

2022 FINAL BUDGET



DECEMBER 2, 2021

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



December 2, 2021

Preparation of the 2022 Annual Budget could not have been done without the hard work of our new Budget and Finance Manager, Bonnie Winters, and the dedication of the Board of Supervisors and the staff of Middle Smithfield Township. "Budget Season" starts in January and ends in December, because we believe everyone must manage expenses throughout the entire year.

While it is difficult to predict where costs of goods are headed in 2022, we have to expect that, at some point, the Federal government will be able to figure out how economics work and how supply and demand works, and eventually, inflation will ease.

The 2022 Budget does not include an increase in taxes.

We are also happy to report that the County Commissioner's have stated that there will not be an increase in County taxes for 2022 as well.

General Fund income for 2022 is projected to be higher than 2021, primarily due to the continued real estate transfers and the increase in Earned Income Taxes. We are hopeful that State and Federal Grants will become available.

The 2022 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 2021, every budget category (General, Sewer, Liquid Fuels, and Golf) is expected to conclude the year within the budget established in 2020.

Like everyone else, the township saw significant increases in costs during 2021. Substantial price increases since January, 2020, from all of our Vendors and Suppliers has made it difficult to maintain budgets. Additionally, toward year-end, since supply chain issues have not been managed effectively, we have had to pre-order many parts and equipment that we can reasonably or typically experience a need for during the winter months.

Without question, 2021 still had many challenges due to COVID. 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.

Annette Atkinson
Supervisor

Mark Oney
Supervisor

Mike Dwyer
Supervisor

Bonnie Winters
Budget & Finance
Manager

December 2, 2021



2022 BUDGET PRESENTATION

TABLE OF CONTENTS

	<u>PAGE</u>
1. 2021 Year in Review.....	1
2. General Fund Accounts.....	2
a. 2021 General Income Assumptions vs. Actual	
b. 2021 General Expense Assumptions vs. Actual	
c. Fund Balance	
3. Sewer Fund Accounts.....	3
a. 2021 Sewer Income Assumptions vs. Actual	
b. 2021 Sewer Expense Assumptions vs. Actual	
c. Fund Balance	
4. PA State Liquid Fuels Accounts.....	4
a. 2021 Liquid Fuels Income Assumptions vs. Actual	
b. 2021 Liquid Fuels Expense Assumptions vs. Actual	
c. Fund Balance	
5. Golf Course Account.....	5
a. 2021 Golf Course Income Assumptions vs. Actual	
b. 2021 Golf Course Expense Assumptions vs. Actual	
c. Fund Balance	
6. Library/Community Center	5
7. Budget Proposal 2022.....	6
a. General Funds Accounts	
b. Sewer Funds Account	
c. PA State Liquid Fuels Account	
d. Golf Course / Comm. & Cultural Ctr and Library of the Smithfield's Accounts	
8. Fancy Charts.....	8
9. Acknowledgements.....	9



1. 2021 Year in Review

Middle Smithfield Township experienced a good financial year in 2021. Without raising taxes, the township saw increases in many areas excluding real estate taxes. Compared to prior years, Earned Income Taxes were up, transfer taxes were significantly higher, and many of our fees related to construction (e.g. permits, inspections, review fees) increased as we are seeing both residential and commercial growth in our township.

Overall, we expect to end 2021 in a positive financial condition.

The positive results will allow us to maintain taxes at the 2021 level for another year. This means... **THERE IS NO TAX INCREASE FOR 2022.**

In 2021, the township applied for numerous grants from Federal, State and County programs. Some of the grants awarded include a \$25,000 Healing the Planet grant which will be used for trails and amenities at Echo Lake Park, a \$40,000 from the Monroe County Conservation District for a much-needed drainage improvement project on Knob Hill Rd.

In 2021, we saw the completion of the construction of the new Dollar General, work progressing on the Mt. Nebo Apartments, something always happening at Scotty's gas station, and have many other new developments, such as Tractor Supply, close to ground-breaking. Residential development also returned in 2021 and there too, we expect new home construction to continue into 2022. A very large residential development is in the planning stages, but I can't say any more. This is about budgets, not planning.

The golf course experienced one of its best fiscal years since township ownership. Rounds for the year and income per round exceeded budget expectations. The Community & Cultural Center and Library of the Smithfield's is now up and running and is seeing a lot of activity.

The sewer accounts are in good shape. In 2021, the "flow" of income was sufficient to cover the "outflow" of expenses.

Cost controls put in place by the Supervisors continue to have positive results. The 2021 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 2022.

There will be no municipal tax increase in 2022.



