

# **Paradise Township Financial Health Analysis**

**Presented**

**April 15, 2025**

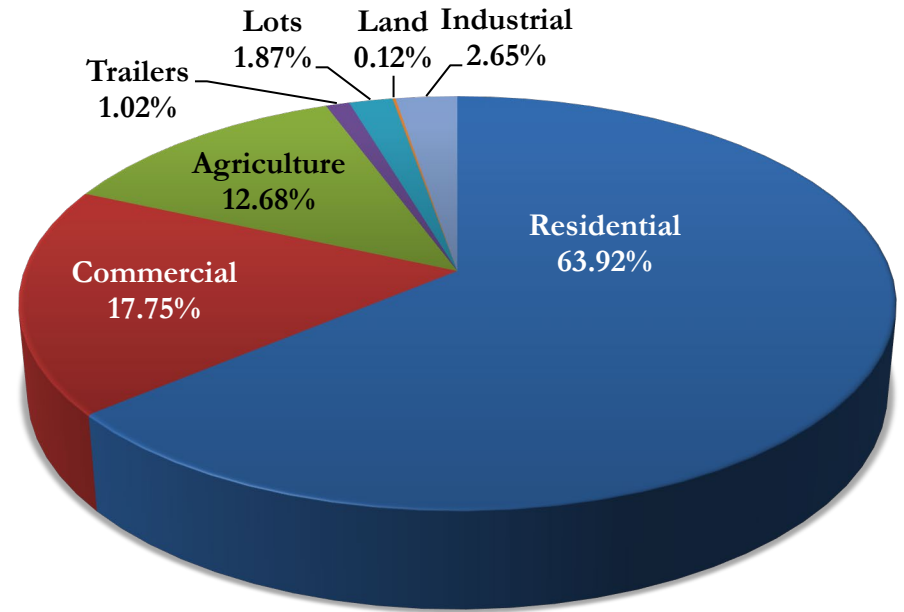
# Paradise Township Overview

- The Township is a residential, commercial, and agricultural community.
- Close proximity to major infrastructure & geographic areas.
  - 14 miles southeast of Lancaster
  - 42 miles west of King of Prussia
  - 60 miles West of Philadelphia
  - 2 adjacent exits to Pennsylvania Turnpike
  - Route 30 runs through the Township
  - King of Prussia Mall
  - Lancaster General Hospital

# Tax Base Diversity as of 12/31/2023

- Strong mix of residential, commercial and agriculture.

