



# Derry Township

## Community Center Funding Analysis

**July 23, 2019**

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# Community Center Options & Estimates

PFM has been tasked by Derry Township to provide an analysis based on estimates that explores the taxpayer impact of funding the proposed Community Center through one of the various options being explored:

<b>Option A</b>	<b>Option B</b>	<b>Option C</b>	<b>Option D</b>	<b>Option E</b>
• \$33,545,000	• \$31,855,550	• \$28,820,000	• \$26,945,750	• \$36,737,250

Depending on timing and the option chosen, there are some costs (up to \$6,000,000) that may be able to be eliminated/deferred:

- Capital Campaign funds will reduce the borrowing required
- Some offsite improvements can be delayed
- Some of the funds have already been borrowed



# Capital Fund Projection Model

- ◆ In an effort to plan for the future and provide transparency to residents, the Township has asked PFM to update its multi-year financial projection model to help guide decision making
  - Projection model is a planning tool
  - Model is flexible for stress testing different scenarios
  
- ◆ Specifically, we were asked to look at the effect on the Capital Fund of building the new Community Center
  
- ◆ The Township's Capital Fund houses the following expenditure line items:
  - Debt Service
  - PayGo Capital Projects
  
- ◆ In order to fund Capital Fund expenses, tax millage is specifically assigned
  - Current Capital Fund Tax Millage = 1.292 mills



# Capital Fund Projection Model

- The Capital Fund projections assume that available cash on hand is used to balance the budget in any deficit years after the anticipated tax increase for 2020 (exception Option E)
  
- Things to remember about the model:
  - The projections should be analyzed at least annually as facts and assumptions change
  - The timing of capital projects will effect the annual performance of the Capital Fund
  - The manner in which capital projects are funded will also effect the annual performance
    - Financed vs. Paid in Cash



# Option A: \$33,545,000 PROJECT COST



# Option A: \$33,545,000 PROJECT COST

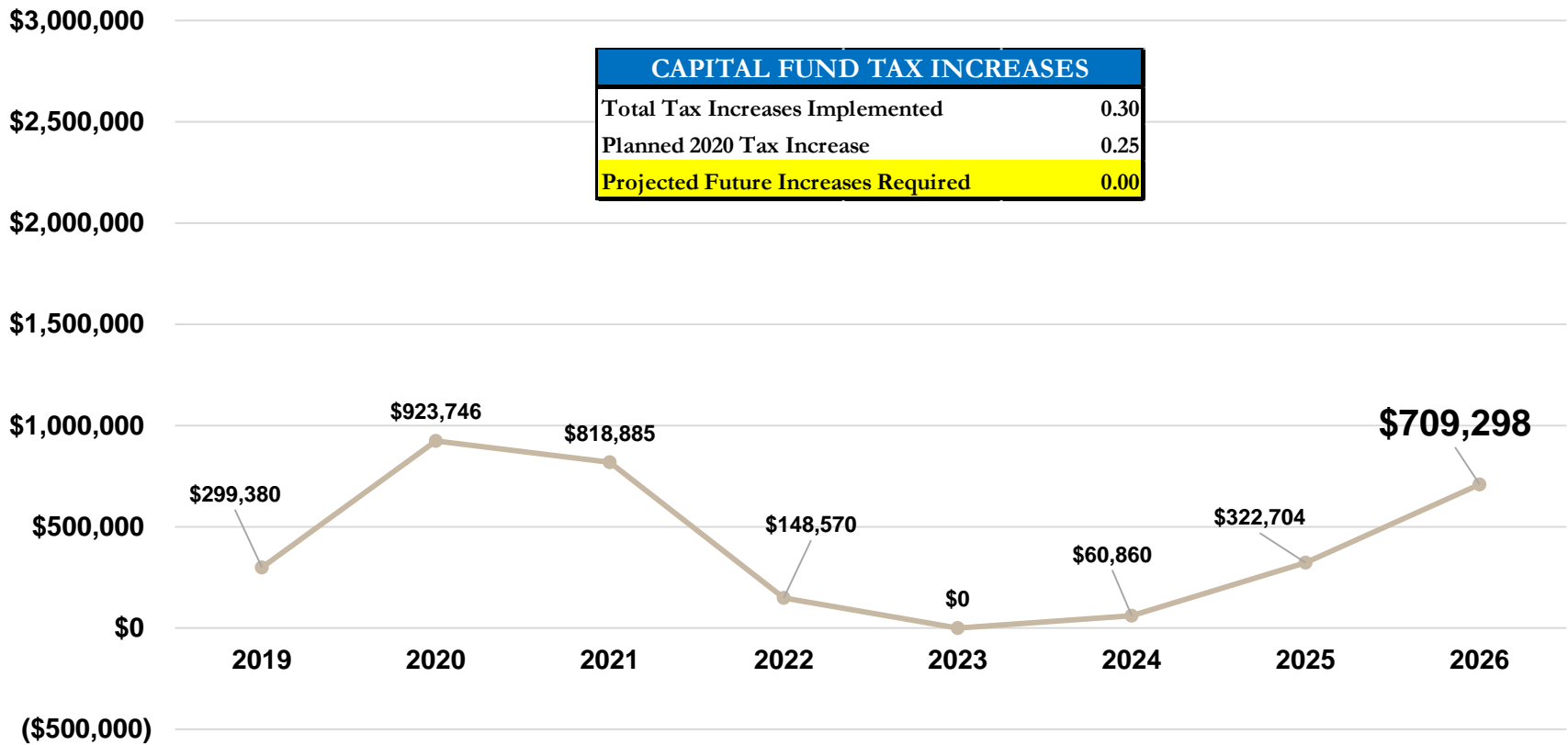
## CAPITAL FUND FINANCIAL PROJECTION SUMMARY OPTION A - \$33,545,000 PROJECT COST FOR COMMUNITY CENTER

