

CUMBERLAND TOWNSHIP 2018 General Fund Budget Talking Points

December 21, 2017

The Preliminary 2018 General Fund Budget was authored at 1.5 mills with a significant projected deficit of over ¼ million dollars. Why?

- Projected revenues will be even in 2018 compared to 2017 with no projected income growth. Staff forecasts potential future tax funding sources. Very little is on the horizon. The Country Meadows conditional use proposal has been removed by the applicant.
- For the most part, expenditures are for operations and maintenance increased by inflationary expenses and unfunded mandates such as Federal storm water regulations known as MS4 (see spread sheet below). Several Departments' budgets are actually lower in 2018.
- Police expenditures are shown with a nearly 10% increase. Monthly, citizens come to the public meetings and say support the police. The General Fund budget does just that.
- We are a residential community (some refer to a bedroom community) with little to no commercial economic development so the taxing primarily falls upon the residential property owners. Calls for Township services continue to increase due to new housing developments.
- We are proudly the host municipality to the Gettysburg National Military Park and Visitors Center and the home of the late President and Mrs. Dwight and Mamie Eisenhower. This equates to approximately 5,600 acres of tax exempt land with another property that left our tax rolls this year.
- 11,000 acres is in the Clean & Green program.
- Commercial and Industrial lands and buildings remain vacant such as the former Schindler and Boyd's Bears facilities.
- The Township maintains limited non-uniform staffing. An office employee was budgeted for 2017. That position remains unfilled and has again been placed in the budget with hiring by Spring, 2018 as we need to remodel the front office for a work space and logistics.
- Unfunded mandates continue to hammer municipal budgets; the latest being MS-4 Storm water Regulations from the Federal Government passed down to Pa. Dept. of Environmental Protection.

REAL ESTATE TAXES IN PENNSYLVANIA: The Pennsylvania legislature allows school districts, county governments, and municipalities to assess a real-estate tax. 11% of Cumberland Township property owner's R/E taxes actually are utilized by the Township. 66% goes to the School District while 23% goes to Adams County. The 11% of real estate taxes paid directly benefits all residents every day with pro-active, 24 hour a day public (police) safety, a \$22 million dollar road transportation system and maintenance including pro-active Winter maintenance and pro-active land use, planning, permitting and inspection service just to name a few.

The 2017 projected year end General Fund balance is estimated at \$1,239,746 (revised 12/20/17 and constantly monitored) plus an additional \$500,000 set aside for future office / police building renovations. Information via a letter to the editor by a Township resident is incorrect.

For a healthy, holistic budget, a year end fund balance for Cumberland Township should be between around \$1,200,000 depending on the expenditures amount. Some accountants suggest a minimum of 25%, however, this cuts very closely if there is an economic downturn. You must rely on this reserve amount to operate during the first four months of the new year.

So...our current fund balance (or surplus) is healthy. Should the Township pull from this surplus to balance the 2018 budget? **Here are the Township's options:**

- 1. Balance the 2018 budget deficit using \$268,297 from the surplus.**
 - 2. Advice department heads to cut their budgets to the point where a balance is realized. This would require an approximate eight percent cut that would affect staffing levels specific to the Police Department.**
 - 3. The current property millage rate is 1.5 which generates approximately \$1,115,000. A property tax increase consideration of .40 mil (40/100) would generate approximately \$280,000 @ 1.9 mills after collection fees;**
- It has been eight (8) years since last General Fund Real Estate tax increase.
 - We've successfully funded replacement police and road maintenance vehicles and equipment with limited borrowing over the past seven years utilizing a Capital Reserve funding system.
 - You cannot mix all of the Township's funds together to pay the General Fund operations bills. Many funds are restricted and it would be incorrect to use them otherwise. Example - You cannot pay the buildings' electric bills with State Liquid Fuels.
 - Renovations are needed for the current office and police department. This is why the Supervisors previously voted this year to reserve \$500,000 of our reserve fund for future renovations for security and current needs.
 - In a perfect world we would be able to control unfunded State and Federal mandates and regulations that occurs on a regular basis, however, we do not receive funding for these mandates so the General Fund budget and staff time must further absorb these expenses. The same is true with land development plans, appeals, necessary meeting and Conditional Use hearing proceedings costing into the tens of thousands of unanticipated dollars, right to know requests from outside of the Township to business purposes, or citizen complaints (both founded and unfounded) that result in additional expenses, staff preparation, research, and personnel hours. The Township faces added costs due to a conditional use application and decision under appeal. This is the reality of a busy municipal government serving our 6,300 citizens along with tourists estimated at between 3 million and 4 million per year.
 - We are proud of the transparency and information that we present at public meetings, on our web-site, and upon citizens' requests. We are sometimes criticized for not providing enough information. A look at our neighboring municipalities web information shows most do not have budget information available. Count the staffing number that provides all of these services wearing many very responsible hats! Three in the office plus one employee providing Uniform Construction Building Code inspections; Zoning; and Code compliance. The Road Maintenance Department has five employees.
 - Of all Adams County municipalities with full-time police service, Cumberland Township is and would remain at the lowest real-estate tax rate even if a tax increase is approved.