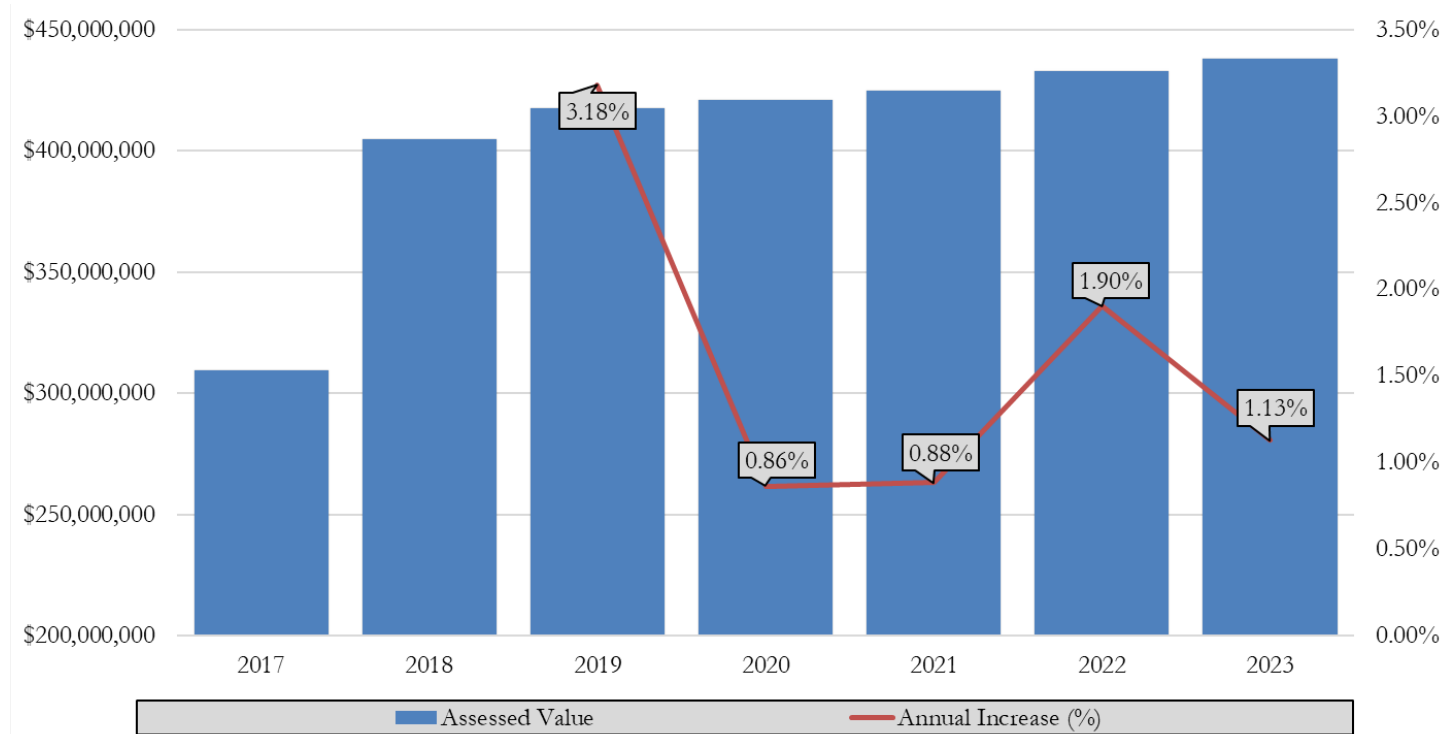
Type	2023 Assessed Value	% of Total
Residential	\$279,777,700	63.92%
Commercial	\$77,682,200	17.75%
Agriculture	\$55,524,400	12.68%
Trailers	\$4,445,100	1.02%
Lots	\$8,204,300	1.87%
Land	\$512,000	0.12%
Industrial	\$11,584,300	2.65%
<b>Total</b>	<b>\$437,730,000</b>	<b>100%</b>



