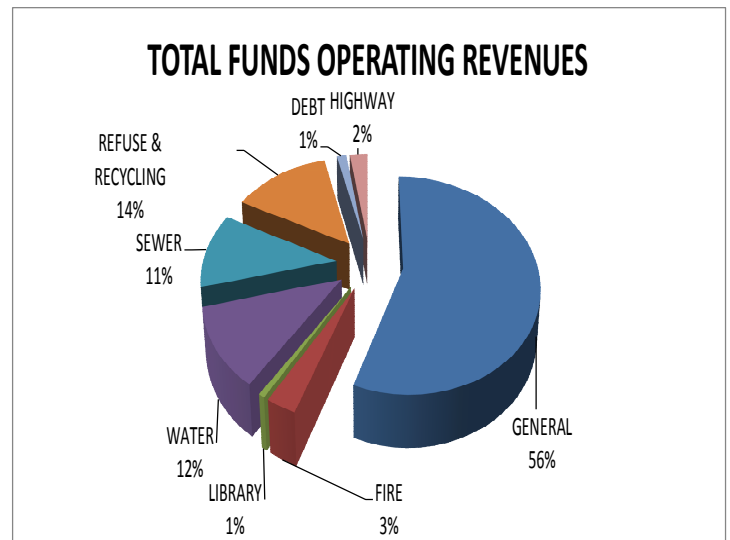
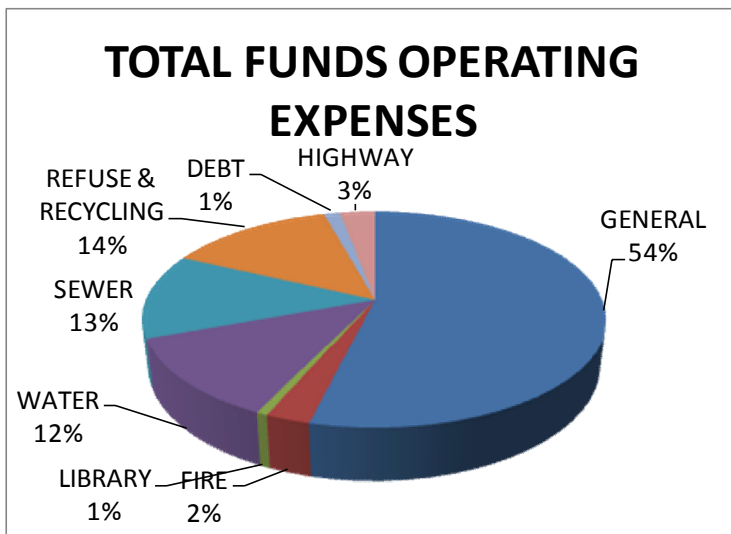


BUDGET MESSAGE
TOTAL 2014 PROPOSED BUDGET

In accordance with Article XVII of the First Class Township Code, I am pleased to submit a synopsis of the 2014 Proposed Budget. As presented, the Proposed Budget allows Salisbury Township to continue to deliver quality services to its residents and businesses with a modest increase in General Fund taxes. As proposed the average property owner will be paying approximately **\$39.50 more in 2014.**

The 2014 Proposed Operating Budget details a **\$12,399,758** spending Plan for all Funds. This represents a \$41,132 or less than .01% decrease over projected 2013 Budget (\$12,440,890). The total Operating and Non-operating expenditures (1,502,407) for 2014 are **\$13,902,165**. Total operating Revenues for all Funds are estimated at **\$11,974,802**. A shortfall of **\$424,956** is expected to be absorbed by the respective fund balances of the Funds, with the exception of the General Fund Operating Fund calling for a **.19 mills tax increase**.

2014 TOTAL OPERATING FUNDS	EXPENSES	REVENUES
GENERAL	\$6,671,456	\$6,671,700
FIRE	\$ 327,102	\$ 366,202
LIBRARY	\$ 81,900	\$ 78,200
WATER	\$1,514,300	\$1,402,400
SEWER	\$1,580,400	\$1,352,500
REFUSE & RECYCLING	\$1,699,200	\$1,637,200
DEBT	\$ 163,700	\$ 163,700
HIGHWAY	\$ 361,700	\$ 302,900
	\$12,399,758	\$11,974,802 (\$424,956)



The 2014 Proposed General Fund Budget (largest fund) calls for the Township's property tax rate to rise due to staffing increases approved in the 2013 budget and consequent deficits associated by that decision that could not be fully addressed in the 2013 Budget, due to the limitations imposed by the LC Reassessment, which restricted the Board to raise only \$150,000 in RE Tax to address the \$241,556 projected 2013 shortfall. In essence the decision by the Board to add an additional Police officer and additional Public Works personnel in 2013, cemented the decision for a further tax increase for 2014. The proposed Tax Levies are broken down as follows:

Real Estate Tax-Prior to Reassessment

3.09 Mills – General Fund
 0.55 Mills – Fire Fund
 0.18 Mills – Library Fund (Referendum)

3.82 Total Mills for the 2012 Fiscal Year

NEW ASSESSMENT-2013

Initial Reassessment value from County- 1,326,374,900. Based on 100% of Market Value.

