

Borough of Pottstown

2017 Budget Presentation
Wednesday, November 09, 2016



2017 Assessment Facts

- Out of 8500 parcels billed for taxes, 326 are tax exempt
- Five years ago in 2012 the total tax exempt parcels were 308
- If all tax exempt parcels were to pay the tax on their property, the revenue would be
\$1,318,404.00.
- In 2005 and 2006 – there were no tax increases
- In 2007 to 2012 – there were significant tax increases to cover expenses
- In 2013 - no tax increase
- In 2014 – 1% tax increase
- In 2015 – no tax increase
- In 2016 – no tax increase

Results of Pottstown Property Re-Assessments

<u>Year-End County Hearings</u>	<u>Assessment Decrease</u>	<u>Times Tax Mills</u>	<u>Tax Revenue loss in Fund 01</u>	<u>Properties Granted Re-assessment For Following Year</u>	<u>Properties Denied Re-Assess- ment</u>
2012	\$6,451,920	.01021062	\$65,878.16	312	44
2013	\$3,851,830	.010212	\$39,716.22	81	2
2014	\$3,074,780	.010311	\$31,347.71	102	35
2015	\$3,013,220	.010311	\$41,069.31	189	34
2016	\$4,474,360	.010311	\$46,135.13	209	30

Total Revenue loss

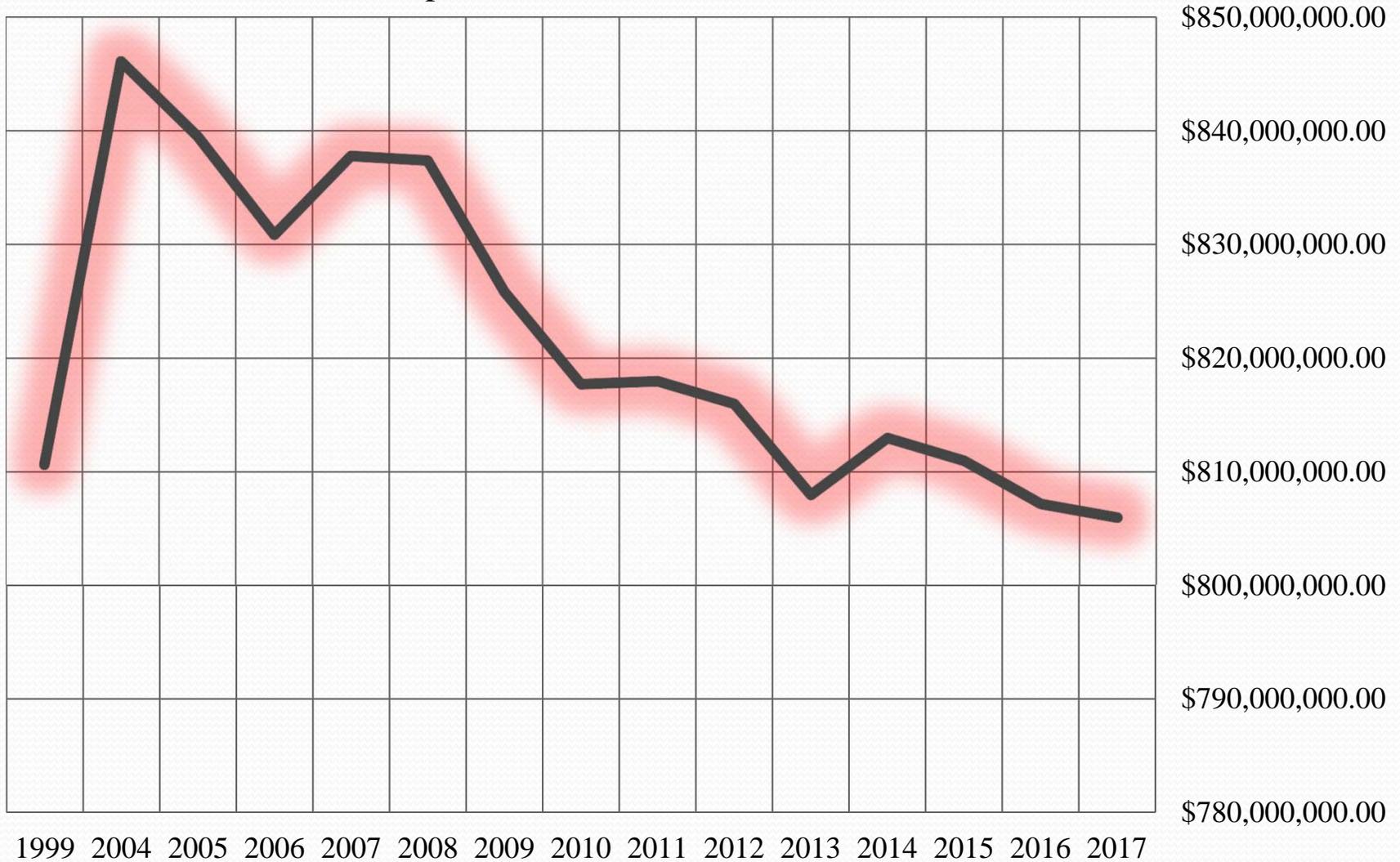
\$224,146.00

Total
893

Total
145

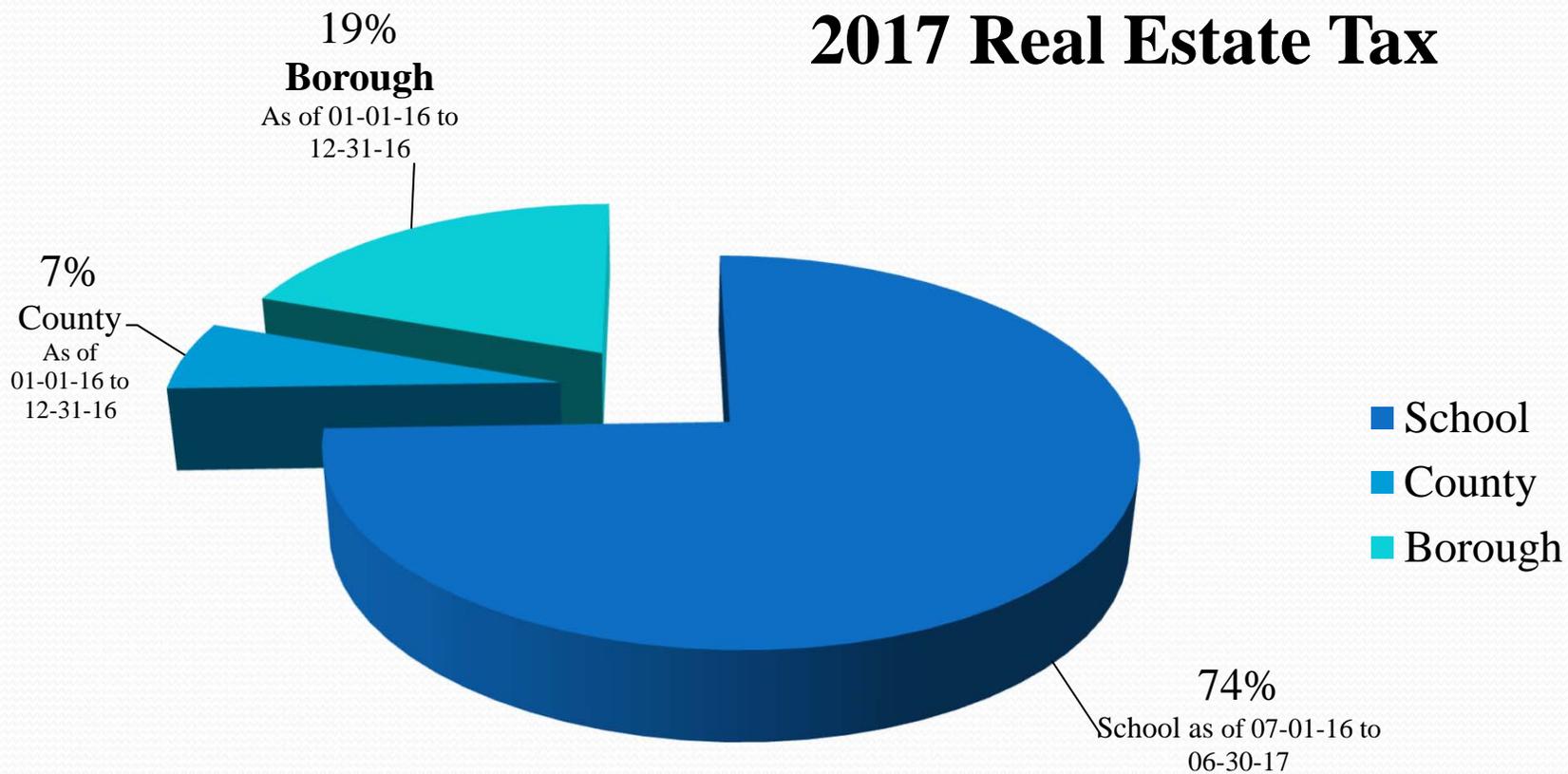
Year End Property Assessments

2017 Proposed Assessment \$806,000,000.00



Pottstown Residential Tax Bill

2017 Real Estate Tax



2017 Proposed Funds Revenues vs. Expenses



			PROPOSED BUDGET	PROPOSED BUDGET		
