



MIDDLE SMITHFIELD TOWNSHIP



2024 ADOPTED BUDGET

Presented: December 5, 2023





December 5, 2023

The 2024 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. There are a few new items of significance that we believe are important to discuss at the outset.

The need to increase funding for our fire and EMS is more critical than ever. In prior years, the township had been able to fund these essential services within the taxes collected and the cable franchise fee. Unfortunately, the costs for all aspects of operations, including but not limited to trucks, equipment, gear, and utilities have substantially increased. In addition, the Cable Franchise Fees continue to decrease from prior years with less cable users.

In order to sufficiently fund these services, taxes must increase to include a Fire Tax and an EMS Tax. In 2024, residents and business owners will see a **0.50-millage tax** for our fire departments and a **0.40-millage tax** for our emergency medical services. For the average homeowner, these taxes will result in an overall tax increase of approximately \$80/year and \$64/year, respectively.

In June 2024, however, the **cable franchise fee will expire**. Once it expires, our cable users will no longer see a "Middle Smithfield Township Franchise fee" on your bill.

It is difficult to say that there is not a tax increase for 2024, with the newly initiated fire and EMS tax, but there is no increase in Middle Smithfield general real estate taxes; the basic real estate tax on your home/business. **The Middle Smithfield Township Tax will remain at 1.75-mills for 2024.** There will, however, be additional millage taxed for purposes of fire protection and EMS services.

The 2024 Budget continues to reflect the township's vision to improve our infrastructure, such as roads and sewers, as well as amenities, such as parks, litter control, and beautification. There are a number of projects being considered for 2024, while continuing to focus on cost-savings wherever possible.

We know that it is 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
--	--	--	--



2024 BUDGET PRESENTATION

TABLE OF CONTENTS

	<u>PAGE</u>
1. 2023 Year in Review	1
2. General Fund Account	2
a. 2023 General Income	
b. 2023 General Expense	
c. Fund Balance	
3. Sewer Fund Account	3
a. 2023 Sewer Income	
b. 2023 Sewer Expense	
c. Fund Balance	
4. PA State Liquid Fuels Account	4
a. 2023 Liquid Fuels Income	
b. 2023 Liquid Fuels Expense	
c. Fund Balance	
5. Golf Course Account	5
a. 2023 Golf Course Income	
b. 2023 Golf Course Expense	
c. Fund Balance	
6. Cultural & Community Center Account	6
a. 2023 CC&C Income	
b. 2023 CC&C Expense	
c. Fund Balance	
7. Budget Proposal 2024	7
a. General Fund Account	
b. Sewer Fund Account	
c. PA State Liquid Fuels Account	
d. Golf Course Account	
e. Comm. & Cultural Ctr and Library of the Smithfield's Account	
f. Fire and EMS Accounts	
8. Income and Expense Charts	10
9. Acknowledgements	11



1. 2023 Year in Review

Middle Smithfield Township had a relatively good financial year in 2023. 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 Tractor Supply, completion of Phase I of the Mt. Nebo Apartments, and the number of new retailers throughout the township, are positive signs that Middle Smithfield is growing. Our hopes are that this growth is met with patronage of all of our local businesses.

In 2023, the Township's Public Works Department completed a critical bridge replacement project that saved the township a considerable amount of money. The efforts of our Public Works Department save the township from hiring outside contractors, which costs more than doing the work in-house.

The township applied for and received several grants in 2023 and those grant funds were used to make a number of improvements. Improvements in our parks, renovations within the sewer system, and upgrades within the community and cultural center were all made possible by State and Local grants. In 2023, we received in excess of \$125,000 in grants.

Again, our PWD constructed concrete pads for the newly purchased generators at each of our pump stations in 2023; this was another savings of \$50-\$70,000. The Sewer accounts are expected to end the year at or close to budget, so there is no sewer fee increase proposed for 2024.