2013 Millage was adjusted proportionally. Could not exceed 10% of prior year revenues.

REVISED MILLAGE

	2013 PROP	2013 REVISED	2014 NEW
GF-	1.04498	1.15155	1.34155
FIRE-	0.18600	0.20861	0.20861
LIBRARY-	0.06087	0.06087	0.06087
TOTAL	1.29185	1.42103	1.61103

AVG ASSESSMENT-\$207,817-2013 TWP
 TAX-\$295.31/yr taxes

2014 PROPOSED TAX- \$334.80/yr or **\$39.49** more than 2013.

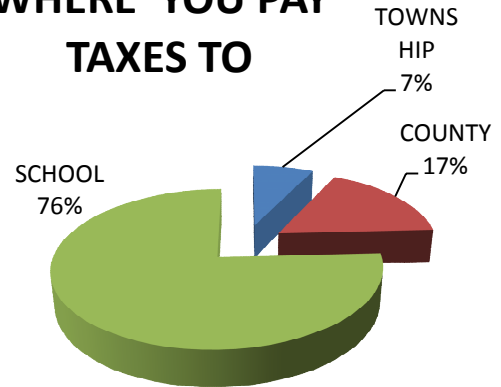
ADDITIONAL REVENUE GENERATED FROM REAL ESTATE TAX INC- **\$252,000**

OTHER TAXES

Earned Income Tax – 0.5% (1%) shared with STSD.
Local Service Tax (LST) – \$52-(Township \$47- Salisbury School District Shares \$5-Formerly EMST)
Realty Transfer Tax – 1.0%
Mechanical Services Tax – \$100

