

Middle Smithfield Township Presentation of Proposed 2014 Budget



Presentation of Proposed 2014 Budget, December 5, 2013

No tax increase for 2014.



Agenda

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



Introduction

Context of this presentation:

- **12/ 5: 2014 Proposed Budget Presentation**
- **12/30: 2013 Adopt Budget**
- **1/23/14: 2014: 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?

- 74 miles of roads maintained
- Recycling program
For example, the new leaf collection facility
- 3 Parks (almost 4.5!*),
- Community Reinvestment:
Building a sense of community, for example, Day in the Park, Memory Makers, Tree Lighting, etc.
- Golf course and banquet hall
- Community planning, zoning and improvements (quality of life)
 - *More about this in 2014 presentation!

Presentation of Proposed 2014 Budget, December 5, 2013



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			6.25	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		

MST Municipal Taxes went from average to 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**
 - 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

We did what we said we would do:

- We didn't take on new long term debt
- Cut spending:
 - Paid off loans early (saving interest)
 - Increased employee contributions to health benefits plan. They now pay 14%.
 - Further decreased operations spending (operational efficiencies such as bulk ordering supplies)
 - Program tweaks such as Freecycling reduced costs
- Increased revenue (more grants: for example, recycling, roads)

Presentation of Proposed 2014 Budget, December 5, 2013



Overview

No new municipal taxes and no tax increase for 2014:

- Because we now have some 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 2014, as was past standard practice.
- With reserves, we won't be operating at a deficit just to keep the township running.

Presentation of Proposed 2014 Budget, December 5, 2013



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.



Current Conditions



Current Conditions

Revenue:

MST receives revenue from:

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



Current Conditions: Revenue

Revenue leveled off:

This is good news since last year it decreased !

	2005	2006	2007	2008	2009	2010	2011	2012	2013	difference between 2005 and YTD 2013
Transfer Tax	\$815,493	\$807,286	\$672,674	\$325,459	\$264,854	\$194,957	\$193,757	\$272,861	\$185,556	-\$629,937
Permit Fees	\$157,309	\$168,331	\$200,733	\$57,376	\$27,843	\$46,207	\$25,802	\$50,572	\$39,277	-\$118,032
Earned Income Tax	\$816,844	\$906,609	\$897,364	\$978,678	\$1,052,830	\$1,005,643	\$1,097,049	\$949,541	\$1,049,909	\$233,065
TOTAL	\$1,789,646	\$1,882,226	\$1,770,771	\$1,361,513	\$1,345,527	\$1,246,807	\$1,316,608	\$1,272,974	\$1,274,742	-\$514,904

difference between 2005 and YTD 2013

Transfer Tax	-\$629,937
Permit Fees	-\$118,032
Earned Income Tax	\$233,065
TOTAL	-\$514,904 less



Current Conditions: Revenue

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TOTAL	\$1,789,646	\$1,882,226	\$1,770,771	\$1,361,513	\$1,345,527	\$1,246,807	\$1,316,608	\$1,272,974	\$1,274,742	-\$514,904

Still -- **we are moving forward!**

This is an improvement of over **\$94,000** over 2005! (and \$147,000 over last year!)

difference between 2005 and YTD 2013	
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difference between 2005 and YTD 2012	difference between 2005 and YTD 2013
Transfer Tax	Transfer Tax
-\$534,425	-\$629,937
Permit Fees	Permit Fees
-\$117,759	-\$118,032
Earned Income Tax	Earned Income Tax
\$42,932	\$233,065
TOTAL	TOTAL
-\$609,252 less	-\$514,904 less

-\$609,252 less



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Earned Income Tax	\$42,932	Earned Income Tax	\$233,065
TOTAL	-\$609,252 less	TOTAL	-\$514,904 less

This is largely due to a significant increase in Earned Income Tax . . .
 Which is largely due to the increased commercial activity (*more jobs!*)

We are moving forward!

Presentation of Proposed 2014 Budget, December 5, 2013



Current Conditions: Expenses

Increased Expenses:

- Increased fuel / utility costs
- Medical benefits are increasing at 10-20% per year. In 2012, it was 14.3%. In 2013, it is 14.8%.
- Insurance costs up -- professional liability insurance alone increased 10% (because of claims that remain unsettled)
- Municipal Cost Index rose 1.76%



Current Conditions: Expenses

- **Some dark Spots:**
 - Tax reassessments and appeals
 - We are still experiencing residual effects
(for example, professional insurance costs. Also legal expenses, while steadily declining, still remain higher than we'd like.)
 - Overall, state and federal government decreasing support, leaving local government to fill in the gap, as well as unfunded federal and state mandates
(e.g., 911 program in 2011, recycling program and State Police Fines in 2012 and 2013, recycling in 2013)



Current Conditions: Revenue

- **Some bright Spots:**

- The increase in jobs from commercial growth offset the decrease in state and federal funding with increase in earned income tax

- *PriceChopper*
- *Wawa*
- *Pyramid*
- *RiteAid*
- *others*

Added \$29.5 million in salaries to Middle Smithfield (new jobs plus increased salaries)
(remember the Earned Income Tax increase from a few slides ago?)