	2018 Budget	2018 Anticipated	2019 Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
<b>Total Revenues</b>	\$2,354,166	\$3,808,051	\$3,115,901	\$3,680,982	\$3,850,041	\$4,604,475	\$4,278,951	\$4,242,859	\$4,373,109	\$4,425,681
<b>Total Expenses</b>	\$2,829,758	\$3,756,525	\$2,816,520	\$3,056,617	\$3,850,041	\$4,604,475	\$4,278,951	\$4,181,999	\$4,111,265	\$4,039,086
<b>Surplus (Deficit)</b>	(\$475,592)	\$51,526	\$299,380	\$624,366	\$0	\$0	(\$0)	\$60,860	\$261,844	\$386,594
<b>FY Ending Capital Fund Balance</b>	\$254,891	\$0	\$299,380	\$923,746	\$818,885	\$148,570	\$0	\$60,860	\$322,704	\$709,298
<b>Tax Increases Implemented/Planned</b>	0.00	0.00	<b>Complete</b> 0.30	<b>Anticipated</b> 0.25	0.00	0.00	0.00	0.00	0.00	0.00
<b>Annual Effect on Average Homeowner (\$200k AV)</b>	\$0	\$0	\$60	\$50	\$0	\$0	\$0	\$0	\$0	\$0



