

2023 FINAL BUDGET



DECEMBER 1, 2022

MIDDLE SMITHFIELD TOWNSHIP
147 Municipal Drive, East Stroudsburg PA 18302 570.223.8920



December 1, 2022

The 2023 Middle Smithfield Township Budget has been prepared by the Board of Supervisors, our Budget and Finance Manager, Bonnie Winters, and the staff of Middle Smithfield Township.

While we were optimistic that inflationary pressures would have eased by the end of 2022, it appears that inflation will only persist, or worsen, in 2023. Optimism has been replaced with caution. With such uncertainty, we must do our best to control expenses to maintain current levels of service.

In 2022 we saw substantial increases in Real Estate Transfers (home sales were up), Earned Income Tax Revenue (people moved here) and Zoning Fees (new construction.) We also received another \$725,000 from the Federal American Rescue Plan Act for a total of \$1.67mm.

While it is difficult to predict where costs of goods are headed in 2023, we have prepared what we believe to be a conservative budget; not overstating Income and not underestimating Expenses.

The 2023 Budget does not include an increase in taxes. The Middle Smithfield Township Tax will remain at 1.75-mills for 2023.

The 2023 Budget reflects the township's vision to continue to improve our infrastructure, such as roads and sewer, as well as amenities, such as parks, litter control, and beautification. We expect to invest in our equipment and buildings, as needed, while focusing on cost-savings wherever possible.

At year-end 2022, every budget category (General, Sewer, Liquid Fuels, Golf, and Cultural Center) is expected to finish the year within a reasonable margin of the budget established in 2021.

Without question, 2022 had many economic challenges. We certainly acknowledge how these challenges are affecting all of our residents and business owners. It is even more crucial that the township maintain strong financials, provide the services needed by our community, and do more whenever and wherever we can.

As always, we appreciate all of our residents and business owners that contribute to the success of our township.

Annette Atkinson
Supervisor

Mark Oney
Supervisor

Mike Dwyer
Supervisor

Bonnie Winters
Budget & Finance
Manager

December 1, 2022



2023 BUDGET PRESENTATION

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1. 2022 Year in Review

Middle Smithfield Township experienced a relatively good financial year in 2022. Without raising taxes, the township saw increased income from many areas including real estate taxes, real estate transfers, earned income, and zoning/building department fees. The newly constructed Mt Nebo Apartments and the in-progress Tractor Supply are positive signs that Middle Smithfield is growing. Our hopes are that this growth is met with occupancies and patronage of all of our local businesses.

In 2022, we also received another payment from the Federal government as part of the American Rescue Plan Act. The final payment of \$725,000 will be used over the next few years for needed improvements throughout the township.

There were areas of substantial expenses that were not anticipated in 2022, that have pushed some expenses over budget. The golf course required a major pump replacement, the costs of propane and other fuels had a major effect on budgets, and the costs of parts and equipment necessary to provide services increased substantially from the beginning of the year. Just like all of our residents, we are not immune to the substantially increased costs of goods.

In 2022, the township applied for numerous grants from Federal, State and County programs. Some of the grants, including \$80,000 already received and another \$80,000 anticipated will be used for solar panels at the Community & Cultural Center. Various grants are anticipated for park, sewer, and other improvements.

The Golf Course experienced a decent year. Income per round nearly met budget expectations; however, Expenses were greater than anticipated due to lower than expected rounds and a major pump replacement. The Community & Cultural Center and Library of the Smithfield's is seeing a lot of activity.

The Sewer accounts will end the year at or close to budget, so there is no sewer fee increase proposed for 2023.

Cost controls put in place by the Supervisors continue to have positive results. The 2022 audit has, once again, validated that our township finances are in good shape.

There have been many successes in each department in our township and with that, and all of the reasons discussed above, there is no need for a tax increase for 2023.

Overall, we expect to end 2022 in a positive financial condition.

The positive results will allow us to maintain taxes at the 2022 level for another year. This means:

THERE IS NO TAX INCREASE FOR 2023. The Middle Smithfield Township Tax will remain at 1.75-mills for 2023.

2. General Funds Accounts

2022 Income projections included Income from Property Taxes, Income Taxes, Realty Transfer Taxes (shared among the township and school district), Cable Franchise Fees, and State and Federal Income sources.

When the budget is established during the prior year, allowances are included in the income projections for doubtful accounts. Primarily, Property Taxes are assumed to be in the 90% collections for current years and 5% of delinquency is anticipated to be received for the prior years. Income from Personal Income Tax is collected by Berkheimer Associates. This is the 1% Income Tax, shared equally by the School and Local Government. Therefore, 0.5% Income Tax is anticipated to be collected for Middle Smithfield Township.