The Golf Course experienced a decent year. Income per round was down from prior years and we did not see as many outings as in prior years. The Community & Cultural Center and Library of the Smithfield's continues to see increased activity, such as election polling place, blood drives and LVHN education, various classes from outside agencies and non-profits such as the Office of the Aging, County Historical Association, AARP Tax Aide, Art exhibits, and presentations from non-profits.

There were areas of substantial expenses that were not anticipated in 2023, 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.

Cost controls put in place by the Supervisors continue to have positive results. The 2023 audit has, once again, validated that our township finances are in good shape.

Overall, we expect to end 2023 in a positive financial condition. The positive results will allow us to maintain taxes at the 2023 level for another year; noting the initiation of a Fire and EMS tax in 2024.



2. General Fund Account



The 2023 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.

Cable Franchise Fees were anticipated to provide income of roughly \$225,000 in 2023; however, as described in prior years, this fee has been declining quite rapidly. The Cable Franchise Fee has been the funds used to assist our 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. (Refer to Page 8, where we discuss the elimination of this fee and implementation of a Fire and EMS tax in 2024.)

"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 2023 was \$6,018,800. Better than expected Real Estate Tax revenues were achieved, Real Estate Transfer Tax exceeded expectations, and Interest earnings improved in 2023. Through the end of November, income for 2023 is within 0.13% of our budget.

b. General Expenses

Budgeted expenses for 2023 were \$5,880,377. Through November, expenses were roughly \$5,224,630 or 87.4% of budget. Another \$450,000 will expected to become due in December. Therefore, expenses are expected to end the year at around \$5,675,000 which is about 3.5% below budget.

c. Fund Balance

As described above, the 2023 General Fund Account balance, projected at year end, was anticipated to be \$138,000. We have every reason to believe, barring any significant unforeseen expenses, we will end the year with a positive General Fund balance.



3. Sewer Fund Account



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 2023, a number of substantial delinquencies were cleared up. Much needed repairs and replacements at the main sewer plant were completed. During the year, our PWD constructed concrete pads for the newly purchased generators at each of our pump stations.

a. Sewer Income

Anticipated income from sewer users in 2023 was \$2,160,000. Actual income in 2023 is expected to be higher than anticipated.

b. Sewer Expenses

Sewer fund expenses are primarily Operating Costs and Debt Service. Expenses for 2023 will likely end the year at approximately \$2,086,000. The major expenses typically expended for the central sewer system include:

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

Although Expenses will likely end the year much lower than budgeted, capital improvement projects are underway, and the costs will be incurred within the next month or so.

c. Sewer Fund Balance

The 2023 Sewer Fund Account balance, projected at year end, was anticipated to be approximately \$74,000. Due to the increase in annual Income and the delay in Expenses, the fund balance is expected to end the year higher 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 2023, Middle Smithfield Township received approximately \$537,000. (Middle Smithfield Township receives the 4th largest allocation in Monroe County.)

In 2023, a portion of the Liquid Fuels funds were used to purchase a new plow truck, by using a portion of our Liquid Fuels funds and self-financing from our General Fund over the next 4 years.

a. Liquid Fuels Income

Income for 2023 was \$537,000 which included our allocation and miscellaneous income.

b. Liquid Fuels Expenses

For the first time, in 2023, when we chip-sealed low volume roads, we had the contractor add a "fog seal" which is essentially an additional course of paving which decreases loose gravel. While it was an enhancement and appears to be worth the investment, we will look to improve on the fog seal application in 2024.

Projects completed in 2023, and paid for by the Liquid Fuels Account, included:

Chip Seal

Bowie Lane
Arbutus Lane
Corral Court
Custard Drive
Calvary Court

Pave

Dancing Ridge Road
Mt. Nebo Road
Village Drive (base course)
Coolbaugh Road (partial)
Big Ridge (Fringe to Pondside)

Charlotte Way and Prairie Lane were paved and paid from General Funds

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. While the first opportunity did not elicit any bids, the Supervisors approved a lower “minimum” bid, in hopes of attracting a Developer.