# Option A: \$33,545,000 PROJECT COST

## PROJECTED CAPITAL FUND YEAR END FUND BALANCES









# Option B: \$31,855,550 PROJECT COST



# Option B: \$31,855,550 PROJECT COST

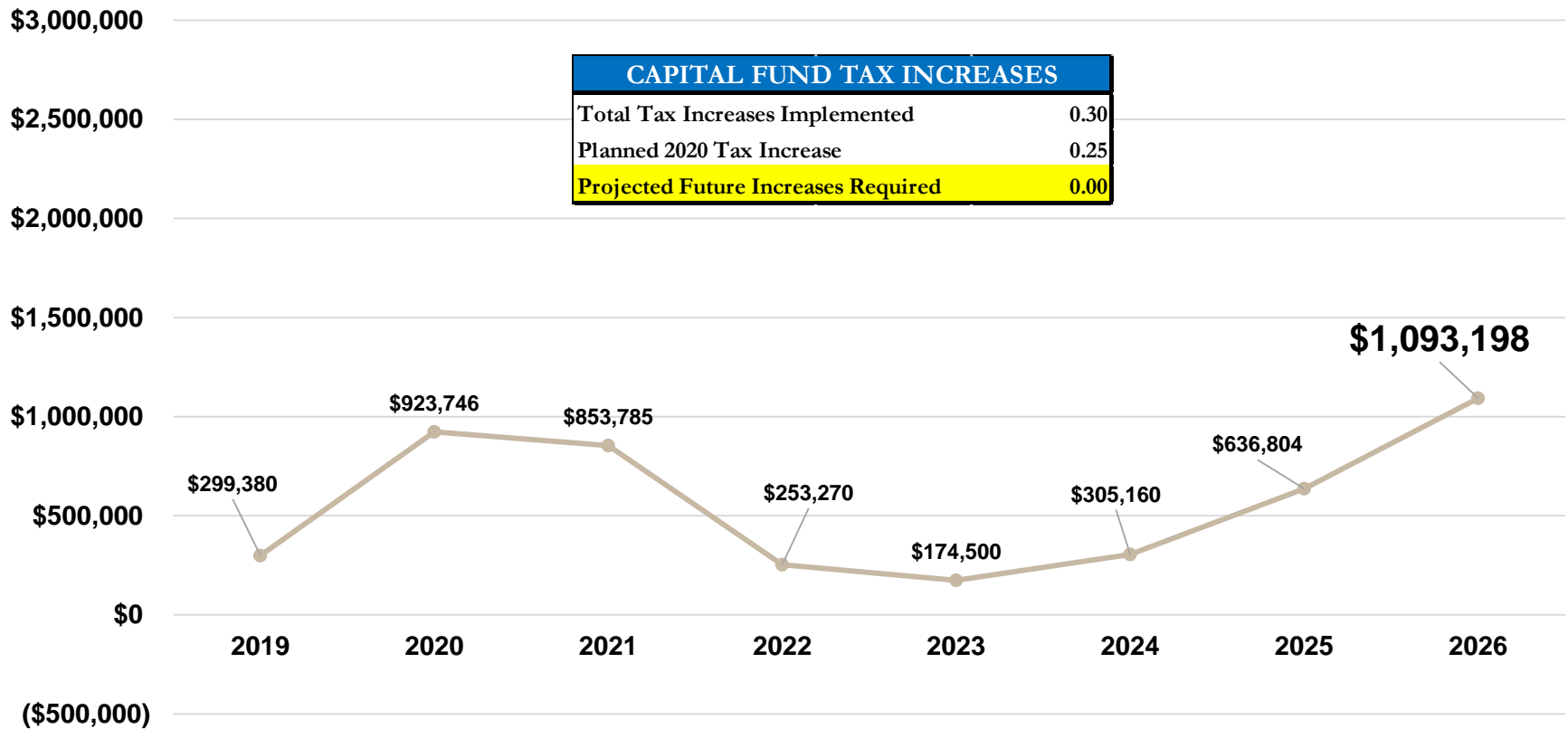
 <b>CAPITAL FUND FINANCIAL PROJECTION SUMMARY</b> 														
<b>OPTION B - \$31,855,550 PROJECT COST FOR COMMUNITY CENTER</b>														
	2018	2018	2019	2020	2021	2022	2023	2024	2025	2026				
	Budget	Anticipated	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected				
<b>Total Revenues</b>	\$2,354,166	\$3,808,051	\$3,115,901	\$3,680,982	\$3,815,141	\$4,534,675	\$4,209,151	\$4,242,859	\$4,373,109	\$4,425,681				
<b>Total Expenses</b>	\$2,829,758	\$3,756,525	\$2,816,520	\$3,056,617	\$3,815,141	\$4,534,675	\$4,209,151	\$4,112,199	\$4,041,465	\$3,969,286				
<b>Surplus (Deficit)</b>	(\$475,592)	\$51,526	\$299,380	\$624,366	\$0	\$0	\$0	\$130,660	\$331,644	\$456,394				
<b>FY Ending Capital Fund Balance</b>	\$254,891	\$0	\$299,380	\$923,746	\$853,785	\$253,270	\$174,500	\$305,160	\$636,804	\$1,093,198				
<b>Tax Increases Implemented/Planned</b>	0.00	0.00	<table border="1"> <tr> <th>Complete</th> <th>Anticipated</th> </tr> <tr> <td>0.30</td> <td>0.25</td> </tr> </table>	Complete	Anticipated	0.30	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Complete	Anticipated													
0.30	0.25													
<b>Annual Effect on Average Homeowner (\$200k AV)</b>	\$0	\$0	\$60	\$50	\$0	\$0	\$0	\$0	\$0	\$0				



