

Middle Smithfield Township Presentation of Proposed 2015 Budget



Presentation of Proposed 2015 Budget, December 4, 2014

No tax increase for 2015.



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Agenda

- **Introduction**
- **Overview**
- **Revenue and Expenses**
- **Account Highlights**
- **Questions?**



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Introduction

Context of this presentation:

- **12/ 4: 2014 Proposed Budget Presentation**
- **12/29: 2013 Adopt Budget**
- **1/22/15: 2015: “The Year Ahead” Presentation**

So, we'll touch on the past and the future in this presentation in context of the budget – but upcoming meetings will go more in depth with municipal activities, what has changed and why, and some key milestones and benchmarks.



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So what do I get for my taxes, anyway?



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So what do I get for my taxes, anyway?

- 74 miles of roads maintained
- Recycling program
 - For example, the new leaf collection facility
- 4 Parks (almost 4.5!*),
- Community Reinvestment:
 - Building a sense of community, for example, beautification efforts, Egg Hunt, Memory Makers, Trunk or Treat, Tree Lighting, etc.
- Golf course and banquet hall
- Community planning, zoning and improvements (quality of life)
 - *More about this in preview of 2015 presentation!

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Township Comparison

TOWNSHIP	LIBRARY	COUNTY	FIRE	TOWNSHIP	Other	SCHOOL	total	
ROSS	1.75	21.25			0	146.016	169.02	
HAMILTON	1.1	21.25			1	157.36	180.71	
PRICE	1.1	21.25			3	180.81	206.16	
POLK	1.75	21.25			3.3	146.016	172.32	
SMITHFIELD	1.1	21.25			4	180.81	207.16	
CHESTNUTHILL	1.75	21.25			5.2	146.016	174.22	
PARADISE	0.75	21.25	.5		5.25	.5	145.29	173.54
JACKSON	1.1	21.25	1		8		145.29	176.64
ELDRED	1.75	21.25			9.5		146.016	178.52
MIDDLE SMITHFIELD	1.1	21.25			9.5		180.81	212.66
TUNKHANNOCK	0.75	21.25	1		10.5		145.29	178.79
COOLBAUGH	2	21.25	1		12		145.29	181.54
STROUD	1.1	21.25	1.5		14		157.36	195.21
TOBYHANNA	0.75	21.25			14.44		145.29	181.73
DEL WATER GAP	1.1	21.25			16.6		157.36	196.31
POCONO	1.1	21.25			17.6		145.29	186.79
BARRETT	0.75	21.25			19.5		145.29	187.79
E STROUDSBURG	1.1	21.25			21.5		180.81	224.66
MT POCONO	1	21.25	1.5		27		145.29	196.04
STROUDSBURG	1.1	21.25			39		157.36	218.71
AVERAGE					12.09			

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**MST Municipal taxes
BELOW average**

What else does MST provide?

- **Central Sewer System**
(users are billed quarterly)
- **First Responder Emergency Services**
(via Cable Franchise Fee)



Township Perspective

- **88% of the single family homes in Middle Smithfield pay less than \$420 a year in municipal taxes**



Township Perspective

- **88%** of the single family homes in Middle Smithfield pay **less than \$420** a year in municipal taxes
 - Close to **60%** of the single family homes in Middle Smithfield Township, **pay less than \$250/year** in municipal taxes
 - Almost 30% of the single family homes in MST, pay between \$250 and \$420 a year in municipal taxes



Overview

Our Municipal Accounting is divided into 4 Accounts:

- General Fund
- Liquid Fuels (roads)
- Sewer Fund (enterprise fund)
- Golf (special revenue fund)

What follows is a general overview of conditions, and then some highlights.



Overview

Once again, we did what we said we would do:

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Overview

Once again, we did what we said we would do:

- We didn't take on any new long term debt
- We cut spending:
 - Instead of making interest payments on loans, we paid off loans early last year (saving interest), and this year we are receiving interest from reserves placed in an interest bearing account
 - Increased employee contributions to health benefits plan. They now pay 14%.
 - Further decreased operations spending (operational efficiencies such as bulk ordering supplies)
 - Continued program tweaks such as Freecycling reduced costs
- Increased revenue (more grants: for example, recycling, roads)



Overview

No new municipal taxes and no tax increase for 2015:

- Because we now have reserves, we're not borrowing money from the bank. Borrowing money costs money.
 - For example, we will not have to borrow with a Tax Anticipation Note in 2015, as was past standard practice.
- With reserves, we won't be operating at a deficit just to keep the township running.

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Credit Rating Improved

Once again, the township's credit rating was improved by Standard & Poors.

