

Section 1 - General Budget Information

A. Overview of the 2017 Budget for Manheim Township

The 2017 budget has been prepared in accordance with Article XVII of the First Class Township Code, which requires the Township to publicly present the budget in November and adopt it before the end of December. The budget is intended to serve as a financial plan for all municipal funds. Through the budget document, the Commissioners determine the level of service, size of programs and the magnitude of capital projects.

Section 1 – Background Info

Section 1 includes reference information and subsequent financial graphs that the Township Manager, Director of Finance and Board of Commissioners use in the budget process.

Socio-Economic data is reviewed as available, to determine trends in population changes, along with increases/decreases in housing and rental units. Typically this information is updated every ten years with the United States census.

Preplanning is important to allow for all parties to have adequate time for input into the budget. In an effort to streamline the budget process, each year the Board of Commissioners adopts a Budget calendar for the upcoming year in late spring. This calendar outlines all deadlines for submission of information, meeting dates where the public can offer their input and dates for formal approvals at public meetings.

Manheim Township developed a financial monitoring system in 2009 in response to an increase in the demands for community services when funding sources had become more limited. This system included putting together a series of historical financial factors and charts that illustrate financial trends. Monitoring these trends assist management in determining financial warning signs in specific areas of concern so that decisions can be targeted to improve those areas.

Following the twenty individual factors is a table showing each of the individual financial indicators. The past three years have seen significant improvement in the financial monitoring indicators.

Historical Real Estate Millage and Tax information is included along with an interesting table that outlines tax supported community services by person and by household by month and year.

Section 1 ends with historical and current information on the Minimum Municipal Obligation (MMO), or required funding of the Township retirement plans.

Section 2 – General Fund

Section 2 gives detailed financial information on the Township's General Fund, which is the main operating fund for the Township. There is one other operating funds, the Golf Fund, which is a self-supporting fund.

Revenues begin the section and are shown in summary then in detail. The largest revenue sources for Manheim Township are Real Estate Taxes and Earned Income Taxes, which make up over 56% of the General Fund Budgeted revenues. Following the detailed revenues is a departmental surplus/shortfall where the individual department's revenues are compared to their expenses.

Expenses are summarized after the revenues in Section 2 and are represented both graphically and numerically. Following the different expenditure summaries you will find the detailed line item expenses grouped by department.

Good fiscal management has produced a projected General Fund surplus for 2016 of over one million dollars, which offsets the shortfall in the General Capital Reserve Fund. The Board of Commissioners will be maintaining the real estate millage allocation to the General Fund at the same level for 2017, which is 2.23 mills for municipal services and .43 mills for fire protection services. In other words, there will be no tax increase.

**Section 3 – Fire Tax Fund – Combined with
Section 2 – General Fund in 2017**

The Fire Protection Tax Fund was established in 2009 to support the Township local volunteer fire companies. In 2017 the Fire Protection Tax Fund operations have been added to the General Fund as separate departments, because two of the volunteer operations have merged into the municipal fire rescue system. The fire services continue to be supported by the Township Fire Tax and some grants and minor revenues. The capital expenditures related to fire protection, are included in the General Capital Reserve Fund.

Section 4 – Golf Fund

The Golf Fund is the final fund which includes operations in Manheim Township and is found in Section 4. This fund was established in 2003 to segregate the Overlook Golf course from the other municipal park activities. The revenues and expenses of this fund are shown first in summary then in detail.

Section 5 – Capital Reserve Fund

The Capital Reserve Fund is found in Section 5. This fund was established in 1989 to account for capital purchases and projects in the Township and is primarily funded by an appropriation from the General Fund.

This section begins with the summary of revenues and expenses then continues with detailed expenses by department. Because several projects or purchases can make up individual line items, the final two pages of this section outline individual projects by department and then by highest to lowest budgeted dollars. The Township is subject to unfunded mandates handed down by the State, the projects relating to these mandates have been highlighted in green, items that are an ongoing financial commitment (bond or lease repayments) are highlighted in blue and any projects that did not get completed in 2016 are included as carryovers and are highlighted in orange on the last two pages.

Section 6 – Parks Capital Fund

Section 6 shows the Parks Capital Reserve Fund, which was established to segregate the recreation fee revenue that the Township received from developers in lieu of land dedication.

The Parks Capital fund is shown in summary and detail, with the last page showing the individual capital projects for 2017.

Section 7 – Highway Aid Fund

The gasoline tax funds that Manheim Township receives from the State are separately accounted for in the Highway Aid fund shown in Section 7. These funds are restricted to roadway improvements, street lighting, winter maintenance and traffic control device purchases. This fund has only a few line items and is presented on a one-page breakdown of the individual revenue and expense categories.

Section 8 – Impact Fee Fund

In 1989, the Township enacted an impact fee ordinance to generate revenue for funding the costs of transportation capital improvements necessitated by new development. The Impact Fee Fund, which is shown in Section 8, is where these revenues and capital expenditures are shown. This fund is summarized on one page, with the two projects budgeted for 2017 shown separately on the final pages in this section. Both of the projects budgeted for 2017 are projects that will be carried over from 2016.

Section 9 – Capital Projects Plan

The Township Manager maintains the capital improvement plan (CIP), which is updated every year during the budget process. The CIP projects are requested through a formal process by the Board of Commissioners, the Township Manager, Department Heads and any interested appointed board members. The projects are ranked in order of importance and reviewed by the Manager and Finance Director prior to recording them on the CIP worksheet. The CIP worksheet is an effective planning tool showing projects anticipated for the current budget year and four years in the future. Any projects not

included in these years are recorded in a “future years” column.

Manheim Township maintains three funds that can include capital projects or purchases. These funds are the Capital Reserve Fund, Parks Capital Fund and the Impact Fee Fund. The Capital Improvement Program seeks to track all the capital needs of the Township in one area. These projects are shown in Section 9. The first page shows the projects sorted by department, then budgeted cost. The second page shows all projects sorted by budgeted cost from highest to lowest. The final section is a copy of the CIP worksheet on ledger size paper. The CIP worksheet is used during the year to track the progress of the individual projects completion.

Section 10 – Compensation Plan

The final section of the budget, Section 10, is the compensation plan. In this section you will find a summary of the total township Salaries by department. This summary is a useful tool because the Township records salaries in the two different operating funds; this chart gives a total Township overview.

Following the summary are both Full-time and Part-time staffing charts which are shown by department in both summary and detail. The Board of Commissioners maintains final approval on all new full-time hires.

If you have any questions on the Township budgeting process, please contact the Township Manager, Sean Molchany, at (717)569-6408, ext. 1109.

B. Manheim Township's Socio-Economic Data Summary 2010 and 2000

The following statistics are from the 2010 and 2000 decennial United States census. These figures provide a summary of Manheim Township's basic population, housing and economic data.

2010 Census Data

| | |
|--|--------|
| Population (13.1% increase from 2000) | 38,113 |
| Male Population | 17,968 |
| Female Population | 20,165 |
| Median Age | 44.0 |
| Population Under 18 | 23.0% |
| Population Over 65 | 20.7% |
| Race – White | 33,405 |
| Black | 1,153 |
| Asian/Pacific | 1,894 |
| American Indian | 42 |
| Other Race | 1619 |
| Hispanic Origin | 2,498 |
| Total Households | 15,133 |
| Total Housing Units | 15,827 |
| Vacant Housing Units | 4.4% |

| | |
|-------------------------------|--------|
| Occupied Housing Units | 15,133 |
| Owner Occupied Housing Units | 71.7% |
| Renter Occupied Housing Units | 28.3% |

2000 Census Data

| | |
|---------------------------------------|--------|
| Population (6% increase from 1990) | 33,697 |
| Male Population | 15,798 |
| Female Population | 17,899 |
| Median Age | 42.6 |
| Population Under 18 | 25.2% |
| Population Over 65 | 21.0% |
| Race – White | 34,400 |
| Black | 491 |
| Asian/Pacific | 1,058 |
| American Indian | 36 |
| Other Race | 344 |
| Hispanic Origin | 932 |
| Total Households | 12,965 |
| Total Housing Units | 13,449 |
| Vacant Housing Units | 3.2% |
| Occupied Housing Units | 9,868 |
| Owner Occupied Housing Units | 76.1% |
| Renter Occupied Housing Units | 23.9% |

C. The 2017 Budget Calendar

The budget calendar and schedule has been set to permit participation of all parties in an orderly budget process. The budget calendar aids in meeting scheduling and setting works targets for the Township's appointed and elected officials to use during the budget process. The budget calendar: (1) leads to an orderly process that concludes with the enactment of a budget, (2) encourages pre-planning, and (3) assists in scheduling participation of the Township's appointed and elected officials to meet deadlines prior to adoption.

2017 BUDGET CALENDAR

| <u>Date</u> | <u>Activity</u> | <u>Staff/BOC</u> |
|--------------------|--|--|
| 7/15 | Distribute CIP forms & solicit new capital projects | Manager, Dept. Heads |
| 8/12 | Distribute annual revenue & expenditure budget forms to Dept. Heads | Finance Officer |
| 8/15 | Completed CIP forms due to Manager | Dept. Heads |
| 8/25 | Submit departmental expenditures & revenues estimate to Finance Officer | Dept. Heads |
| 8/29 | CIP Spreadsheet Prepared | Manager, Finance Officer |
| 9/7 | Departmental review of CIP projects (1pm – 4pm) | Manager, Finance Officer, Dept. Heads, BOC Liaison |
| 9/9 | Review of requested Capital Projects | Manager, Finance Officer |
| 9/12 | Departmental review of Revenue & Expenditure requests for operations (1pm – 4pm) | Manager, Finance Officer, Dept. Heads, BOC Liaison |
| 9/23 | Submit revenue & expenditure changes to Finance Officer | Dept. Heads |
| 9/26 | Staffing, salaries & Benefits Review (1m – 4pm) | Manager, Finance Officer, Dept. Heads, BOC Liaison |
| 9/26 | Pension Obligation Motion (MMO at BOC meeting) | Finance Officer, BOC |
| 10/20 | Submit draft budget to BOC for workshop – including memo on staff CIP recommendations | Finance Officer |
| 10/27 | BOC workshop – full review of 2017 budget – Boettcher House | Manager, Finance Officer, Dept. Heads, BOC |
| 11/14 | BOC Meeting – Public presentation of Budget | Finance Officer, BOC |
| 11/22 | Budget available for public inspection – 20 day period | Finance Officer |
| 11/28 | BOC Meeting – Budget & Tax Millage tentative adoption & advertisement approval – 10 day period | BOC |
| 11/30 | Submit advertisement of budget ordinance for 12/2 publication | Manager, Solicitor |
| 12/12 | Adopt budget ordinance and tax resolution setting real estate tax millage for next year | BOC |

D. Financial Condition Indicators

Although most citizens and municipal officials are aware of the numbers that make up a local government's annual budget, the general budget and funds are typically only closely examined when they are being prepared and reviewed for adoption in the upcoming year. As demands for community services increase and funding resources become more limited, local officials working to insure continued financial viability also need to develop a comprehensive, long-term understanding of the municipality's financial condition. To do this effectively, ten or more years of data should be compiled and evaluated through the use of a financial monitoring system. This financial monitoring system can be an "early warning" process which will call attention to problem areas *as they emerge and before problems get out of hand*. Information and understanding derived from such a system then can be used in short and long-range priority setting, financial planning and decision making.

Manheim Township's financial monitoring system presented in this section of the budget document consists of a series of financial factors and charts that illustrate financial trends. As part of the annual budget preparations, the Township finance department staff collects specified financial and statistical data which serves as the foundation for producing the prescribed long-range results. The factors are calculated, graphed, interpreted and evaluated against previous results and projections. Information generated through a financial monitoring system allows the Township to determine whether Manheim Township has the potential to independently support services and capital programs on a continuing basis or not.

Through the financial monitoring system, the Township's capacity for financial sustainability and self-sufficiency can be determined by assessing its short and long-term financial condition in four key areas:

Cash Solvency –Will the Township consistently on a 30-to-60 day basis, generate sufficient cash to pay its bills?

Budgetary Solvency - Will the Township generate sufficient revenue over the twelve-month fiscal year to meet its current expenditure responsibilities and avoid deficits?

Long-run Solvency - Will the Township over the long term pay all of its current expenses as well as provide funding for future expenses incurred today but pay able in the future? (Examples of long-run obligations include pensions, accrued vacation and sick leave and replacement or maintenance of the capital infrastructure.

Service Level Solvency - Will the Township over time be able to provide basic public services at levels adequate to meet the health, safety and welfare needs of its citizens? In addition, to assure service level solvency assumes that a municipality is able to attain and sustain cash, budgetary and long-term solvency.

Analyzing the financial factors to determine whether the Township can meet the four types of solvency is recommended for communities with sustainable and healthy financial conditions or where there is danger of sliding towards fiscal distress, as well as directed to communities which:

1. have previously recognized that problems exist and need to create a better understanding of those difficulties;
2. believe problems may exist but don't know what the exact nature of the problems are; or
3. are currently in good financial condition but want to create a way to review and evaluate circumstances that could give rise to future problems.

The financial monitoring system presented in the Manheim Township budget contains over twenty factors. The factors cover revenue and expenditure trends, operating position, unfunded liabilities, debt structure and investment and maintenance of capital facilities. These factors were developed and presented in the

Financial Monitoring Workbook, which is a publication by the PA Department of Community and Economic Development, Center for Local Government Services.

Not all factors will apply to Manheim Township and the relevance of some factors for a community may change from time to time. While the factors can be analyzed over as few as three years, it the intent of the Township staff to use at least five or up to ten years of data to initially establish the system is strongly recommended. The Fiscal Monitoring Workbook (2008) is the basis and guide for the Township's monitoring system.

After calculating the factors, trends should be examined in either chart or graph formats and evaluated as "unfavorable," "stable" or "favorable." No single trend should be used to indicate a good, stable, or bad financial condition. Rather, each trend should be viewed as a circumstance within the system that may warrant further examination to determine why it exists.

Factors

The following factors are being analyzed for Manheim Township from readily available data from the Township audit and financial reports:

1. Revenue Per Capita
2. Real Estate Tax Resources
3. Expenditures Per Capita
4. Fringe Benefits
5. Cash Position
6. Debt Service
7. Long Term Debt
8. Debt Per Capita
9. Operating Position (General Fund)
10. Unfunded Pensions
11. Revenue Shortfalls
12. Budget Overruns
13. Tax Subsidy for User Fee Programs
14. Uncollected Real Estate Taxes
15. Employees (Full Time) Per Capita
16. Property Values
17. Fiscal Capacity
18. Employee Base
19. Construction Activity
20. Municipal Demographics

Conclusions and Warning Trends

A summary report "Factor Summary" is provided at the end of Part J. This chart visually illustrates the resulting "warning trends" of all factor pages into a single summary table.

While the financial monitoring system is designed to provide basic and important information, it will be a useful tool only if action is taken to deal with problem areas. Some areas, of course, are not under the control of local officials. However, others can be controlled or at best influenced, and therefore, it is important that the Township develop an action agenda which lists the unfavorable factors and assigns specific responsibility for addressing those factors to a group or individual. The main ingredient for effectiveness is a commitment within the Township to keep track of its fiscal health.

FACTOR 1: Revenue Per Capita (Actual and Constant Dollars)

Description: This chart shows how a municipality's revenues are affected by changes in population and whether revenues are keeping pace with population growth in the community. If revenues per capita are decreasing, a municipality might be unable to maintain adequate service levels unless new sources of revenues are found. This analysis is conducted in "actual dollars." (blue line)

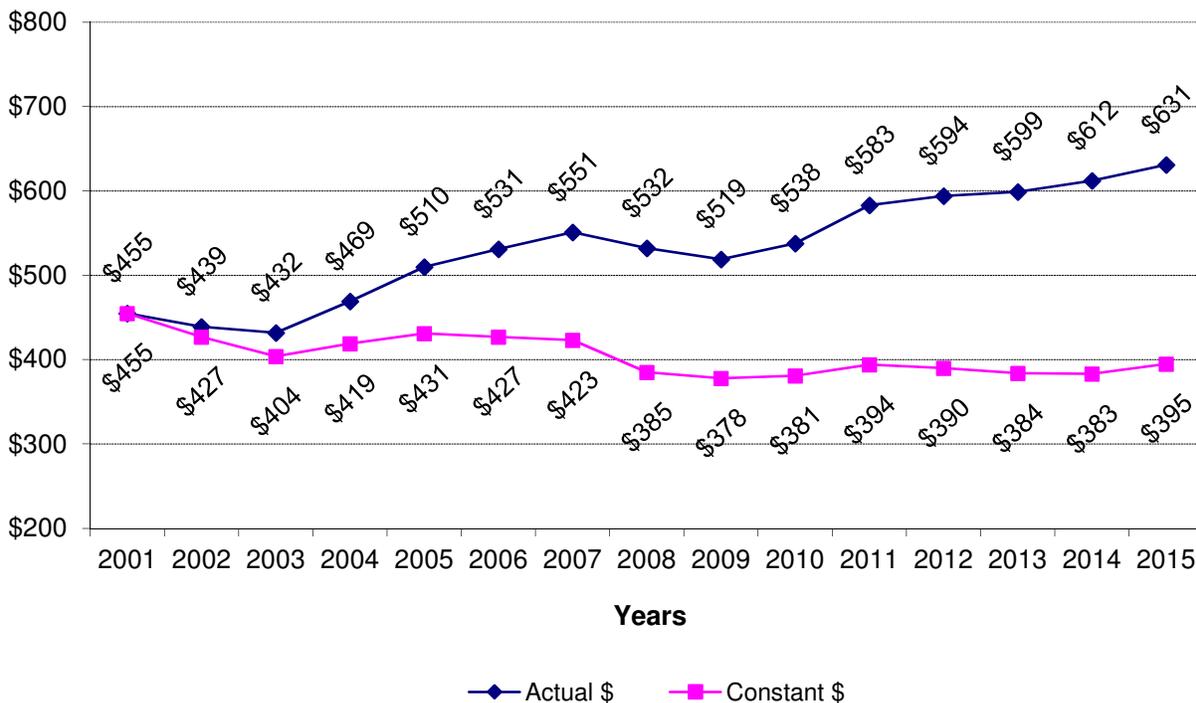
In order to illustrate the inflationary impacts on revenue trends, the analysis also is shown in "constant dollars," (pink line) which adjusts the "real dollar" figures to the standard Consumer Price Index (CPI) changes over time.

Formula: (Total Operating Revenues) / (Population)

Data Sources: Total operating revenues are from the Annual Audit and Financial Reports, General Fund and other funds with operating revenues. CPI data is from US Bureau of Labor and Statistics. Population data is available from US Census Bureau population annual estimates for Manheim Township.

WARNING TREND: Decreasing operating revenues per capita (in actual or constant dollars) over time.

Total Operating Revenue per Capita



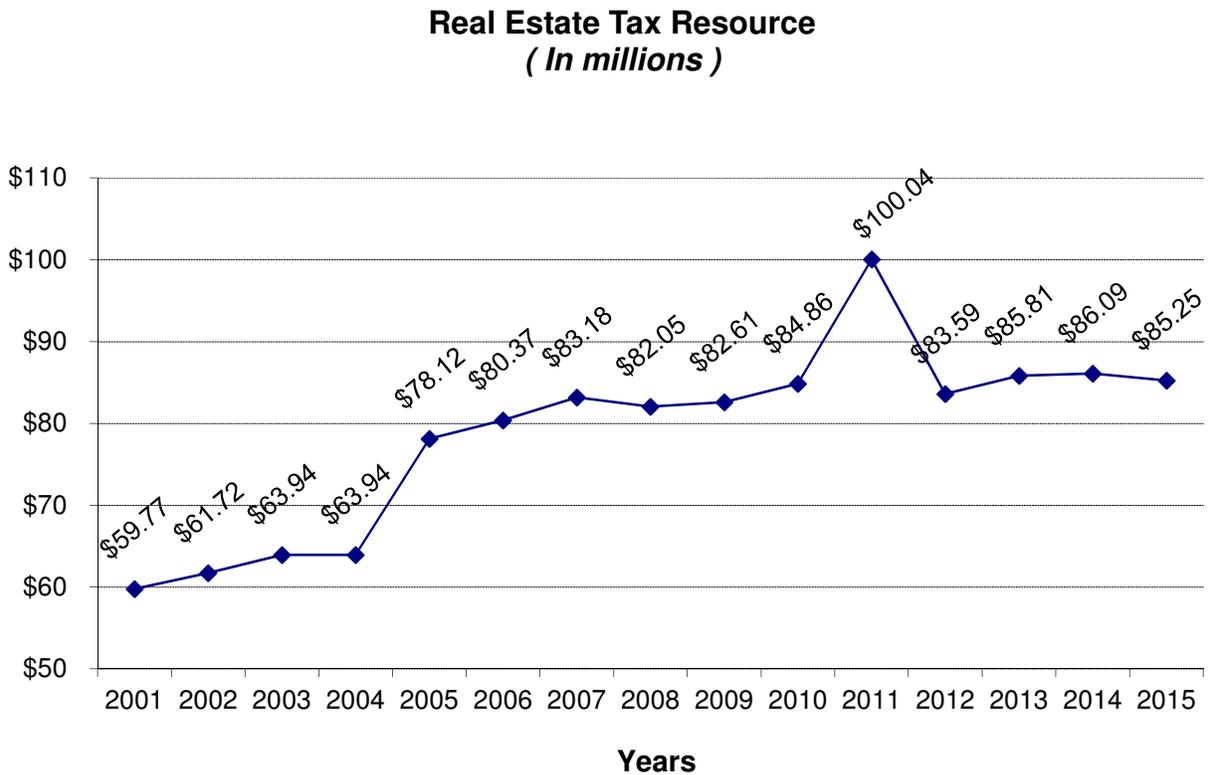
FACTOR 2: Real Estate Tax Resources

Description: This factor illustrates how much additional revenue is potentially available from the Township real estate tax. With a significant portion of Township services supported by real estate taxes, the ability to raise additional property tax revenues is an important part of fiscal health. This figure represents the maximum legal limit of revenue available.

Formula: (Maximum general purpose real estate millage rate permitted by law) - (Current general purpose real estate millage rate) X (Net value of one mill of real estate tax)

Data Source: Millage rate limit from First Class Township Code; current general purpose millage from budget; net value of one mill by dividing last year's collections by millage rate.

WARNING TREND: Decreasing amount of unused real estate tax resources over time.



