

MIDDLE SMITHFIELD TOWNSHIP

2021 FINAL BUDGET



December 3, 2020



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The 2021 Annual Budget has been prepared by the Board of Supervisors, with the professional assistance of a Certified Public Accountant, consultation with our Solicitor and Engineer, and the staff of Middle Smithfield Township.

The 2021 Budget does not include an increase in taxes, in sewer fees, or in other charges.

General Fund income for 2021 is projected to be lower than 2020, primarily due to the community center project is now substantially completed and no additional funding will be necessary in 2021, reassessments of properties within the township has lowered individual property taxes, and decreased interest income and other sources of income. We are not expecting much in the form of State Grants, although we will pursue any that may become available.

The 2021 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 sewer system, by continuing to make capital improvements, look for cost-savings wherever possible, and provide the needed services that our residents and businesses have come to rely on. Capital improvement plans, in sewer, roads, parks, and other assets, are now performed annually, as opposed to when there is a crisis or emergency repair.

In 2020, every budget category (General, Sewer, Liquid Fuels, and Golf) is expected to conclude the year within the budget established in 2019. At year-end, we expect to have increased reserves slightly because of the stringent fiscal policies that are maintained each year. These positive results continue to be confirmed by the annual audits of all accounts, by certified public accountants. It is noteworthy to also state that, during 2020, the township's Bond rating was evaluated by Standard & Poor's and resulted in no change, which is a great achievement, particularly in the midst of the pandemic.

Without question, 2020 was not what anyone expected. We certainly acknowledge how the pandemic has, and is, 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.

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

Respectfully Submitted:

Michael J. Dwyer
Treasurer
Supervisor

Mark Oney
Assistant Treasurer
Supervisor

Raymond Wolfe
Budget & Finance
Manager

Annette Atkinson
Chairperson
Supervisor

December 3, 2020



2021 BUDGET PRESENTATION

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1. 2020 Year in Review

In 2020, Middle Smithfield Township experienced a fairly good financial year. Income is expected to be lower than budgeted, however, expenses are also expected to be slightly lower than anticipated. Overall, we will end 2020 with a minimal net gain in our General Funds, Sewer Funds, and Liquid Fuels account. These positive results will allow us to maintain taxes at the 2020 level for another year. This means. . . **THERE IS NO TAX INCREASE FOR 2021.**

The township maintains sufficient reserves that a Tax Anticipation Note (TAN) is not needed. Since this (Tan) loan was not required to offset expenses during the first quarter of the year, we did not expend unnecessary interest.

In 2020, the township applied for numerous grants from the State DEP and DCNR and awarded almost \$550,000. We just recently were awarded a \$350,000 grant with our recycling partners, Lehman and Smithfield Townships. We were also awarded \$12,000 Monroe County Commissioners out of the \$15,000,000 they received from the Federal Government, in CARES grant funds. In 2021, we anticipate some grants to be awarded, although we are not as optimistic until the Commonwealth's financial picture improves.

We are very optimistic about the prospects for commercial and residential development in 2021. More and more Developers are meeting with our Planning Commission, such as general merchandise, specialty products, and other multi-family projects.

The golf course experienced its best fiscal year since township ownership. Rounds for the year and income per round exceeded every expectation. The library/community center has been substantially completed and looks great!

The sewer accounts are in good shape. In 2020, a number of necessary improvements were made throughout the entire system. Further improvements are planned for 2021.

Cost controls put in place by the current Supervisors continue to have positive results. The 2020 audit has also 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 2021.

There will be no municipal tax increase in 2021.



2. General Funds Accounts

2020 Income was projected to include: 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 \$240,000/year, although this amount is starting to decline. These funds are paid directly to local emergency service providers, including Bushkill Ambulance, Bushkill Fire Company, Suburban EMS, Shawnee Fire Department, Marshalls Creek Fire Company, and 20% 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 inter-fund income are just a few of the sources of funds within this category.

a. General Income

The anticipated general income for 2020 was \$4,888,615. Through the end of November, \$4,468,218 (91%) has been collected. We anticipated further income in December, since the tax due date for 2020 was extended to end of year.

b. General Expenses

Projected expenses for 2020 were \$4,826,266. Through November, expenses were roughly \$4,227,870 or 88% of budget. Another \$350,000 will likely become due in December. Therefore, expenses are expected to end the year at around \$4,612,000 which is 5% less than anticipated.

c. Fund Balance

As described above, the 2020 General Fund Account balance, projected at year end, was anticipated to be \$62,349. We have every reason to believe, barring any significant unforeseen expenses, we will end the year with a General Fund balance of \$150,000.



2. 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 25% of our businesses and residents within the township are connected to this system.

In 2020, a number of operational expenses were decreased. Use of new chemical treatment, efficiencies in our electrical consumption, and other expenses were decreased.