Source: State Tax Equalization Board

# Annual Assessed Value 2017 – 2023

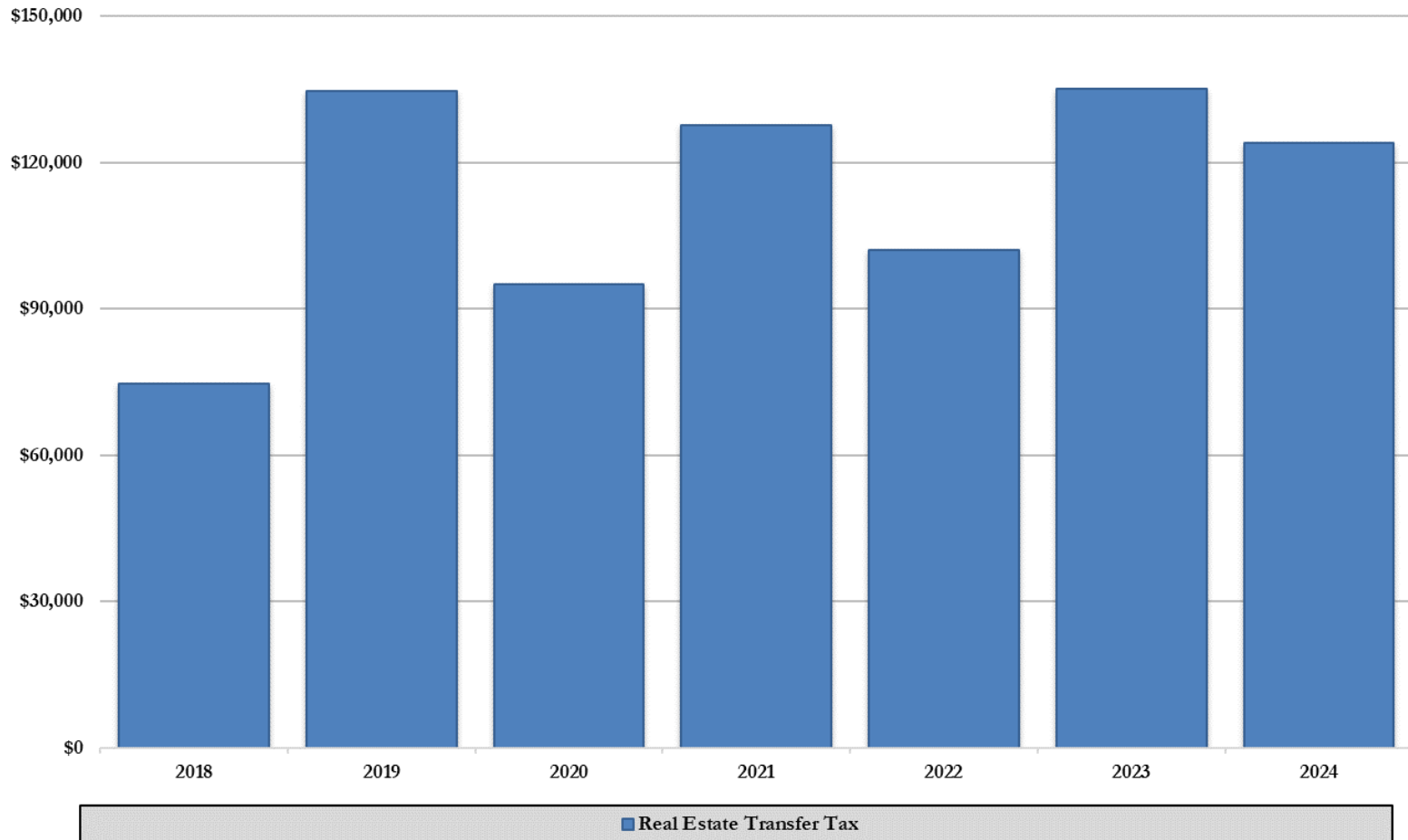
- Paradise Township has benefitted from a steady growth in assessed value.
- Taking out the impact from the County-wide reassessment in 2018, the average annual increase has been 1.32%.



Source: PA State Tax Equalization Board

# Historical Real Estate Transfer Tax

- The Township's real estate transfer tax has, and continues to be, a meaningful source of revenue for the Township.