Cable Franchise Fees provides income of roughly \$225,000/year, although this amount has been declining over the past few years. These funds are paid directly to local emergency service providers, including Bushkill Emergency Corp, Suburban Ambulance, Marshalls Creek Ambulance, Bushkill Fire Company, Shawnee Fire Department, Marshalls Creek Fire Company, and a portion of these funds are paid to Monroe County Control Center.

"Other Income" is the bucket for various income received by the Township throughout the year. Permits, Hearing Fees, and Grant income are just a few of the sources of funds within this category.

a. General Income

The anticipated general income for 2022 was \$5,628,375. Significant increases in income were attributable to Real Estate Transfers, Earned Income Tax Revenue, and Zoning Fees. Through the end of November, income for 2022 has already exceeded our budget by 4.5%.

b. General Expenses

Budgeted expenses for 2022 were \$5,087,657. Through November, expenses were roughly \$4,639,976 or 91.2% of budget. Another \$400,000 will likely become due in December. Therefore, expenses are expected to end the year at around \$5,040,000 which is about 1.0% below budget.

c. Fund Balance

As described above, the 2022 General Fund Account balance, projected at year end, was anticipated to be \$540,000. We have every reason to believe, barring any significant unforeseen expenses, we will end the year with a positive General Fund balance.

3. Sewer Funds Accounts

The Middle Smithfield Township Sewer Fund is operated as a standalone entity and the operating expenses are paid exclusively by those connected to the central sewer system, not by taxes. Approximately 26% of our businesses and residents within the township are connected to this system.

In 2022, a number of operational and administrative expenses were decreased. Renovations at pump stations and at the main plant will improve efficiencies and decrease future expenses.

a. Sewer Income

Anticipated income from sewer users in 2022 was \$2,395,000. Actual income in 2022 is expected to be lower than anticipated as new users have not come on line as quickly as anticipated.

b. Sewer Expenses

Sewer fund expenses are primarily Operating Costs and Debt Service. Expenses for 2022 will likely end the year at approximately \$2,280,000. The major expenses typically expended for the central sewer system include:

- Operations (Prosser Laboratories)
- Sludge removal
- Chemicals
- Engineering and other professional services

c. Sewer Fund Balance

The 2022 Sewer Fund Account balance, projected at year end, was anticipated to be approximately \$380,000. Due to the decrease in annual Income and additional Expenses, the fund balance is expected to end the year slightly lower than anticipated.

4. PA State Liquid Fuels Account

Each year, the Commonwealth of Pennsylvania provides funds to each township for road maintenance. The State of Pennsylvania had been funding this program through an Oil Franchise Tax that provides Liquid Fuels funds to municipalities. Funds are provided by the State based upon miles of township roads (73.38 miles) and population (16,053). In 2021, Middle Smithfield Township received approximately \$515,300. (Middle Smithfield Township receives the 4th largest allocation in Monroe County.)

At the conclusion of 2022, we will have successfully completed our 10-year plan to improve every township road. Over these 10-years, we have been paving, sealing, repairing, widening, re-aligning for the betterment of our community.

It is with great appreciation of our Middle Smithfield Township Public Works Department, along with our neighboring Barrett, Smithfield, and Lehman Township crews, and our Vendors and Suppliers. **In 2023, we start again!!**

a. Liquid Fuels Income

Income for 2022 was \$521,250 which included our allocation and miscellaneous income.

b. Liquid Fuels Expenses

Projects completed in 2022, and paid for by the Liquid Fuels Account, included:

<u>Chip Seal</u>	<u>Pave</u>
Green Meadow Drive	Barren Rd. (Brushy Mtn. to bridge)
Honeysuckle Dr	Woodland Trail
Magnolia Dr	Big Buck Lane
Big Bear Dr	Pleasant Ridge Rd
High Meadow Dr	Timber Mountain Dr.
Mountain Laurel Dr	Rue De John Rd.
Fig Court	Stoney Ledge Dr
Colonial Dr	Stoney Brook Dr
Glenview Court	Pine Hill Ct
Primrose Lane	Summit Dr
Huffman Hill	Knob Hill

All of the paving improvements were performed using our own, in-house, Public Works Crew, in cooperation with other township crews. Tar and chip was contracted with AMS. Nearly 7.5 miles of roads (10% of the township roads) were improved in 2022.

c. Liquid Fuels Fund Balance

We continue to make every effort to maintain a fund balance within our Liquid Fuels funds; however, due to the costs of materials and equipment, the fund balance will be marginal.