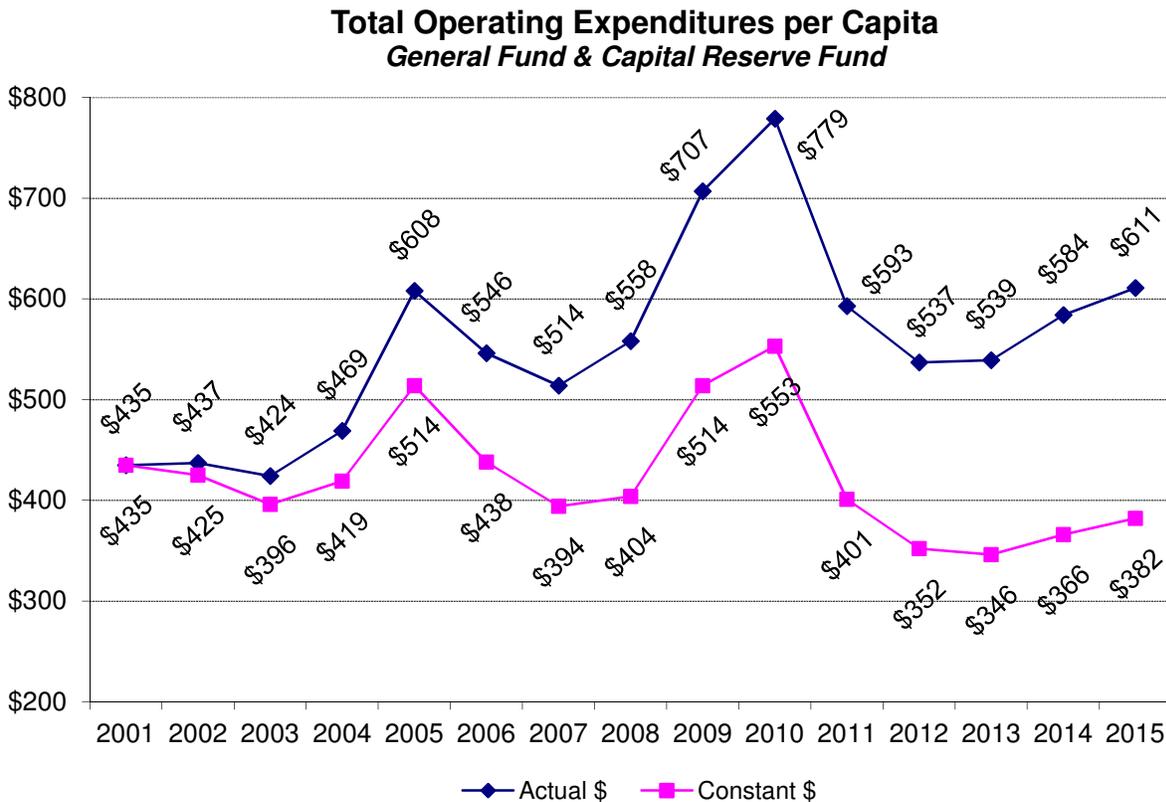
FACTOR 3: Expenditures Per Capita (Actual and Constant Dollars)

Description: This factor illustrates the cost per person of operating the municipal government and indicates the impact of adding or deleting services or changing service levels. Increasing expenditures per capita may be troublesome if revenues per capita (Factor 1) are not keeping pace. If the trend of this factor is increasing, every expenditure area should be examined. Factor 3 is illustrated in total and separated in two charges for General Fund and Capital Reserve Fund. This analysis is conducted in “actual dollars” (blue line). In order to illustrate inflationary impacts on expenditures trends, the analysis also is presented in “constant dollars,” (pink line) which considers the standard Consumer Price Index (CPI) changes over time.

Formula: (Total operating expenditures) / (Population)

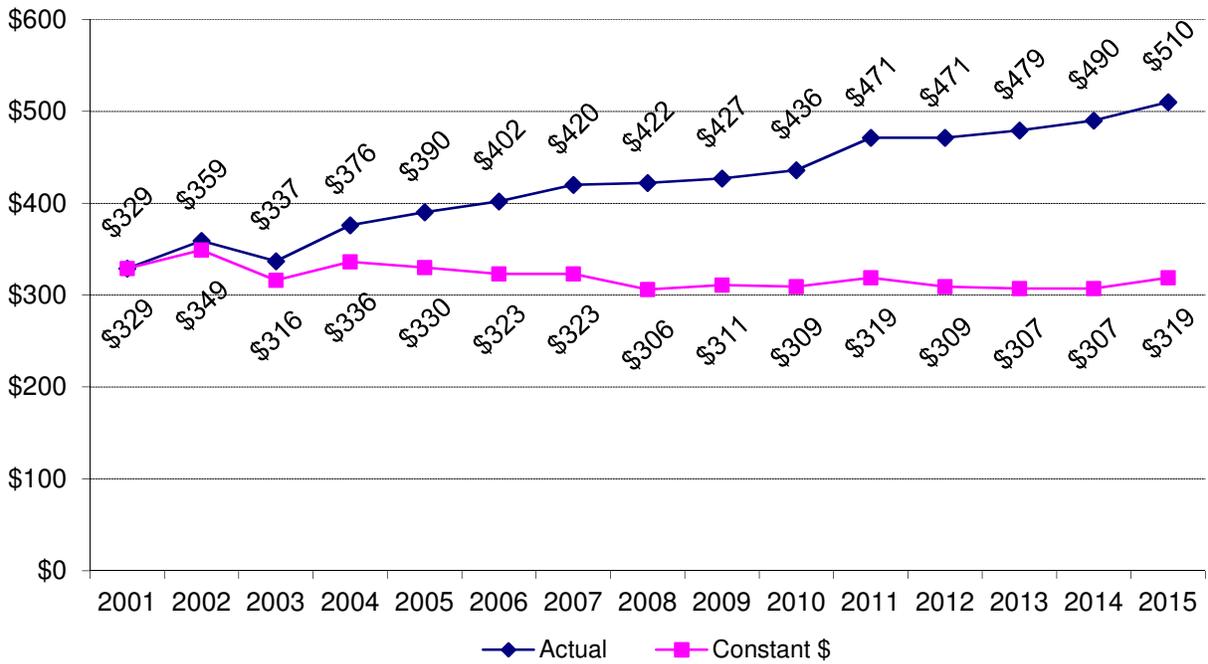
Data Source: Total operating expenditures are from the Annual Audit and Financial Report, General Fund and other funds with operating expenditures such as utility funds.

WARNING TREND: Significantly increasing operating expenditures per capita.

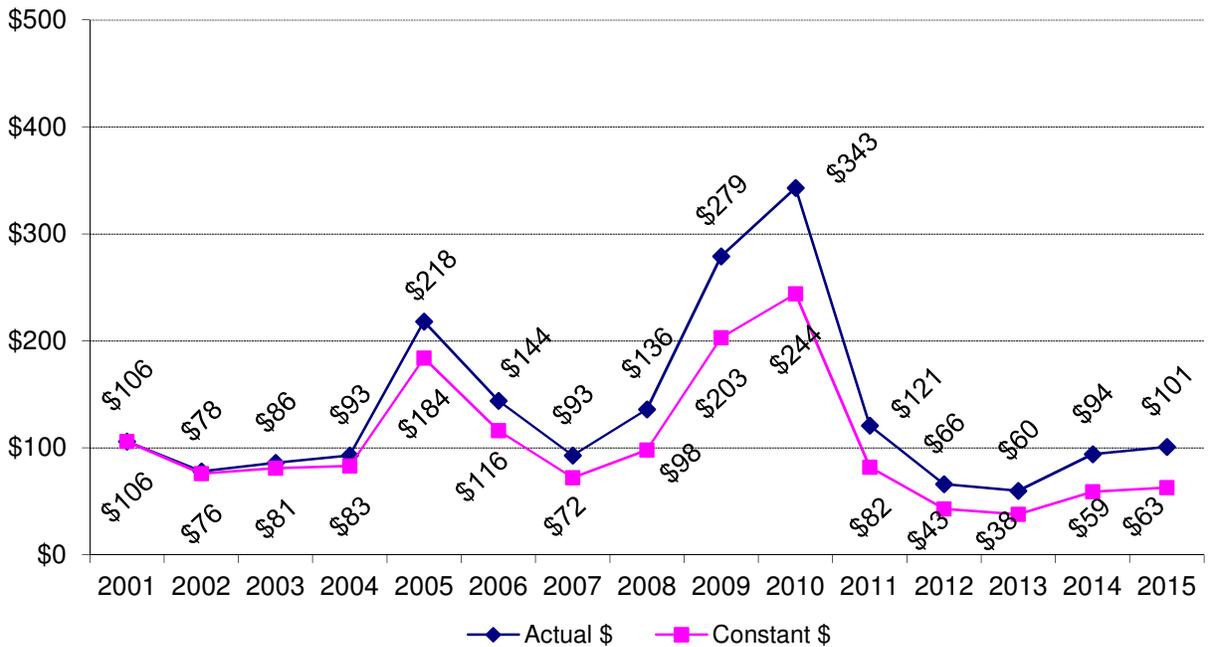


The chart above illustrates operational expenditures and capital expenditures combined. These figures are delineated separately in the two charts below.

Total General Fund Expenditures per Capita



Total Capital Fund Expenditures per Capita



FACTOR 4: *Fringe Benefits (Ratio)*

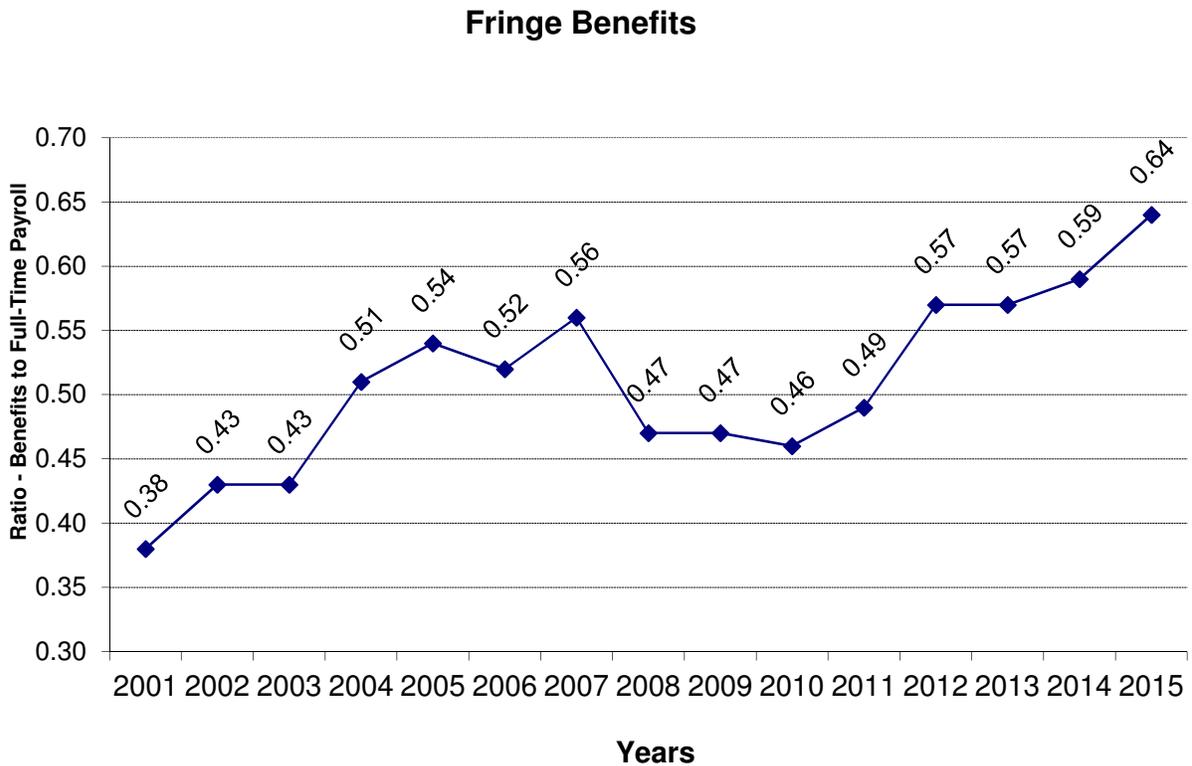
Description: This factor illustrates the impact that employee fringe benefits are having on the municipality's finances. For example, rapidly escalating health costs and premiums for worker compensation can be a major financial drain for the Township.

This analysis illustrates the ratio of total benefit costs over total wages, salaries and all benefits. This analysis and ratio calculation was conducted in "actual dollars."

Formula: (Total fringe benefits costs) / (Total salaries and wages costs)

Data Source: Township Municipal payroll and benefit expenditure records.

WARNING TREND: An increasing fringe benefit costs ratio proportions compared to total salary and wage costs.



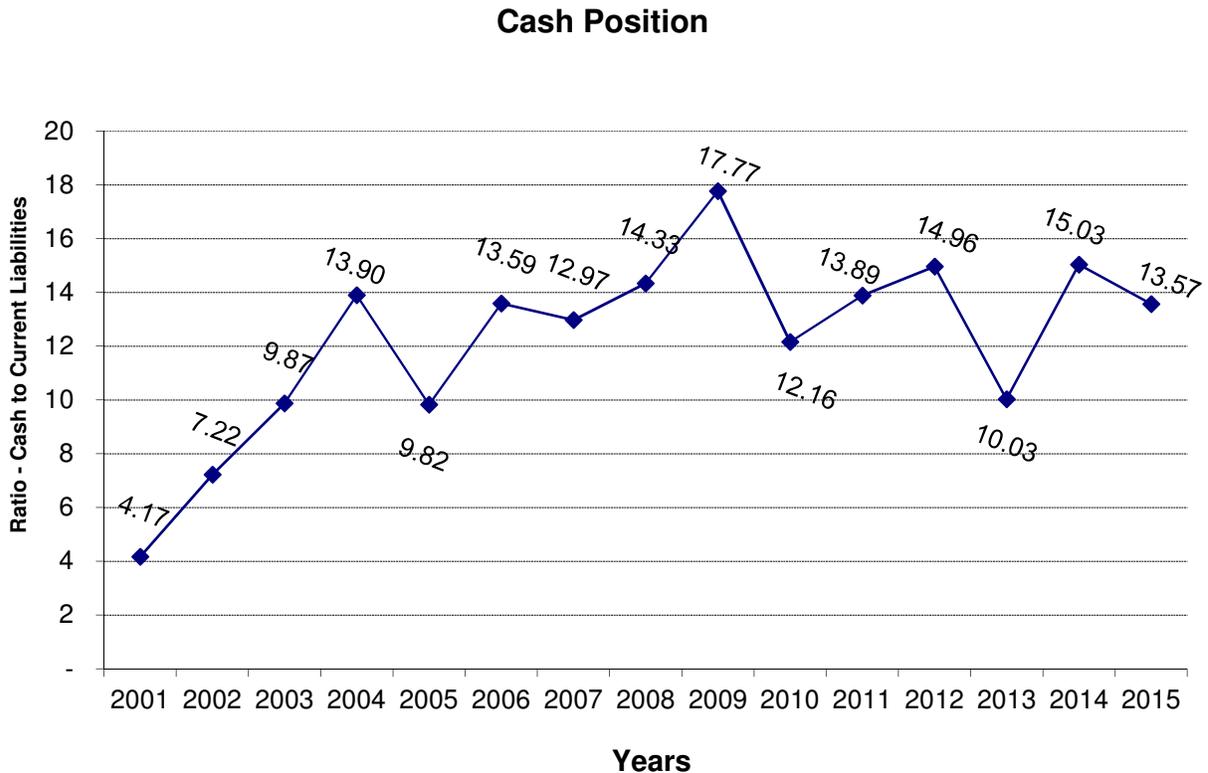
FACTOR 5: Cash Position (Ratio)

Description: The Township (like any operation) needs enough cash on hand to pay its current bills. This factor illustrates how the municipality stands at a specific point in time by comparing cash (bank accounts and short-term investments) with current liabilities. Depending on the type of accounting system, this may be difficult to properly calculate. Manheim Township has used the annual final audit report to consistently reflect this data. Tracking the cash position on a quarterly or more frequent interval is a recommended best practice. This analysis and ratio calculation was conducted in "actual dollars."

Formula: (Cash and short-term investments) / (Current liabilities)

Data Source: The Annual Audit and Financial Report can be used if December 31 is the time point selected for analysis. (NOTE: it is possible to use monthly or quarterly financial statements as well.) Current liabilities may not be completely listed and may have to be calculated from bills payable and pending payrolls.

WARNING TREND: Decreasing cash and short-term investments as a percentage of current liabilities.



FACTOR 6: Debt Service (from Capital Reserve Fund Only)

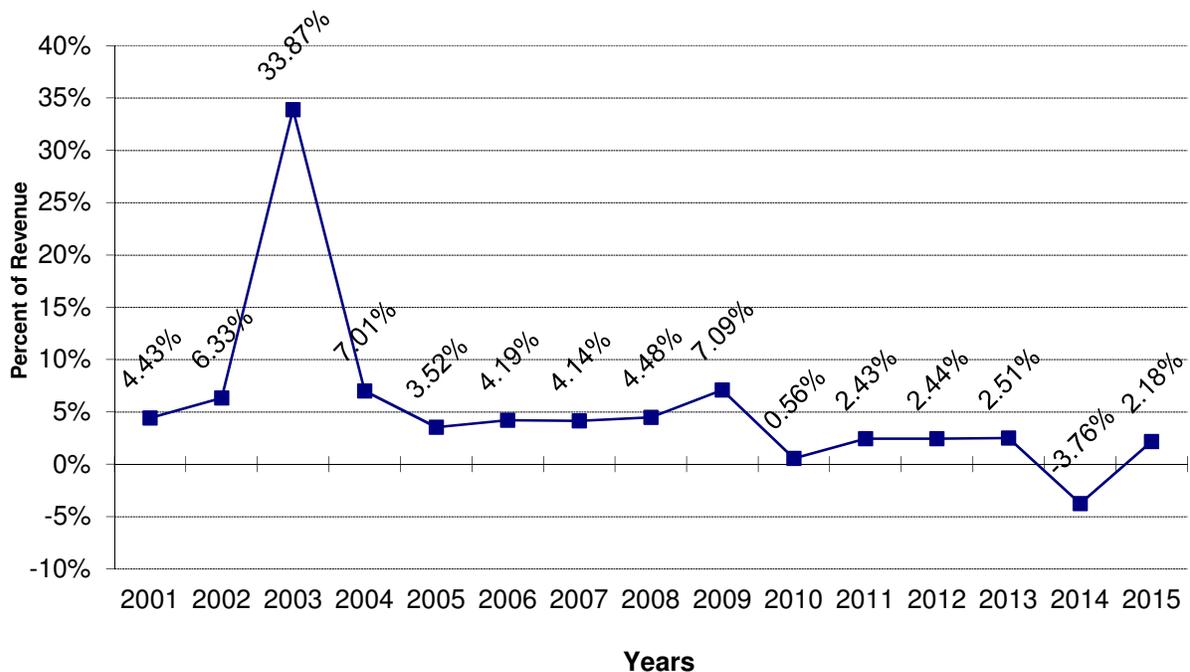
Description: This factor examines the General Capital Reserve Fund and illustrates the proportion of general capital reserve fund revenues devoted to paying off outstanding debt each year. Excessive debt loads can dramatically reduce the ability to fund capital improvements and projects in the future.

Formula: (Debt service payments) / (Capital Reserve fund revenues)

Data Source: Sum of principal and interest paid on long-term debt plus interest payments on short-term debt during year is debt service. Total fund revenues for the general capital reserve fund.

WARNING TREND: Increasing amount of debt service as a percentage of total general capital reserve fund revenues.

Capital Reserve Debt Service



FACTOR 7: Long-Term Debt (Ratio)

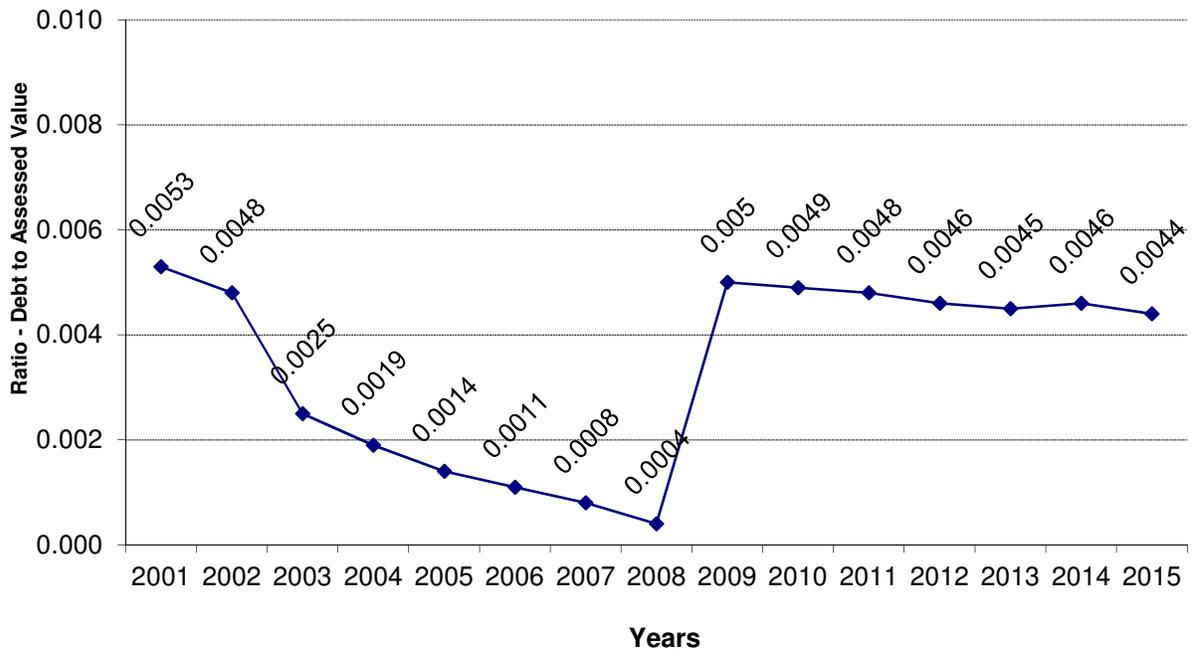
Description: This factor illustrates the debt burden on the Township by comparing total long term debt to total assessed valuation of taxable real estate. The analysis compares the amount obligated to be paid back with the Township's ability to pay.

Formula: (Long-term debt) / (Assessed valuation to taxable real estate)

Data Source: Schedules B-7 and B-3 of the Annual Audit and Financial Report. The Annual Audit report.

WARNING TREND: Increasing amounts of long-term debt as a percentage of assessed valuation of taxable real estate.

Long Term Debt Ratio



FACTOR 8: Debt Per Capita

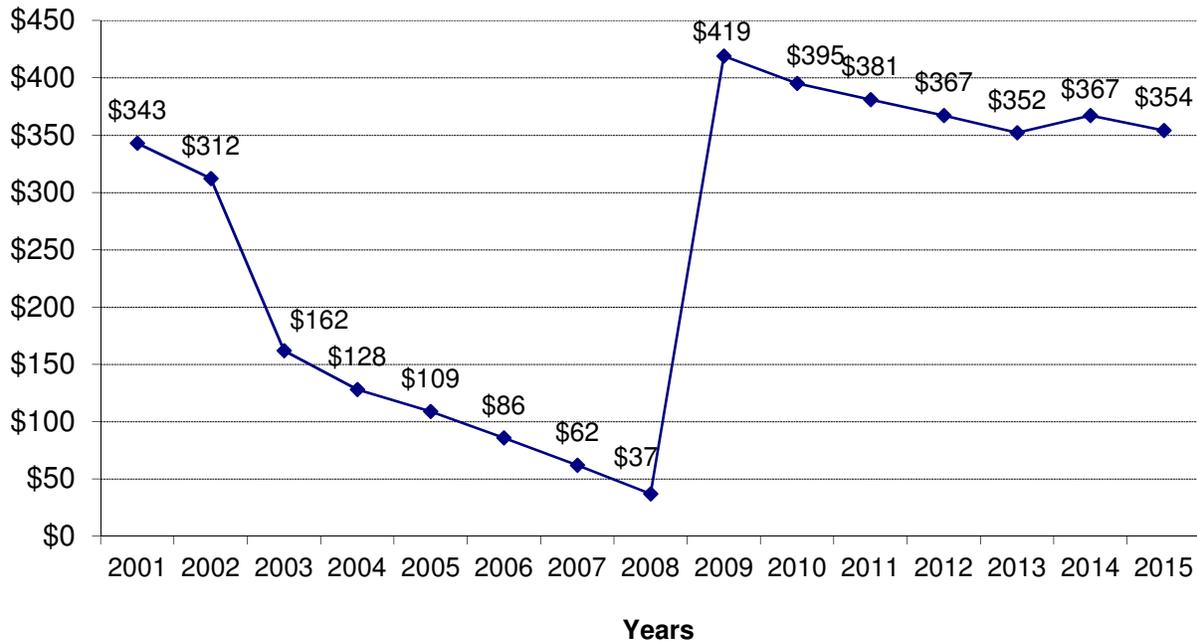
Description: This factor measures and illustrates the impact of long-term debt per individual municipal resident. The illustration reveals the ability of the citizens to repay loans through the taxes on their earnings. Lowering debt per capita trends would suggest a lesser proportion of debt burden on tax payer income or property taxes. Increasing debt per capita trends reveal an increase in debt burden on personal income tax and real estate taxes.