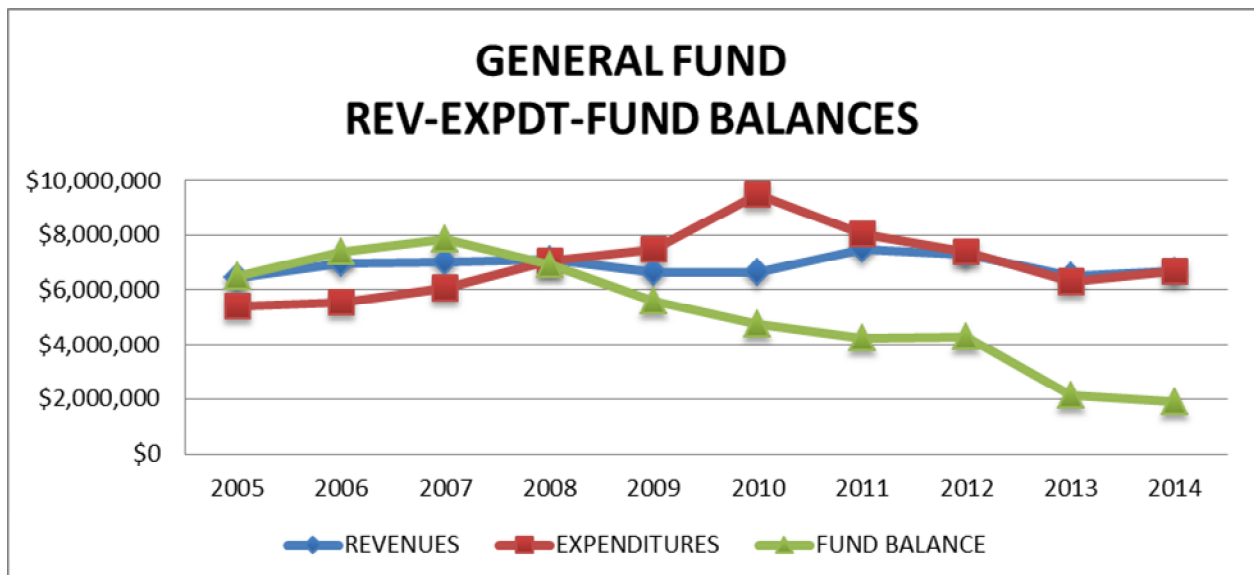
AVG TOTAL TAX BILL-\$4,638.60

WHERE YOU PAY TAXES TO



- TOWNSHIP SHARE-\$ 334.80
- COUNTY SHARE- \$ 787.63
- SCHOOL SHARE- \$3,516.33
\$4,638.76

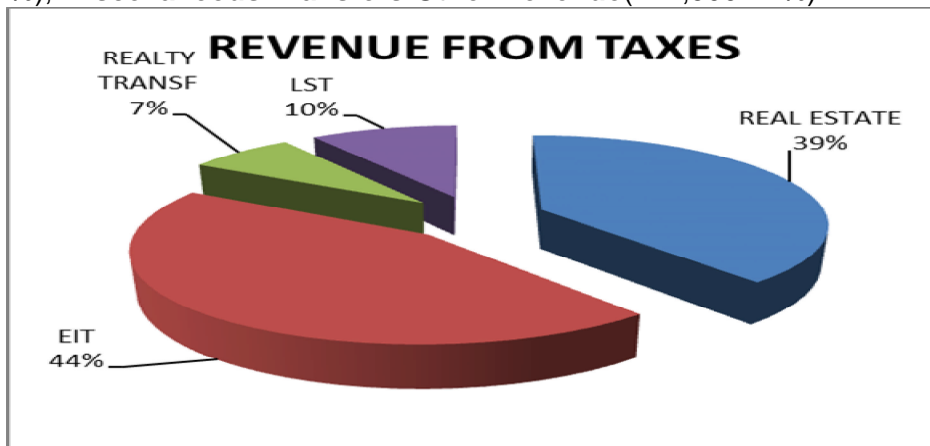
(01) GENERAL FUND BUDGET



The Township initially estimated **\$6,428,100** in Revenues for 2014. This represented a \$271,594 or **6% decrease** from 2013 projections. Expenditures are proposed at **\$6,671,456**. This represents a \$388,184 or **6% increase** from 2013 projections. Initially, Department Heads and Staff presented a Budget that contained a **\$624,000 (10.3% inc. over 2013 projections) a \$475,707** shortfall. The Manager's recommended budget reflects a "status quo" staffing level and cuts predominantly to public safety budget, which requests included One (1) additional officer and promotion of another Sergeant to Detective and Two (2) Public works staffing positions, a Mechanic and an Equipment Operator. If the Board had reinstated those positions, a HIGHER tax increase will be necessary to sustain that action. With the status quo budget, the shortfall is approximately **\$241,556**. **If the Board will accept the "STATUS QUO", taxes will need to be raised by .19 mills to offset the \$241,556 deficit versus .38 mills to offset the \$475,707 deficit. For an average assessment of 207,817 this will mean approximately \$39 more next year under the status quo, or \$78 more a year to support the department's budget requests. With the increase in the RE Tax, the estimated Revenue will therefore be \$6,671,700.**

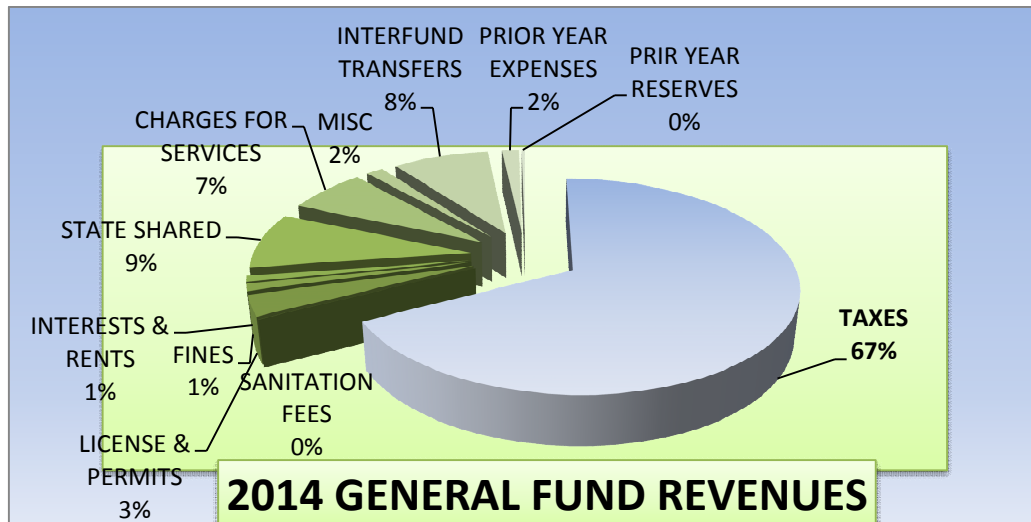
REVENUES

The predominant source of revenue comes from Taxes (\$4,502,000) or 67.5%. **Earned Income Tax (EIT)** brings in approximately **2.0** million and represents 44% of the Tax Revenue or 30% of Total Revenue. **Real Estate** brings in approximately **1,49** million and represents 39% of the Tax Revenue or 26% of Total Revenue. Other Taxes such as the **Realty Transfer Tax(\$320,000)**, **Local Service Tax(\$440,000)**, combined(\$760,000), represent 17% of the Tax Revenue or 11% of the Total Fund Revenue. Combined Taxes represent 67% of Total Revenue. The remainder of the Revenue stream is made up of **License & Permits(212,900-3%)**, **Fines & Forfeits(73,000- 1%)**, **Interest & Rents(63,900-1%)**, **State Shared Revenues(581,100-9%)**, **Charges for Services(460,900-7%)**, **Miscellaneous-Transfers-Other Revenue(777,900-12%)**



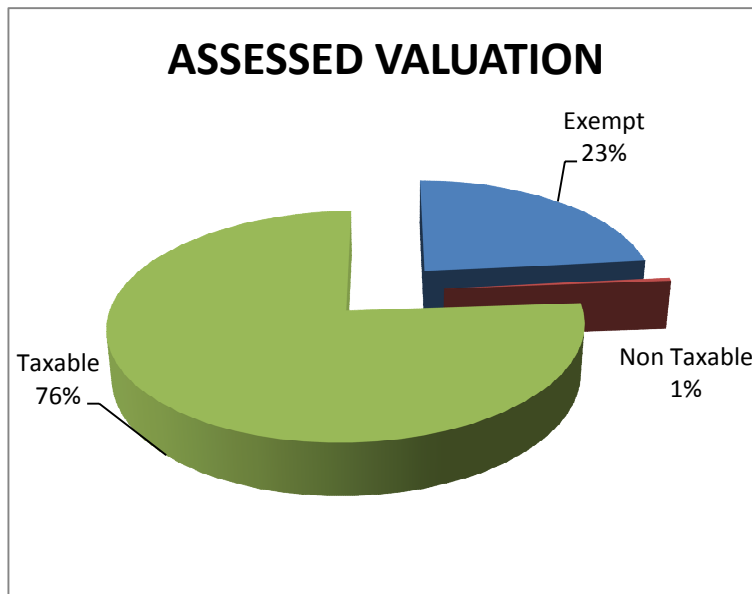
GENERAL FUND 2014 PROPOSED REVENUES

2014 PROPOSED REVENUES	AMOUNT
TAXES	\$4,502,000
SANITATION FEES	\$1,000
LICENSE & PERMITS	\$212,900
FINES	\$73,000
INTERESTS & RENTS	\$63,900
STATE SHARDE REV.	\$581,100
CHARGES FOR SERVICES	\$459,900
MISCELLANEOUS	\$100,300
INTERFUND TRANSFERS	\$559,400
PRIOR YEAR EXPENSES	\$100,000
PRIR YEAR RESERVES	\$18,200
	\$6,671,700



