



## HAMILTONBAN TOWNSHIP BOARD OF SUPERVISORS

### 2013 BUDGET MESSAGE

This annual Budget Message is being issued along with the 2013 Budget. We, the elected Hamiltonban Township Board of Supervisors hope that through our newsletters and annual budget messages, you will be able to judge our success in efficiently managing Township operations, obtaining grant income, controlling costs, and spending your tax dollars responsibly. We strive to have clear, concise and open communications with our residents. The bottom line for this budget is, we have not increased Township property taxes for the past seven years and we are proposing **NO TAX INCREASE IN 2013**.

This 2013 budget message is divided into four parts: Introductory Message from the Board, General Fund Budget, State Liquid Fuels Fund Budget, and Sewer Fund/Orrtanna Treatment Plant Budget.

As required by law, the budget numbering format is based on the fund subcategories and accounting groups from the PA Department of Community and Economic Development's recommended Chart of Accounts. You may obtain a copy of the entire 2013 Budget on-line at [www.hamiltonban.com](http://www.hamiltonban.com) or at our Municipal Office at 23 Carrolls Tract Road.

#### Introductory Message from the Board

Every few years, the U.S. economy goes through cyclical slow-downs. Most are not very deep and last for an average of six to eighteen months. These are normally called recessions, but when they are unusually long and/or deep, they are called depressions. What the economy entered into four years ago was a depression, the longest and deepest depression since the historical depression of the 1930s. There have been huge cuts in demand for the construction and home building and home sales industries. Those industries alone affect many other businesses, jobs and markets across the nation as well as here locally. Many residents have suffered job loss or reduction in hours worked, leading to a flat or lowered take home pay. Furthermore, we are still in the depression with no signs of it ending. Compounding that are the increased costs of groceries, gasoline, and all time highs in heating oil prices.

We are well aware of how this depression has negatively affected our residents' finances and it has affected the Township's finances as well. The Township gets about half its income from property taxes, which is the only part of Township income that we can control. The rest is set by law and by the economy. Since 2006 we have not increased the Township property tax paid by our homeowners. Our resolve to continue that trend has been greatly strengthened by the poor economy. We do not want to further burden our residents with a Township tax increase on top of all the other financial strains caused by the weak economy. The economy has also affected our Township budget in all the same ways that it affects household budgets. It has been our goal to try to maintain the same level of service to the community with a "flat" income base and rising expenses, but it has gotten more difficult every year.

In order to keep our tax rate the same, we have used several cost-cutting strategies in our budget planning over the past seven years and especially over these past four most difficult years. Unfortunately, we have reached the point where we have run out of easy options to balance the budget. The projected deficit in this year's budget, along with the continued weak economy has brought about the need to take decisive action now.

Therefore, in order to avoid increasing taxes in the face of increasing costs and flat income, we have decided to **disband the Hamiltonban Township Police Department**. At a publicly noticed Board meeting on November 29, 2012, the Board voted unanimously to take this action, effective at the end of 2012.

This difficult decision was not taken lightly, and was based on continuing discussions this year and in the past. In fact, over the past ten years and on three separate occasions, several Boards of Supervisors have discussed the costs and needs associated with continuing to operate our local police department. Those discussions looked at several major issues, including:

1. The increasing costs of a one-person police department, which in recent years has provided coverage only 40 hours out of the total of 168 hours in a week. This is less than 25% local coverage.
2. The effectiveness of a one-person department and whether the Township can afford to increase our local coverage with more police officers.
3. The need for local coverage in our rural Township when many other larger and more populated Townships have no local police, but rely 100% on the Pennsylvania State Police. For example, of the 1,700 rural municipalities in Pennsylvania, 1,200 of them have no local police. Neither do many of the other Townships in Adams County, including our neighbors, Franklin and Highland Townships.
4. The likely increasing levels of salary, fringe benefits, supporting equipment, vehicles, and training of the local police department in future years.
5. The desirability of continuing to cut other Township services in order to maintain the increasingly costly local Police Department in spite of continuing flat Township income.

Many people do not realize it, but maintaining a Township Police Department involves far more costs than just the salary of a police officer. The costs associated with having a Police Department include the cost of the police office, police vehicle(s), gasoline, a number of insurance policies, and many other items. The following is a list of the many budgeted police costs that will be eliminated when the police department is disbanded:

officer's salary and overtime	telephone
employer's Social Security payments	radio equipment
employer's Medicare payments	calibration of speed enforcement equipment
health insurance	maintenance of speed enforcement equipment
unemployment insurance	speed zone designation and road markings
life insurance	operating supplies, guns, ammo, assault gear
liability insurance	gasoline and oil for vehicle(s)
pension contributions	police vehicle(s) maintenance
worker's compensation payments	vehicle loan payments
training	police uniform(s), boots, bullet-proof vest
office supplies, computer	small tools
electricity (office)	dues to belong to police organizations

Taking everything into account, the total cost of operating a police department is easily twice the police officer's salary cost.