Formula: (Net long-term debt) / (Population)

Data Source: Schedule B-7 of the Annual Audit and Financial Report

WARNING TREND: Increasing long-term debt per capita.

Debt Per Capita



FACTOR 9: Operating Position Ratio (General Fund Only)

Description: This factor examines total revenues and expenditures of the Township general fund and illustrates the operating position ratio for the Township. The chart illustrates whether the Township general fund is “breaking even,” over spending, or under spending each year.

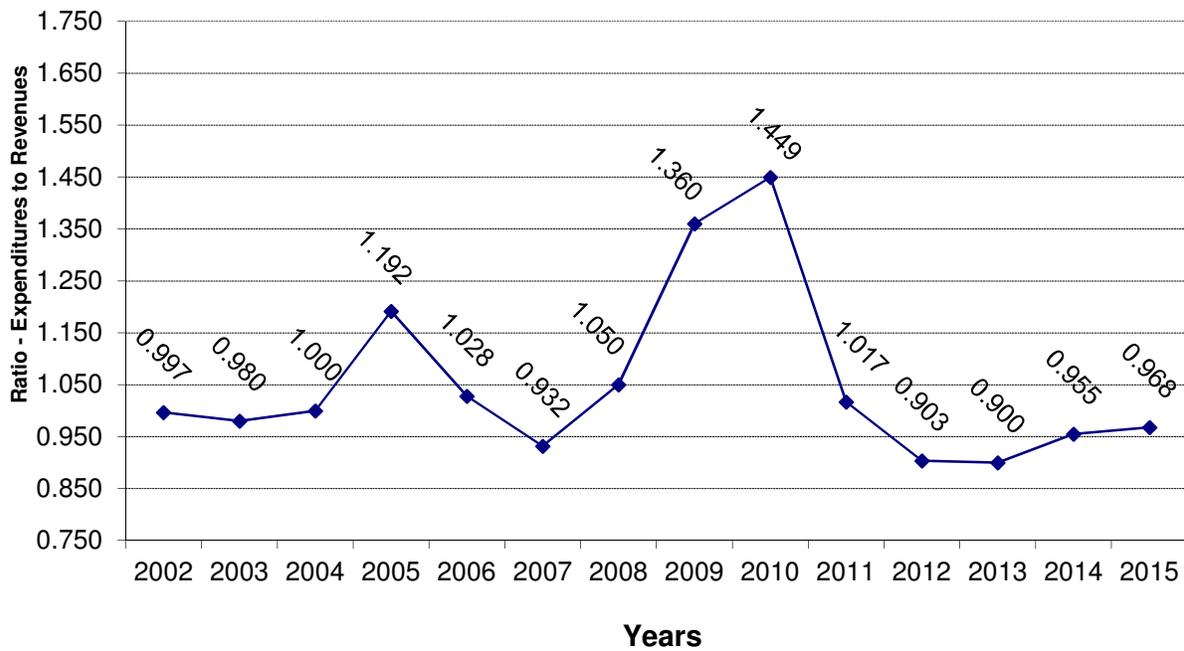
Over spending (a ratio over 1.000) is problematic as the Township is relying on spending down the general fund non-appropriated fund balance to pay for current operations. Under spending (a ratio below 1.000) means that the Township received more revenue than it actually spent and operating reserves are able to be replenished. A ratio of exactly 1.000 means spending was equal to revenue.

Formula: (Total operating expenditures) / (Total operating revenues)

Data Source: See Factor 1 and Factor 3.

WARNING TREND: Increasing frequency and/or increasing ratio figure (above 1.000) of total operating expenditures as ratio of total operating revenues.

Operating Position Ratio



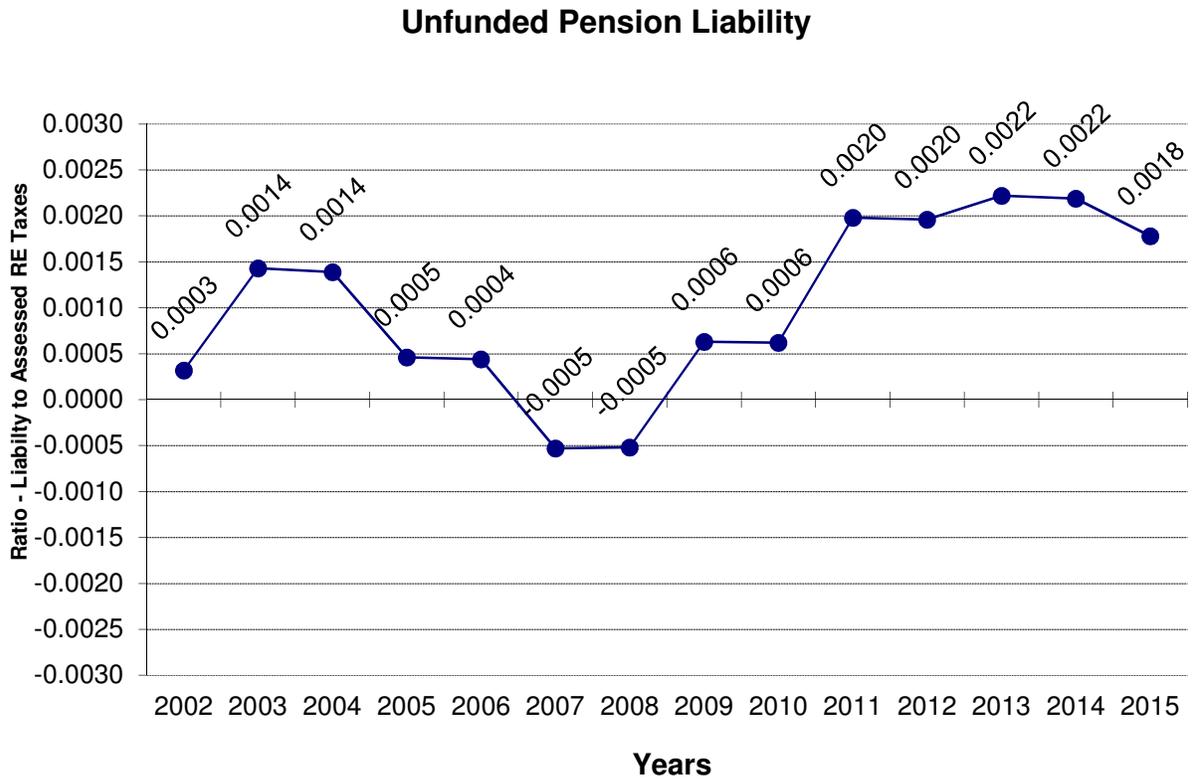
FACTOR 10: *Unfunded Pensions*

Description: This factor illustrates unfunded pension liability against assessed valuation as a measure of the community's ability to meet its pension commitments. One of the critical problems in many Pennsylvania municipalities is unfunded pension liabilities. These liabilities are really long-term debt owed to employees for their pension plans and will eventually have to be paid.

Formula: (Unfunded pension liability) / (Assessed valuation of taxable real estate)

Data Source: Unfunded pension liabilities are found in the municipal pension plan(s)'s latest actuarial report. Assessed valuation of taxable real estate can be taken from the current real estate tax duplicate.

WARNING TREND: Increasing amount of unfunded pension liability as a percentage of assessed valuation of taxable real estate.



FACTOR 11: Revenue Shortfalls (Ratio)

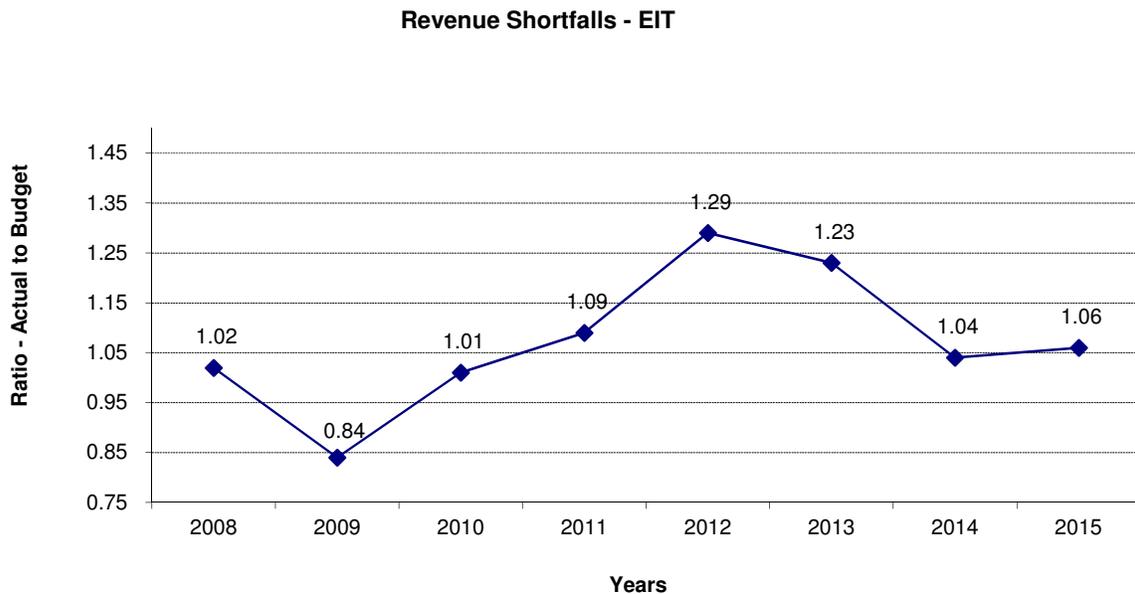
Description: Factor 11 illustrates revenue trends and compares how the Township's management officials are performing in regards to estimating revenues for the annual budget. The factor illustrates a ratio of budgeted revenues as compared to actual revenues for the year. Again, the charts illustrate the revenue trends and over condition of revenue at the same time illustrating the success of the Township staff at predicting and or controlling the respective revenue sources.

Persistent budget overestimation of revenues (a ratio score below 1.00) to balance a budget will lead to financial problems and difficulty in keeping the budget balanced and expenditures in line with the budget revenues. A ratio significantly above 1.00 also can be problematic as it indicates a lack of knowledge of revenue trends or a significant underestimation of revenue leaving funds unused that may be necessary to pay for needed public services and expenses.

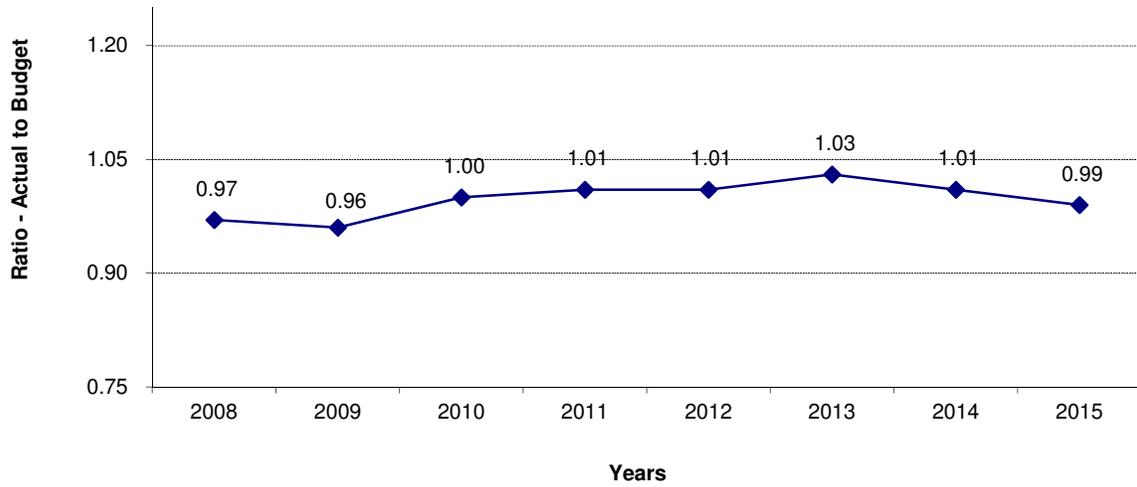
Formula: (Actual year-end revenues) / (Budgeted revenues)

Data Source: The Budget Report and the Annual Audit and Financial Report.

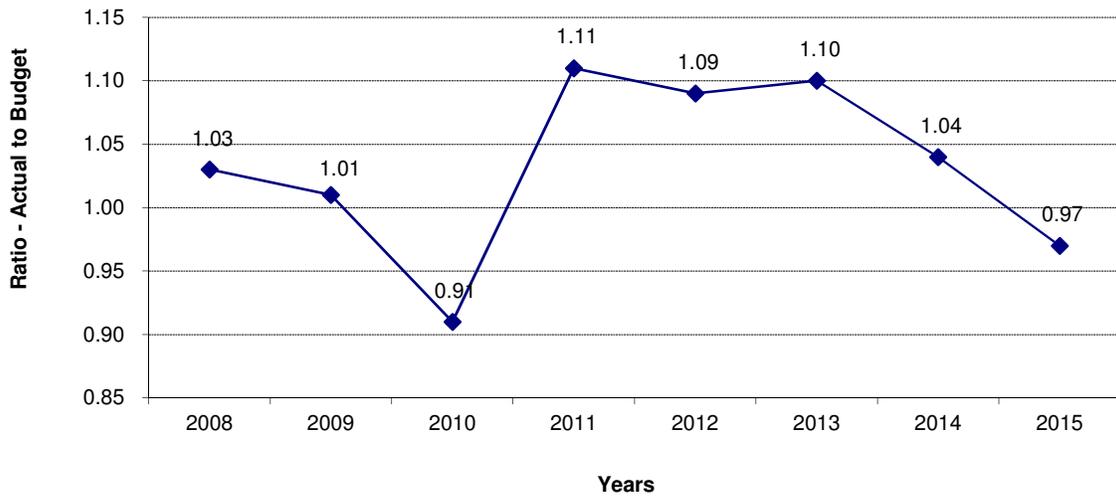
WARNING TREND: Increasing number and/or consecutive revenue shortfalls (Scores below 1.00)



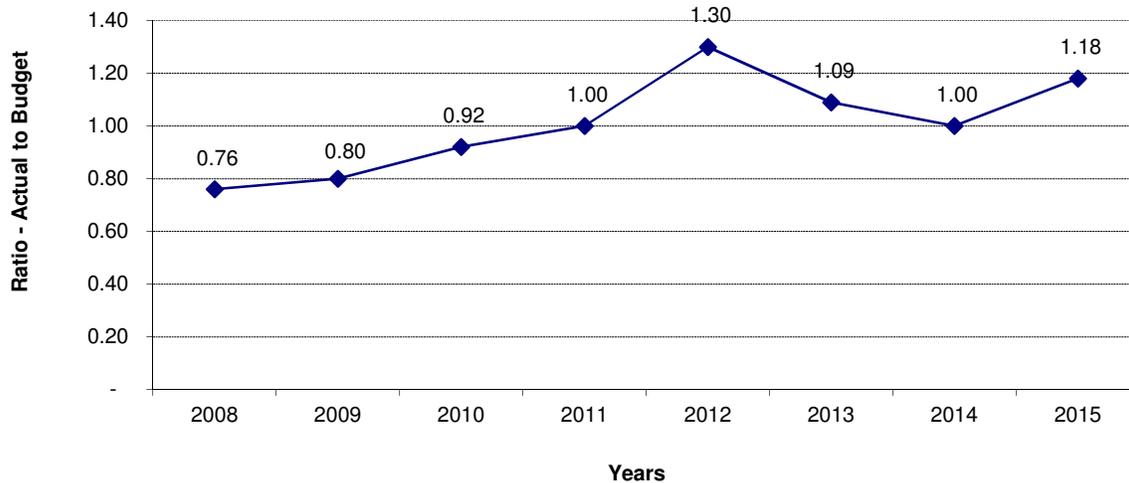
Revenue Shortfalls - Real Estate Taxes



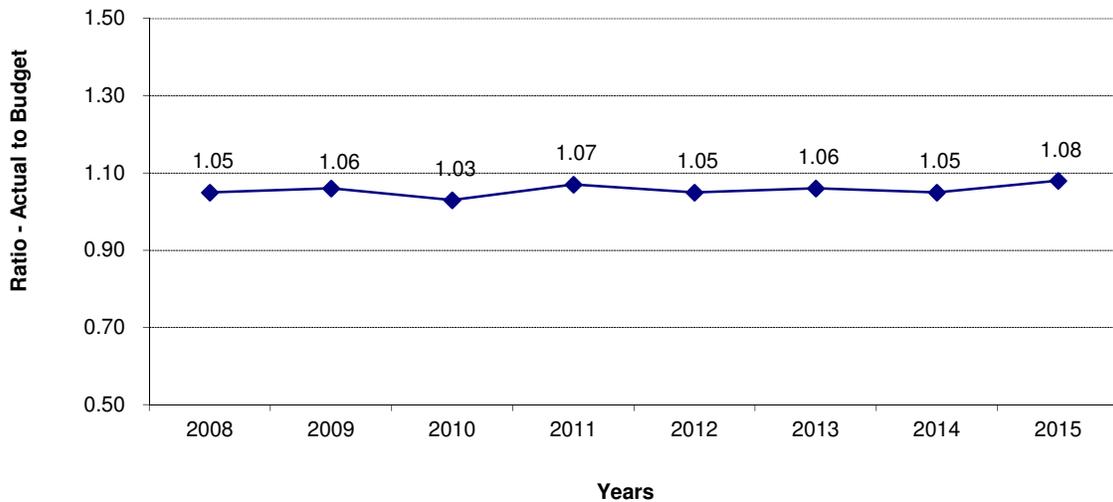
Revenue Shortfalls - Fines



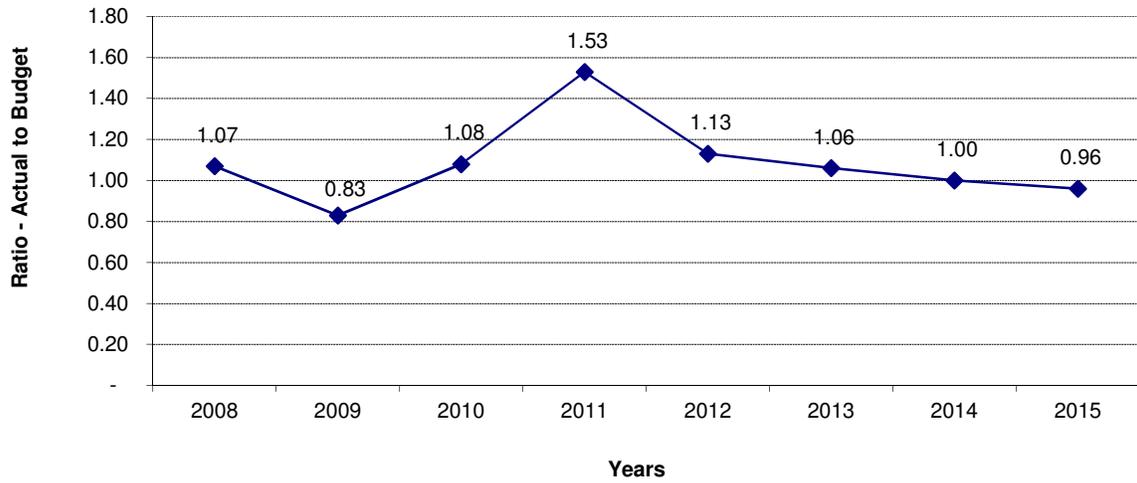
Revenue Shortfalls - Other Taxes



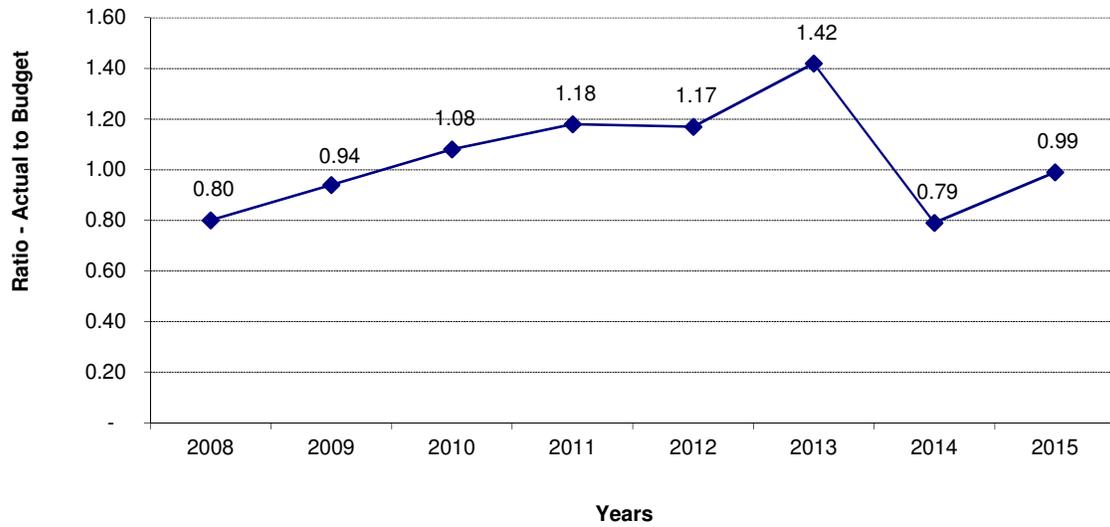
Revenue Shortfalls - Business Licenses & Permits