# Option B: \$31,855,550 PROJECT COST

## PROJECTED CAPITAL FUND YEAR END FUND BALANCES

CAPITAL FUND TAX INCREASES	
Total Tax Increases Implemented	0.30
Planned 2020 Tax Increase	0.25
Projected Future Increases Required	0.00





# Option C: \$28,820,000 PROJECT COST



# Option C: \$28,820,000 PROJECT COST

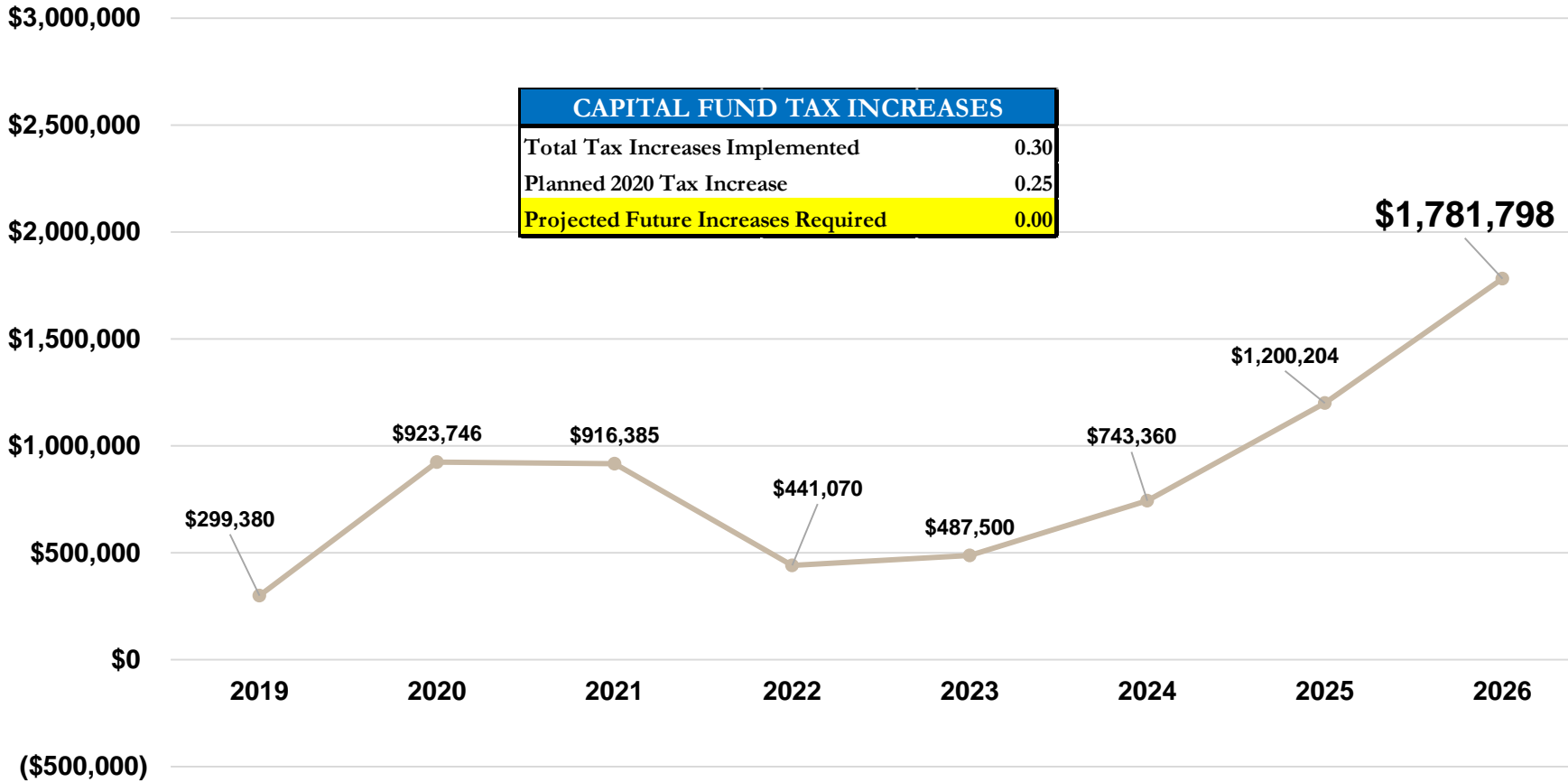
## CAPITAL FUND FINANCIAL PROJECTION SUMMARY OPTION C - \$28,820,000 PROJECT COST FOR COMMUNITY CENTER

