

Middle Smithfield Township Presentation of Proposed 2017 Budget



Presentation of Proposed 2017 Budget, December 1, 2016

No tax increase for 2017.



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Agenda

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



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Introduction

Context of this presentation:

- **12/ 1: Presentation of Proposed 2016 Budget**
- **12/22: Adopt 2016 Budget**
- **1/26/2017 “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
(*Oak Grove multi-municipal leaf processing facility*)
 - 5 Parks (*Echo, Judy Putek, Dog, Community Gardens, Resica*)
 - 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 in the “Preview of 2017” presentation



So what do I get for my taxes, anyway?

The average Middle Smithfield household pays \$250 per year in township taxes. Here is a breakout for the typical municipal taxpayer:

Road Improvements & Maintenance (e.g., plowing, leaf collection, pothole repairs, paving)	\$ 61.61
General Government (Administration & Operations, donations, community/municipal events & projects, etc)...	\$ 28.57
Legal, Engineering, Zoning.....	\$ 26.92
Medical Insurance.....	\$ 26.13
Reserves.....	\$ 23.75
Public Safety: Fire/Ambulance.....	\$ 23.18
Social Security, Disability, Unemployment.....	\$ 13.25
Golf Course and Banquet Hall.....	\$ 12.96
Debt Service (loans) & Capital Expenses.....	\$ 7.95
Parks, Culture and Recreation.....	\$ 7.38
Insurances.....	\$ 6.47
Utilities.....	\$ 5.94
Buildings and Grounds.....	\$ 5.89
Annual TOTAL per average household	\$250

Township Comparison (2016)

TOWNSHIP	LIBRARY	COUNTY	FIRE	EMS	TOWNSHIP	SCHOOL	total
HAMILTON	1.1	21.25			1	163.3	186.65
ROSS	1.75	21.25			1.5	146.016	170.516
PRICE	1.1	21.25			3	177.86	203.21
SMITHFIELD	1.1	21.25			4	177.86	204.21
POLK	1.75	21.25			4.3	146.016	173.316
CHESTNUTHILL	1.75	21.25	1	0.25	5.2	146.016	174.466
PARADISE	1.5	21.25			6.25	137.29	166.29
JACKSON	1.1	21.25	1		8	137.29	168.64
ELDRED	1.75	21.25			9.5	146.016	178.516
MIDDLE SMITHFIELD	1.1	21.25			9.5	177.86	209.71
TUNKHANNOCK	0.75	21.25	1		10.5	137.29	170.79
COOLBAUGH	2	21.25	1		12.75	137.29	174.29
STROUD	1.1	21.25	1.5		14	163.3	201.15
TOBYHANNA	0.75	21.25			14.44	137.29	173.73
DEL WATER GAP	1.1	21.25	1.75		16.6	163.3	204.00
POCONO	1.1	21.25			16.1	137.29	175.74
BARRETT	1.5	21.25			18.75	137.29	178.79
E STROUDSBURG	1.1	21.25			23	177.86	223.21
MT POCONO	1	21.25	1.5		27	137.29	188.04
STROUDSBURG	1.1	21.25			40.5	163.3	226.15

AVERAGES

1.275

21.25

0.21

0.01

12.2945

152.3512

187.5707

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**MST Municipal taxes
BELOW average**

AVERAGES

1.275 21.25 0.21 0.01 **12.2945** 152.3512 187.5707

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

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.



General Fund

	2016		Variance
	Budget	Actual*	
Income	497,011.70	508,717.68	2%
Expense	<u>553,000.00</u>	<u>499,890.24</u>	-10%
Net (Income)	(55,988.30)	8,827.44	
* Actual through Nov. 30, 2016			

Projects completed in 2016, and paid for by the Liquid Fuels Account, included:

- Excess payroll expenses during snow removal*
- Paving on Frutchey Drive*
- Paving on Marjorie Court*
- Paving on Tego Lake Road*
- Paving on Besecker Drive*
- Paving on Cold Springs Road*
- Parking lot paving and striping at municipal building*



Liquid Fuels Fund

	2016		
	<u>Budget</u>	<u>Actual*</u>	<u>Variance</u>
Income	3,918,451.26	4,162,534.87	6%
Expense	<u>3,859,008.00</u>	<u>3,272,394.70</u>	-15%
Net (Income)	59,443.26	890,140.17	
* Actual through Nov. 30, 2016			

As described above, the 2016 General Fund Account balance, projected at year end 2015, was anticipated to be \$59,443. We have every reason to believe, barring any significant unforeseen expenses, we will end the year with a General Fund balance of \$590,000.