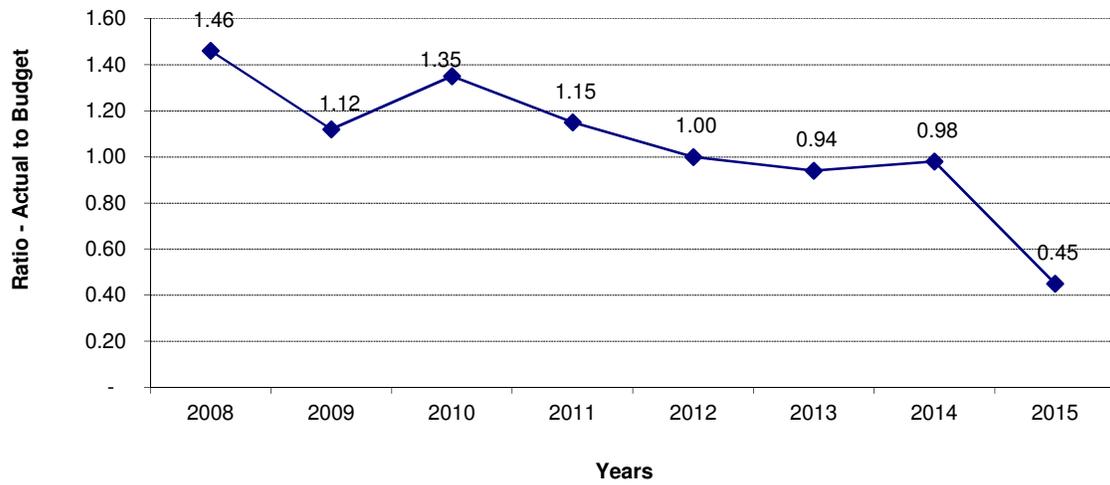
Revenue Shortfalls - Intergovernmental



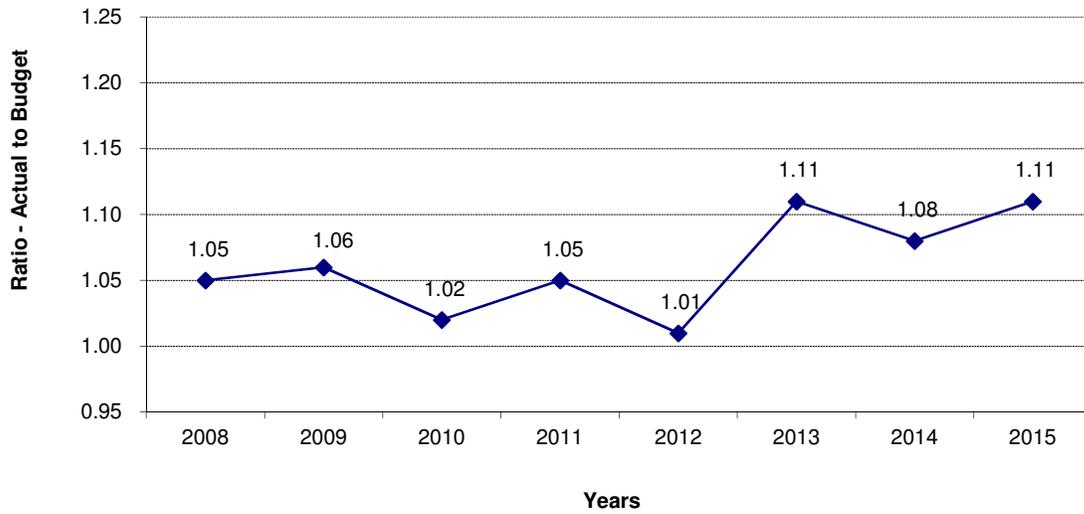
Revenue Shortfalls - Other



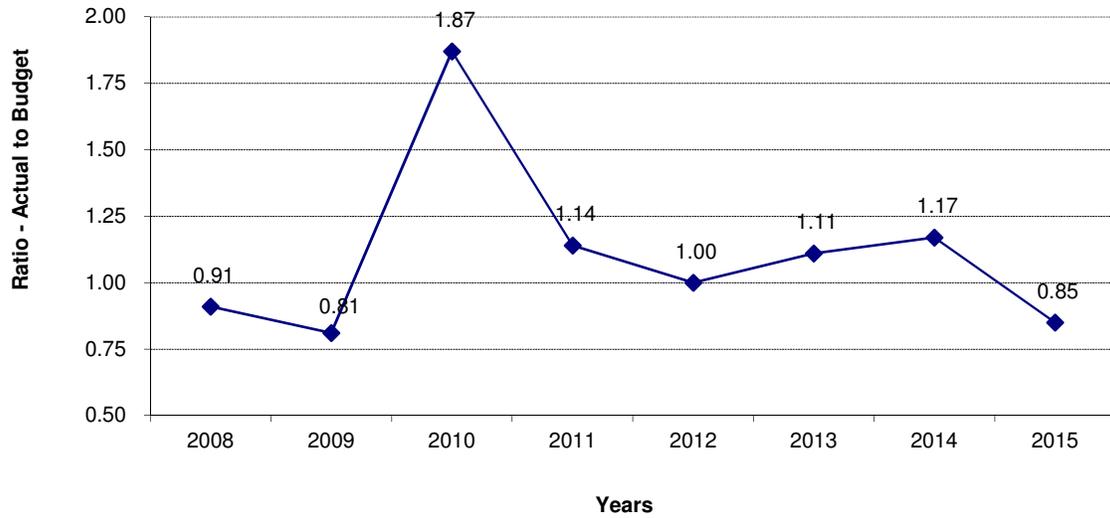
Revenue Shortfalls - Overlook Barn



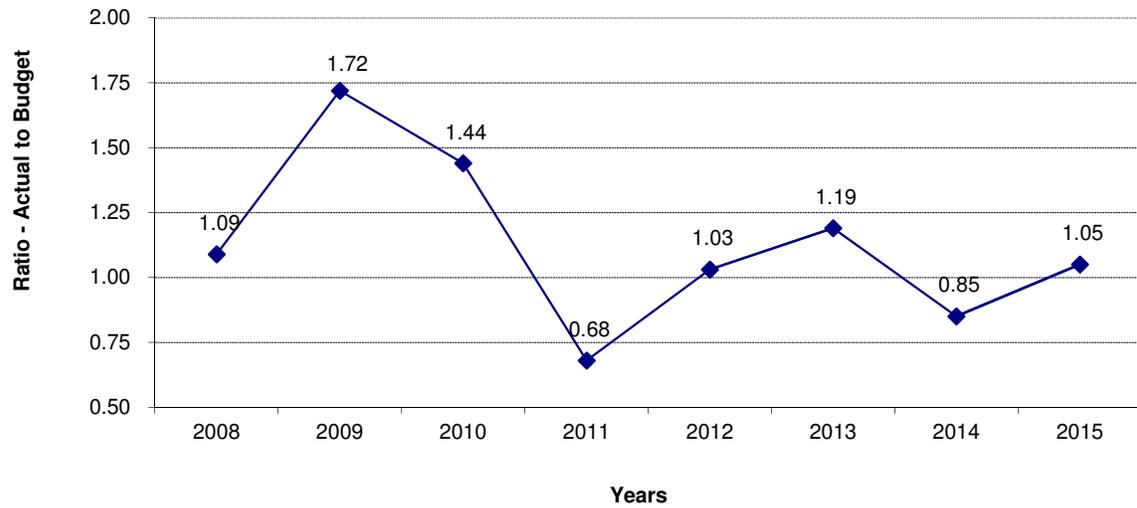
Revenue Shortfalls - Police



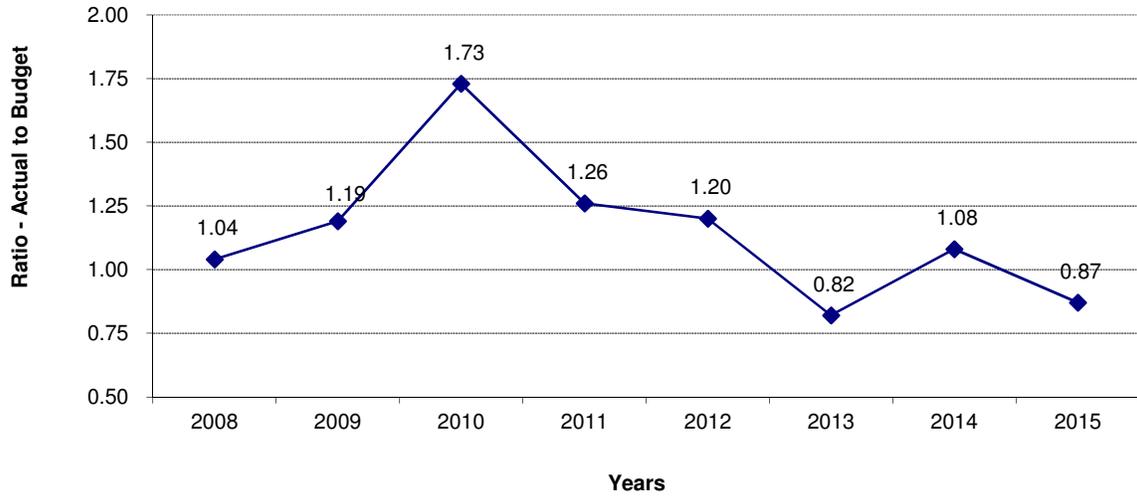
Revenue Shortfalls - Code Compliance



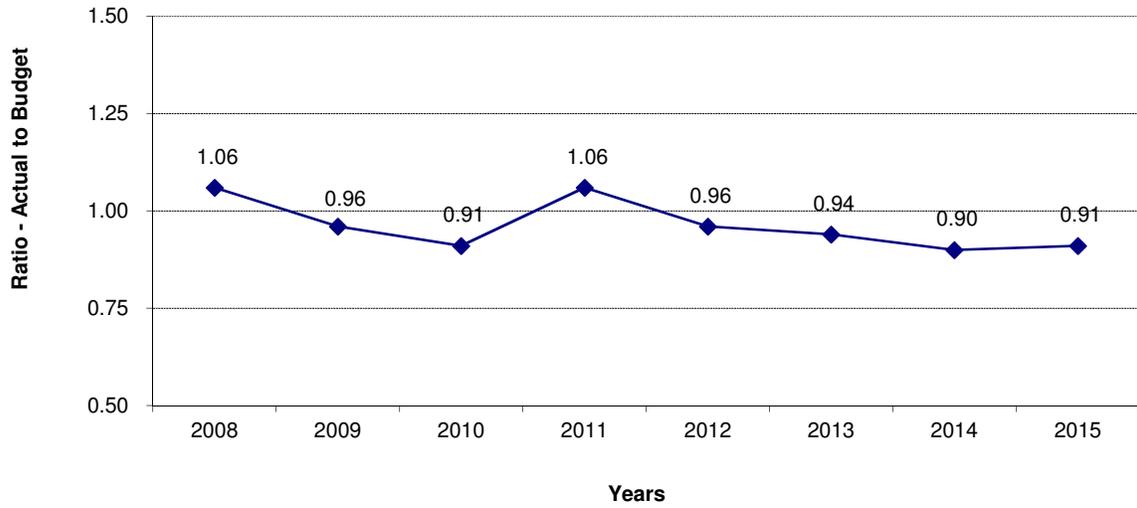
Revenue Shortfalls - Planning & Zoning



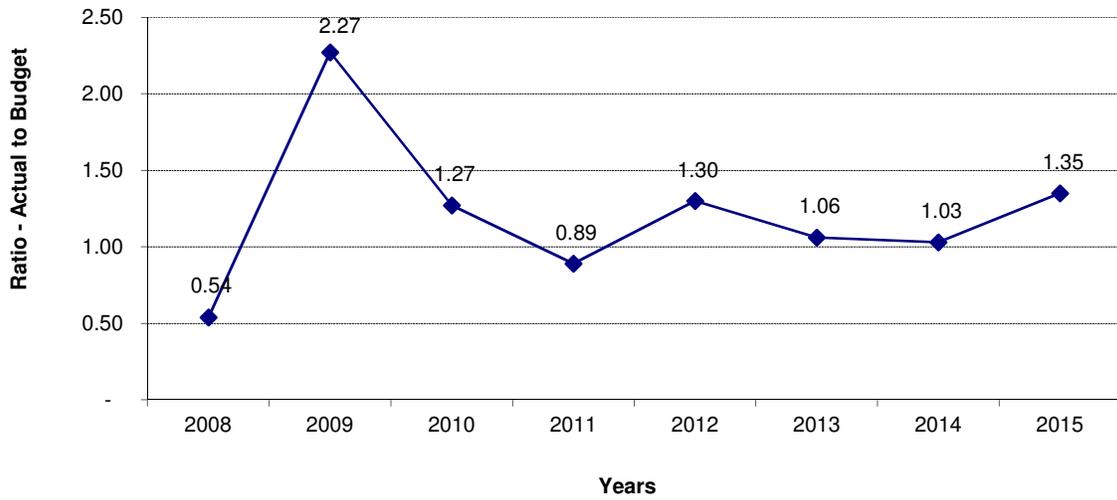
Revenue Shortfalls - Public Works



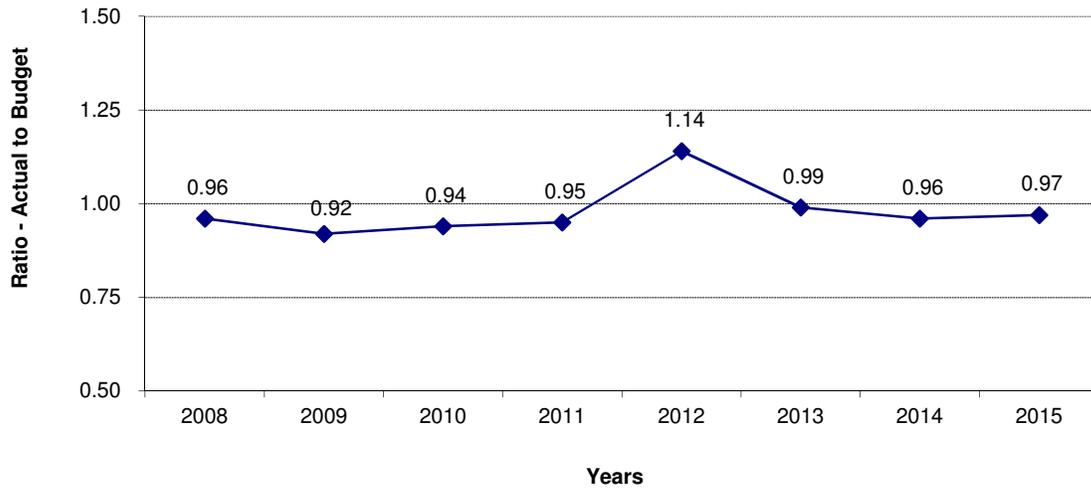
Revenue Shortfalls - Recreation



Revenue Shortfalls - Library



Revenue Shortfalls - Overlook Golf Course



FACTOR 12: Budget Overruns (Ratio)

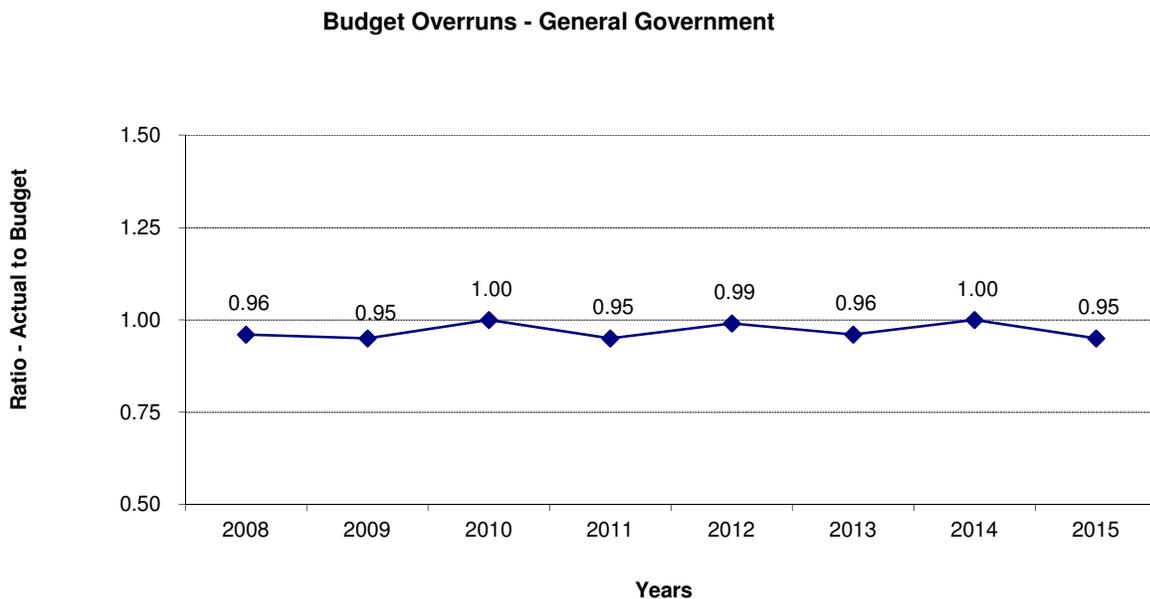
Description: Factor 12 illustrates budgeting and spending trends and compares how the Township's management officials are performing in regards to estimating expenditures for the annual budget and adhering to the annual service delivery plan. The factor illustrates chronic patterns of exceeding appropriations, which may be used to weigh the performance of the Township staff to predict and control the respective expenditures within the budget limits.

Persistent underestimation of expenditures and/or over spending in the budget (a ratio score above 1.00) could lead to financial problems and difficulty in keeping the Township on a sound financial footing. A ratio significantly below 1.00 also can be problematic as it indicates a lack of knowledge of spending requirements and expenditure trends or a significant overestimation of the budget expenditures. These appropriated funds may be needed in other areas.

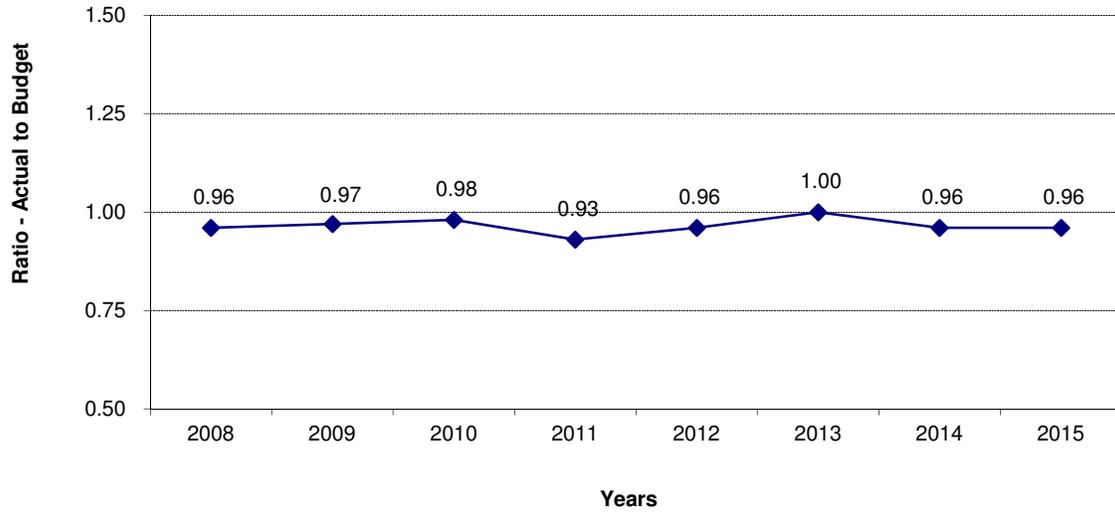
Formula: (Year-end actual expenditures) / (Budgeted expenditures)

Data Source: The Budget Report and the Annual Audit and Financial Report.

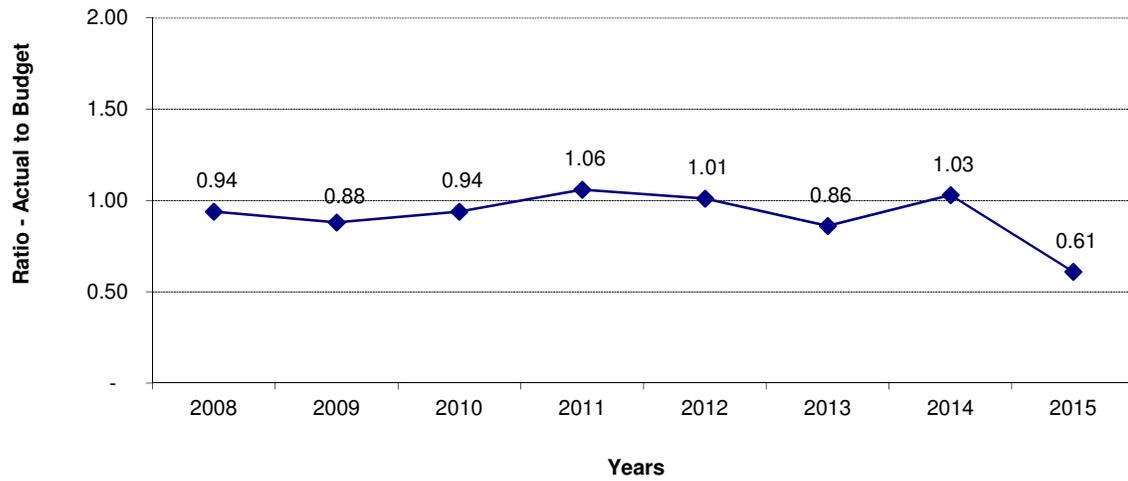
WARNING TREND: Increasing number and/or consecutive expenditure overruns (Scores above 1.00)