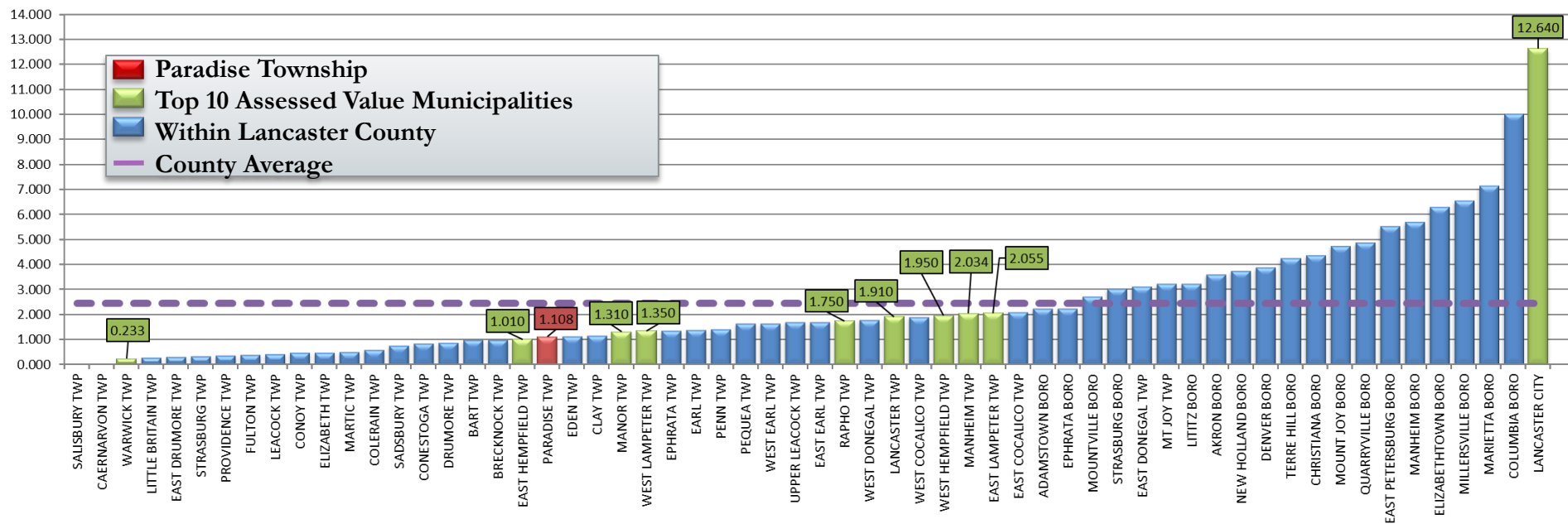
# Current Taxes of Paradise Township

- Paradise Township benefits from revenue diversity in part due to levying both a real estate tax in conjunction with an earned income tax.

Tax	Amount
Real Estate - General Purpose	1.1082 mills
Earned Income - Resident	0.50%
Earned Income - Nonresident	1.00%
Local Services Tax	\$52.00
Realty Transfer	0.50%

# Comparative Millage Rates

- Paradise Township continues to have one of the lowest real estate property tax rates in Lancaster County, at **1.1080** mills for 2025
- Additional room for growth as well as residential desirability

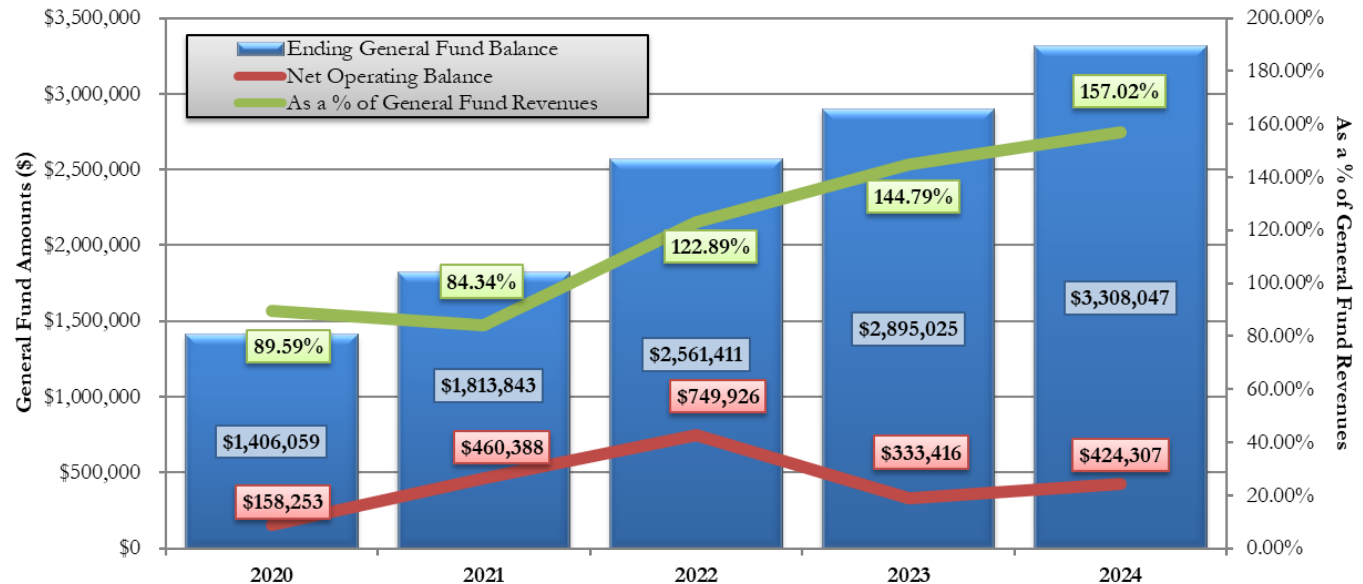


Source: DCED Municipal Statistics

# Strong General Fund Balance

- The Township has been able to consistently grow reserves through conservative budgeting practices and strong management.

