Pollution Reduction Plan, and several equipment and vehicle upgrades.

Revenue from a \$1.5 million Redevelopment Assistance Capital Program (RACP) grant from the Commonwealth of Pennsylvania will fund the completion of the Borough Hall/CBRPD HQ project, while \$432,912 in American Rescue Plan (ARPA) Funds will be used for streambank improvements on the Fonthill property as part of the Borough's MS4 pollution reduction plan.

Additional Reserve Funds will be used for the equipment and vehicle upgrades, the most prominent being new Pay-and-Display units at the Plaza West Parking Lot, the first phase of a 5G parking meter upgrade, and a new one-ton dump truck.

Since its creation, \$11.9 million in revenue generated by the fund has been used to support the Borough's budget. This support is equivalent to 105.22 mills (3.76 mills per year).

OTHER FUNDS

Fire Protection Fund

The Borough will levy a 1.70 mill real estate tax dedicated to fire protection services provided by Doylestown Fire Company #1, which is a 0.18 mill increase from 2021. For 2022, it is estimated that \$194,750 in real estate taxes and interest will be collected and disbursed to the Fire Company. These receipts are disbursed quarterly to the Fire Company.

Ambulance Squad Fund

The Borough levies a 0.50 mill real estate tax dedicated to ambulance and rescue squad services provided by Central Bucks EMS, which will not increase in 2022. For 2022, it is estimated that \$57,510 in real estate taxes and interest will be collected and disbursed to the Ambulance Squad. These receipts are disbursed quarterly to the Ambulance Squad.

Fanny Chapman Pool Fund

The **Fanny Chapman Pool Fund** is used to account for the financial activity of the Borough's community swimming pool. The Fanny Chapman Pool complex has five pools and operates from Memorial Day to Labor Day. It is overseen by an appointed Board of Managers who has the authority, subject to the approval of Borough Council, to employ and discharge personnel, fix the salaries of employees, establish membership fees, enforce rules and regulations and purchase supplies to maintain the grounds, buildings and equipment of the pool.

There is no increase to their membership fees for 2022. The budgeted expenditures are \$595,710, or \$70,810 higher than 2021 budget. This is primarily due to a structural repair to the diving pool, which will be funded by a transfer from the Capital Reserve account.

Debt Service Fund

The **Debt Service Fund** accounts for debt obligations on outstanding bonds and notes. The Borough currently has \$6.794 million in outstanding bonds and notes. Principal payments are approximately \$420,000 each year through 2030. These payments drop to \$345,000 in 2031, and again drop to \$283,000 in 2034. The Bonds have an average interest rate of 2.194%.

The current tax levy of 3.725 mills will not change for 2022, generating \$427,000, sufficient to fund the debt service all three debt obligations (2013 Note, 2015 Note and 2020 Note).

The Borough of Doylestown maintains an AA rating from Kroll Bond Rating Agency, with a *Stable Outlook*.

Highway Aid Fund

The **Highway Aid Fund** accounts for the Borough's share of liquid fuels tax dollars provided by the Commonwealth of Pennsylvania for maintenance of local roadways. The Commonwealth generates funds through a tax on motor fuels. Municipalities receive a percentage of the total collected by the Commonwealth and PennDOT uses the remaining funds to maintain state owned roadways. A formula using population and qualifying road mileage determines the Borough's share. It is estimated that the Borough will receive \$232,333 in 2022.

The Borough also receives \$5,360 each year through a road take-back program, contracting with PennDOT to plow snow on state-owned roads.

These funds are used to reimburse the General Fund for costs associated with winter maintenance services, traffic control devices and street lighting.

Road Improvement Fund

The Borough will levy a 1.0 mill real estate tax dedicated to road repairs, reconstruction and paving. These services are provided primarily by the Doylestown Borough Public Works Department at significant savings to Borough taxpayers. The tax levy will generate approximately \$114,500. Since 2005, approximately 25.3 miles of roads of the total 26.2 road miles in Doylestown have been paved using these tax dollars.

Roads scheduled for paving/reconstruction in 2022 include:

- East Street (Lacy to North)
- Crestland Terrace
- Decatur Street (West to Franklin)
- N. Clinton Street (Doyle to Avenue A)
- Fonthill Drive
- Long Lane (Washington to Lafayette)

Pension Fund

The **Non-Uniformed Pension Fund** is a trust fund that provides monthly defined-benefit pensions to retired employees. An ordinance adopted by Borough Council governs the administration of the plan, and the Council Finance & Pension Committee review investment performance and recommend investment strategies. The committee meets quarterly with the Borough's investment advisor – Girard Pension Services.

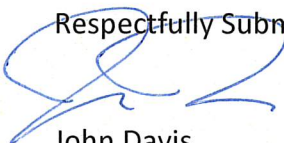
The pension fund consists of a mixed bond and equities portfolio with asset allocations according to an Investment Policy Statement adopted by Borough Council. The Borough's actuary calculates annual required contributions for the plan (Minimum Municipal Obligation) to fund future retirement benefits.

The plan will have assets of approximately \$5.6 million at year-end.

The required Borough contribution to maintain the actuarial soundness of the plan in 2022 is \$217,524. It is anticipated that the Borough will receive State Aid to help offset the contribution.

The Non-Uniformed Pension Plan has an 81.8% funding ratio as of the 1/1/2019 Actuarial Valuation. The ratio represents the difference between plan assets and plan liabilities. This funding ratio is an acceptable level, and has been given a Distress Level Code of "1" by the Commonwealth of Pennsylvania, Public Employees Retirement Commission.

Respectfully Submitted,



John Davis
Borough Manager