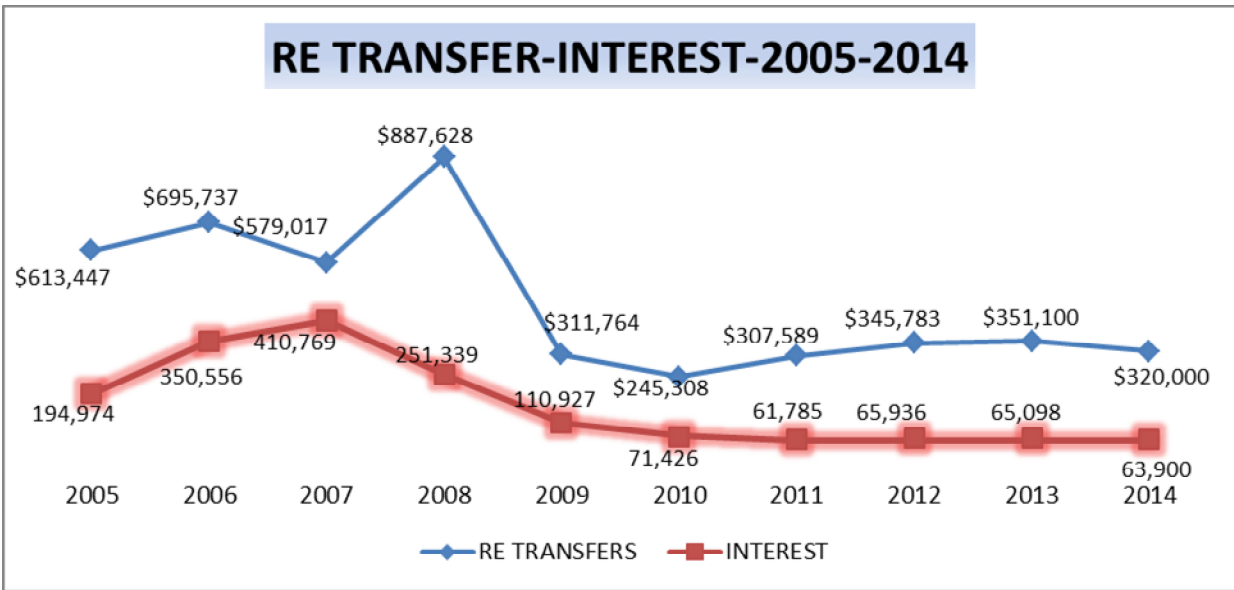
The proposed 2014 Salisbury Township Real Estate Tax is based on an estimated valuation of **\$1,742,635,700**, of which **\$407,998,000** is **Exempt** and **\$8,262,800** is **non-taxable**, leaving **\$1,326,374,900** taxable. With the reassessment the value will be based on 100% of fair market value

The Township has also 165 parcels that are Tax Exempt from which it does not receive payment.



Compared to other municipalities, Salisbury Township ranks as one the highest tax exempt valuation in the Lehigh Valley. Translated that means that annually the Township does not collect approximately \$579,777 in real estate tax.