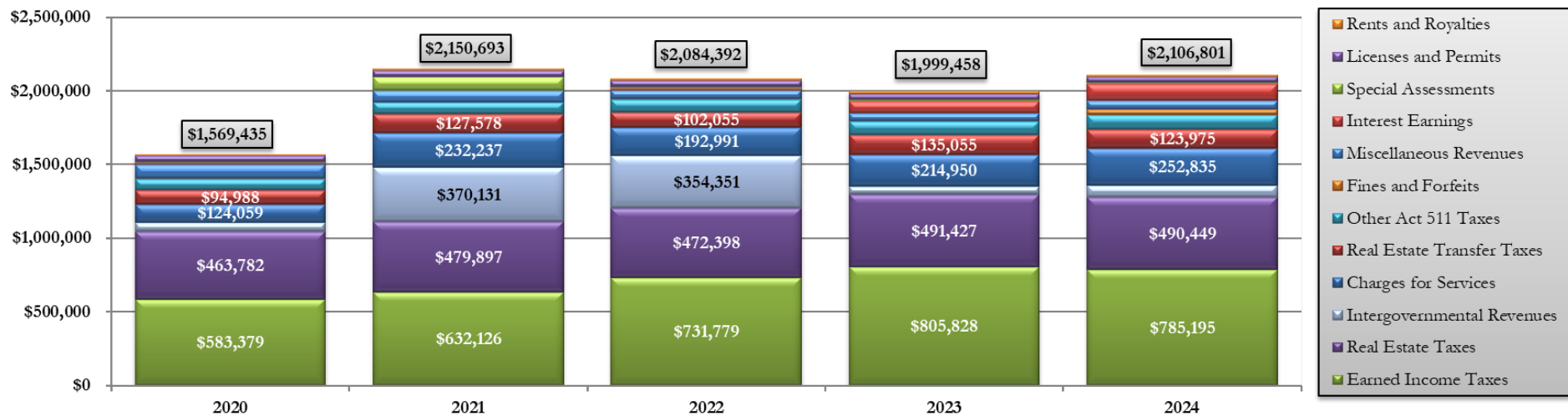
	2020	2021	2022	2023	2024
General Fund Revenues	\$1,569,435	\$2,150,693	\$2,084,392	\$1,999,458	\$2,106,801
General Fund Expenditures	\$1,411,182	\$1,695,192	\$1,334,466	\$1,666,042	\$1,682,494
Transfer In/(Out)	\$0	\$4,887	\$0	\$0	\$0
<b>Net Operating Balance</b>	<b>\$158,253</b>	<b>\$460,388</b>	<b>\$749,926</b>	<b>\$333,416</b>	<b>\$424,307</b>
Beginning General Fund Balance	\$1,243,262	\$1,406,059	\$1,813,843	\$2,561,411	\$2,895,025
<b>Ending General Fund Balance</b>	<b>\$1,406,059</b>	<b>\$1,813,843</b>	<b>\$2,561,411</b>	<b>\$2,895,025</b>	<b>\$3,308,047</b>
<b>As a % of General Fund Revenues</b>	<b>89.59%</b>	<b>84.34%</b>	<b>122.89%</b>	<b>144.79%</b>	<b>157.02%</b>



