

Budget Message

December 20, 2016

To: Yardley Borough Council

I am presenting the 2017 Budget for consideration for adoption, by Council. The budget document has been prepared in a slightly different format than previous years; in that, it consists of columns depicting the proposed budget alongside the previous budgeted year, and the actuals for each category total, for the previous three years. The 2017 Budget details, in line-item format, the projected revenues and proposed expenditures for the forthcoming year.

The budget is prepared in line-item format in accordance with the Pennsylvania Chart of Accounts, for local governments, published by the State Department of Community and Economic Development (DCED). Following this format provides uniformity of account numbers and titles among department budgets and operating funds. It also simplifies the review of monthly financial statements and the coding of invoices for payment. This translates to improved accuracy in our cost accounting from year to year. Applying this format helps simplify the budget preparation process.

The budget was developed by analyzing trends in revenues and expenditures from prior years, reviewing line-item details, evaluating the appropriateness of current programs and services, and considering present economic conditions. Resources are allocated with the intent of maintaining accustomed service levels, with a minimal amount of capital improvements. The budget document is designed to provide the necessary information to understand and evaluate Borough services from a financial perspective.

The proposed budget shows an increase property tax rate level of 24.73 mills, as follows:

| <u>Property Tax</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| General Purposes | 12.66 mills | 12.66 mills | 12.66 mills | 12.66 mills | 20.66 mills |
| Fire Protection | .85 mills | .85 mills | .85 mills | .85 mills | .85 mills |
| Street Improvements | 1.34 mills | 1.34 mills | 1.34 mills | 1.34 mills | 1.34 mills |
| Street Lighting | .85 mills | .85 mills | .85 mills | .85 mills | .85 mills |
| Ambulance & Rescue Squad | .57 mills | .57 mills | .57 mills | .57 mills | .57 mills |
| Recreation | .46 mills | .46 mills | .46 mills | .46 mills | .46 mills |


After eleven straight years of no tax increases, it has become necessary for a tax increase, in 2017. Borough property taxes are based on a fixed amount per property without reassessments, and there has not been an increase in 11 years; however, the cost of goods and services has continued to increase over these past 11 years. We will continue to work on efficiencies, but it is my opinion that the time has come where we have reached the point of diminishing returns. It is prudent for Council to review the tax structure and implement a regular process moving forward to adjust taxes, so that the Borough's income and tax rate can more closely match the rate of inflation, and ongoing projects it wants to pursue.

The operating budget is used for general municipal purposes and includes appropriations for general government operations; including, administration and finance, legal, engineering and other professional services, police and code enforcement operations, emergency management, rescue and fire services, planning and zoning administration, technology, roads and facilities maintenance, and to support the work of appointed boards, commissions and committees. When necessary, interfund transfers provide funding for proposed capital purchases or improvements such as maintenance of roads and facilities, drainage improvements, etc.

Projected revenue in the 2017 Budget totals \$3,221,419 and is based on an analysis of tax collection experience, economic trends, expected permit activity, cable television franchise fees, fines, rents, grants, contributions, state shared revenue, etc. Projected expenditures in the 2017 Budget total \$3,146,328 leaving a net income balance of \$75,091.

An analysis of the 2017 Budget will show that the Borough is maintaining municipal services in such areas as police protection, emergency management, code enforcement, fire protection, and public works services at present levels, with little to no maintenance to Borough Hall. With the addition of new residents, the demand for Borough services will continue to increase. This budget attempts to provide the necessary resources to these important areas, to achieve the priorities, goals and policies of Council, and for the Borough to continue to fulfill its obligation to provide for the health, safety, and welfare of the community.

Respectfully,


John M. Boyle
Borough Manager