	<u>Fund</u>	<u>Fund</u> <u>No.</u>	<u>Revenue</u>	<u>EXPENSES</u>	<u>(Short)</u>	<u>Tax Millage</u>
	General Fund	1	\$13,141,539.00	\$13,410,764.00	(269,225.00)	7.274
	Street Lighting Fund	2	\$266,407.00	\$266,407.00	0.00	0.337
	Park and Recreation Fund	4	\$1,052,112.00	\$1,052,112.00	0.00	0.906
	Library Fund	5	\$184,272.00	\$184,272.00	0.00	0.230
	Water Fund	6	\$6,556,954.00	\$6,556,954.00	0.00	
	Parking Lots Fund	7	\$97,500.00	\$97,500.00	0.00	
	Sewer Fund	8	\$9,386,965.00	\$9,386,965.00	0.00	
	Airport Fund	9	\$198,446.00	\$198,446.00	0.00	
	Trash Fund	10	\$3,179,334.00	\$3,179,334.00	0.00	
	Fire Fund	14	\$1,683,442.00	\$1,683,442.00	0.00	1.563
	Water Capital Fund	16	\$4,143,655.00	\$4,143,655.00	0.00	
	Sewer Capital Fund	17	\$5,259,468.00	\$5,259,468.00	0.00	
	Sewer Lines Fund	18	\$551,474.00	\$551,474.00	0.00	
	Debt Service Fund	20	\$201,350.00	\$201,350.00	0.00	0.001
	Capital Savings Fund	31	\$204,601.00	\$204,601.00	0.00	
	Liquid Fuels Fund	35	\$794,611.00	\$794,611.00	0.00	
	Grant Fund	45	\$2,931,504.00	\$2,931,504.00	0.00	
07-16 to 06-17 yr	PART Fund	46	\$2,343,718.00	\$2,343,718.00	0.00	
	Developer Escrow Fund	90	\$200,002.00	\$200,002.00	0.00	
	TOTAL FUNDS		\$52,377,354.00	\$52,646,579.00	(269,225.00)	10.311

2017 Overall Highlights

- General Fund budgeted expenditures decreased by \$401,728 from 2016
- All Funds have balanced revenues and expenses for 2017 except General Fund