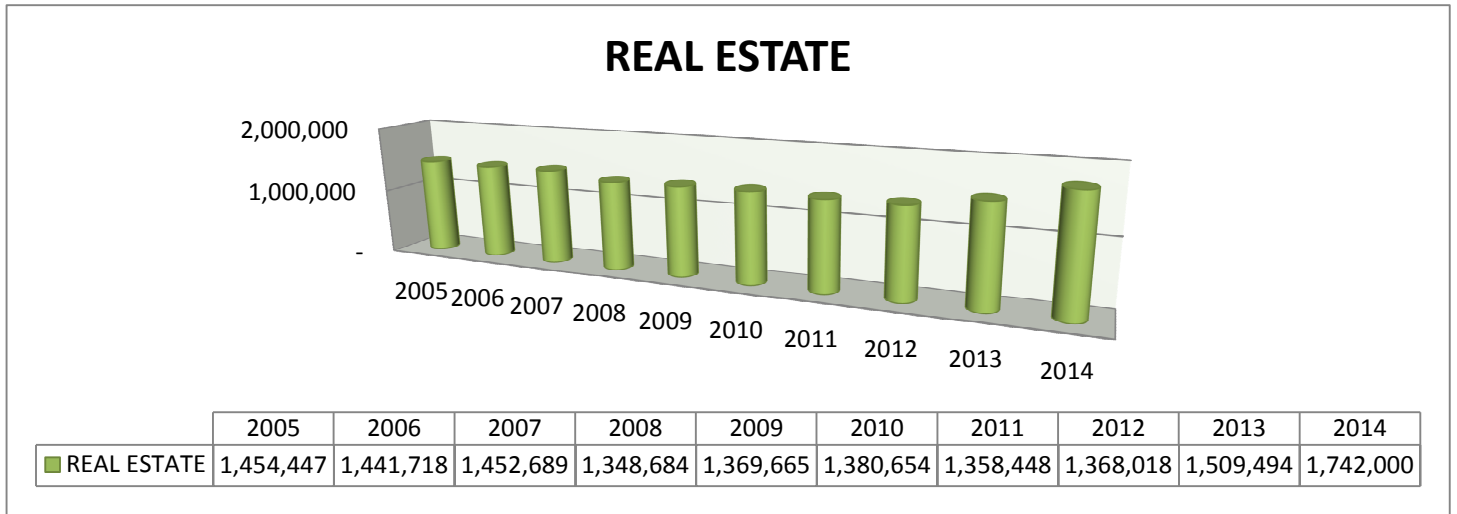
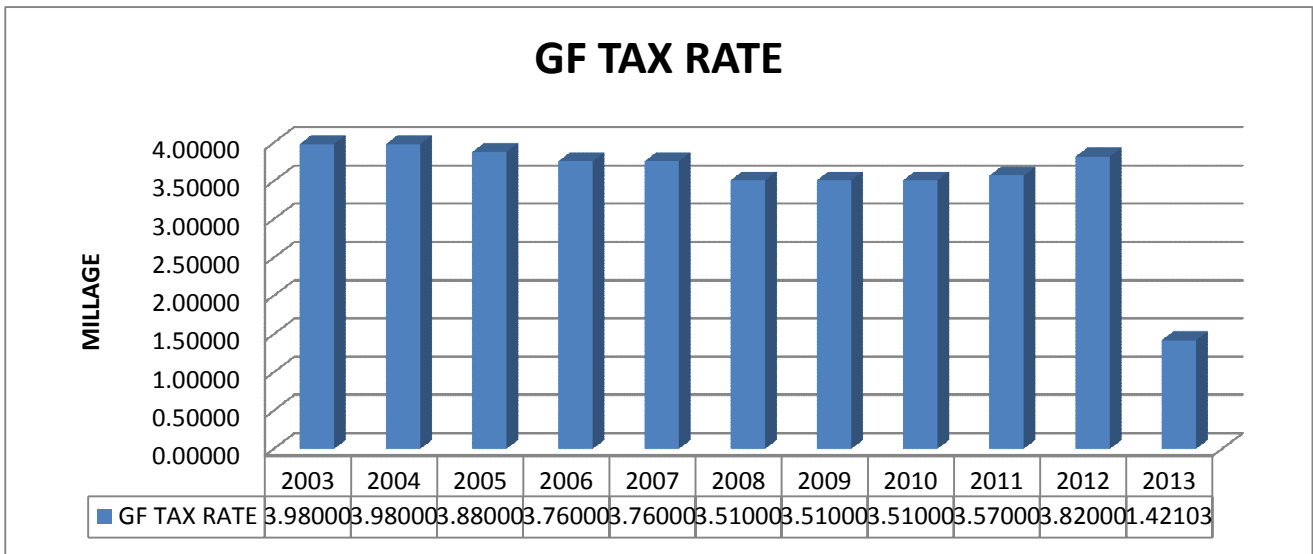
Over the years the Township has reduced taxes to compensate for healthy fund balances accumulated over the years and other strong revenue streams that derived from **Real Estate Transfer** and **Interest**, which accounted for approximately **\$900,000** per year in revenue. With the economic downturn that began in 2008, the Township has seen a considerable reduction of revenue derived from these two sources. The Chart below shows this fluctuation. In 2014 the Township expects to collect only \$321,000.



Consistently over the last 6 years the Township had to make up approximately \$600,000 per year from Fund balances. **From 2007 to 2013 the Fund balance of the Township has been reduced by approximately 5.7 million.** Coupled with a loss of revenues that could have been realized had the millage rates been retained at 2001 levels (approx... 1.9 millions), it is evident that the Township for the past 6 years has weathered the storm caused by the economic downturn by reducing its fund balance to sustain yearly shortfalls and still deliver essential services.. This in the long run cannot be sustainable and therefore this shortfall for 2014 is made up by a tax increase.

Year	Assessed Valuation	Base Year 2002	Current Year	Base Year 2002	Current	Yearly loss of Rev	Cumulative Rev Loss
2003	420,220,950	4.18000	3.98000	1,756,524	1,672,479	(84,044)	(84,044)
2004	419,852,700	4.18000	3.98000	1,754,984	1,671,014	(83,971)	(168,015)
2005	422,969,050	4.18000	3.88000	1,768,011	1,641,120	(126,891)	(294,905)
2006	429,617,450	4.18000	3.76000	1,795,801	1,615,362	(180,439)	(475,345)
2007	439,068,100	4.18000	3.76000	1,835,305	1,650,896	(184,409)	(659,753)
2008	441,411,500	4.18000	3.51000	1,845,100	1,549,354	(295,746)	(955,499)
2009	443,752,900	4.18000	3.51000	1,854,887	1,557,573	(297,314)	(1,252,814)
2010	450,281,450	4.18000	3.51000	1,882,176	1,580,488	(301,689)	(1,554,502)
2011	449,864,700	4.18000	3.57000	1,880,434	1,606,017	(274,417)	(1,828,920)
2012	448,859,400	4.18000	3.82000	1,876,232	1,714,643	(161,589)	(1,990,509)
2013	1,331,419,400	1.40853	1.42103	1,875,344	1,891,987	16,643	(1,973,866)

This table includes only the portion of the tax millage devoted for General Fund purposes. It does not include the Fire Tax or the Library Tax. You can see that until the 2013 reassessment year, the millage rate has been lower than the 10 preceding years while General Fund Expenditure have increased