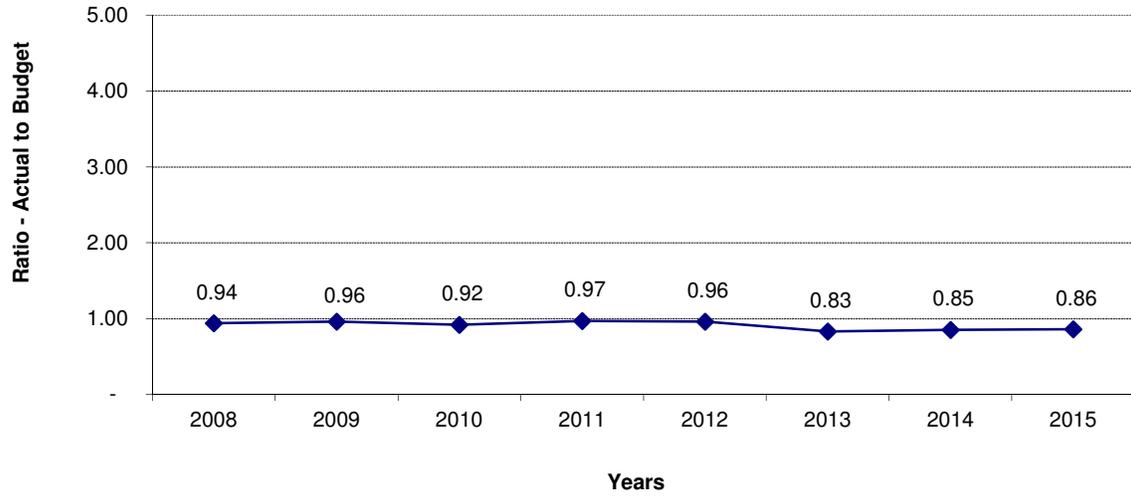
Budget Overruns - Finance



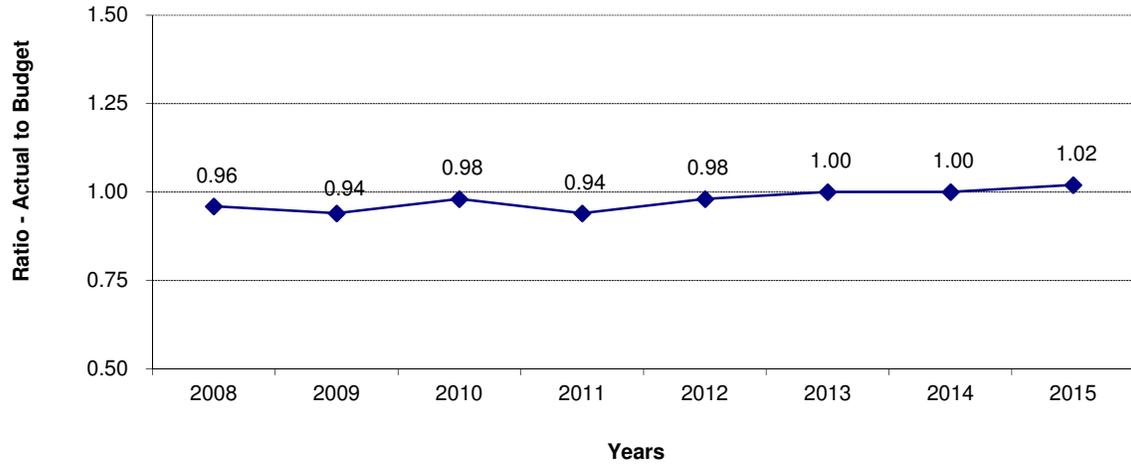
Budget Overruns - Overlook Barn



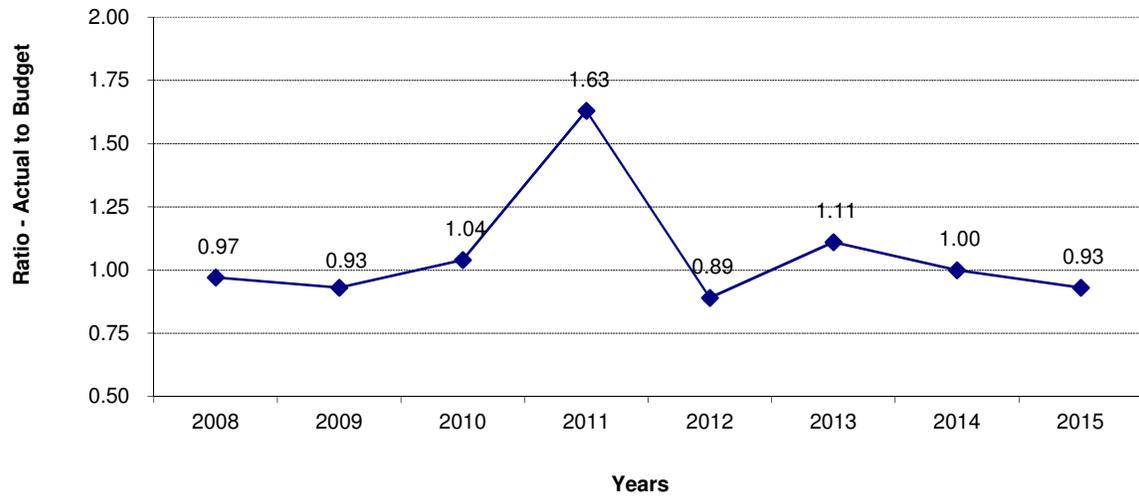
Budget Overruns - Custodial



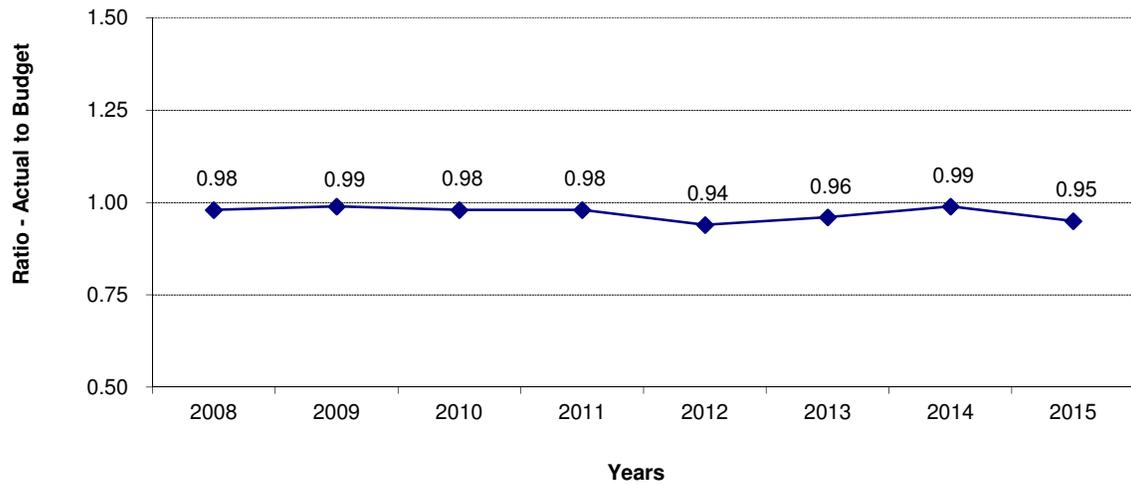
Budget Overruns - Police



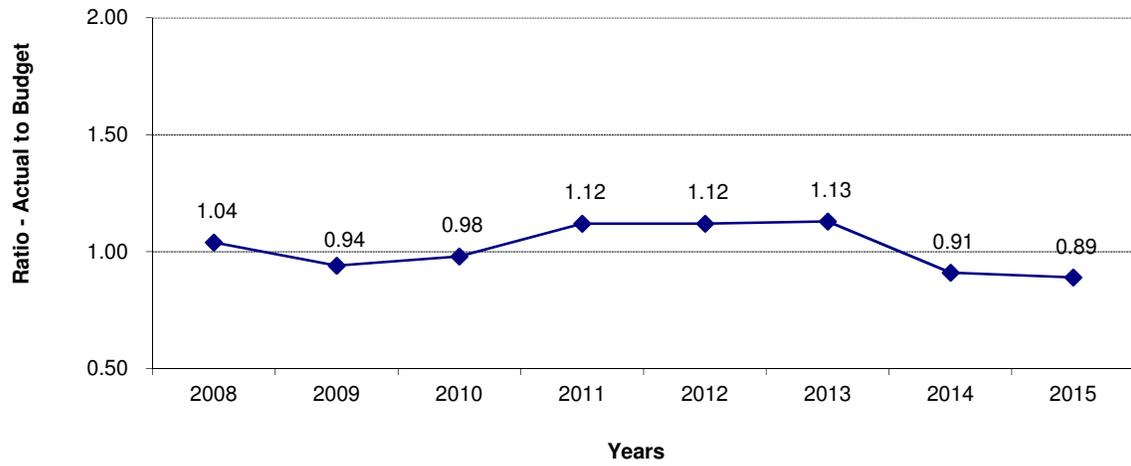
Budget Overruns - Emergency Services



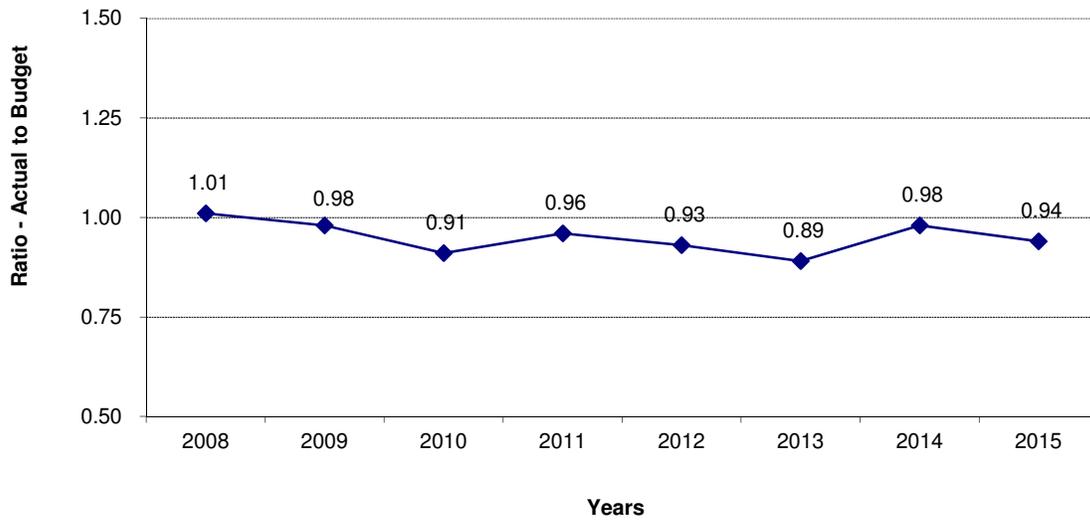
Budget Overruns - Code Compliance



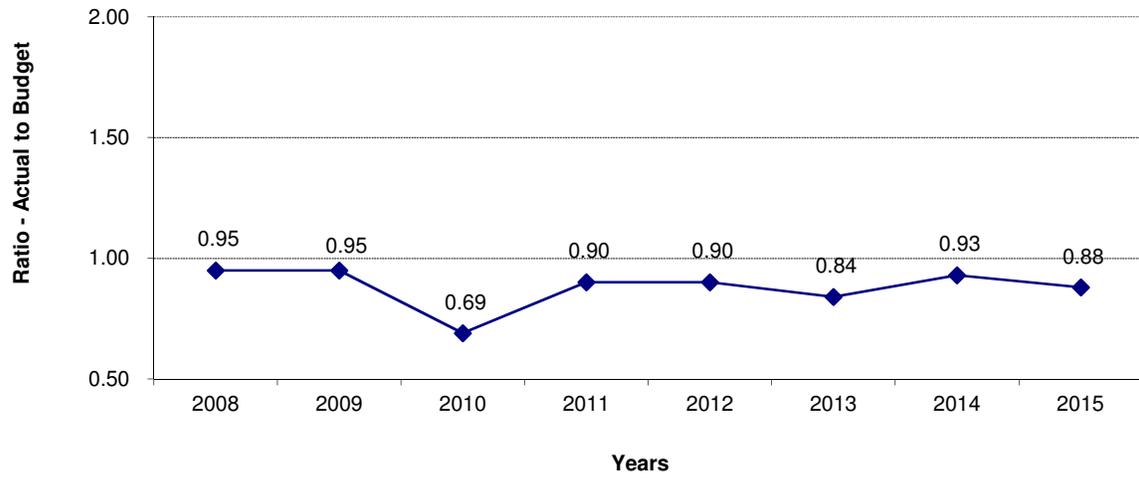
Budget Overruns - Planning & Zoning



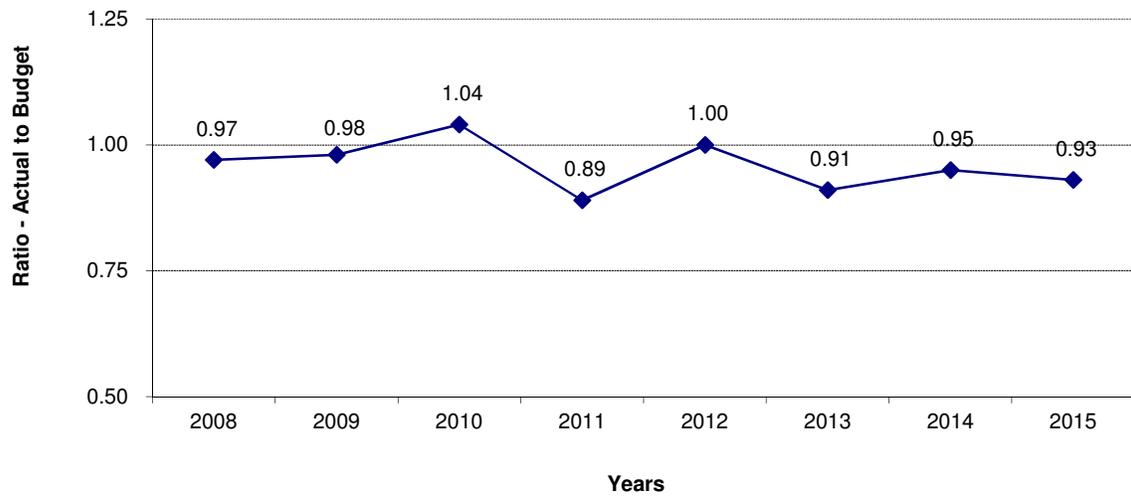
Budget Overruns - Public Works



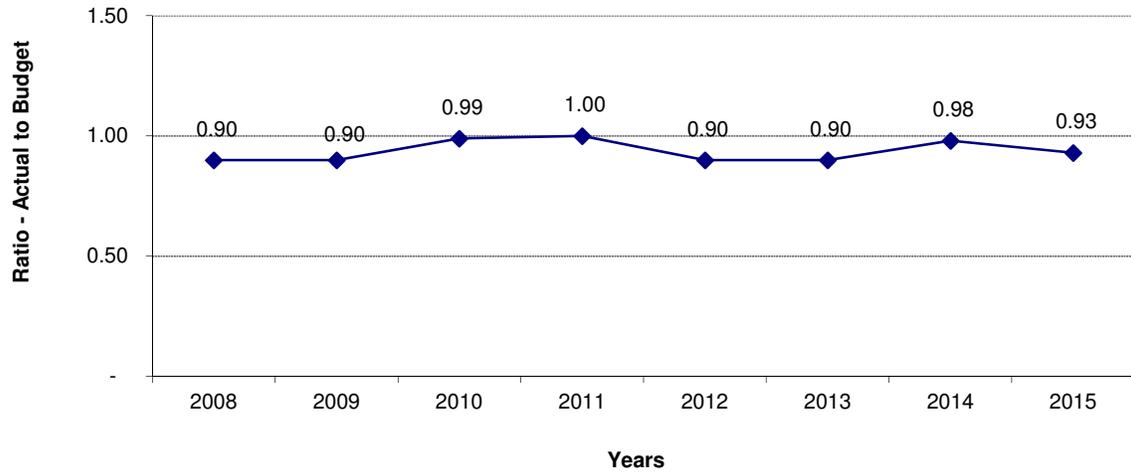
Budget Overruns - Parks



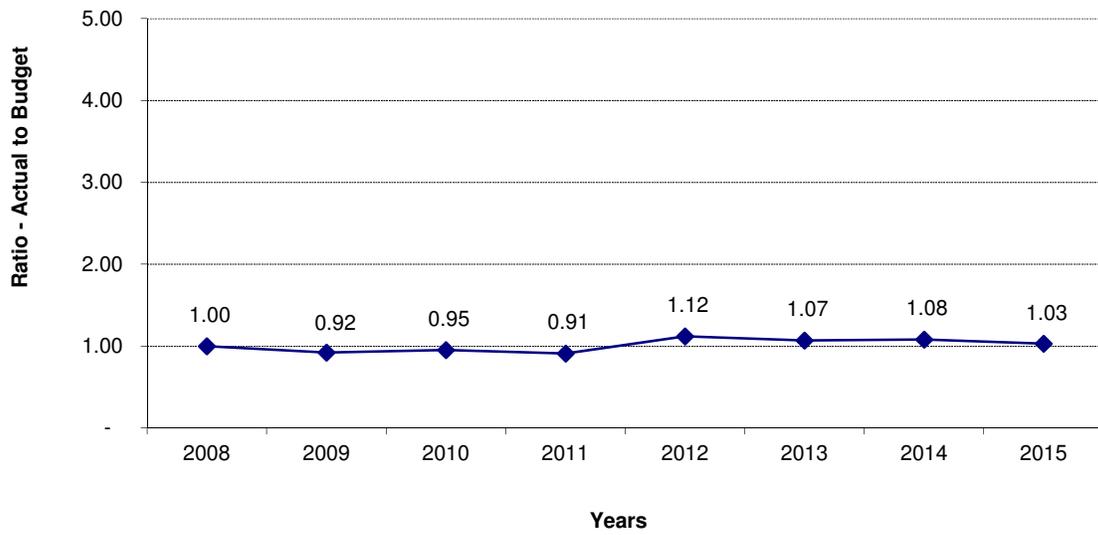
Budget Overruns - Recreation



Budget Overruns - Library



Budget Overruns - Overlook Golf Course



FACTOR 13 A: *User Fee Support of Township Fee Programs (Total General Fund)*

Description: This factor illustrates the level to which user fees and charges are supporting the overall total general fund budget. The question as to whether fees and charges are high enough to cover all or a portion of the costs associated with the service provided is always prevalent in local government financial management and policy.

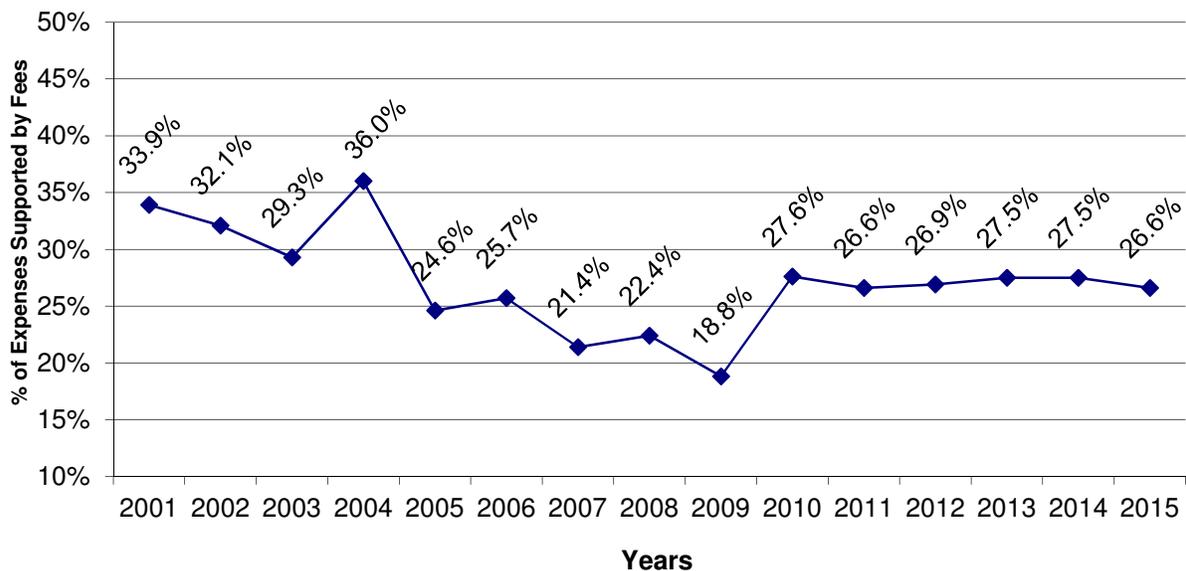
Where fees are low, a subsidy in the form of general fund taxes is supporting the programs. Again, the extent of the tax subsidy is a policy decision of the Township, but municipal officials need to be aware of the extent of the tax subsidy.

Formula: (Fees and user charge revenues) / (Expense of providing service)

Data Source: For user charges, see accounts 361-379 in the Annual Audit and Financial Report; for expenses, see accounts 400-468.

WARNING TREND: Decreasing percentage of fees and charges revenue to pay for costs of Township government user services.

User Fee Support for Fee Programs - Total



FACTOR 13 B: *User Fee Support of Township Fee Programs (by Department)*

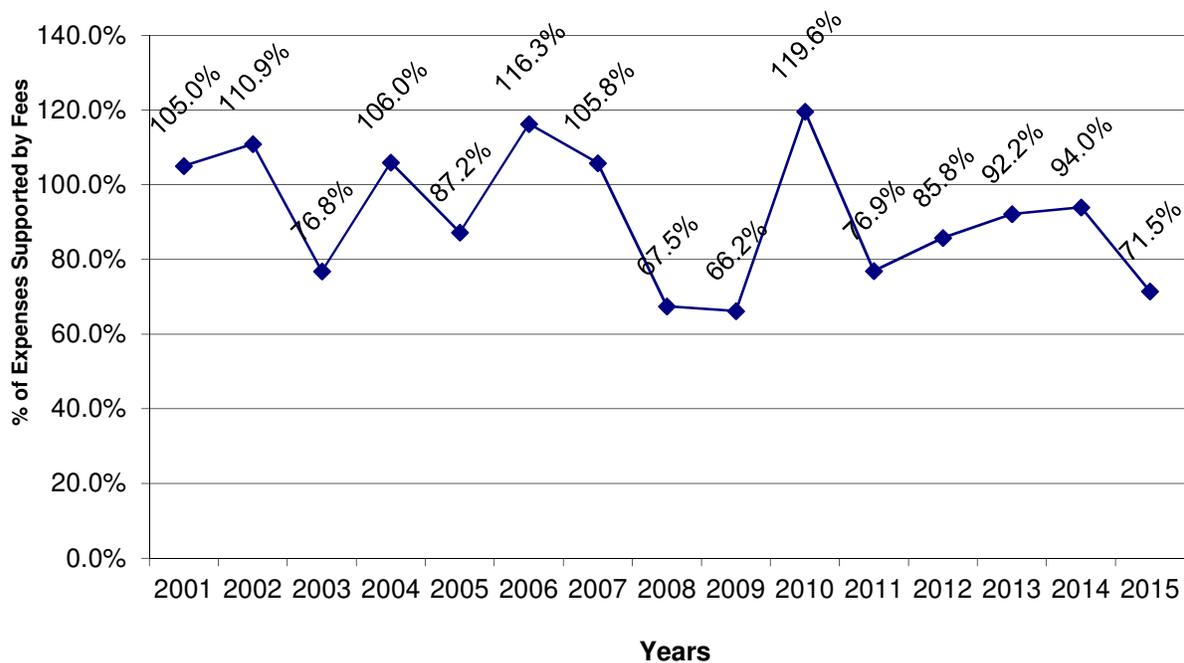
Description: Factor 13B illustrates the level to which user fees and charges are supporting each select department's expenditures. The question as to whether fees and charges are high enough to cover all or a portion of the costs associated with user services is always prevalent in local government financial management and policy. Where fees are low, a subsidy in the form of general fund taxes is subsidizing and supporting the user program. The extent of the tax subsidy is a policy decision of the Township, but municipal officials need to be aware of the extent of the tax subsidy.

Formula: (Fees and user charge revenues) / (Expense of providing service)

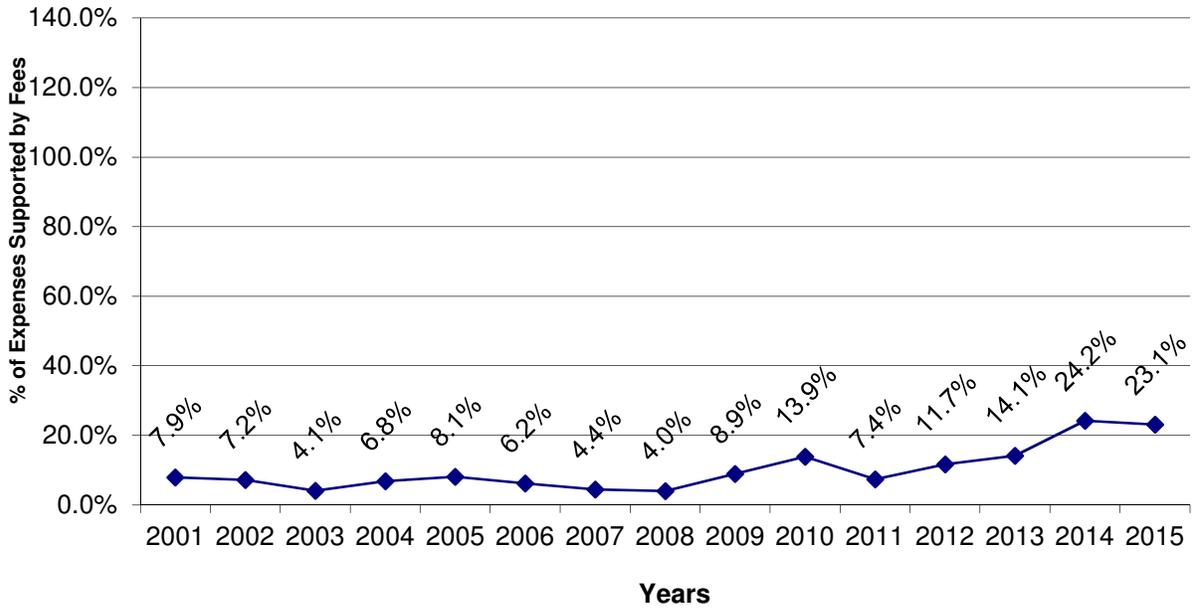
Data Source: For user charges, see accounts 361-379 in the Annual Audit and Financial Report; for expenses, see accounts 400-468.

WARNING TREND: Decreasing percentage of user fees and charges to cover costs of user services.

