



DERRY TOWNSHIP

MULTI-YEAR FINANCIAL PROJECTIONS

Presented By:
Scott Shearer, John Frey, & Ben Kapenstein

June 12, 2018

PFM Financial Advisors LLC

213 Market Street
Ste. 3
Harrisburg, PA 17101

717.232.2723
pfm.com



MULTI-YEAR BUDGET PROJECTIONS

- ◆ In an effort to plan for the future and provide transparency to residents, the Township has asked PFM Financial Advisors to build a multi-year financial projection model to help guide decision making
- ◆ The model is best utilized as a planning tool for the future
- ◆ Will give the Township the ability to stress test different scenarios and ascertain how they affect the Township in future, which will help policy makers make better decision today
- ◆ The model contains many assumptions, is flexible in its inputs, and has the ability to adapt to explore different financial scenarios
- ◆ Model should be updated at least annually in conjunction with the budget process



MULTI-YEAR BUDGET PROJECTIONS – BASELINE SCENARIO

- ◆ The results of the baseline scenario were as follows:
 - General Fund basically balanced for 2018 Budget
 - “ Future expenses expected to grow faster than revenues (based on current assumptions)
 - “ Potential revenues from new development eases the effect of expense growth
 - Capital Fund has a deficit budgeted for 2018
 - “ Township has capital projects, including the new Rec Center, planned in the future
 - “ Currently assumes \$31.1 million cost of Rec Center (\$26.1 million after capital campaign funds received)
 - “ These projects will cause an increase in the deficit
 - “ The increase is somewhat mitigated by potential revenues from development & other initiatives being pursued
 - Based on the current long range planning model:
 - “ The potential future millage increases needed to cover the General and Capital Funds through 2025 range from 0.93 to 1.73 mills
 - “ Millage needed can be lessened by higher future revenues or decreases in expenses
 - “ Township plans to study budget in depth to find ways to reduce future tax increases (repeat process annually)



**ESTIMATED BASED ON BASELINE ASSUMPTIONS:
FOR ILLUSTRATIVE PURPOSES ONLY**

GENERAL FUND BUDGET PROJECTIONS

Description	2018 Budget	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Revenues								
Total Taxes - Current	\$13,833,500	\$13,983,528	\$14,214,198	\$14,449,606	\$14,689,858	\$14,935,061	\$15,185,325	\$15,440,762
Total Taxes - Projected New	\$0	\$19,427	\$43,165	\$53,129	\$74,580	\$762,818	\$766,462	\$1,077,562
Other Revenues	\$3,990,874	\$4,058,229	\$4,128,499	\$4,201,858	\$4,278,492	\$4,358,601	\$4,442,397	\$4,530,108
Total Revenues	\$17,824,374	\$18,061,184	\$18,385,862	\$18,704,593	\$19,042,930	\$20,056,480	\$20,394,185	\$21,048,432
Total Revenues Growth Rate		1.33%	1.80%	1.73%	1.81%	5.32%	1.68%	3.21%
Average Growth Rate								2.41%
Expenses								
Personnel Expenses	\$12,412,373	\$12,868,580	\$13,344,513	\$13,841,190	\$14,359,689	\$14,901,154	\$15,466,797	\$16,057,902
Other Expenses	\$5,478,294	\$5,587,480	\$5,682,253	\$5,750,579	\$5,849,941	\$5,887,824	\$5,992,032	\$6,092,008
Expenses Relating to Development	\$0	\$2,914	\$6,475	\$7,969	\$11,187	\$114,423	\$114,969	\$161,634
Total Expenses	\$17,890,667	\$18,458,975	\$19,033,241	\$19,599,738	\$20,220,817	\$20,903,400	\$21,573,798	\$22,311,545
Total Expenses Growth Rate		3.18%	3.11%	2.98%	3.17%	3.38%	3.21%	3.42%
Average Growth Rate								3.21%
Surplus (Deficit)	(\$66,293)	(\$397,791)	(\$647,379)	(\$895,145)	(\$1,177,887)	(\$846,920)	(\$1,179,613)	(\$1,263,113)
FY Ending General Fund Balance	\$2,476,355	\$2,078,564	\$1,431,185	\$536,040	(\$641,847)	(\$1,488,767)	(\$2,668,381)	(\$3,931,494)
Incremental Millage Equivalent		0.197	0.122	0.119	0.134	0.000	0.001	0.038
Total Millage Equiv. through 2025								0.611

