



**CUMBERLAND TOWNSHIP, ADAMS COUNTY,
COMMONWEALTH OF PENNSYLVANIA**
*Management Discussion and Analysis
For the Year Ended December 31, 2015*

The discussion and analysis of Cumberland Township provides an in-depth review of the Townships financial activities. The Cash Basis budget is based on the calendar year, January 1 thru December 31, 2015.

Government Revenue Highlights:

Real Estate (property) tax collections saw a slight decrease over the budgeted figure amounting to \$1,054,191 income for this particular line item. Several larger properties were in arrears regarding their property tax payment as of 12/31/2015. The Real Estate tax is approximately 40% of annual revenues with the 1.5 mill property tax and a separate .25 (1/4) mill dedicated fire tax. Based on actual assessed valuation, the owner of a smaller home may pay under \$200 per year while the owner of a larger home may pay \$500 to \$600 per year in Township real estate taxes. The Adams County assessed valuation of land and improvements in the Township as of 12/31/2015 was \$756,984,200. Cumberland Township's municipal property tax represents 10% of the total property taxes paid by residents and businesses. 66% goes to the Gettysburg Area School District and 24% to Adams County. Nearly 23,000 acres of lands and improvements are either tax exempt or tax reduced with additional lands removed from the tax rolls over the years. Other taxes include ½% earned income (for Township residents on their employment wages); ½% real estate transfer (assessed on the sale of real estate); \$47.00 local services tax (for those who are employed in Cumberland Township); and \$5.00 per capita tax.

Total revenues in 2015 compared to 2014 decreased by 2.1% due to previously stated larger properties being delinquent with their tax obligations, slightly less real-estate transfer taxes, a decrease in Hotel Occupancy Tax, and less police service fees.

Non-Business Licenses are primarily for building permits, on-lot septic disposal permits, road encroachments, special events permits, and COMCAST franchise fees totaled \$189,616 receiving \$32,576 more than budgeted.

Fines brought in \$67,005 which was 13.6% above the budgeted amount. Fines are from police enforcement of the Pa. Vehicle Code and Pa. Crimes Code. Fines are collected by the District Judge's office and a portion forwarded to the Township.

Interest earnings were minimal at \$3,279 primarily from increased fund balance investments in checking, certificate of deposit, and money market accounts.

Rents and royalties brought in \$32,479 that primarily included office space for the Cumberland Township Authority, rental of a single family dwelling at 1390 Fairfield Road, and the SHENTEL communications tower along Willoughby Run Road.

Federal funds were received amounting to \$1,591 as a one-time payment for properties removed from the tax rolls.

Annually, funds are received from the Commonwealth of Pennsylvania Auditor General for out of state underwriter's property insurance known as "foreign fire / pension insurance." These funds are restricted and allocated to firefighter's relief associations and employee pensions. This totaled \$162,586. The Township also received \$3,016 from the Pa. Public Utility Commission for "payment in lieu of real estate taxes."

Hotel Occupancy Tax brought in \$92,914 while a police grant was received for \$4,500.

The Gettysburg National Military Park Visitor's Center (Gettysburg Foundation) paid \$6,500 as a fee in lieu of taxes.

General government operational income was \$97,317 primarily from reimbursable engineering and legal review fees; subdivision and land development fees; conditional use, and zoning hearings.

Public safety funds are received as reimbursable police personnel expenses from Adams County for the DUI Task Force, the Drug Task Force, and a new program providing a School Resource Police Officer to the Gettysburg Area School District. Building inspection fees, special police services from Special Events Permits, and the sale of motor vehicle accident reports are posted in these line items. Total revenues were \$164,568 a four percent increase from the projected budget.

Unclassified revenue (primarily other reimbursable income) totaled \$9,963.

Cumberland Township (Sewer) Authority reimbursed the General Fund for Administrative Management services totaling \$15,625.

2015 revenues totaled \$3,236,183 (4.28%) over and above the budgeted figure.

Government Expenditure Highlights:

Some Township expenditure accounts did exceed what was budgeted while others were under the budgeted amount. The MD&A explains the reasons for these deviations.

Legislative Body total line items were under the budgeted amount by (-2.83%) for a total of \$96,216.

Executive expenses were \$10,304 over the total budget of \$198,313 (5.2%). The primary reason being one additional pay period for all employee categories for a total of 27 pay periods and associated employee taxes. Minor line items exceeding budgeted amounts include phone charges, office supplies, and minor equipment purchases.