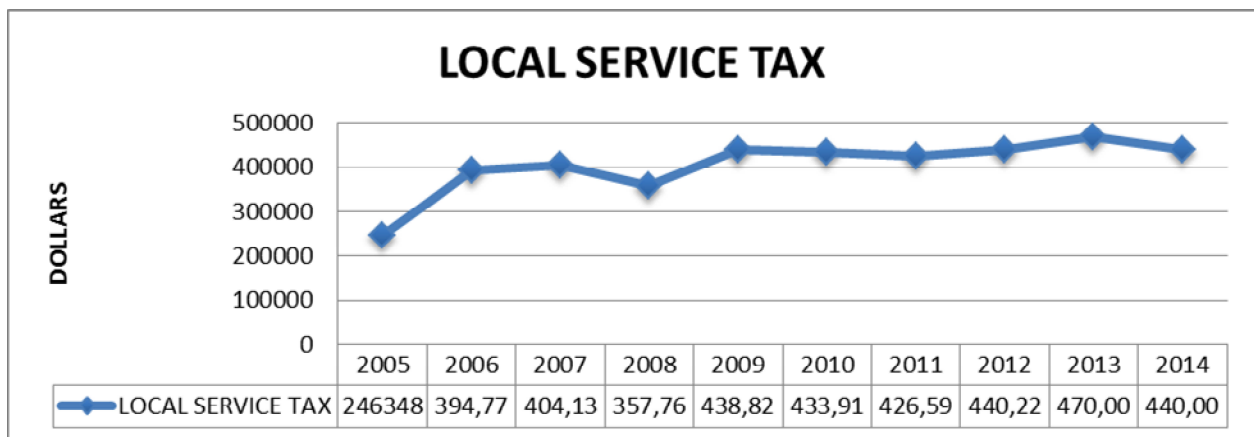
The **Earned Income Tax** on the other hand has steadily increased over the 9 year period equating to 25% increase or an additional \$397,000 in more EIT revenue since 2005. Economic indexes have precipitated a more conservative posture in our estimates for 2014 with levies expected to be **2,000,000** or \$100,000 lower than the previous year.



According to the 2010 Census Bureau the average household income in Salisbury Township is \$63,351 which translates into an average annual earned income tax payment of \$630 per household.

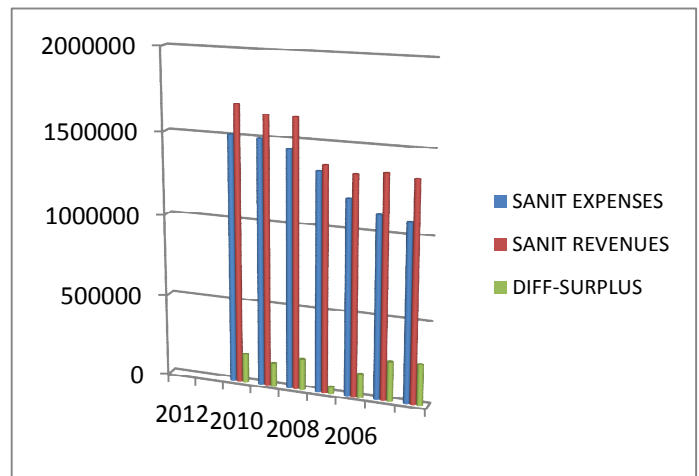
The **Real Estate Transfer Tax** is levied at 1% of the value of all real estate that transfers ownership within Salisbury Township. Revenue from this tax is also driven by economic indexes and for conservative budgeting we have budgeted the same amount as projected for 2013(**\$320,000**). Over the last five years the amount of levy derived from this has been reduced by approximately \$380,000 per year.

Act 2 of 2007 renamed the previous Emergency and Municipal Service Tax(EMST) to the **Local Service Tax (LST)**. This Tax(\$47 ST-\$5-STSD=**\$52**) is assessed on all persons working within the Township. Act 2 of 2007 also allowed an upfront exemption from the payment of the Tax for those earning \$12,000 or less resulting in the Tax being collected \$1 per week and remitted to the Township quarterly.



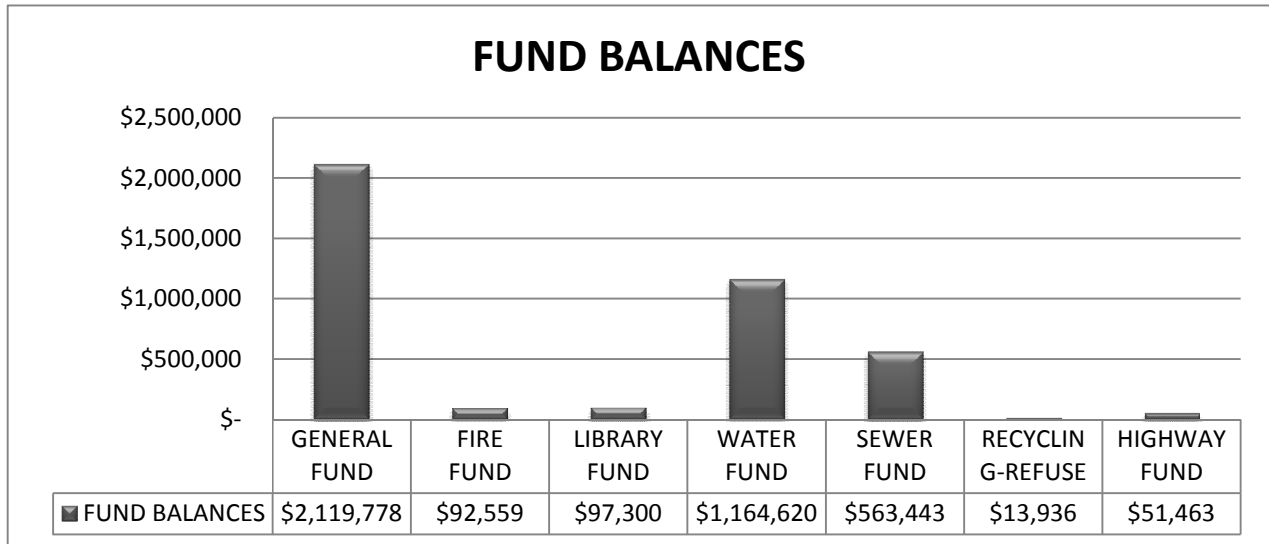
In 2012, the Township created a separate Fund to track Garbage and Recycling; The Township will continue this practice. Over the previous years the Sanitation Revenue and Expenses were part of the General Fund and approximately 1.17 million in surplus was retained in the GF operating Fund and was used to balance budgets shortfalls. By separating this Fund the Township can better track the Garbage and Recycling fees associated with this Fund.