Assumptions:

- 1) Revenues and expenses growing at growth rates discussed with Township administration
- 2) No real estate tax increases implemented
- 3) A portion of the FY Ending General Fund Balance is reserved (\$452,420 at the end of 2017)



**ESTIMATED BASED ON BASELINE ASSUMPTIONS:
FOR ILLUSTRATIVE PURPOSES ONLY**

CAPITAL FUND BUDGET PROJECTIONS

Description	2018 Budget	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Revenues								
Real Estate Tax Receipts	\$1,988,466	\$2,001,223	\$2,031,241	\$2,061,710	\$2,092,636	\$2,124,025	\$2,155,886	\$2,188,224
<i>Total Taxes - Projected New</i>	\$0	\$19,335	\$42,962	\$52,879	\$74,228	\$220,426	\$224,053	\$296,180
Transfer From General Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer From Recycling Fund	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Septage Revenues (est.)	\$0	\$0	\$0	\$0	\$375,000	\$375,000	\$375,000	\$375,000
Giant Center Refi Savings (est.)	\$0	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Other	\$115,700	\$115,731	\$115,763	\$115,795	\$115,828	\$115,861	\$115,896	\$115,930
Total Revenues	\$2,354,166	\$2,636,289	\$2,689,966	\$2,730,383	\$3,157,692	\$3,335,313	\$3,370,835	\$3,475,334
Total Revenues Growth Rate		11.98%	2.04%	1.50%	15.65%	5.63%	1.07%	3.10%
Average Growth Rate								5.85%
Expenses								
Projected Debt Service (incl Rec & Landfill)	\$2,201,835	\$2,375,105	\$2,816,588	\$3,064,226	\$3,591,468	\$3,560,406	\$3,523,119	\$3,513,964
Baseline Projects	\$627,923	\$499,238	\$371,151	\$293,887	\$227,631	\$233,432	\$239,530	\$245,941
New Budgeted Capital Projects	\$0	\$867,759	\$685,144	\$739,407	\$799,657	\$566,032	\$514,273	\$454,348
Total Expenses	\$2,829,758	\$3,742,103	\$3,872,883	\$4,097,521	\$4,618,757	\$4,359,871	\$4,276,922	\$4,214,253
Total Expenses Growth Rate		32.24%	3.49%	5.80%	12.72%	-5.61%	-1.90%	-1.47%
Average Growth Rate								6.47%
Surplus (Deficit)	(\$475,592)	(\$1,105,813)	(\$1,182,918)	(\$1,367,137)	(\$1,461,065)	(\$1,024,558)	(\$906,088)	(\$738,919)
FY Ending Capital Fund Balance	\$254,891	(\$850,923)	(\$2,033,840)	(\$3,400,978)	(\$4,862,042)	(\$5,886,601)	(\$6,792,689)	(\$7,531,608)
Incremental Millage Equivalent		0.548	0.038	0.089	0.045	0.000	0.000	0.000
Total Millage Equiv. through 2025								0.719