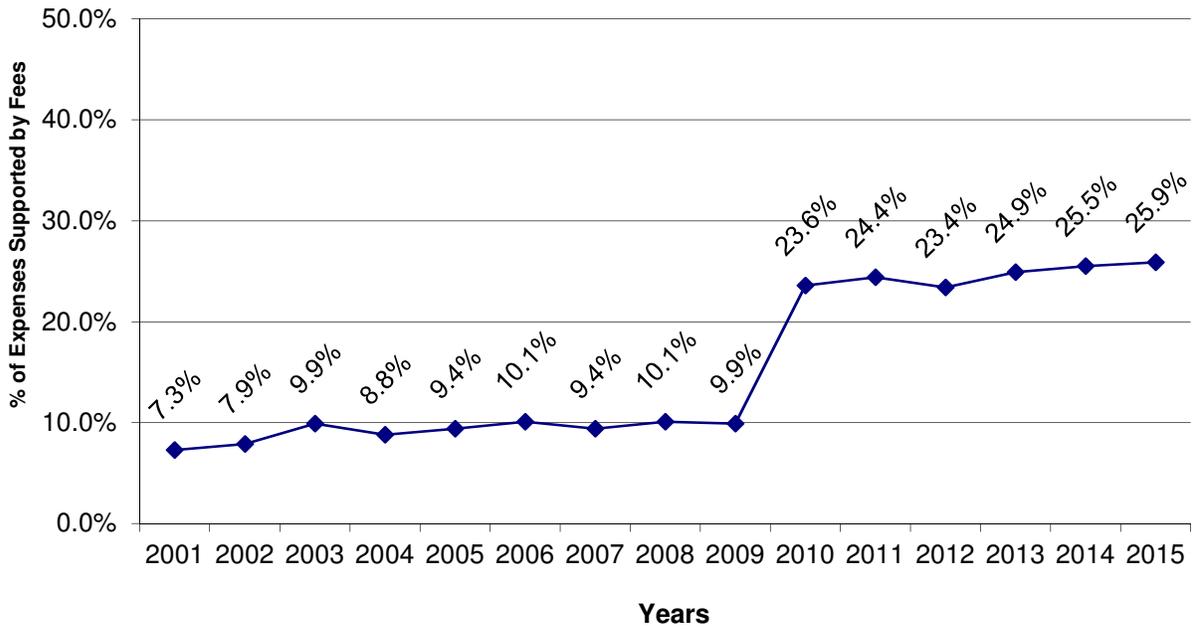
User Fee Support for Fee Programs - Code Compliance



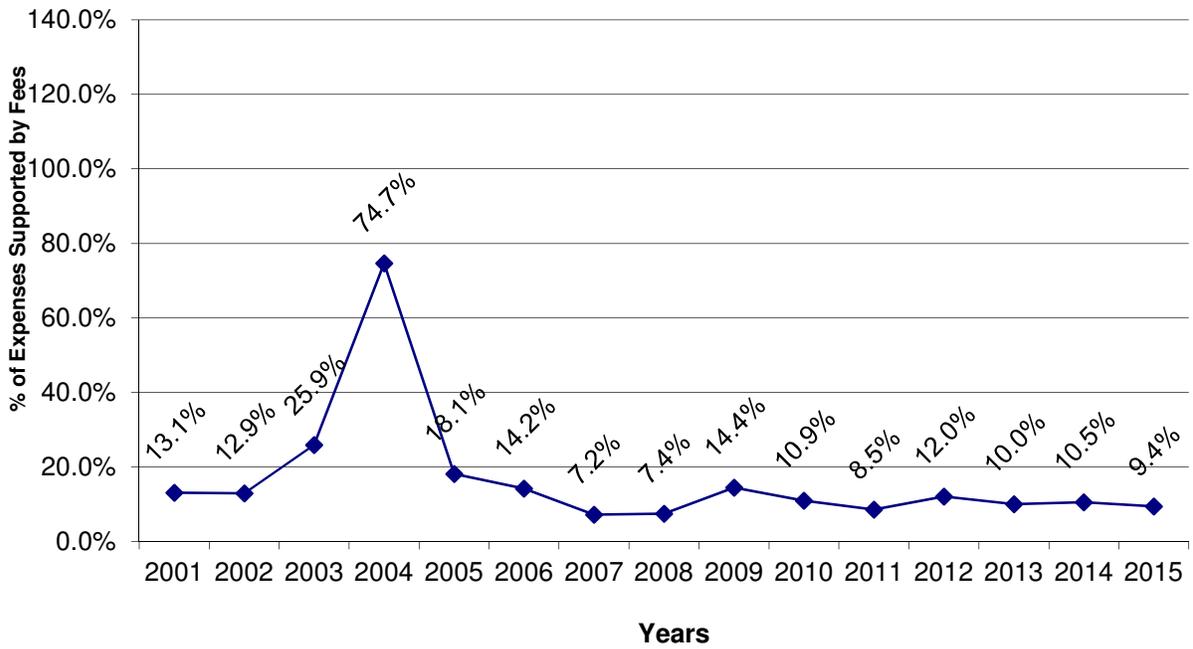
User Fee Support for Fee Programs - Planning & Zoning



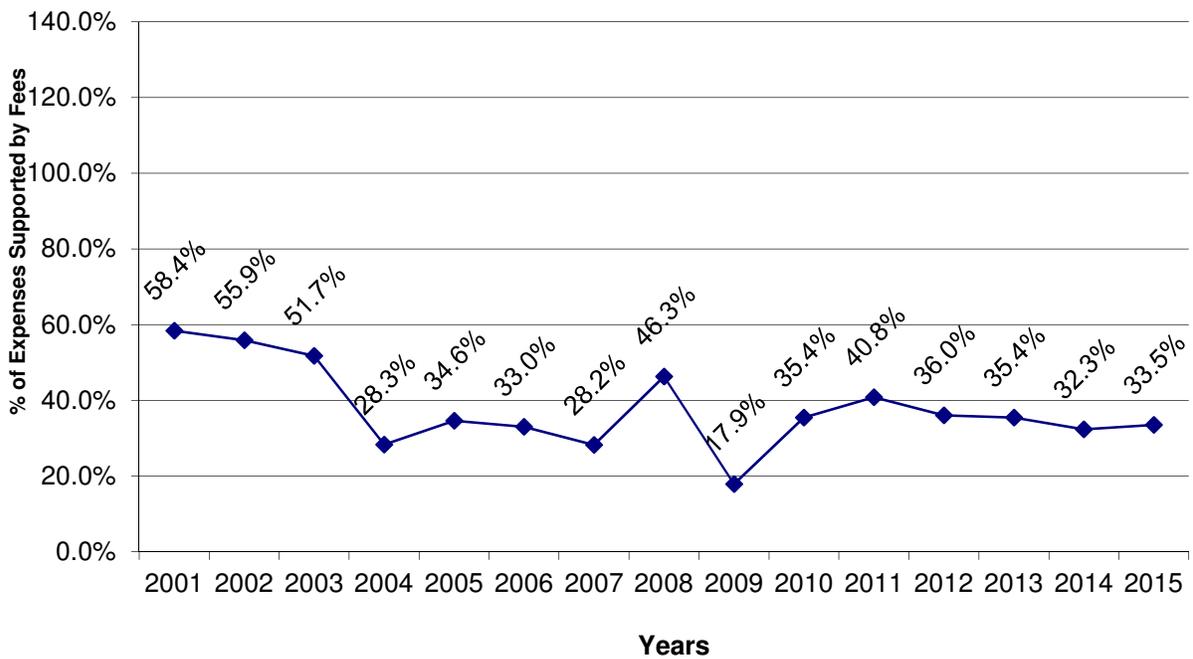
User Fee Support for Fee Programs - Police



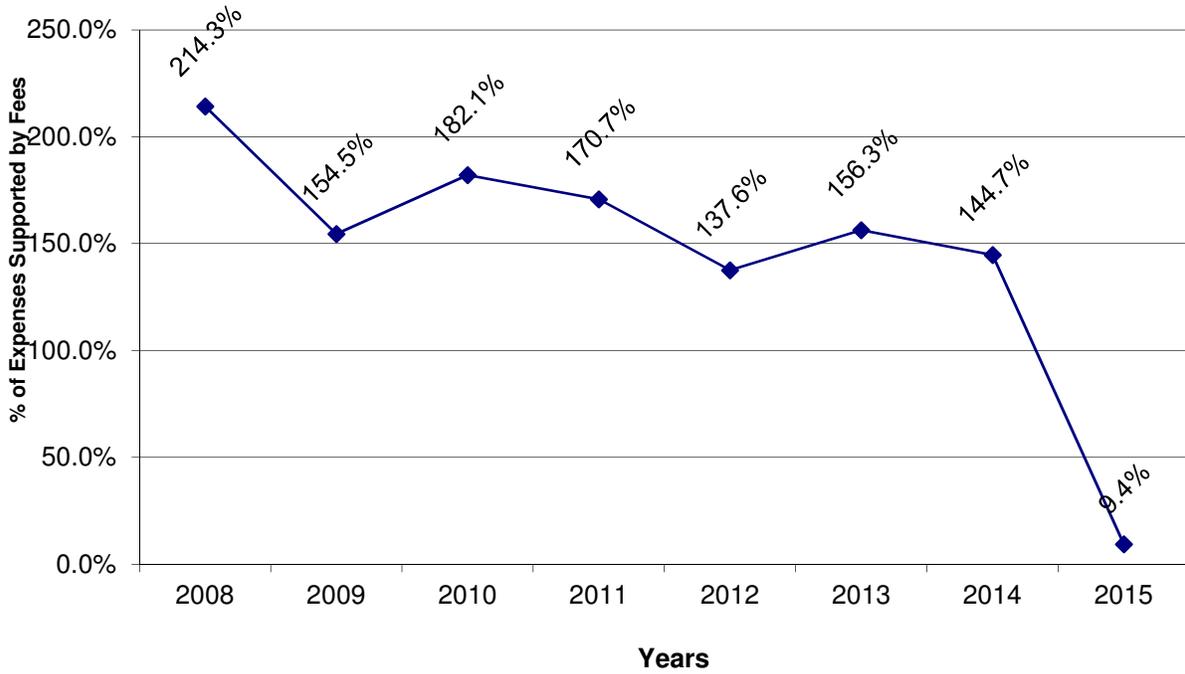
User Fee Support for Fee Programs - Public Works



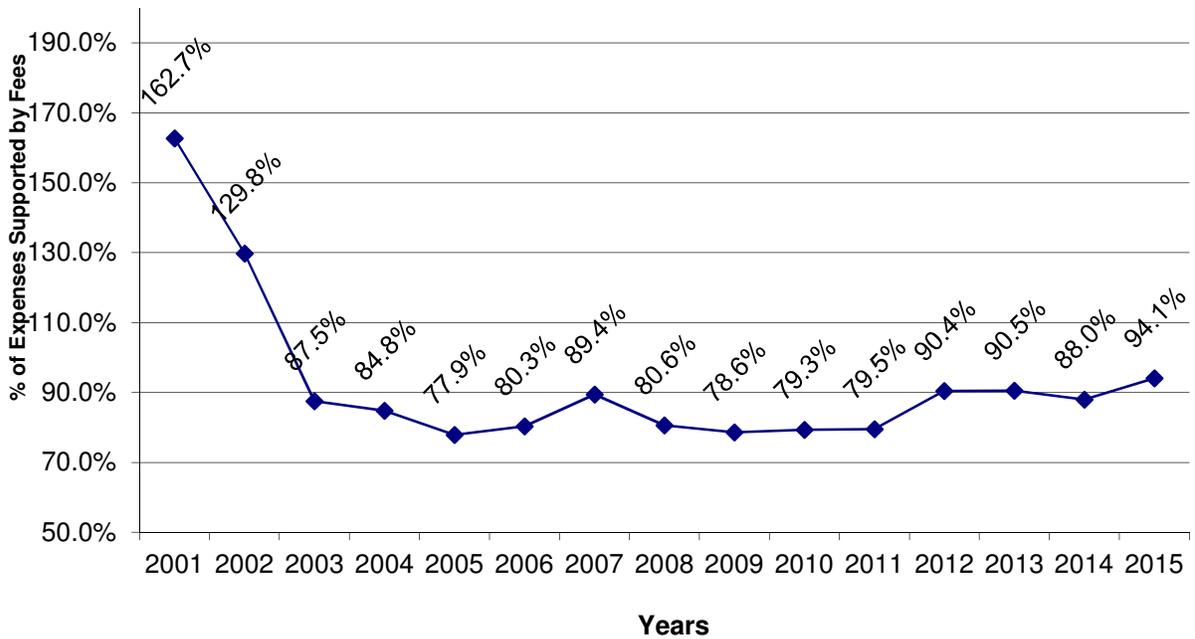
User Fee Support for Fee Programs - Parks & Recreation



User Fee Support for Fee Programs - Barn



User Fee Support for Fee Programs - Golf



FACTOR 14: Uncollected Real Estate Tax

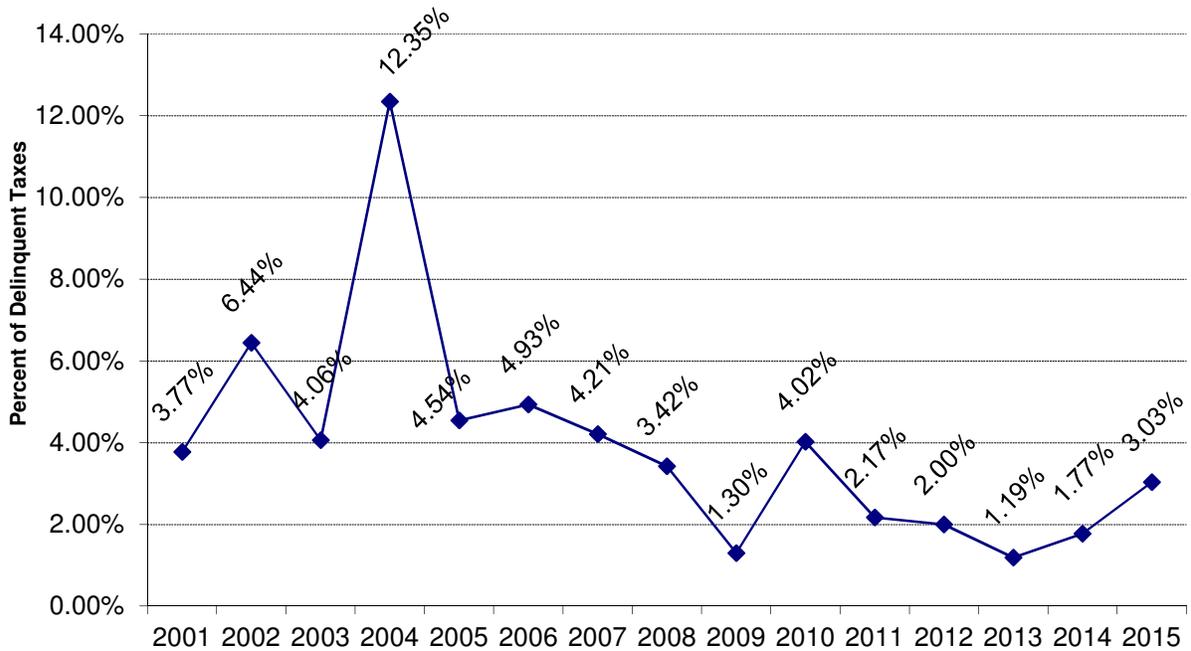
Description: This factor illustrates and indicates the general fiscal health of the community and property tax payers in the Township by comparing over time the percentages of uncollected real estate tax to the total real estate tax levy. The higher the percentage, the more real estate taxes are uncollected.

Formula: Uncollected real estate tax as a ratio to total real estate tax levy

Data Source: Schedule B-3 of the Annual Audit and Financial Report.

WARNING SIGNAL: Increasing percentage of uncollected real estate taxes as a percent of net real estate tax levy.

Uncollected Real Estate Tax



FACTOR 15: Township Employees (Full Time) Per Capita

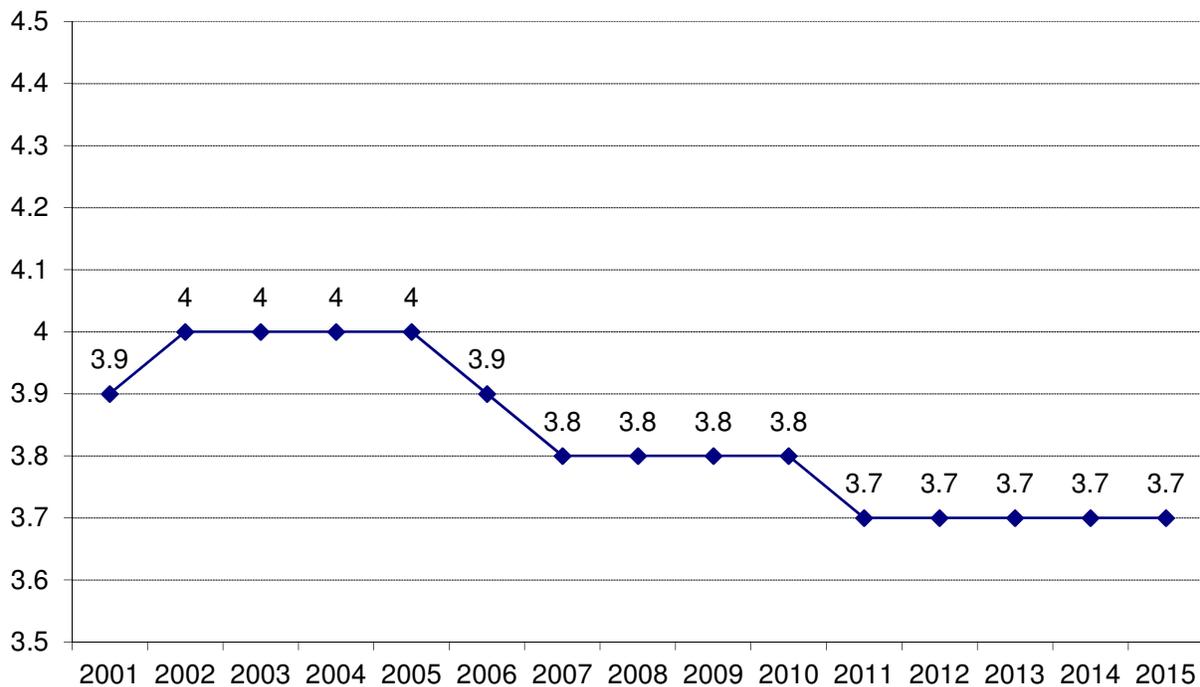
Description: Factor 15 illustrates the employment levels for the Township over its population. Work productivity is difficult to measure in a simple formula, but the Township can use a generic standard to measure expansion and growth of the public workforce against the size and scale of the population in general. The “employees per capita” factor is a simplified measure to accomplish this.

Formula: $((\text{Full-time municipal employees}) / (\text{Township population})) \times 1,000 = \text{Municipal employees per 1000 population}$

Data Source: Payroll records; use the same date each year, or average employment for the year.

WARNING TREND: Increasing number of municipal employees per 1,000 population over time.

Employees per 1,000 Residents



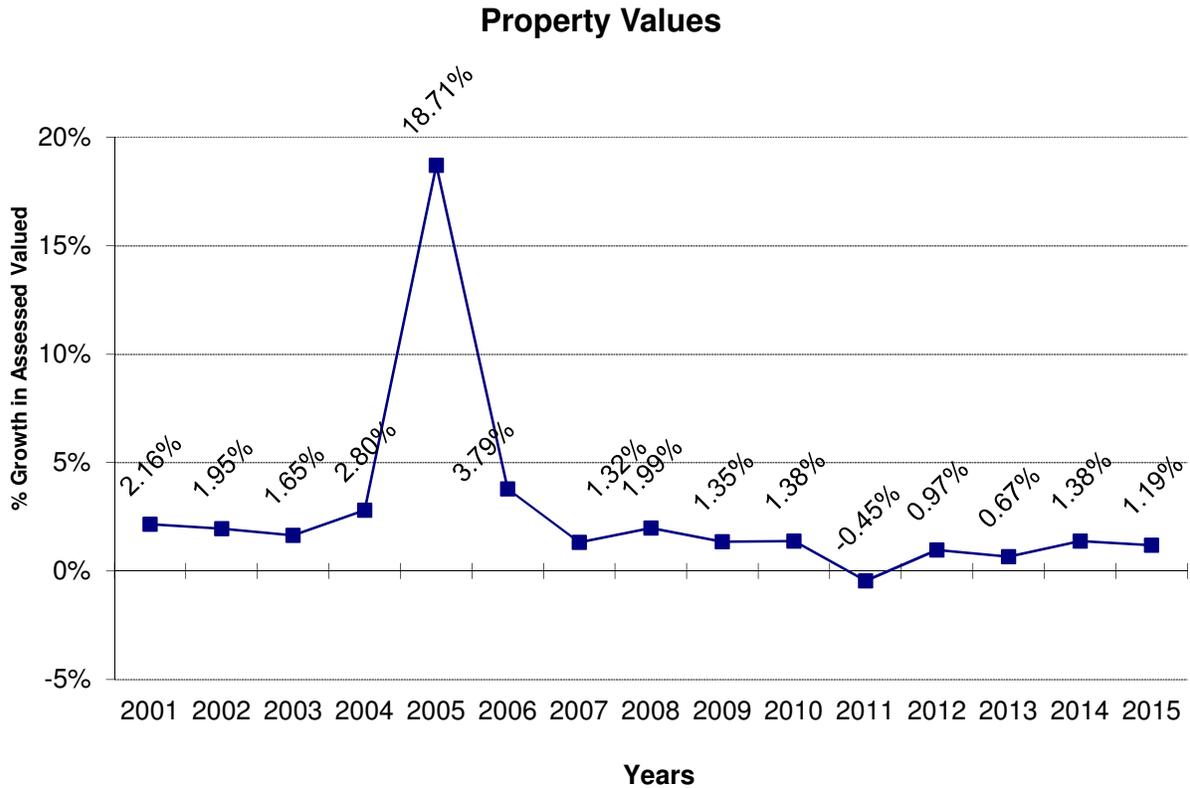
FACTOR 16: *Property Values (Taxable Assessed Property)*

Description: Factor 16 is a year to year comparison of changes in the total assessed value of taxable property in the Township. This factor measures the growth in assessed value of taxable property from year to year, which is a key sign of local private investment in existing and new buildings and structure and general economic health of the community.

Formula: (Current year taxable property assessed value) - (Prior year's taxable property assessed value) / (Prior year's taxable assessed property value)

Data Source: Used assessed value figures from the Annual Audit and Financial Report or market value figures from the Lancaster County Assessment Office.

WARNING TREND: Decreasing growth rate of taxable assessment property values or actual declines.



FACTOR 17: Fiscal Capacity (Per Parcel)

Description: Factor 17 is a year to year comparison of changes in the total assessed value of taxable property in the Township over the total number of parcels in the Township. This factor measures the growth in all residential and non-residential assessed value of property from year to year, which is a key sign of local investment in existing and new buildings and structure and general economic health.

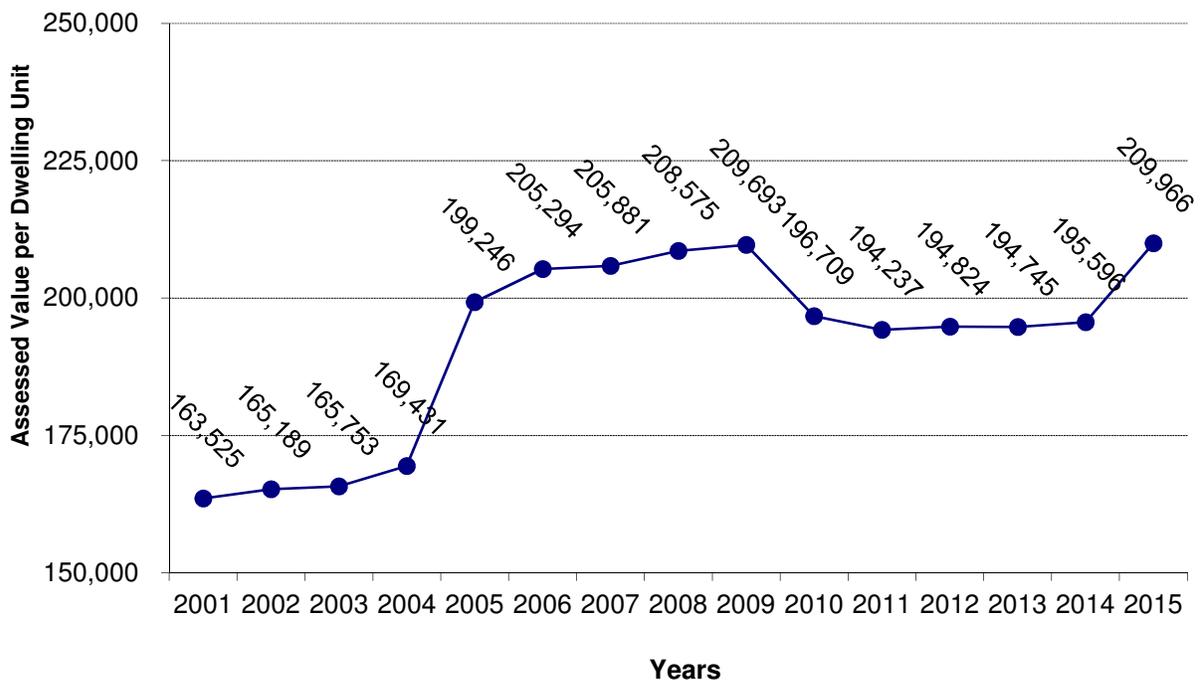
The total assessed value is then divided by the total number of parcels (tax bills) in the Township. This indicator indicates the Township's general health by showing the ability to meet its financial obligations as reflected in its major asset, property values.