(In February 2014, from A- to A positive)

In 2014, every budget category will conclude the year within the budget established in 2013.

We are confident that the township credit rating will once again improve: improved reserves, stringent fiscal policies, positive audits of all accounts continue to be the norm.



Current Conditions



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Current Conditions

Revenue: MST receives revenue from:

- Property Taxes:
 -
 -
- Earned Income Tax:
- Realty Transfer Tax:
- Zoning and Building Permits:



Current Conditions

Revenue: MST receives revenue from:

- **Property Taxes:**
increasing slowly year over year
 - Business climate improving
 - Home sales are improving
- **Earned Income Tax:**
steadily increasing
- **Realty Transfer Tax:**
Did we mention home sales are increasing?
- **Zoning and Building Permits:**
also increasing



Current Conditions: Revenue

Revenue ~~leveled off~~ is picking up!

whereas overall revenue declined steadily for years during the mid-2000's, and then levelled off in recent years – it has now picked up:

	2013 ACTUALS	2014 YTD (to 11/30/2014)	2014 Est.
Transfer Tax	\$237,473	\$276,365	\$ 301,489
Permit Fees	\$52,508	\$52,597	\$ 57,379
Earned Income Tax	\$1,191,796	\$1,136,673	\$ 1,240,007
TOTAL	\$1,481,777	\$1,465,635	\$ 1,598,875



Current Conditions: Expenses

Increased Expenses:

- Increased fuel / utility costs
- Medical benefits are increasing at 10-20% per year:
 - 2012 = 10.8% increase
 - 2013 = 14.2% increase
 - 2014 = 14.8% increase
 - In 2015, it will be approximately 13.9%
- Municipal Cost Index rose 2%



Current Conditions: Revenue

- **Some bright Spots:**
 - We continue to see an increase in income from commercial growth
 - Earned Income is improving throughout our township
 - Home sales are improving



Fund Highlights

General Fund:

The General Income for 2015 is expected to be approximately 5.1% (\$214,000) greater than 2014.

Although decreases in property taxes the township receives have been accounted for due to reassessments, we expect to receive further Grants, which we applied for this year, in the range of \$225,000.

The expected year end General Fund balance of \$240,000 is 9.5% better than expected!

Last year we said our target for the reserve account is 20% of annual income – and we achieved that goal in 2014!



Fund Highlights

Sewer:

Sewer fund expenses are primarily Operating Costs and Debt Service. Over 40% of this expense is debt service.

The 2014 Sewer Fund Account balance without the July increase was projected to be a mere \$76,000. Now, barring any significant unforeseen expenses, we will end the year with a Fund balance of \$310,400.

However, as you will note in the 2015 budget, much of this balance will be needed to fund capital improvements that are desperately needed and long overdue for our aging sewer system.



Fund Highlights

Sewer:

For 2015, the latest sewer increase will sustain the sewer system.

Beyond 2015, based on sewer users feedback, we believe that the sewer fee should increase by a nominal 2.5% a year to offset annual operating cost increases and keep pace with the municipal cost index, cost of living, and inflation.

We will continue to explore :

- decrease debt service (current debt is too new to refinance)
- operational efficiencies (e.g., 11% savings in electric)



Fund Highlights

PA Liquid Fuels funds . . .

. . . are expected to be approximately \$420,000 based upon notification received from the State. Road improvements and capital purchases will be planned accordingly.



Fund Highlights

The Golf Course

Has continued to improve financially; expenses decreased, income increased.

Since 2012, the township's annual monetary contribution to run the golf course has steadily decreased.



Proposed 2015 Budget

(highlights on next slide)