Here are the numbers!

Department:	2017 Budget:	2018 Budget:	Notes / \$ / % +/-
Income: Real Estate Taxes	1.5 mil = \$1,100,000	1.5 mil = \$1,120,000	+ \$15,000; 1.9 mil = +\$296,200 less collector expenses
Expenses: Legislative	\$127,204	\$160,037	+25.8% Supervisors' health care cost projections and legal services (Country Meadows appeal)
Executive	\$273,452	\$281,380	+2.9% wages and benefits
Tax Collection	\$48,636	\$56,219	+15.6% commissions and costs paid to York-Adams Tax Bureau and Real Estate Tax Collector
Planning Secretary	\$57,544	\$60,370	5% wages, benefits (now Teamsters member)
Data Processing	\$8,000	\$19,000	+ \$11,000 computer, IT, security upgrades and maintenance
Engineer	\$90,000	\$80,000	- \$10,000 (Greenmount Sewer Study paid by interested property owners)
Buildings	\$44,625	\$37,050	- 20% (aging office building maint. Is pro-active)
Police	\$1,363,387	\$1,496,228	+ 9.7% (some income is generated from various sources including special overtime programs, SRO, grants, fine receipts)
Inspections / Code Enforcement	\$101,776	\$105,431	+ 3.6% wages, benefits, contracted services, sewage enforcement officer expenses
Planning / Zoning	\$3,611	\$3,411	- 6%
Road maintenance general services	\$376,397	\$360,844	- 4.3%
Road winter maintenance	\$34,462	\$32,746	- 5.2%
Traffic signals / signs	\$13,650	\$12,700	- 7.5%
Street lighting	\$5,850	\$5,700	- 2.6%
Storm drains / MS-4	\$10,000	\$38,000	+ \$28,000 possible MS-4 projects
Equipment repairs	\$45,800	\$44,900	- 2%
Bridge maint & supplies	\$44,000	\$44,500	+ \$500
Road construction / re-building	\$250,000	\$250,000	\$ 0
Gettysburg Area Recreation Authority	\$ 0	\$30,000	+ \$30,000
Maintenance Building debt / interest	\$88,888	\$88,888	\$ 0
Pensions	\$161,697	\$170,261	+5.3% (Funds received by Commonwealth of Pennsylvania; Pension plans are 100% + funded)
Worker's comp insurance	\$70,000	\$66,401	- 14% (Limited loss experience)
Property, liability, police heart & lung insurance	\$78,000	\$84,000	+ 7.7% for police heart and lung insurance (disability)

Expense Increases of note:

1. Wages based on collective bargaining negotiations with Teamsters (Uniform and now Non-uniform for 2018.)
2. Health care (Employees will contribute more in 2018 based on collective bargaining); Supervisors health care will be based on the Second Class Township Code and Township Policy with a portion of their stipend of \$2,500 given back for health care benefits.
3. MS-4 unfunded mandate
4. Gettysburg Area Recreation Authority request for funding
5. Police funding equipment and capital equipment replacement requests from all departments along with inflation.

Respectfully submitted,

FINANCE COMMITTEE OF CUMBERLAND TOWNSHIP