

**BOROUGH OF MACUNGIE
AMENDED
2012 BUDGET SUMMARY**

At their January 3, 2012 Council meeting a majority of Council voted to re-open the 2012 budget adopted on December 27, 2011. A budget workshop was held on Thursday, January 12th and the budget was preliminarily approved at the January 16, 2012 Council meeting.

Final adoption of the amended 2012 budget occurred at the February 6, 2012 Council meeting. This budget included a 1.45 mill tax increase from the 2011 tax rate of 6.95 mills, making the total Real Estate Tax Millage 8.4 mills.

Property Value	L.C. Assessed Property (50% of value)	Amended 2012 Real Estate Tax Bill	Increase from 2011 Tax Bill
\$100,000	\$50,000	\$420.00	\$72.50
\$150,000	\$75,000	\$630.00	\$108.75
\$200,000	\$100,000	\$840.00	\$145.00
\$250,000	\$125,000	\$1050.00	\$181.25

The projected fund revenues, which include the beginning cash balances and expenditures for 2012 are:

Fund	2012 Revenues	Beginning Cash Balances	Total 2012 Revenues	2012 Expenditures
General	\$1,761,154	\$350,000	\$2,111,154	\$2,109,190
Water	\$307,454	\$150,000	\$457,454	\$453,820
Sewer	\$458,743	\$235,000	\$693,743	\$692,425
State Liquid Fuels	\$59,407	\$56,766	\$116,173	\$109,000

This amended 2012 budget reflects the following changes to the final 2012 budget adopted on December 27, 2011:

- 1) Increases the Administrative Assistant position from part time to full time with benefits;
- 2) Increases the Macungie Institute Building Coordinator position from part time to full time with benefits;
- 3) Includes a \$1500 contribution to the Lower Lehigh Lions for the Macungie Halloween Parade;
- 4) Includes a \$3,000 contribution to the Macungie Youth Association;
- 5) Includes a \$500 for Special Event Decorations;
- 6) Does not reinstate the 6th full time police officer to the Police Department, but increase the part time police officer wages to \$51,359.

This budget does not include \$300 for the holiday lighting electric because Council member Becker offered to donate the funds to cover this expense.

The aforementioned amendments to the 2012 budget increased the funds as follows:

1)	General Fund Revenues:	\$4,510.75
2)	General Fund Expenditures:	\$58,182.00
3)	Sewer Fund Revenues:	\$0.00
4)	Sewer Fund Expenditures:	\$5621.00

The amendments to the General Fund required an additional .77 mil tax increase from the original 2012 budget, which included a .68 mil tax increase for a total millage of 7.63 mills. This additional tax increase will make the total millage 8.4 mills, which is a total increase of 1.45 mills from the 2011 budget. The amendments to the Sewer Fund did not cause an increase in fees.

The following line items were affected as a result of the amendments made by Borough Council:

General Fund Revenue:		Budget Amt	Increase
01.301.010	Real Estate Taxes – Current Year	\$551,198.00	\$55,635.26
01.342.000	Rents and Royalties	\$42,567.00	\$4,165.00
01.365.000	Health Insurance Co-Pay/Dividend	\$14,291.00	\$345.75
General Fund Expenditures:			
01.401.130	Adm. Assistant Salary	\$16,538.00	\$6,460.00
01.403.110	Tax Collector Commission	\$21,693.00	\$3,693.00
	(The Tax Collector’s Commission increased as a result of the increase in real estate taxes.)		
01.406.153	LTD	\$729.24	\$182.28
01.406.154	STD	\$704.66	\$189.69
01.406.156	Medical, Eye, Dental Benefits	\$85,732.53	\$16,853.72
01.406.158	Life Insurance	\$572.85	\$153.90
01.406.161	FICA	\$19,268.00	\$1668.67
01.406.162	Unemployment Compensation	\$4,101.00	\$209.00
01.406.181	Wellness Incentive	\$3,765.00	\$180.00
01.409.122	MI Building Coordinator	\$39,270.00	\$15,353.00
01.410.136	Part time Police Wages	\$51,359.00	\$7,359.00
01.410.161	FICA	\$26,371.00	\$3,928.96
01.410.162	Unemployment Compensation	\$5,560.00	\$556.00
01.410.238	Uniforms	\$7,000.00	\$2,500.00
01.410.260	Major Equipment Purchase	\$2,100.00	\$1,000.00
01.452.540	Macungie Youth Association	\$3,000.00	\$3,000.00
01.453.245	Special Event Decorations	\$500.00	\$500.00
01.457.540	Halloween Parade	\$1,500.00	\$1,500.00
01.439.000	Carryover for 2013	\$300,000.00	(\$6,605.00)
Sewer Fund Expenditures:			
08.429.130	Adm. Assistant Salary	\$8,398.00	\$3,359.00
08.429.153	LTD	\$272.07	\$27.00
08.429.154	STD	\$257.52	\$29.00
08.429.156	Health Benefits	\$21,960.27	\$1,932.00
08.429.158	Life Insurance	\$205.20	\$26.00
08.429.161	FICA	\$6,523.00	\$247.00