	2018 Budget	2018 Anticipated	2019 Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
<b>Total Revenues</b>	\$2,354,166	\$3,808,051	\$3,115,901	\$3,680,982	\$3,752,541	\$4,409,475	\$4,130,381	\$4,242,859	\$4,373,109	\$4,425,681
<b>Total Expenses</b>	\$2,829,758	\$3,756,525	\$2,816,520	\$3,056,617	\$3,752,541	\$4,409,475	\$4,083,951	\$3,986,999	\$3,916,265	\$3,844,086
<b>Surplus (Deficit)</b>	(\$475,592)	\$51,526	\$299,380	\$624,366	\$0	\$0	\$46,430	\$255,860	\$456,844	\$581,594
<b>FY Ending Capital Fund Balance</b>	\$254,891	\$0	\$299,380	\$923,746	\$916,385	\$441,070	\$487,500	\$743,360	\$1,200,204	\$1,781,798
<b>Tax Increases Implemented/Planned</b>	0.00	0.00	<b>Complete</b> 0.30	<b>Anticipated</b> 0.25	0.00	0.00	0.00	0.00	0.00	0.00
<b>Annual Effect on Average Homeowner (\$200k AV)</b>	\$0	\$0	\$60	\$50	\$0	\$0	\$0	\$0	\$0	\$0