Source: Paradise Township DCED Audited Financial Statements

# General Fund Revenue Diversity

General Fund Revenue	2020 (Actual)		2021 (Actual)		2022 (Actual)		2023 (Actual)		2024 (Actual)	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real Estate Taxes	\$463,782	29.55%	\$479,897	22.31%	\$472,398	22.66%	\$491,427	24.58%	\$490,449	23.28%
Real Estate Transfer Taxes	\$94,988	6.05%	\$127,578	5.93%	\$102,055	4.90%	\$135,055	6.75%	\$123,975	5.88%
Earned Income Taxes	\$583,379	37.17%	\$632,126	29.39%	\$731,779	35.11%	\$805,828	40.30%	\$785,195	37.27%
Other Act 511 Taxes	\$76,472	4.87%	\$80,707	3.75%	\$89,436	4.29%	\$94,304	4.72%	\$100,012	4.75%
Licenses and Permits	\$42,409	2.70%	\$43,373	2.02%	\$43,895	2.11%	\$40,813	2.04%	\$37,435	1.78%
Fines and Forfeits	\$2,487	0.16%	\$1,323	0.06%	\$1,439	0.07%	\$820	0.04%	\$39,459	1.87%
Interest Earnings	\$10,194	0.65%	\$737	0.03%	\$13,001	0.62%	\$81,711	4.09%	\$114,441	5.43%
Rents and Royalties	\$9,853	0.63%	\$12,010	0.56%	\$13,893	0.67%	\$19,720	0.99%	\$13,705	0.65%
Intergovernmental Revenues	\$60,235	3.84%	\$370,131	17.21%	\$354,351	17.00%	\$53,530	2.68%	\$83,870	3.98%
Charges for Services	\$124,059	7.90%	\$232,237	10.80%	\$192,991	9.26%	\$214,950	10.75%	\$252,835	12.00%
Special Assessments	\$6,759	0.43%	\$91,985	4.28%	\$8,695	0.42%	\$9,030	0.45%	\$7,695	0.37%
Miscellaneous Revenues	\$94,818	6.04%	\$78,589	3.65%	\$60,459	2.90%	\$52,270	2.61%	\$57,730	2.74%
<b>Total General Fund Revenue</b>	<b>\$1,569,435</b>	<b>100.00%</b>	<b>\$2,150,693</b>	<b>100.00%</b>	<b>\$2,084,392</b>	<b>100.00%</b>	<b>\$1,999,458</b>	<b>100.00%</b>	<b>\$2,106,801</b>	<b>100.00%</b>