Tax Collection expenses were 1.18% over the \$47,264 as the Collectors are paid by commission. Payment for prior year's tax bills was the reason for the overage (Dr. 403.220).

The Clerk Secretary line items, for the Planning Secretary, were 5.61% over due to the additional pay period. The budget totaled \$63,086 for wages and benefits.

Data Processing (\$5,042) was 33% under budget; Engineering services (\$108,277) was 80.46% over budget for plan reviews (reimbursable) and special projects.

Building expenses were under budget by 35% at \$34,395 that includes HVAC, water, sewer, and taxes for the offices, police station, maintenance building, and rental property. The Township received an energy grant and upgraded lighting inside and outside of the Municipal Building / Police Station.

Police Department expenses exceeded budgeted figures by 5.7%. A total of \$1,290,264 was posted. The \$69,160 overage was accountable to the additional pay period and associated taxes; Part-time officers with several being hired and field trained; Health insurance costs; Police overtime; DUI overtime(reimbursed); uniforms due to the hiring of part-time officers; and legal services.

Fire contributions to Barlow and Gettysburg Fire Departments are derived and distributed from the restricted ¼ mill fire tax. The Firemen's Relief line items was budgeted at \$52,000, however, funds expended totaled \$48,882 as received from the Pa. Auditor General's office. These funds must be transferred to the Firefighter's Relief Assn. within 30 days which was done.

Protective Inspection includes wages, benefits, taxes, and training for the Zoning / Uniform Construction Code / Code Compliance Officer. The \$110,681 posted expenses were 18.8% over budget due to the additional payroll and Sewage Enforcement Officer services which are reimbursable expenses.

Planning and Zoning was budgeted at \$2,990, 44% under the \$5,373 budgeted amount.

Emergency Management expenses totaled \$750 as a stipend is paid to the appointed Emergency Management Coordinator.

General Services totaling \$370,347 includes Road Maintenance Department wages, benefits, communications, CDL drug / alcohol mandatory testing, and other small line items. The budget was exceeded by \$43,036 due to the extra pay, taxes, and health insurance.

Winter Maintenance utilized 86% of the budget spending \$26,443 of the budgeted \$30,730. Needless to say it was a stable Winter with a portion of road salt / cinder expenses paid from the Highway Aid Fund.

Traffic Control Devices (\$6,350) utilized 64% of the budget line items of \$9,900.

Street Lighting expenditures totaled \$5,218 exceeding the budget by \$718 due to increased electrical expenses.

Tools and Machinery (Road Maintenance Dept.) expenses totaled \$38,702 which was 34% under the budgeted amount of \$58,150.

Maintenance / Repair to Roads and Bridges totaled \$40,490 exceeding the budget of \$26,000 by 56%. These expenditures primarily dealt with urgent / safety repairs to roads.

Debt Principal loan payments for the Maintenance Building were accelerated again in 2015 with \$79,349 paid on the budgeted principal of \$48,128. Debt interest paid totaled \$39,538.

Funds paid to the two municipal pension plans was at 100% totaling \$204,782 with \$113,704 received from the Commonwealth to partially support the pension plans.

Worker's Compensation insurance was 7.45% over budget totaling \$71,883 which includes coverage for the Barlow Fire Department volunteers. Building and liability insurance costs were at \$72,390 (15% over budget).

\$70,000 was transferred to the Capital Reserve Fund. The Capital Reserve Fund assists with future capital purchases to benefit operations.

Total actual expenditures (\$3,228,316) exceeded the budgeted amount (\$3,022,140) by \$206,176. This was primarily due to the various notes listed in this report including an additional pay period and associated tax; additional principal payment; part-time police expenditures; over-time police expenditures; sewage enforcement services; additional highway maintenance supplies; and engineering services. Several of these overages

are reimbursable. The audited year end fund balance is \$7,867 which is added to reserve fund holdings. The 2016 DRAFT General Fund reflected a proposed 2015 year end fund balance of \$135,310 which was not realized as explained at several Township Supervisors meetings and within this document.

Over-all, the financial health of the Township is cautiously increasing as shown in the General Fund Balance (funds on hand) as this balance continues to grow. This is occurring due to additional revenues received from increased collection efforts and the Township's conversion to an increased fee based income system.

This Analysis is authored to give citizens, taxpayers, Supervisors, financial institutions, and interested persons a better understanding of the budgeted activities for the audited year of 2015 to be understood by all who desire to review this important information. If you have any questions or need additional information, please feel free to contact the Township as follows:

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Respectfully submitted,

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