# Option C: \$28,820,000 PROJECT COST

## PROJECTED CAPITAL FUND YEAR END FUND BALANCES







# Option D: \$26,945,750 PROJECT COST



# Option D: \$26,945,750 PROJECT COST

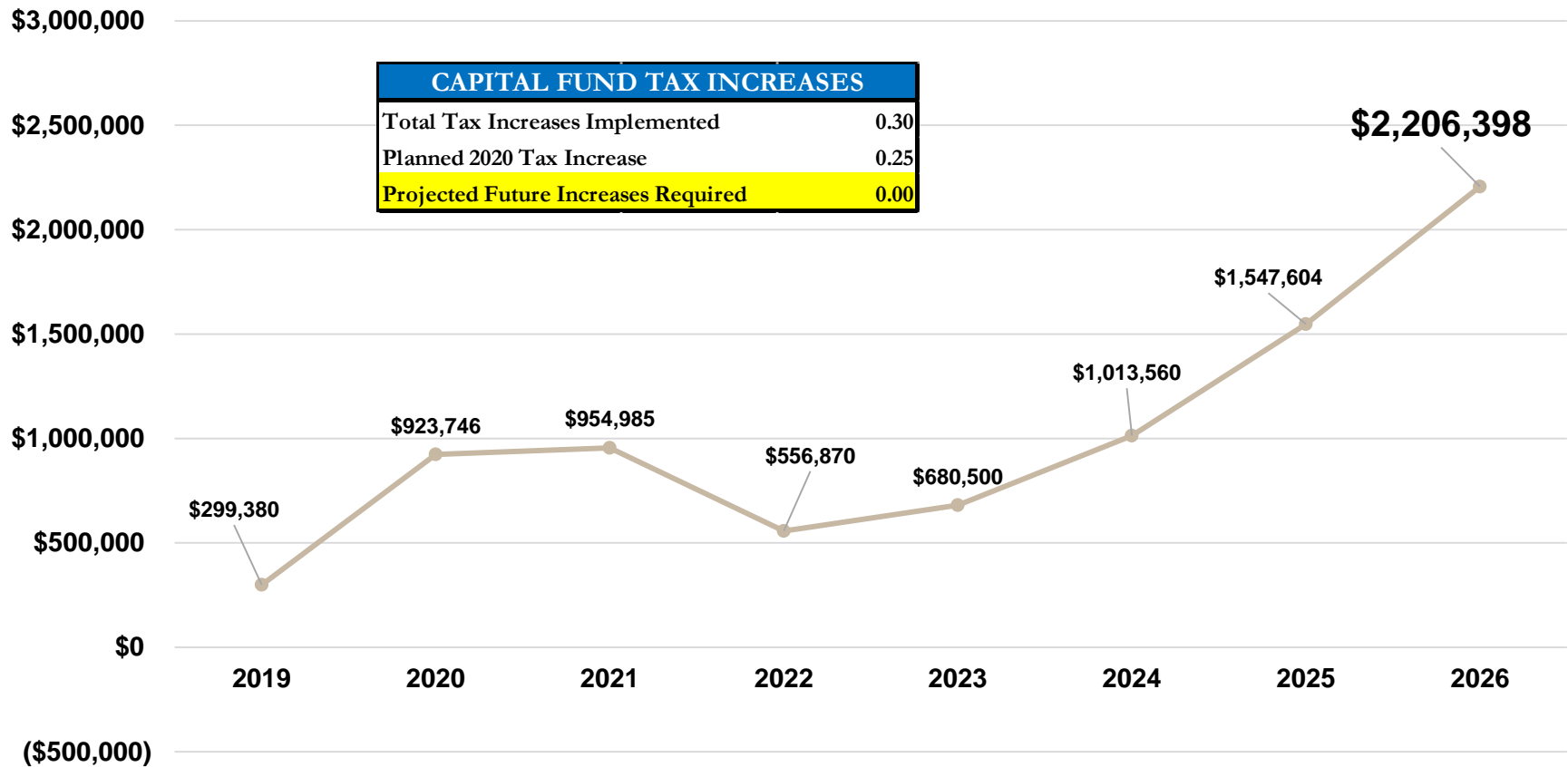
 <b>CAPITAL FUND FINANCIAL PROJECTION SUMMARY</b> 										
<b>OPTION D - \$26,945,750 PROJECT COST FOR COMMUNITY CENTER</b>										
	2018 Budget	2018 Anticipated	2019 Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
<b>Total Revenues</b>	\$2,354,166	\$3,808,051	\$3,115,901	\$3,680,982	\$3,745,179	\$4,332,275	\$4,130,381	\$4,242,859	\$4,373,109	\$4,425,681
<b>Total Expenses</b>	\$2,829,758	\$3,756,525	\$2,816,520	\$3,056,617	\$3,713,941	\$4,332,275	\$4,006,751	\$3,909,799	\$3,839,065	\$3,766,886
<b>Surplus (Deficit)</b>	(\$475,592)	\$51,526	\$299,380	\$624,366	\$31,238	\$0	\$123,630	\$333,060	\$534,044	\$658,794
<b>FY Ending Capital Fund Balance</b>	\$254,891	\$0	\$299,380	\$923,746	\$954,985	\$556,870	\$680,500	\$1,013,560	\$1,547,604	\$2,206,398
<b>Tax Increases Implemented/Planned</b>	0.00	0.00	Complete 0.30	Anticipated 0.25	0.00	0.00	0.00	0.00	0.00	0.00
<b>Annual Effect on Average Homeowner (\$200k AV)</b>	\$0	\$0	<b>\$60</b>	<b>\$50</b>	\$0	\$0	\$0	\$0	\$0	\$0





