

## **2012 Lower Salford Township's Budget Statement**

The Board of Supervisors is pleased to announce that the 2012 Township Budget documents include no tax increases. The Board had imposed a number of difficult cost cutting measures during the last three years which coupled with continuing prudent budget management have been instrumental in reversing the downward trend in the General Fund cash balance. Wage freezes, layoffs, deferred replacement of retiring employees, restructuring of health insurance coverages, continuing participation in bidding for certain commodities through the large Montgomery County Consortium of Municipalities, exercising an option under State Act 44 to use a more favorable amortization schedule in determining pension funding obligations, dropping an underutilized curbside leaf collection contract by requiring private haulers to provide such service and delaying capital equipment purchases and projects have been some of the measures implemented in this austerity program.

Not only does the 2012 budget hold taxes at current levels, but also a transfer will be able to be made to the Capital Equipment/Project Fund for the first time in many years. Including this transfer, the 2012 General Fund expenses of 7.03 million dollars represent a modest 1.26% increase over the 2011 budget expense figure. A healthy cash balance is likewise projected for the end of the year. The 2.524 real estate tax millage for all funds represents 7.8% of a property owner's yearly real estate tax obligation, with 8.3% of such taxes paid to Montgomery County and 83.9% paid to the Souderton Area School District.

Modest new home construction has helped to counterbalance an assessment base eroded by a significant amount of successful assessment appeals to the Montgomery County Board of Assessment. The occupation of new facilities by Colorcon and Almac Pharmaceuticals have helped to keep earned income tax and local services tax revenues steady despite the decision of a

major bank to deploy most of its employees based in Harleysville to regional offices outside the Township. Two General Fund longer-term expense items continue to be a concern.

Implementation of stormwater treatment requirements for local municipalities as promulgated by the United States Environmental Protection Agency and the Pennsylvania Department of Environmental Resources have been recently delayed, but remain a serious future cost concern.

A more immediate concern are the discharge limits imposed by the same agencies for Indian Creek. Lower Salford Township, Franconia Township, Telford Borough and the respective authorities have questioned the scientific methodology utilized in the establishment of these limits through the filing of a formal appeal.

2012 is the third year of a debt restructuring program for the Lederach Golf Course that combines an annual General Fund allocation and a four-year period of debt service principal payment relief to enable the course to generate not only an operating profit, but to fully fund its debt service obligation as well. The debt restructuring is designed to eliminate the need for an annual Tax Anticipation Note by 2013. The Golf Committee is working closely with consultant Billy Casper Golf to refine the 2012 budget for the course.

The Park Fund budget will require no tax increase in 2012. The high maintenance standards for the park system will be continued. A much needed large mower will be purchased in 2013. The cost for this mower was funded over a two-year period. No other major capital purchases or projects are funded.

Significant funding for library, fire and ambulance services will be continued without a tax increase. Continuation of the library tax will send approximately \$166,500 to the Indian Valley Public Library. Residents should be aware that the Souderton Area School District has given notice about its intention to withdraw its funding to the library as part of its next budget.

This is an issue that will need to be addressed by the Library and its supporting municipalities in 2013. The Harleysville Fire Company will receive \$181,500 from the dedicated fire tax plus an additional allocation of \$50,000 from the Township General Fund. The dedicated funding for the Harleysville Area Emergency Service will be continued in 2012. This funding, supplemented by a \$12,000 allocation from the Township General Fund, will realize \$62,000 for that organization.

The Township has been advised about a modest increase in the liquid fuels (gas tax) allocation from the Commonwealth of Pennsylvania in 2012. Such funding will accommodate the purchase of road salt for snow and ice control, along with the annual overlay and oil/chip surface treatment for selected roads. A portion of these funds will be applied to first year lease/purchase payments for two new dump trucks that replaced 1983 and 1986 models in the Public Works Department. Streetlight and fire hydrant (public water access) assessments remain unchanged in 2012 and there continues to be no per capita tax assessed by Lower Salford Township.

The Board of Supervisors had the foresight to establish a Traffic Impact Fee over ten years ago and to have a study completed in 2007, which reviewed and updated documentation for the imposition of such fees. While the downturn in residential and commercial construction has flattened receipts for this fund in recent years and for 2012 projections, funds previously collected enabled engineering work to be done and right-of-way acquisition funds to be allocated for two longer-term projects – the extension of Oak Drive between Harleysville Pike (Route 113) and Sumneytown Pike (Route 63) and the widening of an underground culvert to accommodate the addition of an additional travel lane on Sumneytown Pike between Harleysville Pike and the Wal-Mart Shopping Center drive. This engineering work will be finalized in early 2012 and enable the Township to have two “shovel ready” projects for any County, State or Federal grant

opportunities that may become available in the future. The 2012 Traffic Impact Fee budget allocates \$350,000 to the required replacement of the decking for the Store Road bridge near Quarry Road.

Detailed revenue and expenditure information is provided for the Township funds noted on the budget index sheet. The proposed budget is available for public inspection at the Municipal Building during normal weekday business hours. The Board of Supervisors will consider the budget for adoption at its Regular Meeting scheduled for Wednesday, December 7, 2011.

J. Delton Plank

November 2, 2011