5. Golf Fund Account

The golf course continues to be for sale. Recently, the Township received an order from the Monroe County Courts affirming the Township's position to sell the golf course along with surrounding lands.

Golf rounds in 2022 were much lower than 2021; there were roughly **11,500** rounds of golf played. (2020 and 2021 saw an increase in play due to COVID.) The income per round was at roughly \$30.90/round, which exceeded each prior year. 2021 (\$30.78/round), 2020 (\$29.98/round), 2019 (\$24.81/round) and 2018 (\$28.58/round).

a. Golf Income

The anticipated general income for 2022 was \$375,750. Through November, the golf course generated roughly \$321,700 in income; meaning, income was lower than budget expectations.

b. Golf Expenses

Projected expenses for 2022 for the golf course were approximately \$612,580. Through November, the golf course and Whispering Pines facility expenses were approximately \$625,950. In order to provide a clear picture of how much the golf course costs the township, all expenses including elevator contracts, insurances, and other real costs were expensed through the golf course budget.

c. Golf Fund Balance

As the golf course is part of the amenities owned by Middle Smithfield Township, much like our parks, there is no "fund balance" as a separate fund (such as Sewer or Liquid Fuels).

6. Community & Cultural Center and Library of the Smithfield's

The Community & Cultural Center and Library of the Smithfield's development has been open to the public and is seeing activity.

a. CC&C/Library Income

The only income for the facility is the annual rent of \$1.00 from the Library of the Smithfield's as they contributed \$1,000,000 toward the construction.

b. CC&C/Library Expenses

Expenses for the CC&C/Library include utilities, debt service, and maintenance and are projected to be approximately \$184,500 for 2023. In addition, roughly \$180,000 may be expended for solar panels; we've received \$80,000 in grants and anticipate another \$80,000 grant for this project.

c. CC&C/Library Balance

Similar to the golf course, there is no "fund balance" for the CC&C/Library.

7. Budget Proposal 2023

If you read all of the information written before this Section, you will know by now that there is NO TAX INCREASE PROPOSED FOR 2023. The proposed budget for 2023 is described in the following:

2023 Budget Summary	General Fund	State Fund Liquid Fuels	Golf Fund	Sewer Fund	Community Center Fund	Total All Funds
Cash - Beginning	\$540,000	\$11,500	\$0	\$425,000	\$0	\$976,500
Revenue & Other Financing						
Real Estate Taxes	\$2,188,000					\$2,188,000
Transfer Fees	\$400,000					\$400,000
Earned Income Taxes	\$1,600,000					\$1,600,000
Franchise Fees	\$225,000					\$225,000
Interest, Rents, Royalties	\$18,700	\$7,285			\$0	\$25,985
Grants and Grant Matching Funds	\$80,000				\$160,000	\$240,000
Intergovernmental Revenues	\$413,500	\$517,737	\$245,150		\$204,466	\$1,380,853
Charges for Services	\$446,850		\$371,100	\$1,660,000		\$2,477,950
Cleanup Revenues	\$15,000					\$15,000
Other Sources	\$30,950			\$500,000		\$530,950
Total Revenues	\$5,418,000	\$525,022	\$616,250	\$2,160,000	\$364,466	\$9,083,738
Total Available	\$5,958,000	\$536,522	\$616,250	\$2,585,000	\$364,466	\$10,060,238
Expenditures and Other Uses						
General Government	\$914,325			\$781,280	\$31,000	\$1,726,605
Fire, EMS, Control Center	\$530,426					\$530,426
Protective Services	\$396,800					\$396,800
Cleanup and Recycling	\$89,950					\$89,950
Sewer Dept. Expenses	\$0		\$2,100	\$823,900	\$2,100	\$828,100
Public Works Dept. Expenses	\$1,003,716					\$1,003,716
Golf Supplies and Expenses	\$245,150		\$468,650			\$713,800
Snow Removal	\$138,300	\$50,000				\$188,300
Traffic Control and Improvements	\$125,000	\$360,000				\$485,000
Equipment Costs	\$289,500	\$100,000	\$120,500		\$180,000	\$690,000
MS4 Expenses	\$17,500					\$17,500
Culture & Recreation	\$307,650					\$307,650
Economic Development	\$56,000					\$56,000
Debt Service & Capital Expenses	\$800		\$0	\$481,050	\$151,366	\$633,216
Misc. Insurances and Benefits	\$1,013,160		\$25,000			\$1,038,160
Total Expenditures and Other Uses	\$5,128,277	\$510,000	\$616,250	\$2,086,230	\$364,466	\$8,705,223
Net Income (Loss) from Operations	\$289,723	\$15,022	\$0	\$73,770	\$0	\$378,515
Fund Balance - Ending 12/31/23	\$829,723	\$26,522	\$0	\$498,770	\$0	\$1,355,015