2. General Funds Accounts

2021 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 \$240,000/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, 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 Grant income are just a few of the sources of funds within this category.

a. General Income

The anticipated general income for 2021 was \$4,503,150. Significant increases in income were attributable to Real Estate Transfer Fees, which is the fee the township receives when properties are bought and sold, and Earned Income Taxes. Through the end of November, income for 2021 has already exceeded our budget.

b. General Expenses

Projected expenses for 2021 were \$4,444,220. Through November, expenses were roughly \$4,436,032 or 99% of budget. Another \$350,000 will likely become due in December. Therefore, expenses are expected to end the year at around \$4,800,000 which is about 8.0% over budget.

c. Fund Balance

As described above, the 2021 General Fund Account balance, projected at year end, was anticipated to be \$58,930. We have every reason to believe, barring any significant unforeseen expenses, we will end the year with a positive General Fund balance.

Not included above is \$834,318.29 received by Middle Smithfield Township from the Federal American Rescue Plan funds. These funds have been provided to the township, and every other municipality, county, and state by the Federal Government for specific uses to address the affects of the COVID-19 pandemic. The township has retained a Certified Public Accountant to work with us to assure that the funds are spent in accordance with the Federal guidelines. The township has not, at this time, allocated any of the funds received.



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 2021, a number of operational and administrative expenses were decreased. New billing system improvements alone, will save a substantial amount.

Also, in 2020 and first 3 quarters of 2021, in consideration of the negative effects COVID had on our residents and their finances, the Sewer Department did not assess late fees, suspended interest charges, and continued to work with the residents and business owners with financing outstanding debt.

Capital improvements made in 2021 included:

- Main Plant Repairs: This project involved a new chemical storage structure, new roof at one of the buildings, and replacement of a number of doors. Replacement of main piping is in progress.
- Pump Station #5: Complete pump station rehabilitation at Municipal Drive and Route 209.

a. **Sewer Income**

Anticipated income from sewer users in 2021 was \$2,261,000, including a \$231,000 grant award for the Mt. Nebo pump station project that was completed in 2020. Based upon year to date collections, we believe we will collect what had been anticipated.

b. **Sewer Expenses**

Sewer fund expenses are primarily Operating Costs and Debt Service. Expenses for 2021 will likely end the year at approximately \$2,000,000. 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 2021 Sewer Fund Account balance, projected at year end, was anticipated to be approximately \$204,000. We have every reason to believe, barring any significant unforeseen expenses, we will end the year with a Fund balance of approximately \$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 (16,053). In 2021, Middle Smithfield Township received approximately \$503,700. (Middle Smithfield Township receives the 4th largest allocation in Monroe County.)

Over 7.5 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.

b. Liquid Fuels Expenses

Projects completed in 2021, and paid for by the Liquid Fuels Account, included:

- Paving on Coolbaugh Road (Hickory to Creek)
- Paving on Courtright Lane
- Paving on Footprint Road
- Paving on Jennifer Lane
- Paving on Maple Wood Drive
- Constructing and paving on Pondside Drive (was "Diss Way") ☹
- Tar and chip on Brook Hollow Road
- Tar and chip on Dry Pond Drive
- Tar and chip on Flagstone Lane
- Chip seal on Georgianna Drive
- Chip Seal on Forest Run
- Chip Seal on Sumner Drive

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 2021.

c. Liquid Fuels Fund Balance

We continue to make every effort to maintain a fund balance within our Liquid Fuels funds; however, if you recall, the winter of 2020/2021 was quite an ordeal and we did expend more than anticipated for clear-lane and salt.



5. Golf Fund Account

The golf course is for sale.

The golf course experienced one of its best years since 2009! Golf rounds in 2021 exceeded projections and there were over **13,500** rounds of golf played. The income per round was at roughly \$30.10/round, which exceeded each prior year. 2020 (\$29.98/round), 2019 (\$24.81/round) and 2018 (\$28.58/round).

a. Golf Income

The anticipated general income for 2021 was \$329,500. Through November, the golf course generated roughly \$406,500 in income; meaning, income exceeded budgeted expectations.

b. Golf Expenses

Projected expenses for 2021 for the golf course were approximately \$632,650. Through November, the golf course expenses were approximately \$517,260. 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 much activity.

The operating expenses for 2021 included utilities and property maintenance. For 2021, only minimal expenses were anticipated.