# Option D: \$26,945,750 PROJECT COST

## PROJECTED CAPITAL FUND YEAR END FUND BALANCES





# Option E: \$36,737,250 PROJECT COST



# Option E: \$36,737,250 PROJECT COST



## CAPITAL FUND FINANCIAL PROJECTION SUMMARY OPTION E - \$36,737,250 PROJECT COST FOR COMMUNITY CENTER

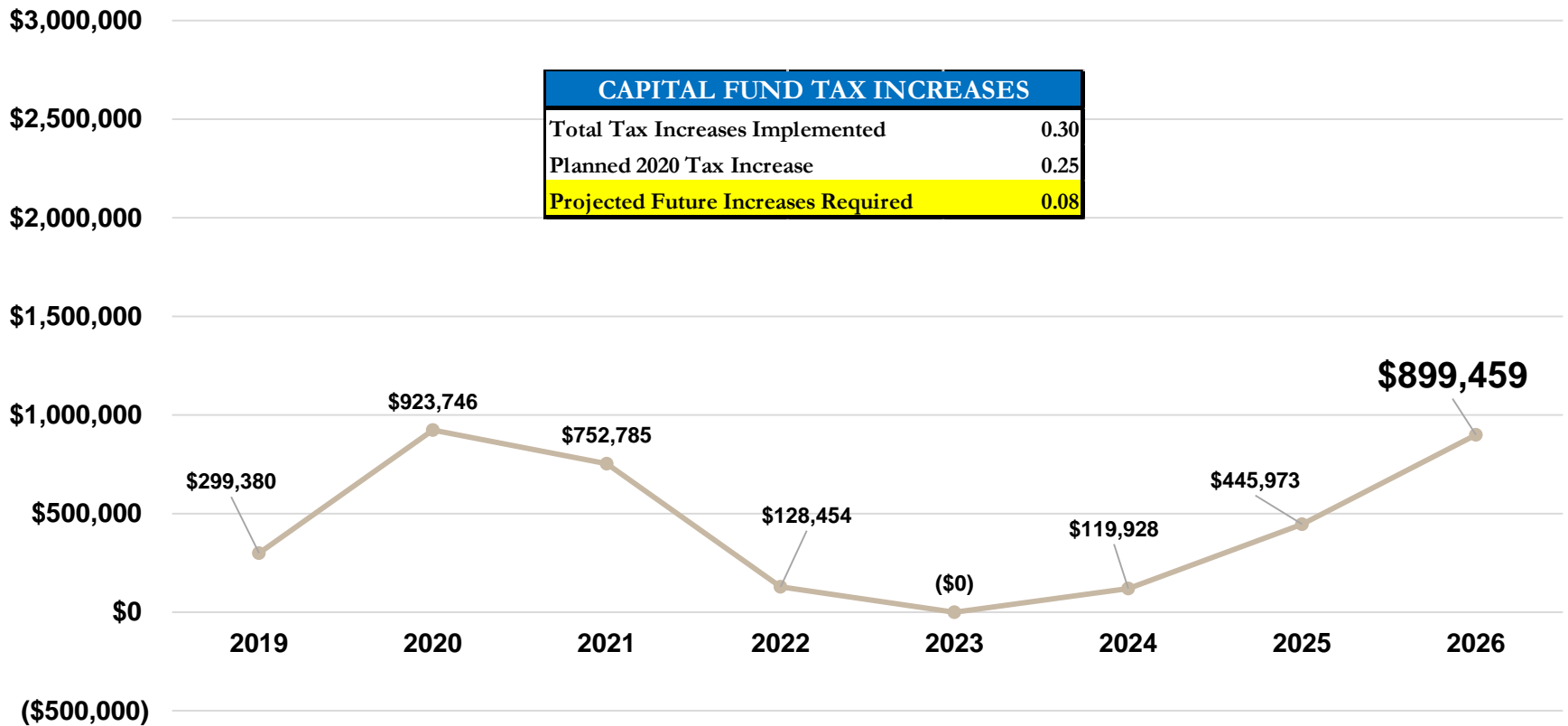


	2018 Budget	2018 Anticipated	2019 Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
<b>Total Revenues</b>	\$2,354,166	\$3,808,051	\$3,115,901	\$3,680,982	\$3,916,141	\$4,865,130	\$4,411,151	\$4,434,127	\$4,569,509	\$4,624,772
<b>Total Expenses</b>	\$2,829,758	\$3,756,525	\$2,816,520	\$3,056,617	\$3,916,141	\$4,736,675	\$4,411,151	\$4,314,199	\$4,243,465	\$4,171,286
<b>Surplus (Deficit)</b>	(\$475,592)	\$51,526	\$299,380	\$624,366	\$0	\$128,455	(\$0)	\$119,928	\$326,044	\$453,486
<b>FY Ending Capital Fund Balance</b>	\$254,891	\$0	\$299,380	\$923,746	\$752,785	\$128,454	(\$0)	\$119,928	\$445,973	\$899,459
<b>Tax Increases Implemented/Planned</b>	0.00	0.00	<u>Complete</u> 0.30	<u>Anticipated</u> 0.25	0.00	<u>Additional</u> 0.08	0.00	0.00	0.00	0.00
<b>Annual Effect on Average Homeowner (\$200k AV)</b>	\$0	\$0	\$60	\$50	\$0	\$16	\$0	\$0	\$0	\$0



# Option E: \$36,737,250 PROJECT COST

## PROJECTED CAPITAL FUND YEAR END FUND BALANCES





# Taxpayer Impact



# Effect of Capital Fund Tax Increases (Options A-D)

- ◆ 2019 Millage Increase: 0.30 mills (Completed)