2015 Budget Summary	General Fund	State Liquid Fuels Fund	Golf Fund	Sewer Fund	Total ALL FUNDS
Cash - Beginning	\$865,400.00	\$25,230.00	\$0.00	\$235,400.00	\$1,126,030.00
Revenues & Other Financing					
Taxes	\$3,180,000.00				\$3,180,000.00
Licenses-Permits-Franchise Fees	230,000.00				230,000.00
Fines & Forfeits	1,600.00				1,600.00
Interest, Rents & Royalties	5,600.00	110.00			5,710.00
Intergovernmental Revenues	482,500.00	423,299.78	225,000.00		1,130,799.78
Charges for services	121,550.00		303,525.00	2,049,341.81	2,474,416.81
Total sewer reimbursement	95,710.00				95,710.00
Total other sources	2,500.00			75,000.00	77,500.00
Total Revenues	\$4,119,460.00	\$423,409.78	\$528,525.00	\$2,124,341.81	\$7,195,736.59
Total Available	\$4,984,860.00	\$448,639.78	\$528,525.00	\$2,359,741.81	\$8,321,766.59
Expenditures and other uses					
General Government	\$828,808.70			\$127,510.00	\$956,318.70
Public Safety/fire/ems/control	384,000.00				384,000.00
Protective services	214,230.00				214,230.00
Cleanup and recycling	310,530.00				310,530.00
Sewer Dept. expense	55,720.00		2,050.00	963,050.00	1,020,820.00
Public works admin	269,035.00		105,000.00		374,035.00
Golf Supplies and other expenses	99,400.00		322,075.00		421,475.00
Snow removal	145,000.00	100,000.00			245,000.00
Traffic control and improvements	30,220.00				30,220.00
Equipment costs public works	182,000.00	75,000.00	47,000.00	145,000.00	449,000.00
Streets & roads maint & constr	315,150.00	200,000.00			515,150.00
Culture and Recreation	249,200.00				249,200.00
Regional parks	9,600.00				9,600.00
Community development	3,600.00				3,600.00
Debt Service & Capital Exp	138,100.00		10,400.00	733,500.00	882,000.00
Misc.-Ins. and benefits etc.	712,425.00		42,000.00	21,500.00	775,925.00
Total Expenditure & Uses	\$3,947,018.70	\$375,000.00	\$528,525.00	\$1,990,560.00	\$6,841,103.70
Net income (loss) from operations	\$172,441.30	\$48,409.78	\$0.00	\$133,781.81	\$354,632.89
Fund Balance - Ending 12/31/15	\$1,037,841.30	\$73,639.78	\$0.00	\$369,181.81	\$1,480,662.89



2015 Budget Summary Cash - Beginning	General Fund	State Liquid Fuels Fund	Golf Fund	Sewer Fund	Total ALL FUNDS
	\$865,400	\$25,230	\$0.00	\$235,400	\$1,126,030
Total Revenues	<u>\$4,119,460</u>	<u>\$423,410</u>	<u>\$528,525</u>	<u>\$2,124,342</u>	<u>\$7,195,737</u>
Total Available	\$4,984,860	\$448,640	\$528,525	\$2,359,742	\$8,321,767
Total Expenditure & Uses	<u>\$3,947,019</u>	<u>\$375,000</u>	<u>\$528,525</u>	<u>\$1,990,560</u>	<u>\$6,841,104</u>
Net income (loss) from operations	<u>\$172,441</u>	<u>\$48,410</u>	<u>\$0.00</u>	<u>\$133,782</u>	<u>\$354,633</u>
Fund Balance - Ending 12/31/15	\$1,037,841	\$73,640	\$0.00	\$369,182	\$1,480,663



Questions?



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TO COME:

- Thursday, 12/18: Deadline for **Toys for Tots** and **Bushkill Outreach** donations!
- Monday, 12/29, 7pm: Board of Supervisors Meeting.
- Wednesday, 12/31, 7pm: **Happy New Year!** Celebrate MST's Person of the Year at Whispering Pines Banquet Hall!
- Monday, 1/5/15, 6pm: Reorganization Meeting.
- Thursday, 1/22/15, 7pm: Board of Supervisors Meeting **2015 Plan Ahead**

Come hear what's being planned for 2015 by your Township and your Committees!



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Mission Statement

Middle Smithfield Township is committed to **continuously improve the quality of life** for our citizens, and **business environment** for our enterprises through creative leadership, dedicated personnel and collaboration.

We encourage our residents to participate in their own local government by providing **transparency, information, and excellent communication**. We make every effort to balance a healthy environment, and preserve our history and natural resources while promoting economic growth.

We will foster trust through honesty, transparency, fairness, and applying and enforcing our township code consistently.



Vision Statement

We will restore the pride to Middle Smithfield Township. By the end of the decade, we will be the model township of the Poconos, a most desirable place to live and work with vibrant Main Street village centers we can all be proud of.

Middle Smithfield Township is in an important transition period right now – we need dedicated employees and volunteers now more than ever.



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GOALS for 2015:

Expand on the growing
Middle Smithfield Township is in an important
sense of **community**

transition period right now – we need dedicated
employees and volunteers now more than ever.
Engage even more residents.

Increase opportunities for
commercial growth

Presentation to the Board of Supervisors, December 4, 2014



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Moving Forward: Progressive Goals:

2012:

Repair the Relationships.

Rebuild the Trust.

Renew the Commitment.

Restore the Pride.

2013:

Reinvent

Revolution: **Evolve**

Resolution: **Solve**

Restore the Pride.

2014 & 2015:

Build a sense of **community**

Engage our residents.

Collaborate

Grow with Pride.