Golf rounds in 2023 were much lower than 2022; there were roughly **9,500** rounds of golf played. The income per round was at roughly \$31.80/round, which exceeded each prior year. 2022 (30.90/round), 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 2023 was \$371,100. At year end, it is anticipated that the Golf operations income will be approximately \$355,400; meaning, income was lower than budget expectations.

b. Golf Expenses

Projected expenses for 2023 for the golf course were approximately \$616,250. At year end, the golf course and Whispering Pines facility expenses are anticipated to be approximately \$608,800. 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” at the end of our fiscal year.



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



The Community & Cultural Center and Library of the Smithfields have been open to the public and seen increased in activity. The C&CC is now an election polling place, hosts blood drives and LVHN education, various classes from outside agencies and non-profits such as the Office of the Aging, County Historical Association, AARP Tax Aide, art exhibits, and presentations and activities from non-profits.

The township contracted for solar panels with funds received from two grants in 2022 and 2023. While the contract has recently been executed, and equipment ordered, the project will likely conclude in 2024.

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, equipment,-maintenance, and capital improvements, and were projected to be approximately \$206,000 for 2023. At year end, we expect the Expenses to total roughly \$258,200.

c. CC&C/Library Balance

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



7. Budget Proposal 2024

The proposed budget for 2024 is described in the following:

2024 Budget Summary	State Fund				Community		Total All Funds
	General Fund	Liquid Fuels	Golf Fund	Sewer Fund	Center	Fire/EMS Fund	
Cash - Beginning	\$690,000	\$18,500	\$0	\$442,000	\$2	\$0	\$1,150,502
Revenue & Other Financing							
Real Estate Taxes	\$2,130,000					\$952,500	\$3,082,500
Transfer Fees	\$400,000						\$400,000
Earned Income Taxes	\$1,750,000					\$145,000	\$1,895,000
Franchise Fees	\$100,000						\$100,000
Interest, Rents, Royalties	\$225,700	\$3,500			\$1		\$229,201
Grants and Grant Matching Funds	\$100,000				\$200,000		\$300,000
Intergovernmental Revenues	\$90,000	\$557,160	\$287,370		\$201,850	\$100,000	\$1,236,380
Charges for Services	\$316,000		\$397,550	\$1,840,000			\$2,553,550
Cleanup Revenues	\$27,500						\$27,500
Other Sources	\$146,650			\$500,000			\$646,650
Total Revenues	\$5,285,850	\$560,660	\$684,920	\$2,340,000	\$401,851	\$1,197,500	\$10,470,781
Total Available	\$5,975,850	\$579,160	\$684,920	\$2,782,000	\$401,853	\$1,197,500	\$11,621,283
Expenditures and Other Uses							
General Government	\$1,491,775		\$324,470	\$150,500			\$1,966,745
Fire, EMS, Control Center	\$79,500					\$1,197,500	\$1,277,000
Protective Services	\$374,500						\$374,500
Cleanup and Recycling	\$147,900						\$147,900
Sewer Dept. Expenses	\$0		\$2,100	\$1,537,680			\$1,539,780
Public Works Dept. Expenses	\$1,385,550	\$325,030					\$1,710,580
Golf Supplies and Expenses	\$287,370		\$286,350				\$573,720
Snow Removal		\$50,000					\$50,000
Equipment Costs		\$152,000			\$200,000		\$352,000
MS4 Expenses	\$56,200						\$56,200
Culture & Recreation	\$89,000				\$48,850		\$137,850
Economic Development	\$209,150						\$209,150
Debt Service & Capital Expenses	\$800			\$483,000	\$153,000		\$636,800
Misc. Insurances and Benefits	\$1,108,075		\$27,000				\$1,135,075
Total Expenditures and Other Uses	\$5,229,820	\$527,030	\$639,920	\$2,171,180	\$401,850	\$1,197,500	\$10,167,300
Net Income (Loss) from Operations	\$56,030	\$33,630	\$45,000	\$168,820	\$1	\$0	\$303,481
Fund Balance - Ending 12/31/24	\$746,030	\$52,130	\$45,000	\$610,820	\$3	\$0	\$1,453,983

a. 2024 General Account

General Income for 2024 is expected to be approximately \$5,285,850 which is lower than 2023, as we expect a decrease in Real Estate Transfer taxes and will see the elimination of the Cable Franchise Fee take effect in June 2024.



