

2011 Budget – Borough of Schwenksville

Our budget primarily has two revenue streams, real estate taxes and an earned income tax (EIT). Due to the economic downturn over the last two years we have seen a significant decline in the EIT revenues, almost 20% less in 2010 versus 2009.

For the 2011 we have assumed that there will not be a recovery in the EIT revenues and have budgeted accordingly. We have decided to fully fund road projects around the borough and to continue replacing the storm drains that have been rusting out and collapsing around town. Other programs will be implemented as and if funding allows.

We do have to face an unexpected financial issue that was not anticipated. This has to do with funding for the police retirement system. After our former police chief left the employ of the Borough, he elected to take early retirement under the rules of the Pennsylvania Municipal Retirement System (PMRS). In order to fund his retirement the PMRS purchased an annuity to pay for the pension. At the time that that was done there was a difference of \$116,141.94 between what was in the retirement account and the cost of the annuity. PMRS, in 2010, then sent us a bill for the \$116,141.94.

In order to pay for this liability we will have to borrow \$100,000 and pay it off over a 10 year period. Regretfully, because of the decline in the EIT income we have had to make a minor tax increase of 0.25 mills for 2011 (an average of \$26.50 per year for each property owner), to help pay down this loan. No one likes to raise taxes but we have to be fiscally responsible in dealing with our obligations.

This minor increase raises approx. \$13,000 a year that will be allocated as follows: Fire Company, \$3,000, Library \$1,000, General Fund \$9,000 to help pay down the \$100K loan.

We have been very conservative in managing the financial affairs of the Borough. The only other debt we have is a \$57,684 balance on an \$80,000 loan taken out back in 2004. When our revenue streams improve we will initiate an aggressive program to reduce all of our debts while continuing to implement programs to improve the looks of town in our quest for a better and brighter future for Schwenksville.

Key figures from the 2011 budget are as follows:

<u>Revenue</u>		<u>Expense</u>	
Real Estate Taxes	220,881	Fire Company	46,090
Earned Income Tax	202,000	Library	5,191
Real Estate Transfer Tax	15,000	Engineer/Solicitor Services	86,000
Cable franchise fees	29,000	Roads & Storm Drains	75,000
Other	<u>26,541</u>	Snow Removal/Lights	21,600
Total Revenue	493,422	Inlets and Street Marking	8,000
		Admin/Borough Hall Maint.	152,785
		Debt Service	17,000
		Other	<u>81,756</u>
		Total Expenses	493,422

Arthur Fairclough
President,
For Borough Council