Sewer Fund

	2016		
	<u>Budget</u>	<u>Actual*</u>	<u>Variance</u>
Income	1,960,000.00	2,077,104.55	6%
Expense	<u>1,752,441.00</u>	<u>1,476,167.13</u>	-16%
Net (Income)	207,559.00	600,937.42	
* Actual through Nov. 30, 2016			

The 2016 Sewer Fund Account balance, projected at year end, was anticipated to be a \$207,000. We have every reason to believe, barring any significant unforeseen expenses, we will end the year with a Fund balance of \$525,000.



Golf Fund

	2016		Variance
	Budget	Actual*	
Income	317,325.00	323,216.91	2%
Expense	<u>535,575.00</u>	<u>444,114.28</u>	-17%
Net (Income)	(218,250.00)	(120,897.37)	

* Actual through Nov. 30, 2016

While, as of this writing, end of year expenses are still to be paid (e.g. final cart lease payment), the net cost to offset expenses over income, from General funds, is anticipated to be approximately \$165,000, continuing the trend of decreasing expense year over year.



Overview

As always, we did what we said we would do:

- We said we would focus on our local economy – welcome AutoZone, our first **LERTA** application (as well as Pocono Springs Camp, Chester’s Chicken and other new endeavors.) We are committed to the success of our local businesses, and welcome our new Economic Development manager.
- We applied for and were **awarded over \$500,000 in grants**:
 - Zion Church Road improvements (Dirt and Gravel Road Grant from DRBC)
 - Recycling equipment and site improvements (DEP Grant)

PennDoT Grant *pending* award – December 6, 2016, **\$2,752,000**

- We continue to explore ways to **cut spending**:
 - No new loans or new debt
 - Maintain employee contributions to health benefits plan. They now pay 14%.
 - Expanded recycling, free-cycle, paper shredding
 - New electricity provider, Basic Power devices



Overview

No new municipal taxes and no tax increase for 2017:

- 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 2017, as was past standard practice.
- With reserves, we won't be operating at a deficit just to keep the township running.
- Capital Improvements Plan for sewer, municipal buildings, parks



Current Conditions



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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 and commercial 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 ACTUALS	2015 ACTUALS	2016 YTD
Transfer Tax	\$237,473	\$271,619	\$247,323	\$ 427,117
Permit Fees	\$52,508	\$ 78,752	\$101,005	\$ 119,222
Earned Income Tax	\$1,191,796	\$1,198,868	\$1,295,798	\$ 1,288,287
TOTAL	\$1,481,777	\$1,549,239	\$1,644,126	\$ 1,834,626



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
 - 2015 = 13.9% increase
 - 2016 = 17.9% increase
 - **2017 = 7.2% increase**
- Municipal Cost Index for 2016 so far has risen approximately 2%



Current Conditions: Revenue

- **Some bright Spots:**
 - We continue to see an increase in income from commercial growth and there is much interest in our LERTA zones
 - Earned Income is improving throughout our township (EIT increased 8% from 2014)
 - Home sales are improving (80% increase in Transfer taxes from 2014)



Fund Highlights

General Fund:

The General Income for 2017 is expected to be higher than 2016, due to the continued growth of our local economy and our expectation that we will be awarded State and Local Grant Funds.

Our 2016 income was 3% higher than anticipated and our expenses were 7.4% less than anticipated.

The expected year end General Fund balance of \$590,000 roughly is **ten times better** than expected!



Fund Highlights

Sewer:

Sewer fund expenses are primarily Operating Costs and Debt Service.

The 2016 Sewer Fund Account balance was projected to be \$207,000. We have every reason to believe, barring any significant unforeseen expenses, we will end the year with a Fund balance of \$525,000.

In 2014, and again in 2015 we discussed **annual adjustments**: cost of living adjustments (COLA) or Cost of Inflation increases for our sewer fees of a **minimum increase of 2.5% per year**, rather than have to have an assessment to cover the cost of a major repair, or have to raise rates more dramatically (as happened in 2014, because prior boards and authorities chose not to raise rates for 14 years, and maintenance was deferred indefinitely.)



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HOWEVER . . .