- ◆ 2020 Millage Increase: 0.25 mills (Anticipated)
- ◆ **Total: 0.55 mills**

Assessed Value:  
\$150,000

**Effect of RE Tax\*  
Increases: \$83**



Assessed Value:  
\$300,000

**Effect of RE Tax\*  
Increases: \$165**



Assessed Value:  
\$500,000

**Effect of RE Tax\*  
Increases: \$275**





# Effect of Capital Fund Tax Increases (Option E)

- 2019 Millage Increase: 0.30 mills (Completed)
- 2020 Millage Increase: 0.25 mills (Anticipated)
- 2022 Millage Increase: 0.08 mills (Projected)
- **Total: 0.63 mills**

Assessed Value:  
\$150,000

**Effect of RE Tax\*  
Increases: \$95**



Assessed Value:  
\$300,000

**Effect of RE Tax\*  
Increases: \$189**



Assessed Value:  
\$500,000

**Effect of RE Tax\*  
Increases: \$315**





# Conclusion

- ◆ Township considering various options for Community Center
  
- ◆ Township is responsibly planning for the future with long range modeling
  
- ◆ Looking at short-term and long-term impact to residents
  
- ◆ **Current projections show same Capital Fund tax impact to homeowners for Option A-D, with Option E requiring an additional tax increase**
  - Another consideration is the Community Center's operating impact (gain or loss) of each option that would be experienced by the General Fund
    - Currently being assessed by another consultant





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