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The 2012 budget was a very difficult budget to prepare. Borough Council had to consider very serious cuts to services and programs. The 2012 budget presented includes a .68 mill real estate tax increase from 6.95 mills to 7.63 mills. This tax increase was necessary to fund the day to day operations of the Borough even after eliminating and reducing employee positions and quality of life services and programs.

Property Value	L.C. Assessed Property (50% of value)	2012 Real Estate Tax Bill	Increase from 2011 Tax Bill
\$100,000	\$50,000	\$381.50	\$34.00
\$150,000	\$75,000	\$572.25	\$51.00
\$200,000	\$100,000	\$763.00	\$68.00
\$250,000	\$125,000	\$953.75	\$85.00

The projected fund revenues, which include the beginning cash balances and expenditures for 2012 are:

Fund	2012 Revenues	Beginning Cash Balances	Total 2012 Revenues	2012 Expenditures
General	\$1,701,008	\$350,000	\$2,051,008	\$2,051,008
Water	\$307,454	\$150,000	\$457,454	\$451,888
Sewer	\$458,743	\$235,000	\$693,743	\$686,805
State Liquid Fuels	\$59,407	\$56,766	\$116,173	\$109,000

In addition to the above funds, the following fund balances are projected for the end of 2011:

- Contingency Fund balance is \$211,600;
- Debt Service Reserve Fund balance is \$29,526;
- Bond Redemption and Improvement Fund balance is \$207,560;
- Sewer Fund Capital Account balance is \$21,841;
- General Fund Capital Account balance is \$291,194;
- Real Estate Capital Account balance is \$7,848;
- Recreation Fund Account balance is \$6,524.

General Fund

The 2012 General Fund Revenues are a 14.4% less than the 2011 budgeted revenues and the expenditures are 17% less than the 2011 budgeted expenditures. The slump in the economy has finally affected the Borough of Macungie. Collection of real estate taxes was only at 96% in 2011 contributing to the decrease in revenues collected. The 2012 budget reflects a real estate tax collection rate of only 97%. In past years the Borough had collected real estate taxes at a 98% rate. The decrease in home sales seen in the past several years has finally caught up with us. This budget only proposes revenues of \$25,000 for real estate transfer tax; \$15,000 less than 2011. Overbudget legal expenses have eaten away at the Borough's carryover reducing it to a \$350,000 balance anticipated to start 2012. In the summer of 2011 PennDOT changed the truck restriction signage traveling south on Route 100. New signs were installed and added to make the restriction more visible to trucks. This has resulted in a decrease in the amount of revenue we received from magistrate fines as a result of trucks violating this restriction. This resulted in a decrease in budgeted revenue of \$88,000.