General Expenses are expected to be \$5,229,820 or \$56,030 less than income and we hope to conclude the year with increased reserves. Annual expenses are expected to increase roughly 3.5% overall.

In 2024, we will continue to improve our roads, parks, and infrastructure. We hope to complete new improvements to our clean-up operations, add generators to our sewer pump stations, maintain the golf infrastructure, and we will look to do even more as State and Local grants become available.

b. 2024 Sewer Account

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

c. Liquid Fuels Account

State Liquid Fuels funds are expected to be approximately \$560,000 based upon notification received from the State. Road improvements and capital purchases are planned accordingly, with attention to establishing reserves. We expect Expenses in 2024 to be slightly below Income.

d. Golf Course Account

The Golf Course, if not sold, will continue to be supplemented by General Funds. Future plans may change, but the anticipated supplemental funding for 2024 is approximately \$287,800. Golf rates have been increased for 2024.

e. Community Cultural Center/Library Account

The Community & Cultural Center and Library of the Smithfields is anticipated to be improved with solar panels, which would decrease operational expenses. As this is a relatively new building, the Energy Audit received in 2023 indicated that there were no significant improvements that could be made to achieve further energy efficiencies.

f. Fire tax and Emergency Medical Services tax

Commencing in 2024, Middle Smithfield Township will be initiating a Fire tax and an Emergency Medical Services tax. In order to sufficiently fund these services, taxes must increase. In 2024, residents and business owners will see a **0.50-millage tax** for our fire departments and a **0.40-millage tax** for our emergency medical services. For the average homeowner, these taxes will result in an overall tax increase of approximately \$80/year and \$64/year, respectively.



Middle Smithfield Township is benefited by coverage from Bushkill Volunteer Fire Company, Marshalls Creek Fire Company, and Shawnee Fire Company. Each serve as primary responder for certain portions of our township. They also work with each other, in times of need, to provide mutual aid. These men and women volunteer to serve their fellow residents and businesses because they know the essential services are needed and the cost for an all-paid fire department, like New York City, Philadelphia, Allentown, Pittsburg, Bethlehem, etc. would be a strain on the public.

Throughout the last few years, Middle Smithfield Township has been meeting with our fire departments periodically to try to figure out how we can provide the most efficient and cost-effective fire service. Bottom line is it costs money!

With donations decreasing, road drives being eliminated, and less and less grant funds becoming available, our fire departments require upwards of \$500,000 per year to cover equipment, vehicles, training, and reserves. We must meet those needs as the township(s) could not afford to pay for a \$1.5-million truck if was needed tomorrow.

Keep in mind that the \$500,000 still relies on our residents and business owners to support our fire department's fundraising efforts. Residents, business owners, and those working in our township could volunteer and join these departments and help them help us!

Emergency Medical Services are not too different. Our township is primarily covered by Bushkill Emergency Corps, with a portion covered by Lehman Pike EMS, and mutual aid from Suburban Ambulance and Marshalls Creek Fire Company.

What is different with Emergency Medical Services, compared to fire services, is paid paramedics and paid EMTs because of the lack of volunteers. Each ambulance service struggles to provide 24/7 services. The services do come at a considerable expense, not only because the labor costs are high, but for the reason that Medicaid and Medicare payments are nowhere close to actual expenses.

Additionally, frequent flyers, which are those that call for an ambulance without a true medical emergency, do not pay anything.