Townships are required by State law to pass a balanced budget before the beginning of each year. To meet that requirement and still maintain a local police department in 2013, we would have to increase the Township tax millage imposed on our residents by about 32%, from 1.2359 to 1.64 mills.

That tax increase would generate the minimum funds needed to balance the 2013 budget and merely continue the police department for one more year. Unfortunately, that tax increase would only

temporarily “plug the hole” in the 2013 budget without generating enough income to put the Township in a favorable economic position for the expected increase in Police Department costs in 2014 and future years.

In these difficult economic times, we decided that a tax increase would be unacceptable to our residents. Therefore, we made the difficult decision to disband the Township Police Department rather than increase taxes. From now on, we will rely on the State Police for the full 168 hours per week instead of the current 128 hours per week. We believe that this change will have little affect for most of our residents and will give Hamiltonban the same police coverage that 70% of the rural municipalities in Pennsylvania have.

**YOU WILL STILL CALL 911 FOR POLICE EMERGENCIES.** For all non-emergencies you should call the PA State Police Non-Emergency Number 717-334-8111 or the Adams County Non-Emergency Number 717-334-8101. The Hamiltonban Township Office will no longer accept police calls.

## **2013 BUDGET**

### **\*\*\*\*\* General Account \*\*\*\*\***

#### **Income:**

The total projected revenue for Hamiltonban Township in 2013 is **\$749,644 which includes a one-time increase in normal income of \$168,931.** The increase is due to two approved earmarked grants that we will receive. The Township will receive a grant of \$25,276 in 2013 from the Automated Red Light Enforcement (ARLE) Funding Program. These funds will be used to install new warning lights in the Fairfield School Zone. The last time the school zone warning lights were improved was in 1997. Also, we will receive the balance of \$143,655 of the \$500,000 grant from the Redevelopment Assistance Capital Program (RACP) to reimburse the Township for 50% of the cost of the new Maintenance Building construction, which is now complete.

We have been realistic in our estimation of the 2013 revenue. As a result of the stagnant economy, income from Real Estate, Per Capita and Earned Income Taxes is expected to be the same as in 2012.

#### **Expenses:**

By law, all municipal government budgets must balance when they are passed. Therefore, the 2013 expenditures for Hamiltonban Township are projected to meet all revenue at **\$749,644.** All approved grant funding will be released by the Pennsylvania Legislature in 2013 and all submitted projects will move forward. The ARLE and RACP grant funds are “pass through” accounts because income and expenses balance one another with the expense being reimbursed by the Commonwealth.

### **\*\*\*\*\* State Liquid Fuels Fund \*\*\*\*\***

Pennsylvania Municipal Law mandates that State Liquid Fuels Fund money shall not be co-mingled with any other fund. There are strict guidelines for the use of these funds and accountability to the Commonwealth of Pennsylvania is required. Hamiltonban Township has historically used State Liquid Fuels funds for road repairs, resurfacing, and seal coating projects, although they are eligible to be used for equipment and other road related expenses such as snow removal, bridge projects, and street lighting. However, due to necessary bridge repairs and culvert installation, we expect that road paving will be minimal in 2013. The General Fund also is used to supplement road projects and road expenses.

**Income:**

Total projected revenues for the State Liquid Fuels Fund is **\$106,346**. The Pennsylvania Department of Transportation (PennDOT) has told us that our Act 32 road turn-back funds for 2013 will be the same as in 2012, for a total of \$20,560. This is calculated at a rate of \$4,000 per mile for 5.14 miles and is payable to the Township in April 2013.

PennDOT has also told us that our Act 655 Liquid Fuels allocation for 2013 will be \$85,766, a decrease from 2012 of \$4,027. This calculation is based on Township population and twenty-six miles of Township roads. The Act 655 payment from PennDOT will also be received in April 2013.

**Expenses:**

Total projected expenditures for this fund total **\$106,346**, the same as income. The following projects for 2013 have been suggested by Roadmaster Harbaugh and will be reviewed and prioritized by the Board of Supervisors as funding permits. Recommendations for additional projects or a change in projects may be considered after the winter freeze and thaw and after our annual Spring Road Inspection. Funding for some of these projects will come from the General Fund account and/or may take more than one year to complete. Anticipated 2013 road work includes:

- Gum Springs Road - repair bridge per 2012 inspection report. Estimated Cost is \$69,290.
- Cold Springs Road - install culverts along the upper portion of the road to alleviate stormwater run off. Estimated Cost is \$40,000.
- Bullfrog Road - repair storm water runoff problems by Carrolls Tract Road. Estimated cost is \$15,000.
- Hickory Bridge Road and Moritz Road Bridges - inspect bridges. Estimated cost is \$3,500.
- Grading along Township roads' shoulders to improve drainage.

**These items are subject to change.**

The State Liquid Fuels funds may also be used for the purchase of major equipment such as road machinery. The Board of Supervisors maintains a Capital Improvement Program which is used to pay for an eight year turn over of equipment and vehicles to assure the Road Department has a first rate fleet of equipment and vehicles.