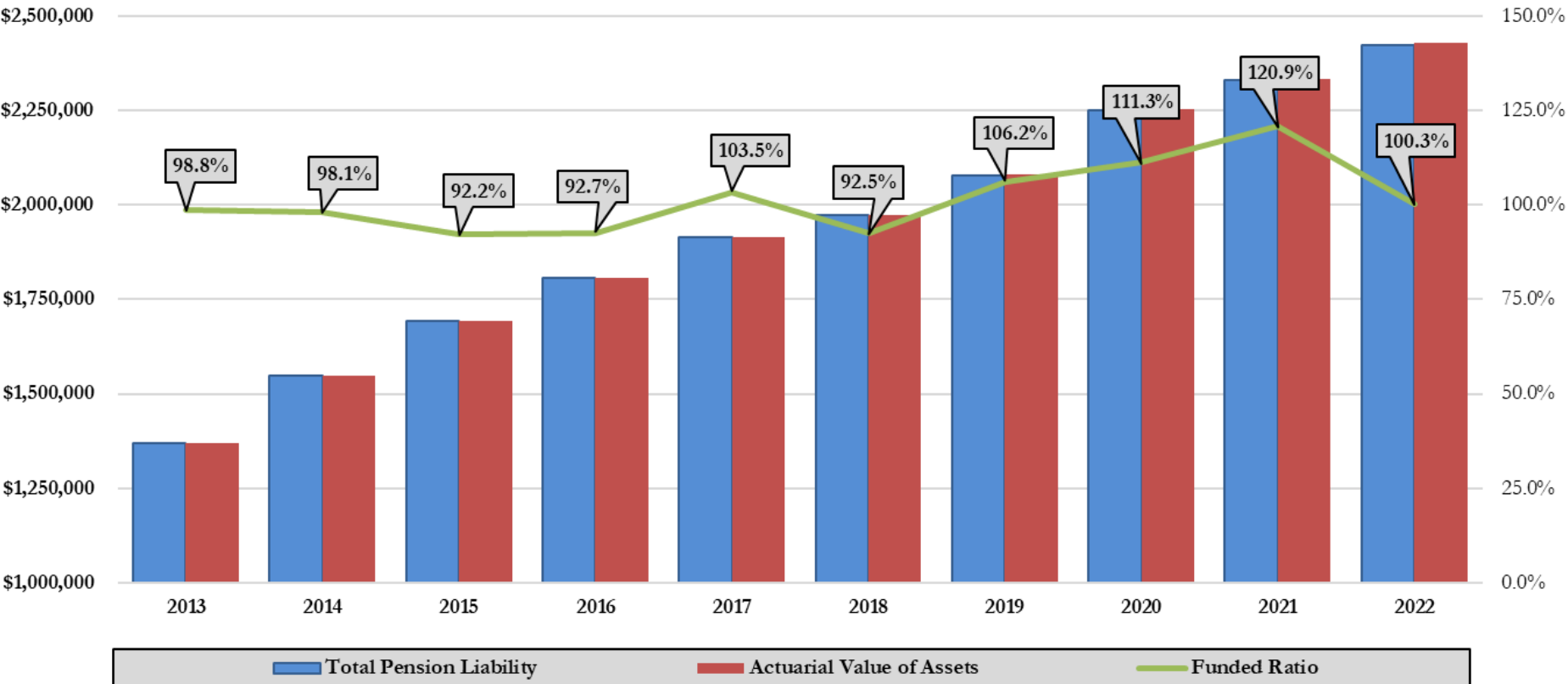
# Other Funds Fund Balance

- The Township also maintains healthy fund balance levels on all of its other governmental and proprietary funds.

	Fund as of 12/31/2024	Ending Fund Balance	Total Revenues	As a % of Revenues	Total Expenditures	As a % of Expenditures
1)	General Fund	\$3,308,407	\$2,106,801	85.17%	\$1,682,494	90.11%
2)	Liquid Fuels Fund	\$226,639	\$237,049	9.58%	\$150,204	8.04%
3)	Trust and Agency	\$1,060,195	\$129,865	5.25%	\$34,438	1.84%
4)	<b>Total Governmental Funds</b>	<b>\$4,595,241</b>	<b>\$2,473,715</b>	<b>100.00%</b>	<b>\$1,867,136</b>	<b>100.00%</b>

# Fully Funded Pension

- The Township's finances benefit from a fully funded pension program which carries a relatively conservative discount rate of 5.50% relative to its peers.



# Paradise versus Moody's Medians

- Moody's publishes what's known as their "Moody's Medians" annually for the various rating categories.
- When we compare the Township's financial results from 2024 to the published medians we can estimate what the Township's credit rating could be if it were to obtain one.
- Those presented are just a small subset of the published medians. Moody's, and S&P, take a holistic approach to any rating.

Moody's MFRA Credit Ratios	Paradise Township	Moody's Medians		
Years	2024	2024	2024	2024
Current Senior Most Rating	N/a	A2	A1	Aa3
Population (ACS Data)	5,667	5,624	9,146	12,886
Median Household Income (\$)	95,811	66,358	62,857	88,525
Median Home Value (ACS Data)	325,900	192,100	240,000	283,900
<b>Key Financial Statistics</b>				
Debt (\$000)	0	6,245	27,673	11,466
Available Fund Balance - General Fund (\$000)	3,308	1,489	3,196	5,402
Revenue - General Fund (\$000)	2,106	2,568	7,335	8,194
Operating Expenses (\$000)	1,682	4,417	8,674	9,509
<b>Pension</b>				
Adjusted Net Pension Liabilities (\$000)	(4)	2,118	4,762	4,241
Pension Assets (\$000)	2,429	7,151	22,265	12,275
Funded Status (%)	100.15%	77.15%	82.38%	74.32%
<b>Market Performance</b>				
Operating Surplus (Deficit) (\$000)	424	199	1,585	364
Total Full Value (\$000)	463,081	311,981	786,423	1,063,745
<b>Wealth &amp; Liquidity Ratios</b>				
Available Fund Balance % of Revenue - Total Governmental Funds & Internal Service Funds	157.08%	65.20%	43.30%	100.70%
Long-Term Debt as % of Operating Revenues	15.45%	73.50%	40.10%	71.10%
<b>Leverage Ratios</b>				
Long-term Liabilities Ratio (%)	12.56%	169.00%	184.20%	122.50%