Formula: (Assessed value of taxable real estate) / (Parcels)

Data Source: Schedule B-3 of the Annual Audit and Financial Report. Tax Bills from the Manheim Township Tax Collector's office.

WARNING TREND: Decreasing amount of assessed valuation per tax parcel.

Fiscal Capacity



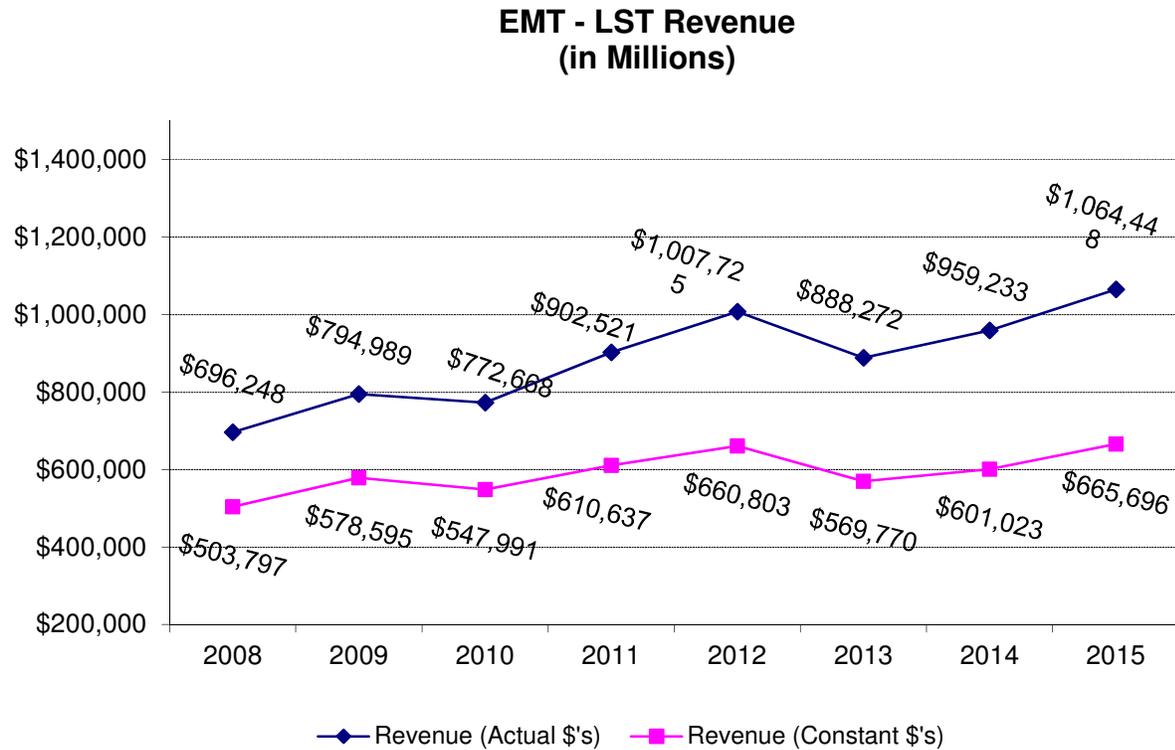
FACTORS 18A: Emergency and Municipal Services Tax/Local Services Tax Trends (Actual-blue and Constant Dollars-pink)

Description: Factor 18 illustrates the most recent EMST and LST revenue trends from employees working within Manheim Township. This chart illustrates actual revenue collected from EMST and LST by the Lancaster County Tax Collection Bureau.

This chart illustrates the trend in “actual dollars” (blue line). In order to illustrate the revenue stream as it related to inflationary changes, the trend is also presented in “constant dollars,” (pink line) from a base year of 2000, which considers the standard Consumer Price Index (CPI) changes over time.

Data Source: Lancaster County Tax Collection Bureau

WARNING TREND: Decreasing growth or actual decline in revenue.



FACTORS 18B: *Employment Base*

Description: Factor 18B is another economic indicator that can help to describe the Township's fiscal health by illustrating employee/wage earners paying earned income taxes to the Township. Employment base is measurable by either the number of wage earners in the community or the number of residents who are employed pay wage taxes. In balanced communities, both of these factors may be worthwhile to tabulate. The formulas below produce a graphic illustration of:

(a) residents living in the Township filing an Earned Income Tax (EIT) with income as a proportion of the total number of EIT returns filed: **Formula:** ((Number of earned income tax (EIT) accounts of filers with income) divided by (Total (EIT) returns filed));

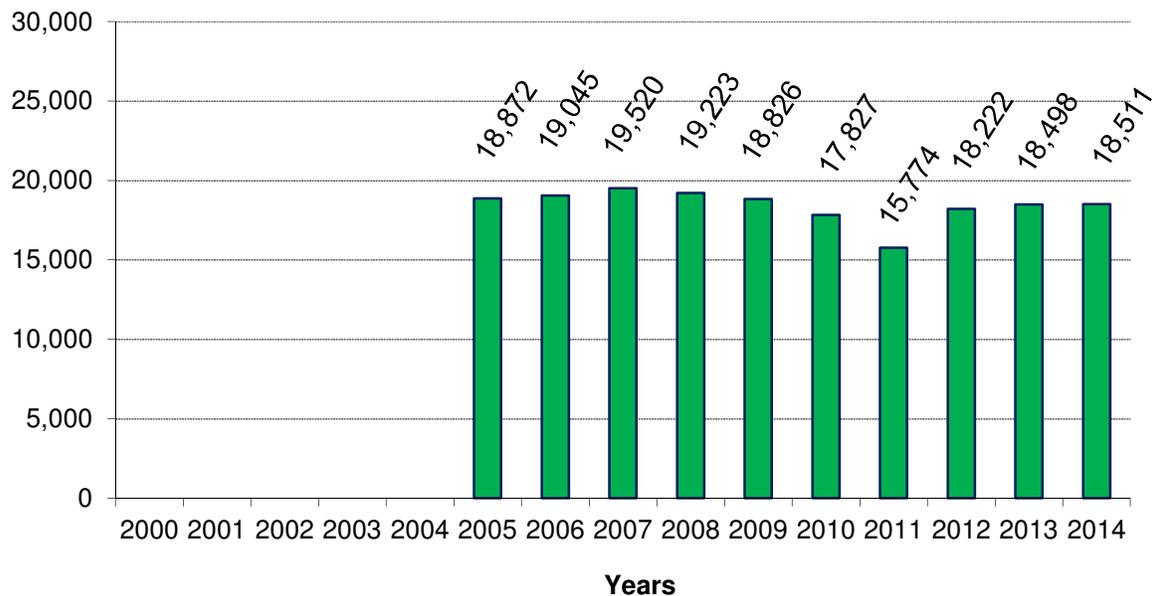
(b) the rate of change of employed individuals living and filing Earned Income Tax (EIT) returns with income to the Township and school district. **Formula:** ((Number of earned income tax (EIT) returns with income for current year)-(number of (EIT) returns with income for prior year)) / (Number of EIT returns with income for the prior year);

(b) the average income per EIT filer in actual and constant dollars. **Formula:** total EIT income collected divided by total EIT returns filed.

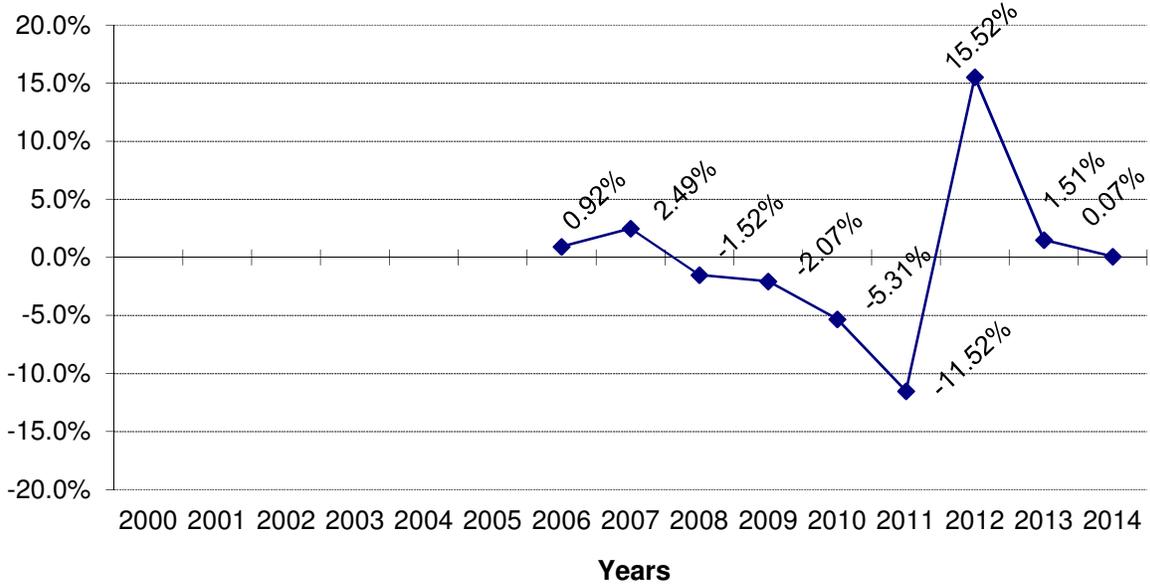
Data Source: Lancaster County Tax Collection Bureau, MT School District

WARNING TREND: Decreasing growth or actual decline in number of EIT filers with income and declining average amount of EIT returns filed by working residents.

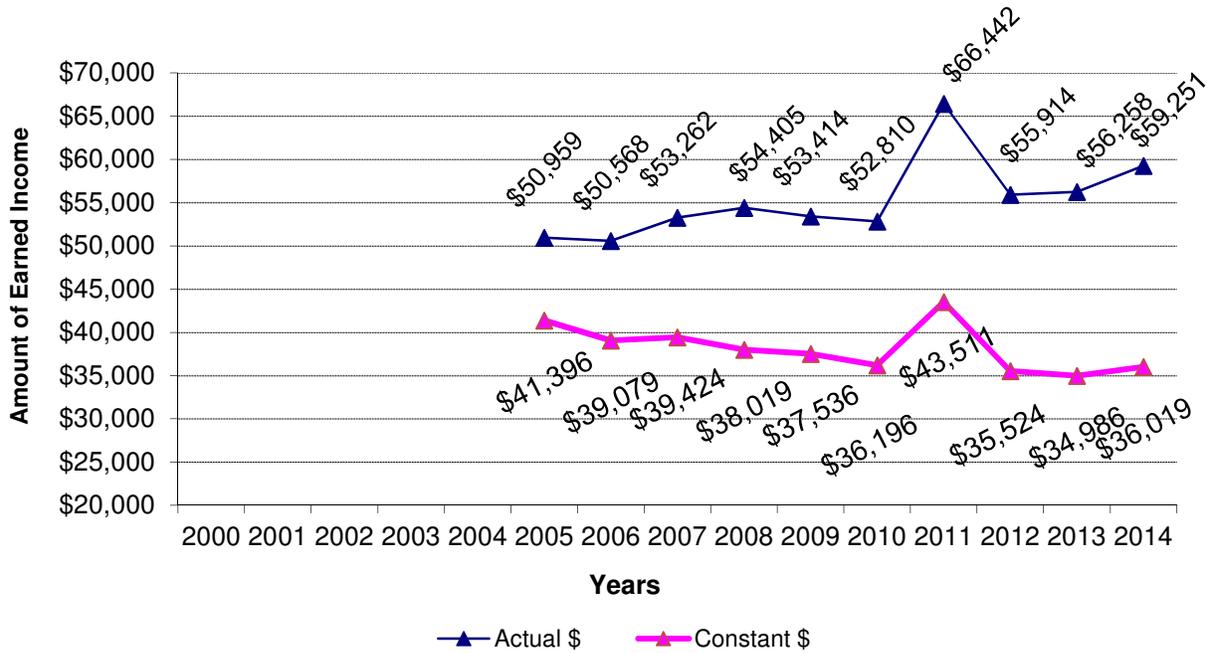
Number of EIT Returns With Earned Income



Percent Change in EIT Filers with Income (over Prior Year)

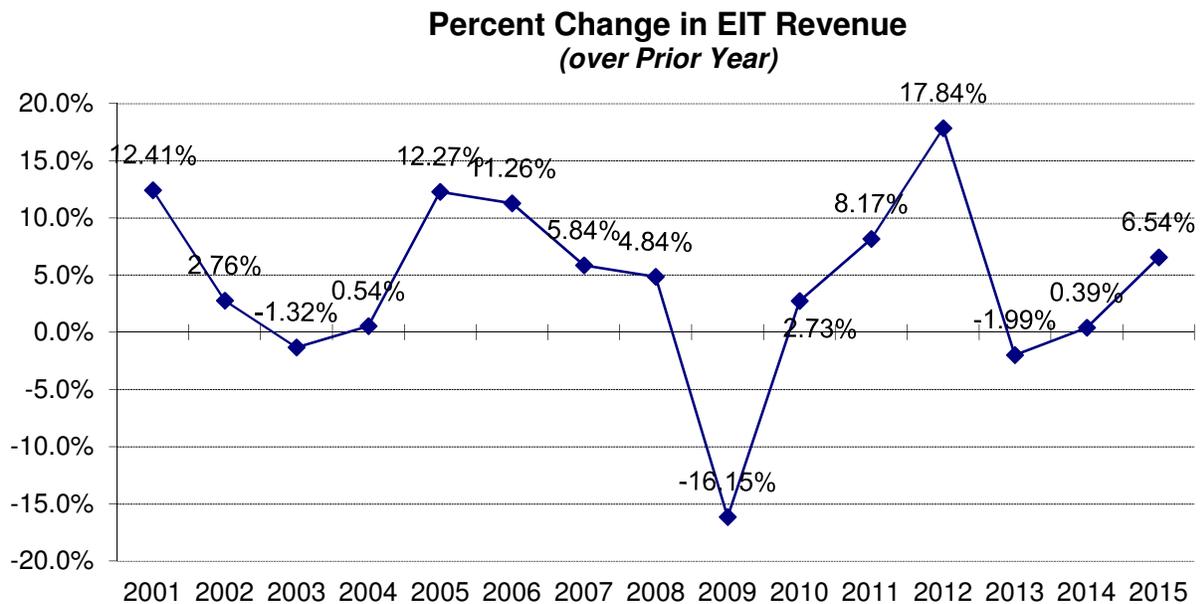
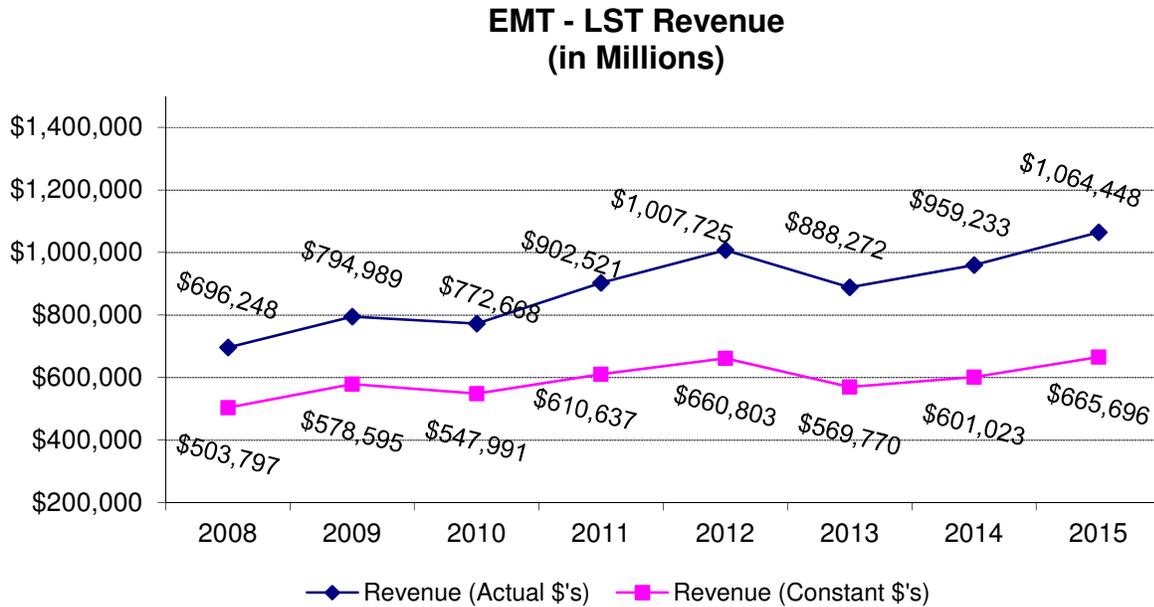


Average Gross Wages per EIT Return with Earned Income



Earned Income Tax Trends and Percent Change in EIT (Actual-blue and Constant Dollars-pink)

Related to Factor 18B, the chart below illustrates the most recent earned income tax (EIT) revenue trends from income taxes collected from township residents. This chart illustrates actual revenue collected from EIT. This chart illustrates the trend in “actual dollars” (blue line). In order to illustrate the revenue stream as it related to inflationary changes, the trend is also presented in “constant dollars” (pink line) which considers the standard Consumer Price Index (CPI) changes over time. The EIT is also illustrated as a percentage change from the previous year.



FACTOR 19A: *Construction Activity*

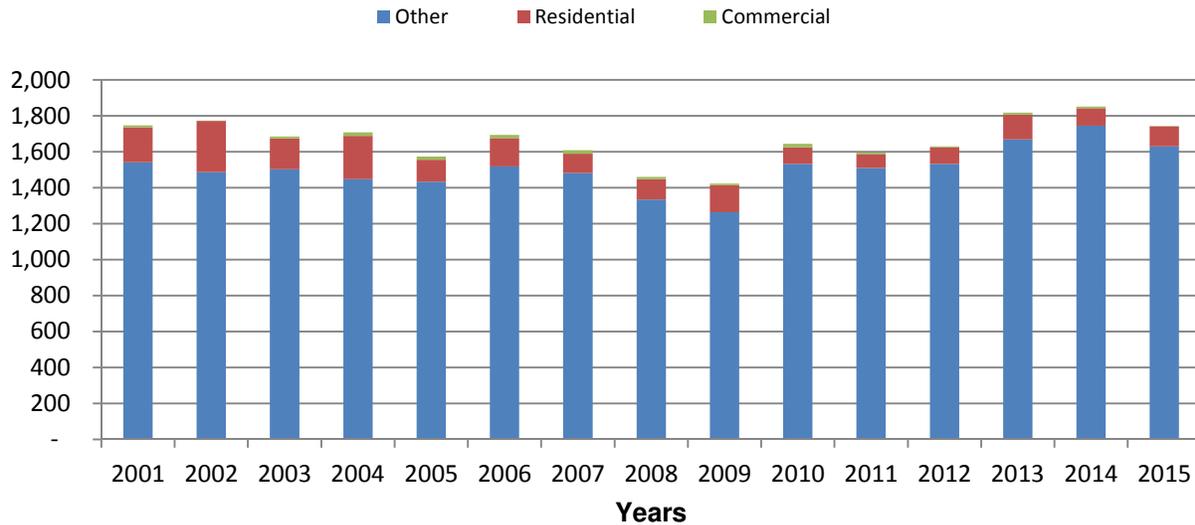
Description: Factor 19A examines and illustrates construction activity in the form of new commercial, residential and other types of building permits and the valuation of all building permits. This factor is another indicator of economic activity and fiscal health from year to year.

Formula 1: Total number of commercial, residential and other building permits issued.

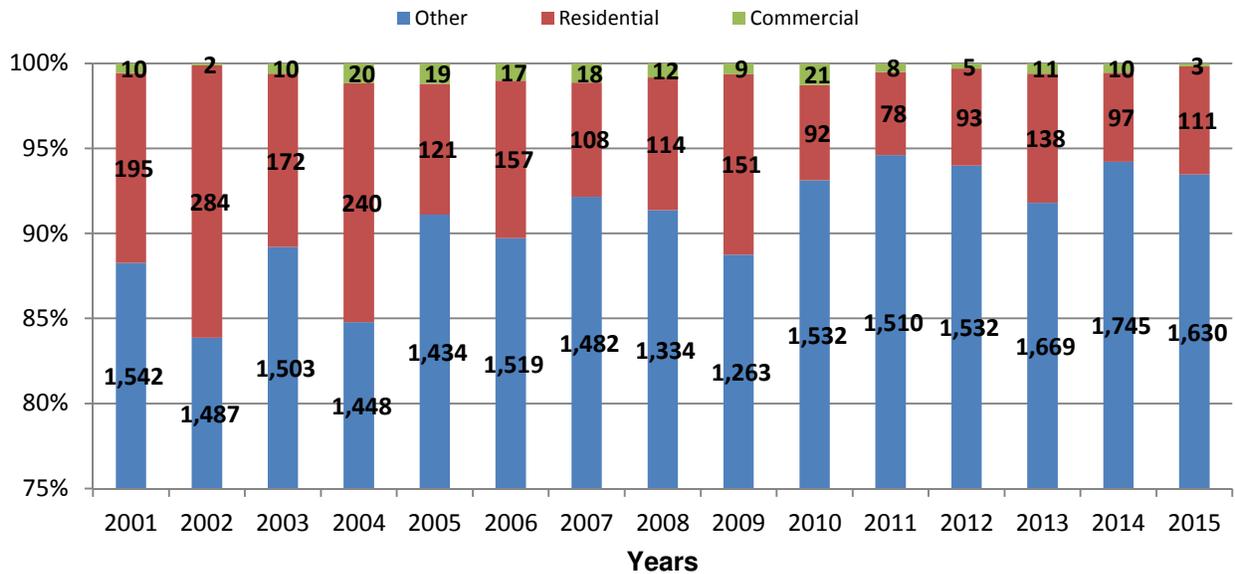
Data Source: Building permits records from Manheim Township Building Codes Office.

WARNING TREND: Decline in number of commercial, residential or other building permits.

Total Permits - All Types



Permit Distribution - 100% - All Types



FACTOR 19B: *Estimated Construction Investment (Value of All Construction Activity – Actual-blue and Constant Dollars-pink)*

Description: Factor 19B examines and measures the total construction activity in the Township for each year. Total private and public investment in homes and buildings can be calculated from the Township’s permitting system for all building permits issued.

The valuation of these permits is tabulated for each project. This factor is another indicator of economic activity and fiscal health from year to year. This analysis is conducted in “actual dollars” (blue line). In order to illustrate inflationary impacts on building construction valuation, the analysis also is presented in “constant dollars” (pink line), which considers the standard Consumer Price Index (CPI) changes over time.