 - Not enough General Fund Revenues to cover the General Fund Expenses
 - Sacrificing the annual contribution to OPEB liability in the 2017 budget
 - L & I expenses – corrected/moved some wage allocations to Fund 10 Trash
 - Public Works – Water Distribution staff wages moved to Fund 06 Water;
(used to be in General Fund and reimbursed from Fund 06; now direct to Fund 06)
 - Capital expenses limited to two police cars and annual radio payment to County
 - Health Care Increase of 7% in 2016 -- historical data:
 - From 2015 to 2016 health care (3.0 %)
 - From 2014 to 2015 health care (9.0 %)
 - From 2013 to 2014 health care (11.0 %)

Other Fund Highlights

- 04 Parks – continued operations of successful mini-golf and future development of T-Rec program and playground improvements at Pollock Park.
- 06 Water – scheduled main replacements, continued progress on new automated meter reading system, and repainting of water tanks.
- 07 Parking Lots – continued addition of improved parking kiosks with new signage and lighting for parking facilities
- 08 Sewer – scheduled main replacements, continued plant modifications; dryer capital spare parts inventory; and Asset Management Program running.
- 09 Airport – continued improvements to runways, hangars, and buildings with operations under the Flyelite FBO.
- 14 Fire – Full time Chief and Marshal, Turn-out Gear, replace one vehicle, new radios, and other equipment as necessary.