7. Budget Proposal 2022

If you read all of the information written before this Section, you will know by now that there is NO TAX INCREASE PROPOSED FOR 2022. The proposed budget for 2022 is described in the following:

2022 Budget Summary	State Fund				Community Center Fund	Total All Funds
	General Fund	Liquid Fuels	Golf Fund	Sewer Fund		
Cash - Beginning	\$302,430	\$93,445	\$0	\$117,980	\$1	\$513,856
Revenue & Other Financing						
Real Estate Taxes	\$2,045,000					\$2,045,000
Transfer Fees	\$375,000					\$375,000
Earned Income Taxes	\$1,518,000					\$1,518,000
Licenses, Permits, Fees	\$245,000					\$245,000
Fines & Forfeits	\$1,500			\$100,000		\$101,500
Interest, Rents, Royalties	\$15,700	\$1,250			\$1	\$16,951
Grants and Grant Matching Funds	\$40,000			\$0		\$40,000
Intergovernmental Revenues	\$181,075	\$514,131	\$236,830	\$535,000	\$232,700	\$1,699,736
Charges for Services	\$439,600		\$375,750	\$2,025,000		\$2,840,350
Sewer Reimbursement	\$30,500					\$30,500
Other Sources	\$12,000					\$12,000
Total Revenues	\$4,903,375	\$515,381	\$612,580	\$2,660,000	\$232,701	\$8,924,037
Total Available	\$5,205,805	\$608,826	\$612,580	\$2,777,980	\$232,702	\$9,437,893
Expenditures and Other Uses						
General Government	\$1,255,327			\$55,500		\$1,310,827
Fire, EMS, Control Center	\$409,500					\$409,500
Protective Services	\$374,500					\$374,500
Cleanup and Recycling	\$112,850					\$112,850
Sewer Dept. Expenses	\$0		\$2,100	\$1,840,160	\$1,400	\$1,843,660
Public Works Dept. Expenses	\$724,700		\$61,580			\$786,280
Golf Supplies and Expenses	\$236,830		\$538,500			\$775,330
Snow Removal	\$112,750	\$50,000				\$162,750
Traffic Control and Improvements	\$414,425	\$324,000				\$738,425
Equipment Costs	\$75,000	\$100,000			\$65,500	\$240,500
MS4 Expenses	\$11,900					\$11,900
Culture & Recreation	\$140,665				\$14,800	\$155,465
Debt Service & Capital Expenses	\$1,000		\$10,400	\$484,050	\$151,000	\$646,450
Misc. Insurances and Benefits	\$978,610					\$978,610
Total Expenditures and Other Uses	\$4,848,057	\$474,000	\$612,580	\$2,379,710	\$232,700	\$8,547,047
Net Income (Loss) from Operations	\$55,318	\$41,381	\$0	\$280,290	\$1	\$376,990
Fund Balance - Ending 12/31/22	\$357,748	\$134,826	\$0	\$398,270	\$2	\$890,846



General Income for 2022 is expected to be approximately \$4,903,375 which is higher than 2021, due to our expectation that there will be positive increases in the EIT, transfer taxes, and other support services.

General expenses are expected to be \$4,848,057 or \$55,318 less than income and we hope to conclude the year with additional reserves.

In 2022, we intend to continue to improve our roads, parks, and infrastructure. We are in the midst of 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 2022.

State Liquid Fuels funds are expected to be approximately \$514,000 based upon notification received from the State. Road improvements and capital purchases are planned accordingly, with attention to establishing reserves. We expect expenses in 2022 to be below income, which will result in minimal 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 2022. 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.)

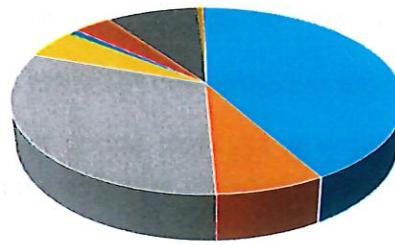
The Community & Cultural Center and Library of the Smithfield's will be improved with not only furnishings and fixtures, but a number of planned upgrades inside and outside.



8. Fancy Charts

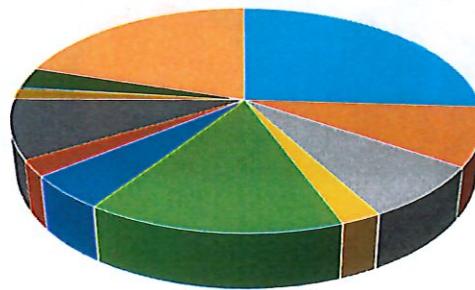
Here are the fancy charts that everyone likes to look at:

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	



9. Acknowledgements

The success of Middle Smithfield Township in 2021 continues to be attributable to the Board of Supervisors, the employees, the volunteers, and all of our residents and business owners.

In 2021 we certainly weren't back to "normal" but we were able to accomplish many of the things we used to do before the pandemic. We know there will be challenges and setbacks, but we did well before the pandemic, we managed during, and can hope for a better future.

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

Thank you