SANIT EXPENSES	SANIT REVENUES	DIFF-SURPLUS
\$ 1,507,316	\$ 1,681,344	\$ 174,028
\$ 1,493,458	\$ 1,633,793	\$ 140,335
\$ 1,444,100	\$ 1,631,509	\$ 187,409
\$ 1,327,175	\$ 1,366,991	\$ 39,816
\$ 1,185,922	\$ 1,327,985	\$ 142,063
\$ 1,107,497	\$ 1,348,212	\$ 240,715
\$ 1,083,623	\$ 1,330,434	\$ 246,811
\$ 9,149,091	\$ 10,320,268	\$ 1,171,177

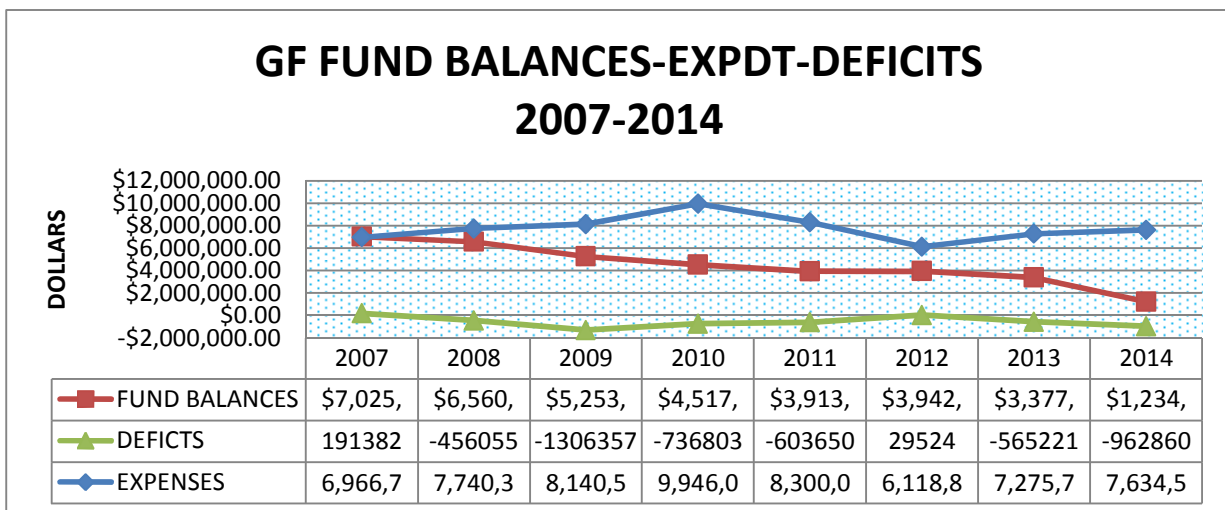


FUND BALANCE

Maintenance of a strong fund balance has and will be an ongoing policy goal of the Board of Commissioners. The policy is important in order to be prepared for unforeseen circumstances or negative economic downturns. In addition, the Fund Balances allow the Township to balance the budget without increasing taxes/fees. The Fund Balances anticipated at the end of the 2013 budget year are outlined below:



Since 2008, The Township has utilized approximately **\$4,900,000** to balance shortfalls in the General Fund. In 2012 the Board approved the policy that approximately 20% of yearly expenses should be retained as Fund Balance. At the end of the 2013 the projected fund balance for the General Fund is approximately 27% of Expenses. For 2014, Expenses will exceed Revenues by **\$233,000**. **With the tax increase the fund balance remains at 2013 levels. This is reflected in the \$1,742,000 budgeted for Real Estate taxes.**