Capital improvements made in 2020 included:

- Maple Lane Pump Station 4: This project involves the replacement of the piping in the wet well and valve vault and new control panel. Cost was \$142,245 and is complete.
- Mt. Nebo Pump Station #11: Complete pump station to service Mt. Nebo. Cost was \$466,035 and will receive a reimbursement from grant in the amount of \$231,950. Project is complete and waiting for hook-up from Mt. Nebo apartments.

a. Sewer Income

Anticipated income from sewer users in 2020 was \$2,116,000, excluding potential grant awards. Based upon year to date collections, we believe we will collect \$150,000 less than budget.

b. Sewer Expenses

Sewer fund expenses are primarily Operating Costs and Debt Service. Expenses for 2020 will be approximately \$1,800,000. The major expenses typically expended for the central sewer system include:

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

c. Sewer Fund Balance

The 2020 Sewer Fund Account balance, projected at year end, was anticipated to be approximately \$300,000. We have every reason to believe, barring any significant unforeseen expenses, we will end the year with a Fund balance of \$200,000.



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 (15,997). In 2020, Middle Smithfield Township received approximately \$549,000. (Middle Smithfield Township receives the 4th largest allocation in Monroe County.)

In 2020, we also received approximately \$220,000 as the township acquired Sellersville Road, which had been a State Road.

Over 9.87 miles of road within our township were paved, tar and chipped, or sealed.

a. Liquid Fuels Income

Typically in November, the State provides the Supervisors with the intended allocation for the following year. For 2021, we expect to receive \$501,000.

b. Liquid Fuels Expenses

Projects completed in 2020, and paid for by the Liquid Fuels Account, included:

- Paving on Columbia Blvd.
- Paving on Gravel Ridge Rd.
- Paving on upper portion of Coolbaugh
- Paving on Crown Point
- Paving on Buroojy Court
- Paving on Havenwood
- Paving on Sellersville, from Tom X to 209
- Constructing and paving on Diss Way
- Tar and chip on Shady Hill Road
- Tar and chip on Dear Track-whole community
- Tar and chip on Laurel Ridge-whole community

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 10 miles of roads (14% of the township roads) were improved in 2020.

c. Liquid Fuels Fund Balance

We continue to make every effort to maintain a fund balance within our Liquid Fuels funds in anticipation of larger projects that will need to be performed in the near term.



5. Golf Fund Account

The golf course is for sale.

The golf course experienced its best year since 2009! Golf rounds in 2020 exceeded projections and there were over **14,205** rounds of golf played.

The income per round also increased to a healthy \$29.98/round which is much higher than 2019 (\$24.81/round) and 2018 (\$28.58/round.)

The well-maintained golf course and its operations continue to be a source of township pride, dedication, and enjoyment. The banquet hall is a terrific asset for community events. The course and banquet hall contribute to the local economy by providing employment and income for peripheral businesses, such as food service, supplies, gas, etc.

a. Golf Income

The anticipated general income for 2020 was \$310,555. Through November, the golf course generated roughly \$415,293 in income.

b. Golf Expenses

Projected expenses for 2020 for the golf course were approximately \$513,670. Through November, the golf course expenses were approximately \$521,571. 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.

While, as of this writing, end of year expenses are still to be paid, the net cost to offset expenses over income, from General funds, is anticipated to be approximately \$150,000, continuing the trend of decreasing expense year over year.

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 Center

The Community Center/Library development has been substantially completed.

Some items of work remain to be completed in 2021, such as the showers in the basement, some interior finishes, and purchase of the furnishings required to operate the center.

The operating expenses for 2021 include utilities and property maintenance. For 2021, only minimal expenses are anticipated.



7. Budget Proposal 2021

If you read all of the information written before this Section, you will know by now that there is NO TAX INCREASE PROPOSED FOR 2021. The proposed budget for 2021 is described in the following:

2021 Budget Summary	General Fund	State Fund Liquid Fuels	Golf Fund	Sewer Fund	Community Center Fund	Total All Funds	
Cash - Beginning	\$240,350	\$124,150		\$247,100		\$611,600	
Revenue & Other Financing							
Real Estate Taxes	\$2,020,000					\$2,020,000	
Transfer Fees	\$310,000					\$310,000	
Earned Income Taxes	\$1,368,000					\$1,368,000	
Licenses, Permits, Fees	\$245,000					\$245,000	
Fines & Forfeits	\$1,500			\$40,000		\$41,500	
Interest, Rents, Royalties	\$20,700	\$1,250			\$1	\$21,951	
Grants and Grant Matching Funds	\$40,000			\$231,000		\$271,000	
Intergovernmental Revenues	\$188,400	\$502,537	\$193,150		\$38,340	\$922,427	
Charges for Services	\$254,550		\$347,250	\$1,990,000		\$2,591,800	
Sewer Reimbursement	\$43,500					\$43,500	
Other Sources	\$11,500					\$11,500	
Total Revenues	\$4,503,150	\$503,787	\$540,400	\$2,261,000	\$38,341	\$7,846,678	
Total Available	\$4,743,500	\$627,937	\$540,400	\$2,508,100	\$38,341	\$8,458,278	
Expenditures and Other Uses							
General Government	\$1,074,467			\$55,500		\$1,129,967	
Fire, EMS, Control Center	\$395,550					\$395,550	
Protective Services	\$288,600					\$288,600	
Cleanup and Recycling	\$102,000					\$102,000	
Sewer Dept. Expenses	\$0		\$2,100	\$1,516,760		\$1,518,860	
Public Works Dept. Expenses	\$568,950		\$254,950			\$823,900	
Golf Supplies and Expenses	\$193,150			\$272,950		\$466,100	
Snow Removal	\$125,000	\$50,000				\$175,000	
Traffic Control and Improvements	\$358,725	\$324,000				\$682,725	
Equipment Costs	\$72,000	\$100,000				\$172,000	
MS4 Expenses	\$11,500					\$11,500	
Culture & Recreation	\$128,395				\$38,340	\$166,735	
Debt Service & Capital Expenses	\$151,323		\$10,400	\$484,050		\$645,773	
Misc. Insurances and Benefits	\$969,610					\$969,610	
Total Expenditures and Other Uses	\$4,439,270	\$474,000	\$540,400	\$2,056,310	\$38,340	\$7,548,320	
Net Income (Loss) from Operations	\$63,880	\$29,787		\$0	\$204,690	\$1	\$298,358
Fund Balance - Ending 12/31/21	\$304,230	\$153,937		\$0	\$451,790	\$1	\$909,958



General Income for 2021 is expected to be approximately \$4,503,000 which is slightly less than 2020, primarily due to our expectation that there will be less Grant funds available.

General expenses are expected to be \$63,880 less than income and we hope to conclude the year with additional reserves.

In 2021, we intend to continue to improve our roads, parks, and infrastructure. We have recently started updating the Township's Comprehensive Plan and there are many other improvements we expect to make as the year progresses.

As we said, operational efficiencies and positive collection rates have, once again, resulted in there being no increase in Sewer User Fees in 2021.

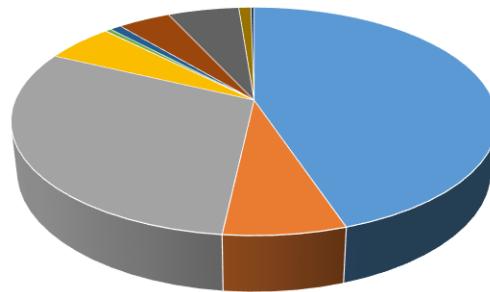
State Liquid Fuels funds are expected to be approximately \$503,000 based upon notification received from the State. Road improvements and capital purchases are planned accordingly, with attention to establishing reserves. We expect expenses in 2021 to be below income, which will result in reserves for major improvements.

The Golf Course, if not sold, will continue to be funded just like any other park or amenity and it is anticipated that the expense associated with the operations will decrease in 2021. The last 5 years have proven our initial calculations that having the facility open and generating income to defray operating costs is more prudent than shuttering the facility and having no income at all to defray expenses (and devaluing the asset to \$0.).



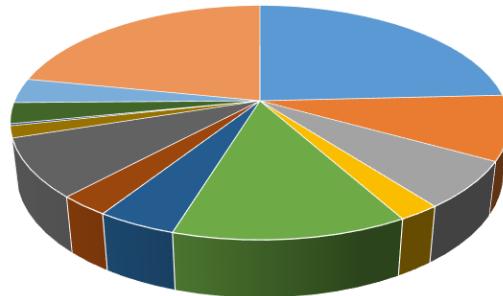
Here are the fancy charts that everyone likes to look at:

2021 Anticipated Revenue



■ Real Estate Taxes	■ Transfer Fees	■ Earned Income Taxes
■ Licenses, Permits, Fees	■ Fines & Forfeits	■ Interest, Rents, Royalties
■ Grants and Grant Matching Funds	■ Intergovernmental Revenues	■ Charges for Services
■ Sewer Reimbursement	■ Other Sources	

2021 Anticipated Expenses



■ General Government	■ Fire, EMS, Control Center	■ Protective Services
■ Cleanup and Recycling	■ Sewer Dept. Expenses	■ Public Works Dept. Expenses
■ Golf Supplies and Expenses	■ Snow Removal	■ Traffic Control and Improvements
■ Equipment Costs	■ MS4 Expenses	■ Culture & Recreation
■ Debt Service & Capital Expenses	■ Misc. Insurances and Benefits	



8. Acknowledgements

The success of Middle Smithfield Township in 2020 was attributable to the Board of Supervisors, the employees, the volunteers, and all of our residents and business owners.

Unquestionably, 2020 was a very trying year for all of us. Maintaining a safe environment for our residents and business owners is our top priority.

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.

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

Thank you