General Income for 2023 is expected to be approximately \$5,418,800 which is higher than 2022, due to our expectation that there will be positive increases in the Earned Income Tax and other support services. While we did see a significant increase in Real Estate Transfer fees in 2022, we do not expect that to continue into 2023.

General expenses are expected to be \$5,128,277 or \$290,523 less than income and we hope to conclude the year with increased reserves. Annual expenses are expected to increase roughly 4.5% overall.

In 2023, we will continue to improve our roads, parks, and infrastructure. Plans are already underway for improvements to our clean-up operations, our sewer pump stations, golf infrastructure, and we anticipate even more as grants become available.

In 2022, the Township's Comprehensive Plan was updated and operational changes were made which should make us more efficient in many areas.

Although Expenses outpaced Income in our Sewer funds, there is no foreseeable increase in Sewer User Fees in 2023.

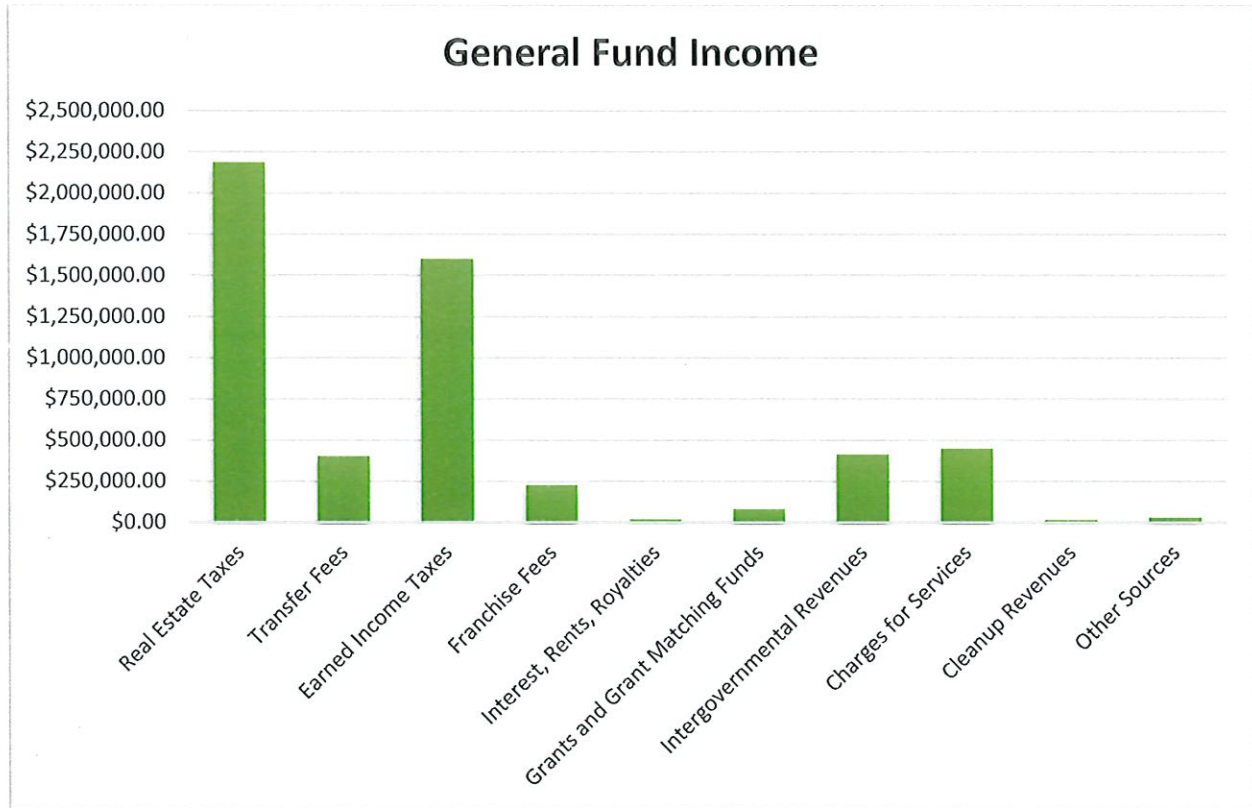
State Liquid Fuels funds are expected to be approximately \$525,000 based upon notification received from the State. Road improvements and capital purchases are planned accordingly, with attention to establishing reserves. We expect Expenses in 2023 to be slightly below Income.