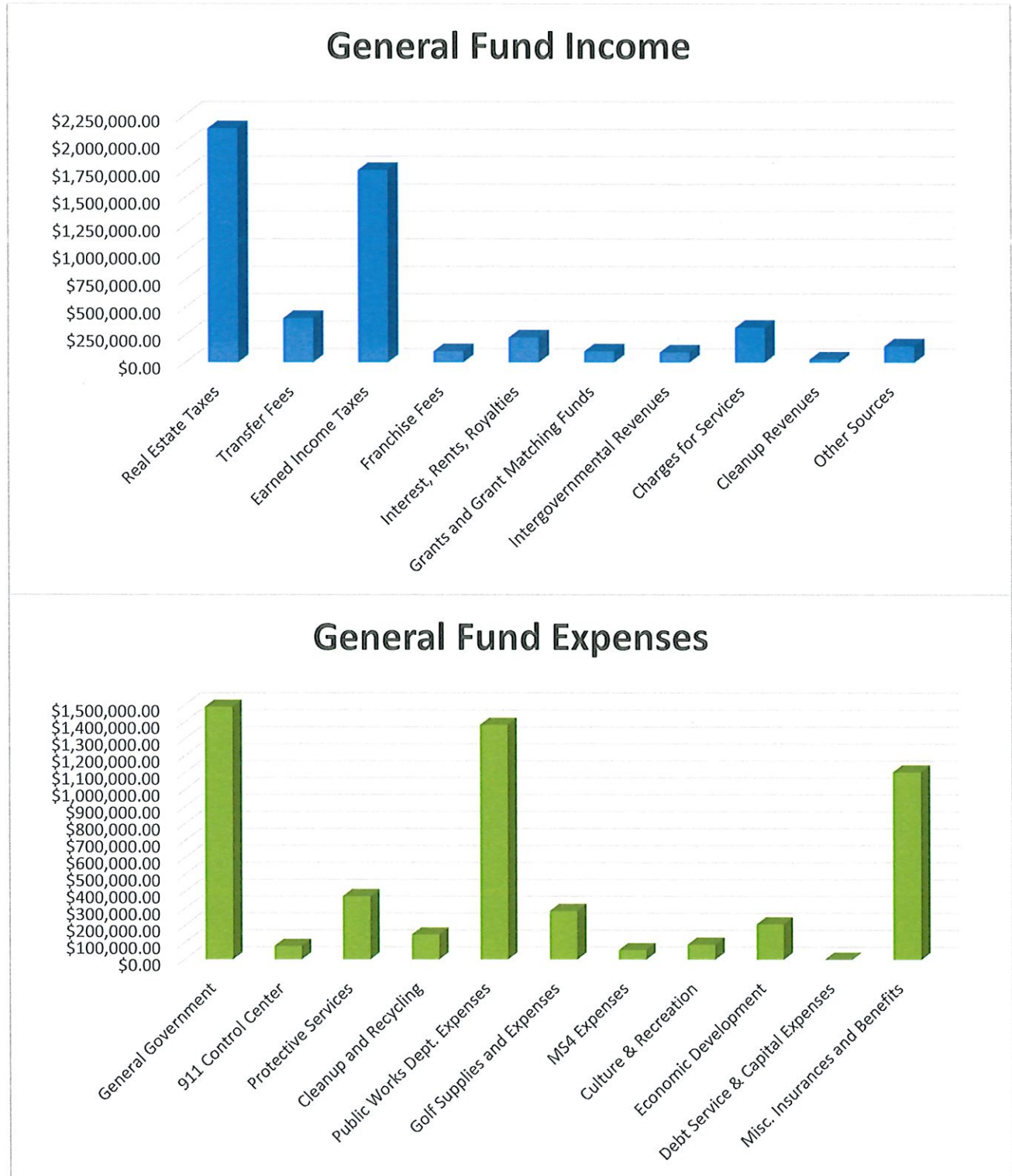
In 2024, approximately \$412,000 will be allocated for Emergency Medical Services for all of our providers serving our area. Like our fire departments, our EMS still relies on our residents' and business owners' support. Please consider volunteering and help them help us!

In June of 2024, the **cable franchise fee will be eliminated**. The Local Services tax will increase to \$1/week.



8. Income and Expense Charts

Below are in income and expense charts:





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 2023 we faced several financial challenges, the most significant of which was the continued rise in costs for goods and services. We also increased funding, on an emergency basis, for our EMS.

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 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.