**\*\*\*\*\* Sewer Fund – Orrtanna Treatment Plant \*\*\*\*\***

The Orrtanna Treatment Plant income is solely derived from its users generated from their quarterly payments and all expenditures are paid for by the users of the plant.

In 2011, the Pennsylvania Department of Environmental Protection (DEP) determined that the Orrtanna Treatment Plant although it is in good operating condition as designed, no longer meets the DEP treatment standards. DEP has issued the Township a Consent Order that states the Township must upgrade the sewage treatment plant and must comply with conditions laid out by DEP.

The Municipal Authority and the Board have been negotiating with Pennsylvania American Water Company (PAWC) who has made an offer to purchase the Orrtanna Treatment Plant and connect it to Franklin Township's Sewage Treatment Plant in Cashtown. In order to proceed with connection of the two plants, a pumping station must be built in Orrtanna in 2013. PAWC will finalize their purchase once the pumping station is complete. The Board has received approval for a \$496,500 Community Facilities Grant that will reimburse the Township for the construction of the pumping station. The pipeline connecting the pumping station to the Cashtown Sewage Plant will be built and paid for by PAWC.

**Income:**

The total projected income for 2013 generated from user payments is estimated at **\$604,010** which is an **increase in normal revenue by \$496,500**. The increase is due to the Community Facilities Grant reimbursement.

**Expenses:**

Total expenditures for the Sewer Fund are budgeted at **\$604,010**. The Community Facilities Grant will be used for the construction of the pumping station. Allowances have been made for pre-construction costs involving our solicitor and our engineer. Once a design has been submitted, the Municipal Authority and the Board of Supervisors will be better prepared to address the total project cost and explore possible borrowing opportunities to complete the financing of that construction.

**Completed Sewer Improvement Projects (2012):**

- Lagoon #2 was cleaned, and the wet wells and floats also were cleaned and repaired.
- All pumps received standard maintenance and greasing.
- The aerator motor and effluent pump was replaced on lagoon #2.
- The generator starter was replaced.
- The spray field's heads and uprights are reconditioned every spring as they take a "hard hit" every winter.

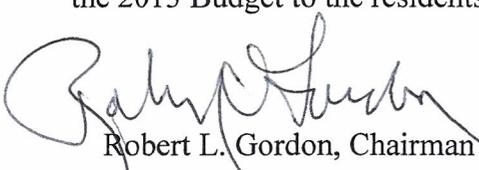
**Summary**

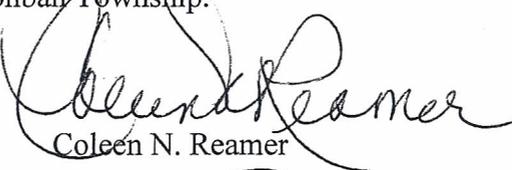
Very little Township income comes in before April of each year. Therefore we must retain sufficient funds from the previous year to meet expenses during the first quarter of the year. Our philosophy has always been to be financially sound and to meet the expense needs of first quarter operations with sufficient unreserved funds through proper fiscal management. We will also continue to retain additional funds towards Capital Improvements for both buildings and equipment in 2013 and future years.

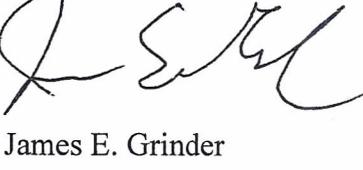
**As in the years 2005 through 2012, your Board of Supervisors has planned and worked within the current revenue base to give you the best possible service with NO increase in taxes. We believe that good, sound fiscal management has enabled us, once again, to continue to provide outstanding service to you within current revenues. Therefore, for what will be the seventh consecutive year, there will be NO TOWNSHIP TAX INCREASE IN 2013.**

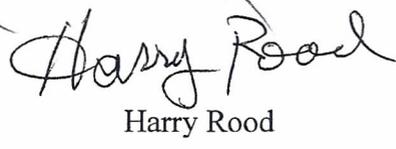
We and our staff will continue to closely monitor the fiscal health of the Township and exercise cautious and prudent stewardship of Township funds. We hope that this message will let our residents know what we have done and are planning to do in 2013. Please contact the office at 717-642-8509 at any time with questions or concerns.

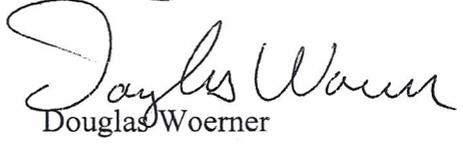
The Township Board of Supervisors respectfully submits this 2013 Budget Message in conjunction with the 2013 Budget to the residents of Hamiltonban Township.

  
Robert L. Gordon, Chairman

  
Coleen N. Reamer

  
James E. Grinder

  
Harry Rood

  
Douglas Woerner

*We encourage you to stop by your Township Office and ask for a copy of the 2013 Budget or view it on the Township Website at [www.hamiltonban.com](http://www.hamiltonban.com).*