Formula: Total value of all building and construction permits of all types issued per year.

Data Source: Building permits records from Manheim Township Building Codes Office. The valuation figures are also provided through the building permit application process.

WARNING TREND: Decline in estimated value of construction investment.



FACTOR 20: *Municipal Demographics*

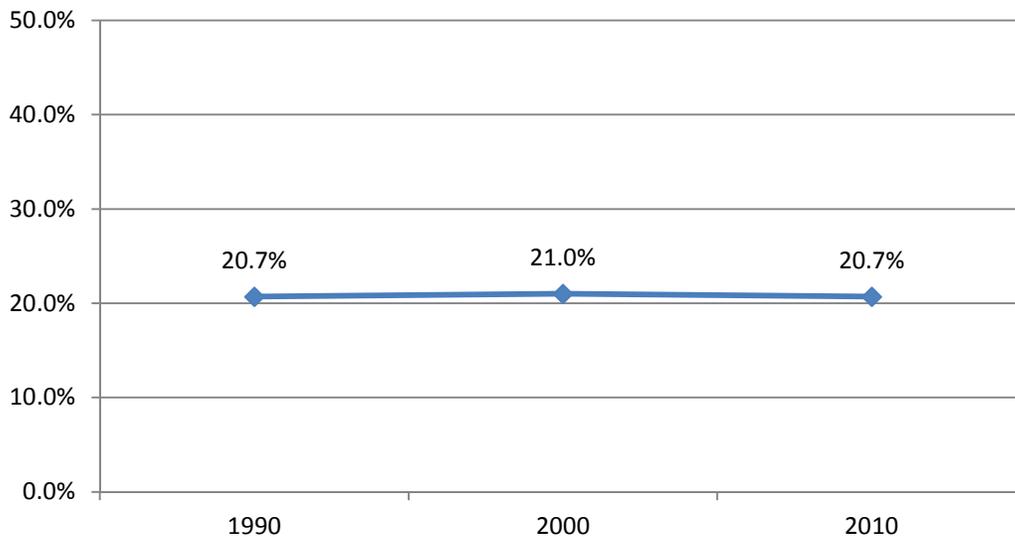
Description: Three critical population statistics are suggested for tracking: population growth personal income and percent of population over 65. Adverse trends may be the result of unique community characteristics, but an effort should be made to keep a balanced community population through long-range planning.

Formula: Change from year to year in (a) total population, (b) personal income per capita and (c) percent of population over 65.

Data Source: Census figures and intercensal population estimates may be available from available from Manheim Township School District, the Lancaster County Planning Commission or Pennsylvania State Data Center.

Warning Signals: Decline in population, decline in personal income per capita or increase in the percentage of population over 65.

**Percent of the Township Population
Aged 65 Years and Older**



FACTOR SUMMARY REPORT

The following table provides a summary of all warning trends for each factor analyzed in the financial monitoring system.

| FACTOR | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|--------------|-------------|--------------|--------------|--------------|--------------|
| Revenue Per Capita | X | X | X | X | X | OK |
| Real Estate Tax Resources | OK | OK | OK | OK | OK | OK |
| Expenditures Per Capita | X | OK | OK | OK | OK | OK |
| Fringe Benefits | OK | OK | X | OK | OK | X |
| Cash Position | X | OK | OK | X | OK | OK |
| Debt Service | OK | OK | OK | OK | OK | OK |
| Long Term Debt | OK | OK | OK | OK | OK | OK |
| Debt Per Capita | OK | OK | OK | OK | X | OK |
| Operating Position (General Fund) | X | X | OK | OK | OK | OK |
| Unfunded Pensions | OK | X | OK | X | OK | OK |
| Revenue Shortfalls | OK | OK | OK | OK | OK | OK |
| Budget Overruns | OK | X | OK | OK | OK | OK |
| Tax Subsidy for User Fee Programs | OK | OK | OK | OK | OK | OK |
| Uncollected RE Taxes | X | OK | OK | OK | X | X |
| Employees (Full Time) Per Capita | OK | OK | OK | OK | OK | OK |
| Property Value (Growth) | OK | X | OK | OK | OK | OK |
| Fiscal Capacity | X | X | OK | OK | OK | OK |
| Employment Base | X | X | OK | OK | OK | OK |
| Construction Activity Comm./ Res. Permits | X | OK | OK | OK | OK | OK |
| Construction Activity Total Value of | OK | OK | X | OK | OK | X |
| Municipal Demographics | OK | OK | OK | OK | OK | OK |
| TOTAL Warning Trends | 8 /21 | 7/21 | 3 /21 | 3 /21 | 3 /21 | 3 /21 |

K. Real Estate Tax Millage Trends

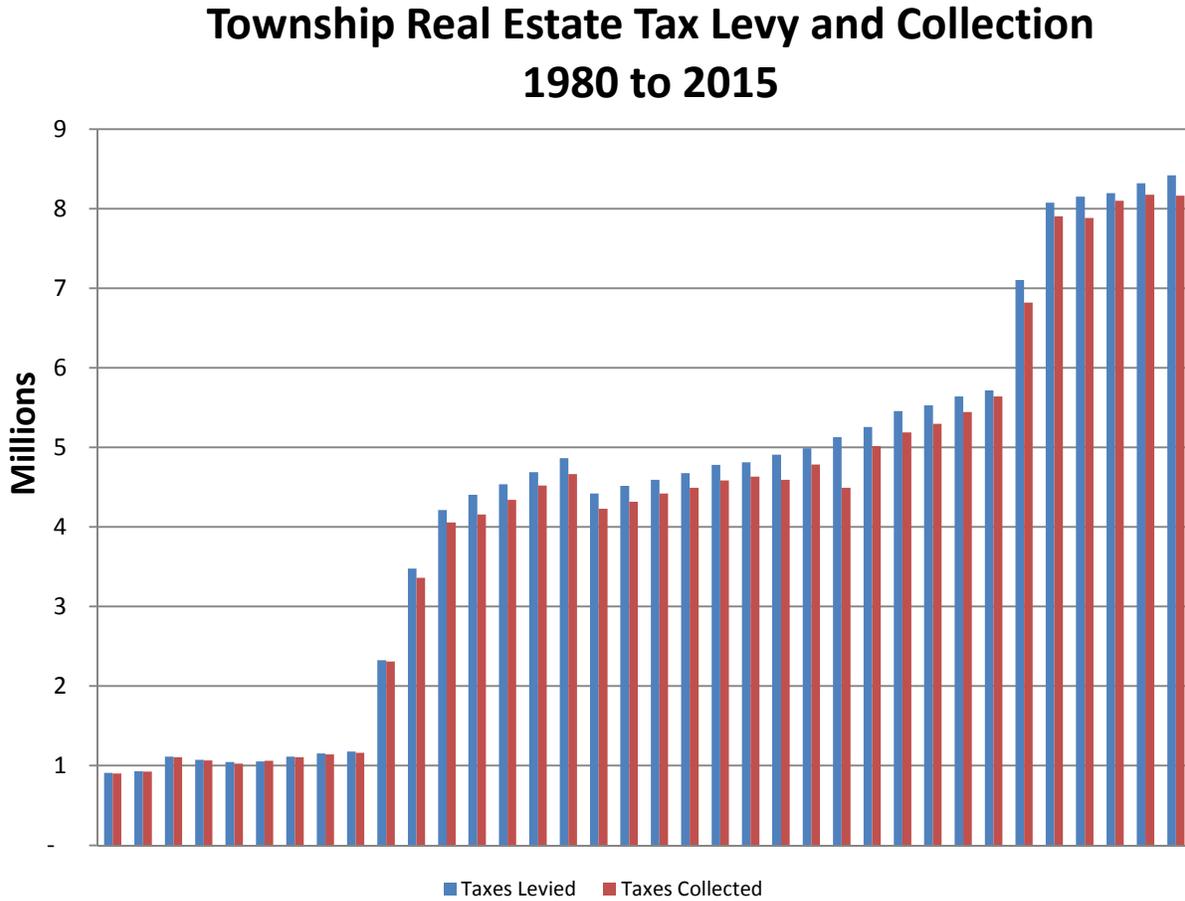
The following table presents the real estate tax millage rates for Manheim Township from 1986 to 2017. The real estate tax rate for the Township is used to fund the Township General Fund, Fire Tax Fund and General Capital funds.

The source of this data is from the Lancaster County Tax Assessment Office.

| <u>Fiscal</u> <u>Year</u> | <u>Assessed</u> <u>Valuation</u> | <u>R.E</u> <u>Millage</u> <u>Rate</u> |
|------------------------------|-------------------------------------|---|
| 1986 | 247,315,735 | 4.5 |
| 1987 | 256,333,100 | 4.5 |
| 1988 | 262,009,610 | 4.5 |
| 1989 | 273,563,140 | 8.5 |
| 1990 | 289,736,710 | 12.0 |
| 1991 | 300,807,590 | 14.0 |
| 1992 | 309,643,720 | 14.0 |
| 1993 | 317,418,740 | 14.0 |
| 1994 | 327,832,500 | 14.0 |
| 1995 | 340,971,890 | 14.0 |
| 1996 | 350,674,370 | 12.5 |
| 1997 | 2,012,835,200 | 2.2 |
| 1998 | 2,060,149,000 | 2.2 |
| 1999 | 2,091,532,900 | 2.2 |
| 2000 | 2,141,622,700 | 2.2 |
| 2001 | 2,187,801,300 | 2.2 |
| 2002 | 2,230,380,900 | 2.2 |
| 2003 | 2,267,197,600 | 2.2 |
| 2004 | 2,330,614,500 | 2.2 |
| 2005 | 2,766,679,900 | 1.9 |
| 2006 | 2,871,675,000 | 1.9 |
| 2007 | 2,909,618,400 | 1.9 |
| 2008 | 2,967,648,000 | 1.9 |
| 2009 | 3,007,848,500 | 1.9 |
| 2010 | 3,049,233,700 | 2.33 |
| 2011 | 3,035,545,500 | 2.66 |
| 2012 | 3,064,985,500 | 2.66 |
| 2013 | 3,085,521,000 | 2.66 |
| 2014 | 3,128,026,200 | 2.66 |
| 2015 | 3,165,299,800 | 2.66 |
| 2017 | 3,189,649,600 | 2.66 |

L. Township Tax Collection Chart

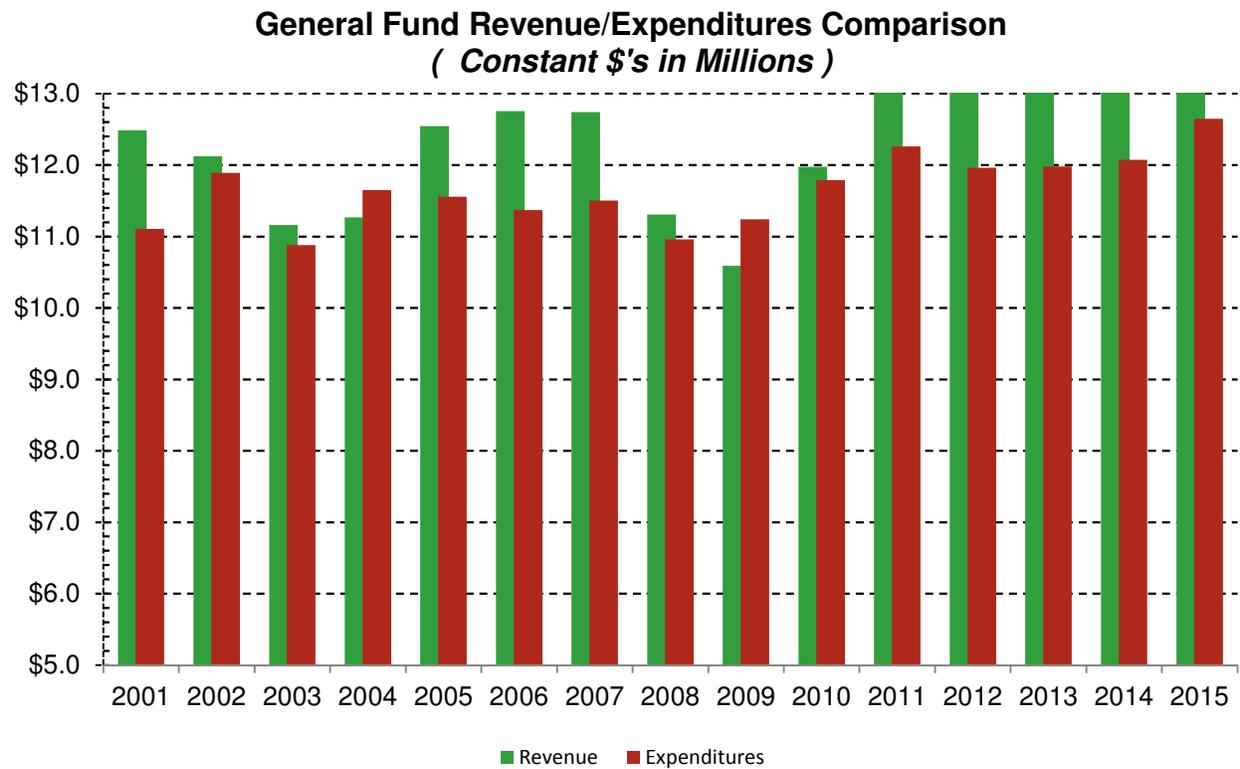
Comparison bar chart of taxes levied and taxes collected.



M. Financial Data Trend Charts

REVENUES AND EXPENDITURES ADJUSTED TO CONSTANT DOLLARS

The following chart illustrates the Township's total revenue and expenditure trends in constant inflationary adjusted dollars. As a growing and developing community, the revenues are experiencing real increases after adjustments for inflation as new residential and commercial development continues to develop in the community, new residents and structures add to the tax base and provide additional revenues resources. Real increases in revenue are necessary, due to the increases in the demand for community services, which is reflected in real increases on the expenditures. These trends are important to monitor as the Township progresses into the future.



N. Costs per Person/Household for Select Community Services (2014 and 2015)

The following table outlines selected expenditures for certain tax supported community services and tabulates and illustrates the cost per person and household "paid" monthly or annually for each service. The purpose of the chart is to illustrate the level of expense attributable to each service as a means to compare Township expenses per person or household against other personal expenditures for commercial services.

Per person based on population estimated at 39,648 persons - (est. population for 2015) U.S. Census Bureau data

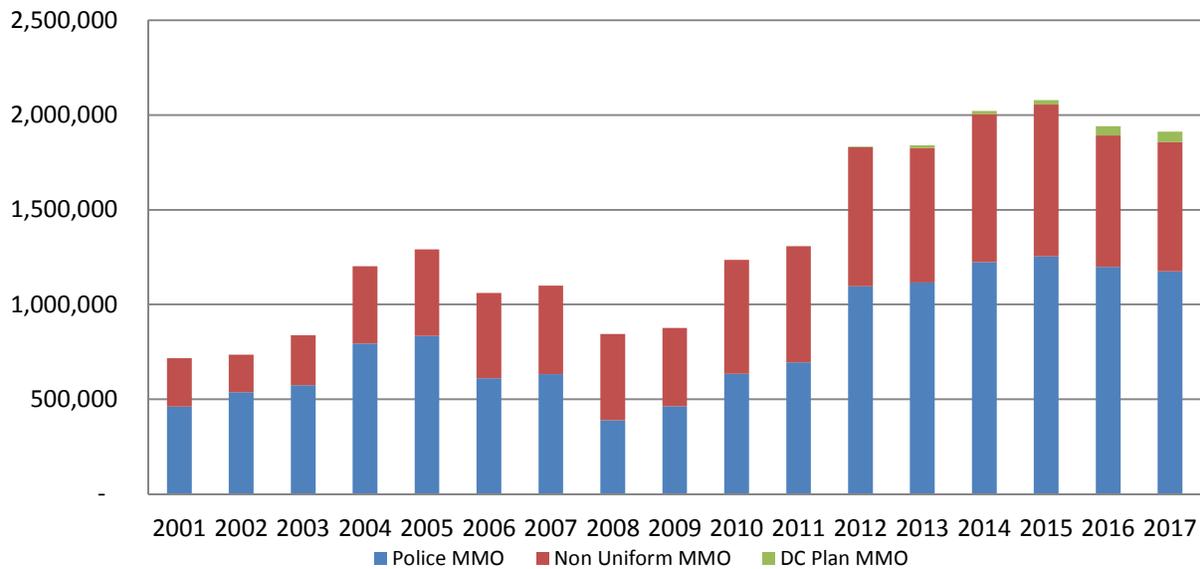
Per household based on estimated households (39,648 / 2.63 p. p. h. = 15,075 households)

| 2015 | | Monthly Cost per Person | Monthly Cost per Household | Annual Cost per Person | Annual Cost per Household |
|------|---|-------------------------------|----------------------------------|------------------------------|---------------------------------|
| | Service | | | | |
| | 24 Hour Police Protection | \$21.96 | \$57.75 | \$263.47 | \$692.94 |
| | General Admin. and Financial Services | \$3.37 | \$8.87 | \$40.46 | \$106.42 |
| | 24 Hour Street and Highway Services | \$5.23 | \$13.75 | \$62.73 | \$164.98 |
| | Library Services | \$1.59 | \$4.19 | \$19.14 | \$50.33 |
| | Park Maintenance Services | \$2.85 | \$7.49 | \$34.18 | \$89.88 |
| | 24 Hour Fire Protection and EMS Services | \$4.57 | \$12.01 | \$54.82 | \$144.18 |
| | | | | | |
| 2014 | | Monthly Cost per Person | Monthly Cost per Household | Annual Cost per Person | Annual Cost per Household |
| | Service | | | | |
| | 24 Hour Police Protection | \$21.14 | \$53.27 | \$253.69 | \$639.28 |
| | General Admin. and Financial Services | \$3.46 | \$8.72 | \$41.52 | \$104.63 |
| | 24 Hour Street and Highway Services | \$5.53 | \$13.94 | \$66.40 | \$167.33 |
| | Library Services | \$1.52 | \$3.83 | \$18.22 | \$45.90 |
| | Park Maintenance Services | \$2.61 | \$6.57 | \$31.28 | \$78.82 |
| | 24 Hour Fire Protection and EMS Services | \$5.21 | \$13.12 | \$62.48 | \$157.45 |

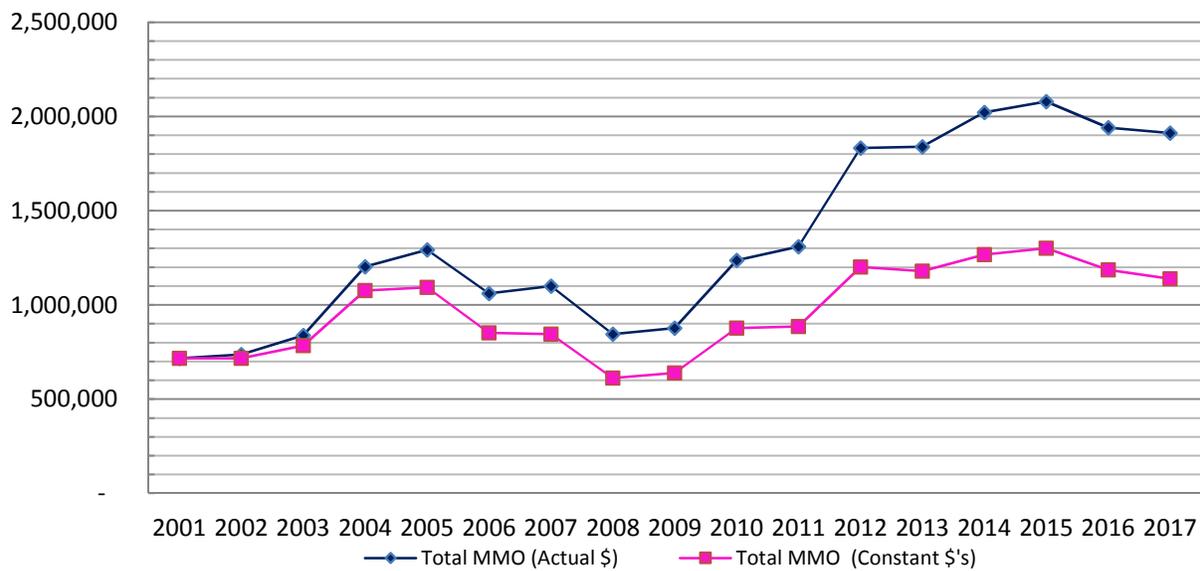
O. Pension Plan Costs - Minimum Municipal Obligation Trends

In addition to the benefit and pension related information in Factors #4 and #10 above, the following charts illustrate in more detail the Township's minimum municipal obligation (MMO) contributions for the Township's pension plans.

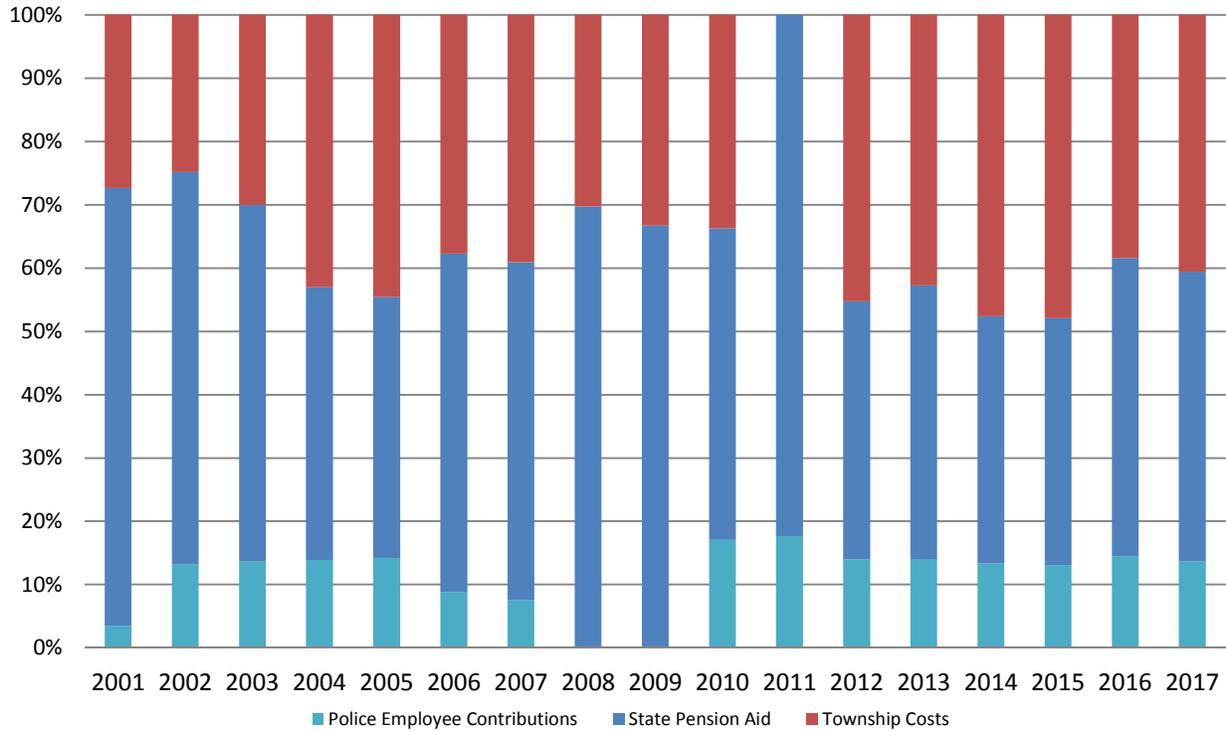
MMO Trends by Retirement Plan 2001 to 2017



Total MMO in Real & Constant Dollars 2001 to 2017



Pension Funding by Source 2001 to 2017



Township Total Pension Costs 2001 to 2017