The Golf Course, if not sold in 2023, will continue to be supplemented by General Funds. Future plans may change, but the anticipated supplemental funding for 2023 is approximately \$245,000.

The Community & Cultural Center and Library of the Smithfield's is anticipated to be improved with solar panels, which would decrease operational expenses. We are presently awaiting the findings of an Energy Audit, to guide us on energy efficiencies.

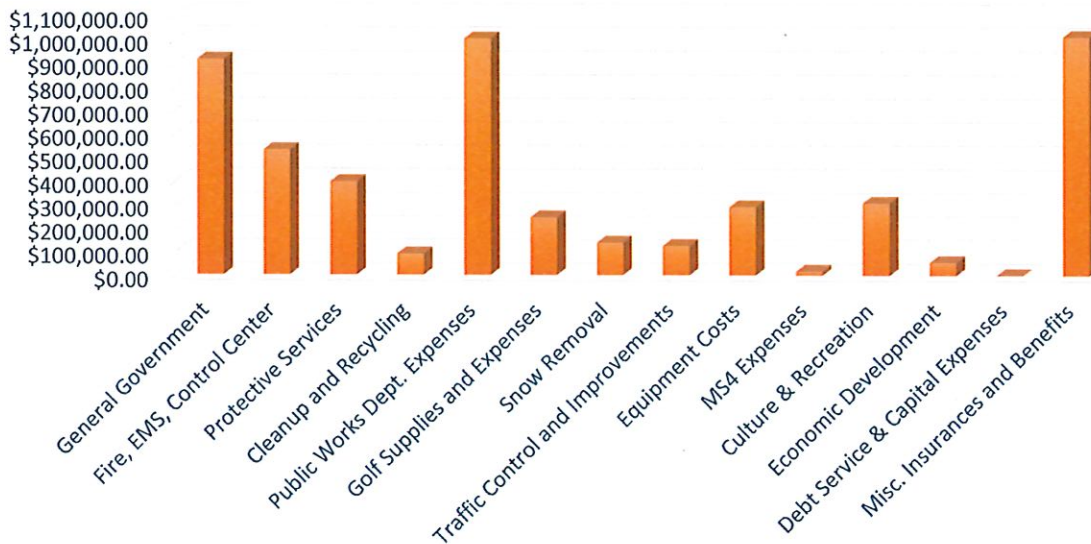
8. Fancy Charts

Here are the fancy charts that everyone likes to look at:



Real Estate Taxes	\$2,188,000.00
Transfer Fees	\$400,000.00
Earned Income Taxes	\$1,600,000.00
Franchise Fees	\$225,000.00
Interest, Rents, Royalties	\$18,700.00
Grants and Grant Matching Funds	\$80,000.00
Intergovernmental Revenues	\$413,500.00
Charges for Services	\$446,850.00
Cleanup Revenues	\$15,000.00
Other Sources	<u>\$30,950.00</u>
Total 2023 Anticipated Income	\$5,418,000.00

General Fund Expenses



General Government	\$914,325.00
Fire, EMS, Control Center	\$530,426.00
Protective Services	\$396,800.00
Cleanup and Recycling	\$89,950.00
Public Works Dept. Expenses	\$1,003,716.00
Golf Supplies and Expenses	\$245,150.00
Snow Removal	\$138,300.00
Traffic Control and Improvements	\$125,000.00
Equipment Costs	\$289,500.00
MS4 Expenses	\$17,500.00
Culture & Recreation	\$307,650.00
Economic Development	\$56,000.00
Debt Service & Capital Expenses	\$800.00
Misc. Insurances and Benefits	<u>\$1,013,160.00</u>
Total 2023 Anticipated Expenses	\$5,128,277.00

9. Acknowledgements

Each year, the success of Middle Smithfield Township is attributable to the Board of Supervisors, the employees, the volunteers, and all of our residents and business owners.

In 2022 we faced a number of challenges, the most significant of which was rising costs for goods and services.

Maintaining a safe environment for our residents and business owners is our top priority.

It is just as crucial that the township maintain strong financials, provide the services needed by our community, and do more whenever and wherever we can.

Once again, we appreciate all of our staff, our residents and business owners, and all that we work with, that continue to contribute to the success of our township.

Thank you