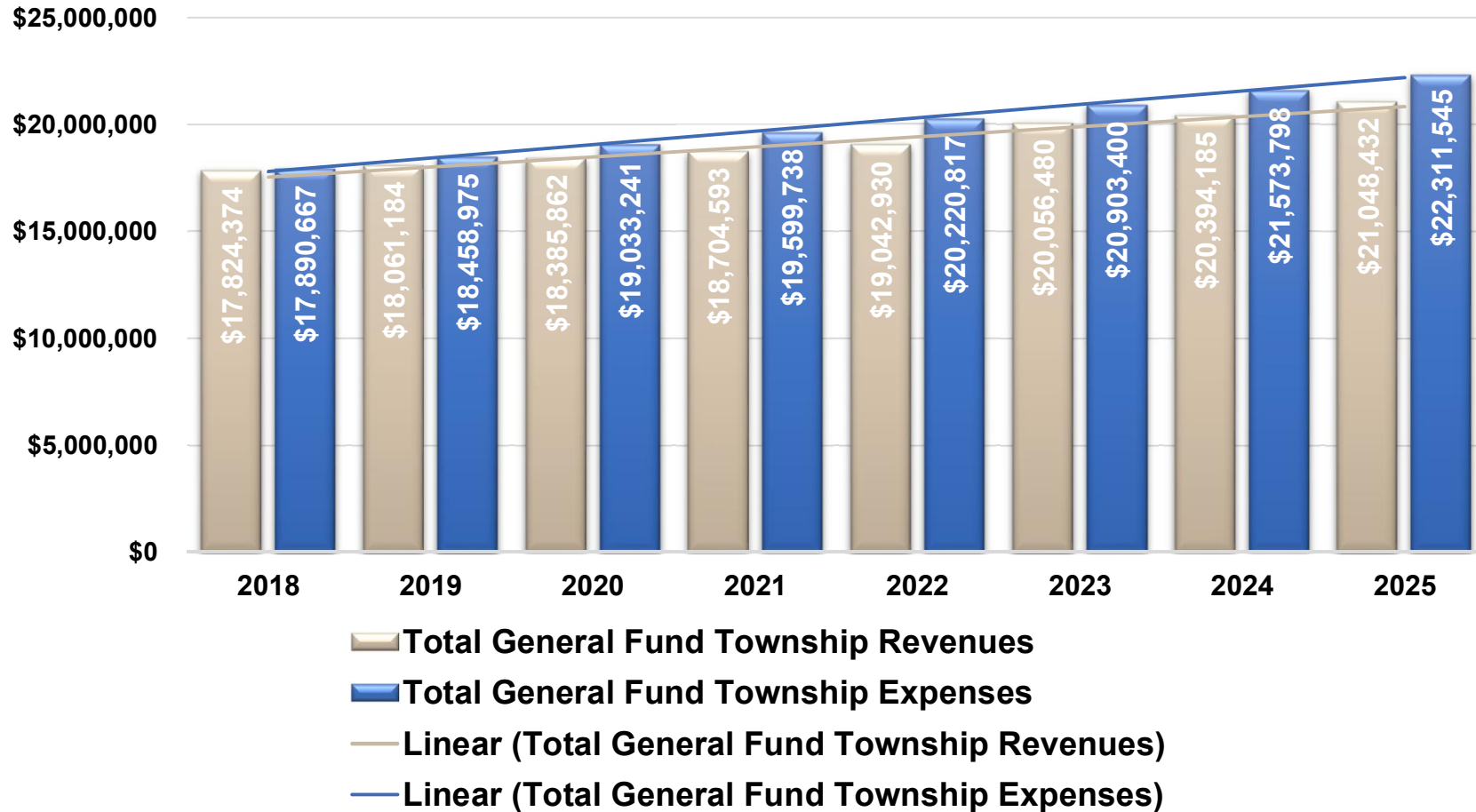
Assumptions:

- 1) Revenues and expenses growing at growth rates discussed with Township administration
- 2) No real estate tax increases implemented
- 3) Baseline and New Budgeted Capital Projects information was provided by the Township