CAPITAL POLICY and PLAN

Fund 31 Capital Savings

2017 Capital Expenses:

Police: two police vehicles out-fitted;

Police: annual County radio payment

- The plan aides in future capital expenditures
- Created policy to shift capital expenses to Fund 31 when General Fund Reserve Balance is healthy enough
- Maintains desired state of Borough fleet status

GASB 54: OPEB

(Other Post Employment Benefits)

for Uniformed Employees

Contribution Record:

2013 - \$250,000.00

2014 - \$250,000.00

2015 - \$250,000.00

2016 - \$250,000.00

\$1,090,000.00

Account Balance with
investment earnings
year-to-date.

Current liability is \$26 Million

- increased liability approximately \$2 million per year
- 2017 budget does not include fourth annual payment of \$250,000
- Funds held in secured account with Fidelity Bank in a Trust Agreement
- Investments managed by Beirne Wealth

OPEB liability will continue to be funded by a \$250,000 annual payment in future years when able to make payment.

Over past few years taxes have not been raised but budgets were balanced. There are two methods by which this happens:

1. taking from reserves:

2014 - \$154,936 –to balance budget

2015 - \$80,000 – to balance budget

2015 - \$851,275 – year end expense overages

2016 - \$224,246 – to balance budget

2. moving tax millage around as needed but not increasing the millage

Events like those often cause a period of catch-up in the future as fund balance declines and operating costs and outside resources costs continue to rise.

RE-ALLOCATION OF MILLS WHILE NOT RAISING TAXES

FUND		2014	2015	2016	2017
		1% inc.			
General	01	6.790	6.950	7.218	7.274
St. Light	02	0.337	0.337	0.337	0.337
Parks/Rec	04	0.906	0.906	0.906	0.906
Library	05	0.211	0.211	0.230	0.230
Fire Admin.	14	1.507	1.507	1.563	1.563
Debt Service	20	0.560	0.400	0.057	0.001
		10.311	10.311	10.311	10.311



The Borough of Pottstown has two departments that totally affect the General Fund – Police and License/Inspection. These two departments provide the most critical services to the residents of the Borough through Public Safety issues and Quality of Life issues.

In order to make any impact on the deficit of the 2017 budget, there would have to be cuts made to these two departments which would critically affect the community at large, the residents, and the town itself. All other costs are spread across the Water, Sewer, and Trash funds.



As the Borough anticipates a few new economic developments, a slight tax increase can turn this deficit into a balanced budget. The current reserves is not able to be used to balance the 2017 budget.

The next slide will show the suggested tax increase necessary to balance the 2017 budget

2017 Fund 01 Deficit: \$269,225.00

Current Year 2016 Tax Millage	Rate Required to Cover 2017 Budget Deficit	Required 2017 Tax Millage
10.311	3.49%	10.660

ANNUAL with TAX INCREASE	
home assessed at \$85,000.00 0.010660 \$906.11	incr in tax amt \$29.68 PER YEAR
home assessed at \$100,000.00 0.010660 \$1,066.02	incr in tax amt \$34.92 PER YEAR

WHO IS AFFECTED BY THE FIGURE OF THE \$85,000.00 ASSESSMENT

5,868 properties assessed at \$85,000 and below

1,277 properties assessed between \$85,001 and \$100,000

1,213 properties assessed between \$100,001 and \$200,000

85 properties assessed between \$200,001 and \$300,000

170 properties assessed between \$300,001 and \$999,999

6 properties assessed between \$1 Mil and \$3.5 Mil of which 4 are tax exempt



QUESTIONS

COMMENTS