Fund Highlights

For the General Fund:

We expect the revenue to increase by 4.2%. However, expenses are expected to increase by 6.9% because we are investing in our community. We continue to build a sense of community via engaging residents with events and continued parks and public work improvements. This number is quite conservative, as we expect to pursue sponsorships more aggressively in 2014. Increases for parks, recycling expenses, and other improvements, are countered by substantial decreases in debt.



Fund Highlights

Sewer:

As we predicted a year ago, eventually our sewer revenue will not keep pace with sewer expenses. This will happen once the combination of outstanding job in sewer collections, decrease in expenses and increase in operational efficiencies level off. A bright spot is all the new connections the sewer department received this year from new construction purchasing EDU's.



Fund Highlights

PA Liquid Fuels funds . . .

. . . are expected to be approximately \$360,000 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 significantly, which offset our rainy season decrease in income.

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



Proposed 2014 Budget

2014 Budget Summary	General Fund	State Fund Liquid Fuels	Golf Fund	Sewer Fund	Total ALL FUNDS
Cash - Beginning	\$655,000.00	\$97,075.00	\$0.00	\$337,850.00	\$1,089,925.00
Revenues & Other Financing					
Taxes	\$3,041,225.00				\$3,041,225.00
Licenses-Permits-Franchise Fees	230,000.00				230,000.00
Fines & Forfeits	2,500.00				2,500.00
Interest, Rents & Royalties	8,500.00				8,500.00
Intergovernmental Revenues	403,050.00	366,322.84	203,765.00		973,137.84
Charges for services	131,250.00		345,525.00	1,716,672.00	2,193,447.00
Total sewer reimbursement	100,000.00				100,000.00
Total other sources	<u>1,500.00</u>				<u>1,500.00</u>
Total Revenues	<u>3,918,025.00</u>	<u>366,322.84</u>	<u>549,290.00</u>	<u>1,716,672.00</u>	<u>6,550,309.84</u>
Total Available	\$4,573,025.00	\$463,397.84	\$549,290.00	\$2,054,522.00	\$7,640,234.84
Expenditures and other uses					
General Government	\$797,178.00			\$80,580.00	\$877,758.00
Public Safety/fire/ems/control	357,000.00				357,000.00
Protective services	154,310.00				154,310.00
Cleanup and recycling	116,900.00				116,900.00
Sewer dept expense	60,140.00		9,540.00	790,700.00	860,380.00
Public works admin	251,526.00		138,000.00		389,526.00
Golf Supplies and other expenses	110,000.00		294,350.00		404,350.00
Snow removal	87,500.00	50,000.00			137,500.00
Traffic control and improvements	30,220.00				30,220.00
Equipment costs public works	173,500.00	22,100.00	47,000.00	6,100.00	248,700.00
Streets & roads maint .& constr.	348,500.00	244,250.00			592,750.00
Culture and Recreation	248,750.00				248,750.00
Regional parks	14,600.00				14,600.00
Community development	3,600.00				3,600.00
Debt Service & Capital Exp	138,000.00		10,400.00	760,055.00	908,455.00
Misc.-Ins. and benefits etc.	<u>720,803.00</u>		<u>50,000.00</u>	<u>19,100.00</u>	<u>789,903.00</u>
Total Expenditure & Uses	<u>\$3,612,527.00</u>	<u>\$316,350.00</u>	<u>\$549,290.00</u>	<u>\$1,656,535.00</u>	<u>\$6,134,702.00</u>
Net income (loss) from operations	\$305,498.00	\$49,972.84	\$0.00	\$60,137.00	\$415,607.84
Fund Balance - Ending 12/31/14	\$960,498.00	\$147,047.84	\$0.00	\$397,987.00	\$1,505,532.84



TO COME:

- Friday, 12/ 6: Bargain Book Warehouse Ribbon Cutting
- Friday, 12/13: **Toys for Tots!**
- Friday, 12/13: Pyramid Open House/Ribbon Cutting.
- Monday,12/30, 7pm: Board of Supervisors Meeting.
- Tuesday,12/31, 7pm: **Happy New Year!** Celebrate at
Whispering Pines Banquet Hall!
- Monday, 1/6/14, 6pm: Reorganization Meeting.
- Thursday, 1/23/14, 7pm: Board of Supervisors Meeting **2014 Plan Ahead**

Come hear what's being planned
for 2014 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 2014:

Build a sense of **community**

Middle Smithfield Township is in an important transition – we need dedicated

Engage our residents.

Collaborate – we need dedicated employees and volunteers now more than ever.

Grow with Pride.



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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:

Build a sense of **community**

Engage our residents.

Collaborate

Grow with Pride.