**ESTIMATED BASED ON BASELINE ASSUMPTIONS:
FOR ILLUSTRATIVE PURPOSES ONLY**

Projected General Fund Revenues & Expenses



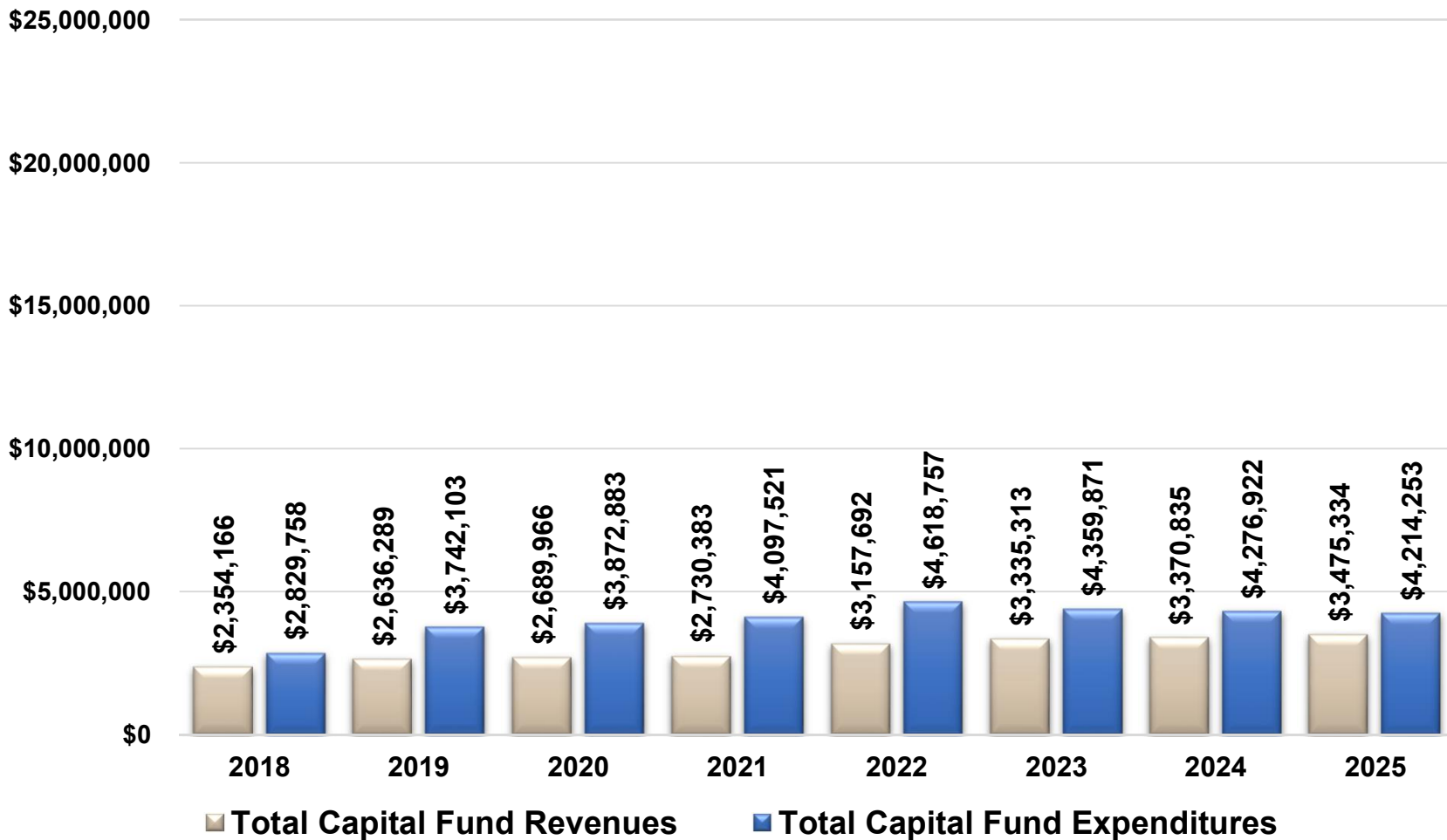
Assumptions:

- 1) Revenues and expenses growing at growth rates discussed with Township administration
- 2) No real estate tax increases implemented
- 3) A portion of the FY Ending General Fund Balance is reserved (\$452,420 at the end of 2017)



**ESTIMATED BASED ON BASELINE ASSUMPTIONS:
FOR ILLUSTRATIVE PURPOSES ONLY**

Projected Capital Fund Revenues & Expenses



Assumptions:

- 1) Revenues and expenses growing at growth rates discussed with Township administration
- 2) No real estate tax increases implemented
- 3) Baseline and New Budgeted Capital Projects information was provided by the Township



Disclaimer:

The assumptions that are included in the projections shown were made in consultation with the Township. These projections do not represent actual results. The purpose of the model is to provide the Township with flexibility to create changes in assumptions that will affect the future projections and provide assistance in the financial decision making process.