*Based on most recent Moody's and S&P Financial Ratios Analysis data available*

# Paradise versus Lancaster County Peers

Moody's MFRA Credit Ratios	Paradise Township	Elizabethtown Borough	East Lampeter Township	Strasburg Borough	Columbia Borough	Manheim Borough	Lititz Borough	West Cocalico Township
Years	2024	2023	2024	2023	2023	2023	2023	2023
Current Senior Most Rating	N/a	A+	Aa3	AA-	AA-	AA-	AA	AA
Population (ACS Data)	5,667	11,801	17,712	3,362	10,214	5,046	9,459	7,595
Median Household Income (\$)	95,811	67,770	76,862	89,298	52,271	81,484	82,861	92,306
Median Home Value (ACS Data)	325,900	222,600	278,600	328,100	174,200	218,100	264,600	277,700
<b>Key Financial Statistics</b>								
Debt (\$000)	0	4,287	19,708	4,860	8,005	4,792	10,428	14,685
Available Fund Balance - General Fund (\$000)	3,308	2,561	10,015	1,562	2,435	3,064	4,357	3,477
Revenue - General Fund (\$000)	2,106	8,696	12,986	1,953	6,964	5,988	7,663	3,086
Operating Expenses (\$000)	1,682	6,700	14,452	1,607	9,253	5,958	7,480	2,985
<b>Pension</b>								
Adjusted Net Pension Liabilities (\$000)	(4)		6,030	69	1,860	591	519	
Pension Assets (\$000)	2,429		38,769	2,026	11,047	4,721	1,782	
Funded Status (%)	100.15%		86.54%	96.73%	85.59%	88.87%	77.43%	
<b>Market Performance</b>								
Operating Surplus (Deficit) (\$000)	424	(32)	79	691	(1,690)	(1)	1,680	145
Total Full Value (\$000)	463,081	619,146	2,061,559	261,128	430,802	325,210	812,861	560,896
<b>Wealth &amp; Liquidity Ratios</b>								
Available Fund Balance % of Revenue - Total Governmental Funds & Internal Service Funds	157.08%	29.45%	77.60%	79.98%	34.97%	51.17%	56.86%	112.67%
Long-Term Debt as % of Operating Revenues	15.45%	0.30%	43.20%	209.20%	119.29%	73.29%	276.79%	469.19%
<b>Leverage Ratios</b>								
Long-term Liabilities Ratio (%)	12.56%	0.10%	122.10%	311.10%	158.28%	27.61%	51.33%	422.26%

Based on most recent Moody's and S&P Financial Ratios Analysis data available

# Conclusion

- Paradise Township benefits from a strong financial position for its size.
- Based on the Township's financials, if the Township were to need to obtain a credit rating, our estimating is that it would be in the A1/Aa3 category.
- It would be likely that the factors holding the Township back from a higher rating are largely outside of the Township's control, for example the local economy and wealth levels.

	S&P	Moody's	
Investment grade	High	Aaa	
	Very high	AAA	Aa1
		AA	Aa2
		AA-	Aa3
	High	A+	A1
		A	A2
		A-	A3
	Good	BBB+	Baa1
		BBB	Baa2
		BBB-	Baa3
Speculative grade	Speculative	Ba1	
	Speculative	BB	Ba2
		BB-	Ba3
	Highly speculative	B+	B1
		B	B2
		B-	B3
	Very high risks	CCC+	Caa1
		CCC	Caa2
		CCC-	Caa3
	Very near to default	CC	Ca
C			
In default	SD/D	C	

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