We will continue to pursue grant funding for Borough projects and operating expenses to offset taxpayer dollars. Included in the General Fund budget is \$179,621 in grant funding as follows: Main Street Initiatives Grant to revise the Zoning Ordinance \$7,250 which is a 50% reimbursement; Safe Streets grant reimbursement for \$21,241 which is 50% of the salary of one full time officer from 2011, CDBG funding of \$134,566 for various ADA ramps in the Borough; \$2,500 from Air Products and \$1,000 from Lehigh County for Macungie Institute operating expenses and \$13,065 from DEP for the Recycling Performance Grant.

General Fund Capital Funds totaling \$75,546 will be transferred into the General Fund Revenues. \$18,000 will go toward street patching; \$21,850 will be used to resurface 300' of Maples Street; \$25,000 is budgeted for chip sealing Brookfield Drive and \$10,696 is budgeted for the second payment on the paving machine. Unfortunately, with limited funds Borough Council was unable to budget any funds to be transferred into the Capital Fund for future expenditures.

Borough Council was unable to balance this budget without eliminating programs, services, capital projects or employees. Two full time administrative staff positions, the administrative assistance and Macungie Institute Building Coordinator, were decreased to part time 24 hour per week positions with no benefits. One full time police officer position was eliminated and the 30-hour police officer position will not be filled in 2012, bringing the Police Department to five full time officers including the Chief, with several part time officers. The purchase of a new police car was postponed and one police car will be sold.

Two street paving projects were eliminated from the budget. The only street projects remaining are repaving Maple Street for 300' from Main Street to Hickory Street, chipsealing Brookfield Drive from Route 100 to Village Walk Drive and patching Village Walk Drive in preparation for chipsealing in 2013.

In 2011 the Borough advertised and awarded the bid for a new 5 year contract for Refuse and Recycling Collection. Waste Management was awarded the contract for 5 years for once a week curbside collection of refuse and recycling, with the option for three additional one year extensions. The new contract saves the Borough residents \$130 annually on their refuse bill. Even though the collection went from twice a week to once a week, residents are still able to place 6 bags at the curb for collection. Single stream recycling will continue throughout the term of the contract.

Sewer Fund

The 2012 Sewer Fund budget maintains the current sewer rates to cover costs associated with eliminating the inflow and infiltration from the Borough sewer system. In 2011 the Borough applied for a DEP grant for a 50% match to eliminate I&I. Unfortunately, the Borough was not awarded this grant. We will continue to follow the SCARP Plan and comply with EPA's order to eliminate inflow and infiltration. The Sewer Fund budget includes funds to line leaking sewer mains identified during video surveillance and encapsulate leaking manholes identified during the smoke testing.

Water Fund

To adequately fund the operation and maintenance of the water system, the Water Authority approved restructuring the water billing rates basing the fees on the actual budget figures in 2011. The 2012 Water Fund budget maintains the current water rates. No major projects are proposed by the Water Authority in this budget.

Liquid Fuels

The Liquid Fuels budget includes \$63,375 to resurface approximately 150 feet of West End Trail. This project includes upgrading ADA accessibility at the intersection of West End Trail and Main Street, which was funded with CDBG monies and completed in 2012.

Major Expenditures for 2012

Street Projects include paving 300' of Maple Street, between Main Street and Hickory Street; Chip sealing Brookfield Drive, between Main Street and Village Walk Drive and patching Village Walk Drive in preparation for chip sealing in 2013.

Police Department – Upgrading radios to be narrowband compliant.

Building Maintenance – No major building maintenance is proposed for this budget.

Engineering expenses include preparing a storm drain map for the mandated NPDES Program.

Water Department – No major expenditures for 2012.

Sewer Department - Expenditures include the maintenance work required to reduce and eliminate the inflow and infiltration into the sewer system.

The funds balances proposed in this 2012 budget leave no margin for error. All non-essential staff, services and programs have been eliminated. The staff will need to remain vigilant in following their budgets. Even with a tax increase there is no margin for error. All Departments will be challenged to continually evaluate their work performance and expenditures. I will continue looking for ways to further reduce our costs through grants, cooperative purchasing and shared programs.

The 2012 Budget along with the 10-Year Capital Plan and 10-Year Street Construction Plans will serve as a strategic guide for the Borough in the coming year.

Chris L. Boehm
Borough Manager