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Fund Highlights

Sewer:

Based on operational efficiencies experienced in 2016 and better than expected collections of past due amounts, a sewer fee increase is not anticipated in 2017, and there will be **a healthy fund balance**.

HOWEVER . . .

As you will note in the 2016 budget, much of this balance was will be needed to fund capital improvements that are desperately needed and long overdue for our aging sewer system.



Fund Highlights

PA Liquid Fuels funds . . .

. . . are expected to be approximately \$519,500 for 2017 based upon notification received from the State. Road improvements and capital purchases will be planned accordingly.



Fund Highlights

The Golf Course

The golf course experienced its best year since 2009! Golf rounds in 2016 exceeded projections and there were over 13,000 rounds of golf played. The event hall also had its best year, with over 50 events (twice that of last year) and a number of repeat outings.

Without question, the income derived through operating the course is a result of the tireless efforts of the Golf Advisory Committee who put in literally hundreds of volunteer hours to sell memberships, attract golf outings, and help us oversee the operations from “tee to green”, to banquet hall, with the goal of offering an attractive asset for sale.

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.

For 2016, the Golf Committee has been focused
with preparing the course for sale.

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Proposed 2017 Budget



2017 Budget Summary	General Fund	State Fund Liquid Fuels	Golf Fund	Sewer Fund	Total All Funds
Cash - Beginning	1,241,400.00	68,000.00	0.00	614,000.00	1,923,400.00
Revenues & Other Financing					
Real Estate Taxes	1,965,000.00				1,965,000.00
Transfer Fees	300,000.00				300,000.00
Earned Income Taxes	1,207,500.00				1,207,500.00
Licenses-Permits-Franchise Fees	230,000.00				230,000.00
Fines & Forfeits	1,050.00				1,050.00
Interest, Rents & Royalties	6,840.00			67,500.00	74,340.00
Grants and Grant Matching Funds	636,000.00				636,000.00
Intergovernmental Revenues	195,900.00	522,373.92	202,935.00		921,208.92
Charges for services	192,350.00		320,590.00	1,886,000.00	2,398,940.00
Total sewer reimbursement	81,232.00				81,232.00
Total other sources	64,500.00				64,500.00
Total Revenues	4,880,372.00	522,373.92	523,525.00	1,953,500.00	7,879,770.92
Total Available	6,121,772.00	590,373.92	523,525.00	2,567,500.00	9,803,170.92
Expenditures and other uses					
General Government	861,016.80			95,000.00	956,016.80
Public Safety/fire/ems/control	486,000.00				486,000.00
Protective services	271,263.50				271,263.50
Cleanup and recycling	75,905.00				75,905.00
Sewer Dept expense	48,078.00		2,100.00	841,790.00	891,968.00
Public works oper exp.	280,759.00		180,000.00		460,759.00
Golf Supplies and expenses	202,935.00		266,025.00		468,960.00
Snow removal	156,877.00	50,000.00			206,877.00
Traffic control and improvements	451,277.00	373,000.00			824,277.00
Equipment costs	66,000.00	80,000.00	48,000.00		194,000.00
MS4 expenses	44,500.00				44,500.00
Culture and Recreation	109,510.00				109,510.00
Regional parks	7,068.00				7,068.00
Community development	840,000.00				840,000.00
Debt Service & Capital Exp	133,838.00		10,400.00	720,000.00	864,238.00
Misc.-Ins. and benefits etc.	747,426.00	600.00	17,000.00	55,500.00	820,526.00
Total Expenditure & Uses	4,782,453.30	503,600.00	523,525.00	1,712,290.00	7,521,868.30
Net income (loss) from operations	97,918.70	18,773.92	0.00	241,210.00	357,902.62
Fund Balance - Ending 12/31/17	1,339,318.70	86,773.92	0.00	855,210.00	2,281,302.62

Questions?



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TO COME:

- Friday, 12/16: Deadline for **Toys for Tots** and **Bushkill Outreach** donations!
- Thursday, 12/22, 7pm: Board of Supervisors Meeting.
- Tuesday, 1/3/17, 7pm: Reorganization Meeting.
- Thursday, 1/26/16, 7pm: Board of Supervisors Meeting
Preview of 2016

Come hear what's being planned
for 2017 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 2017:

Invest in our community

Encourage business growth.

Lead municipal services

MST Means Business!



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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.

2016 & 2017:

Invest in our **community**

Encourage business growth.

Lead municipal services

MST Means Business!