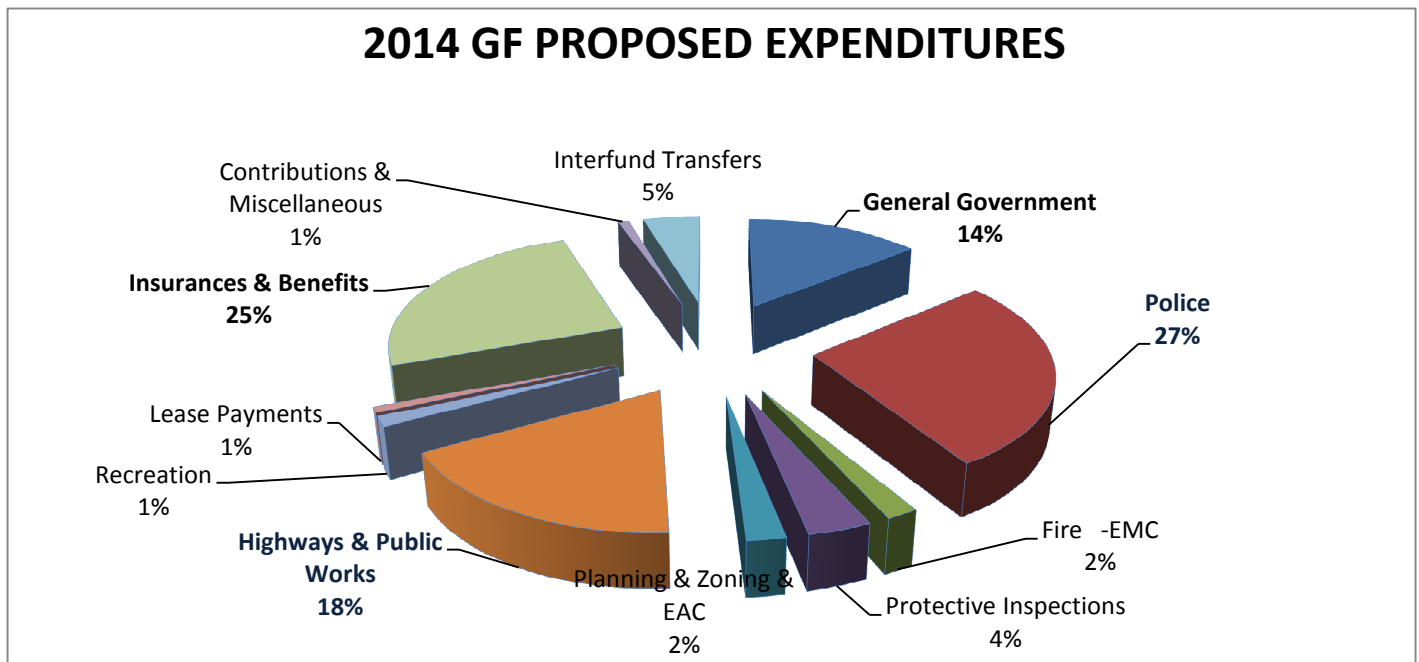


(01) GENERAL FUND EXPENDITURES

Total Proposed 2014 General Fund Expenditures will be **\$6,671,778**. Table below shows a breakdown and allocation by program. This spending Plan represents an **increase of 6% from projected 2013 levels**. The breakdown by programs is depicted below.

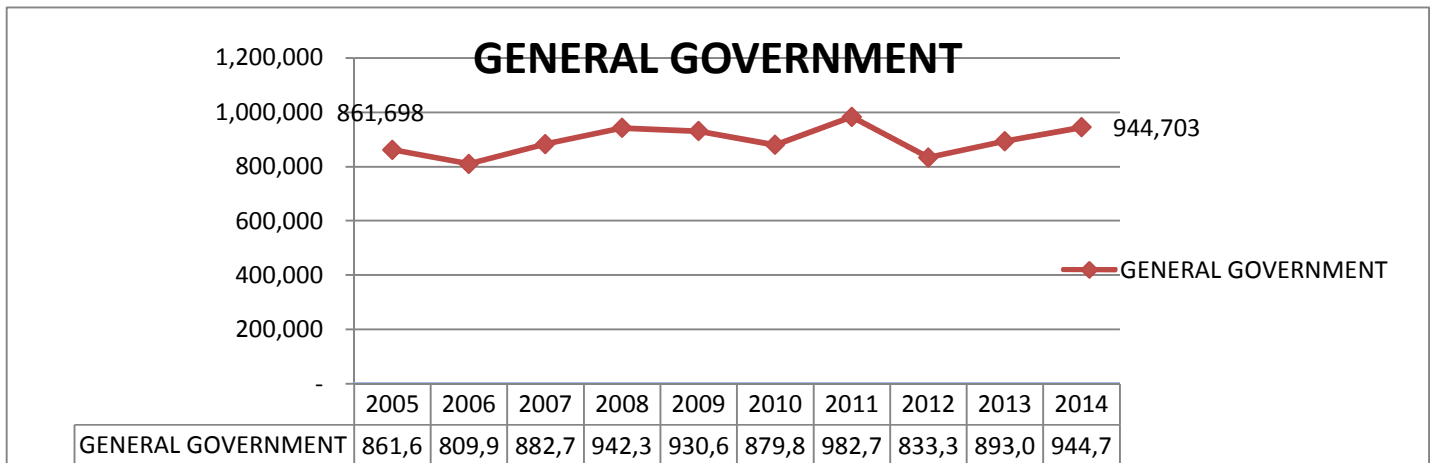
TOTAL PROPOSED 2014 EXPENDITURES

<u>GENERAL FUND OPERATING EXPENSES</u>		<u>% OF EXPDIT</u>
General Government	965,003	14%
Police	1,812,700	27%
Fire	162,000	2%
Protective Inspections	241,301	4%
Planning & Zoning	147,951	2%
Highways & Public Works	1,204,101	18%
Recreation	96,800	1%
Lease Payments	54,250	1%
Insurances & Benefits	1,678,200	25%
Contributions & Miscellaneous	59,350	1%
Transfer to Capital Reserves	249,800	4%
TOTAL OPERATING EXPENDITURES GF	6,671,456	100%



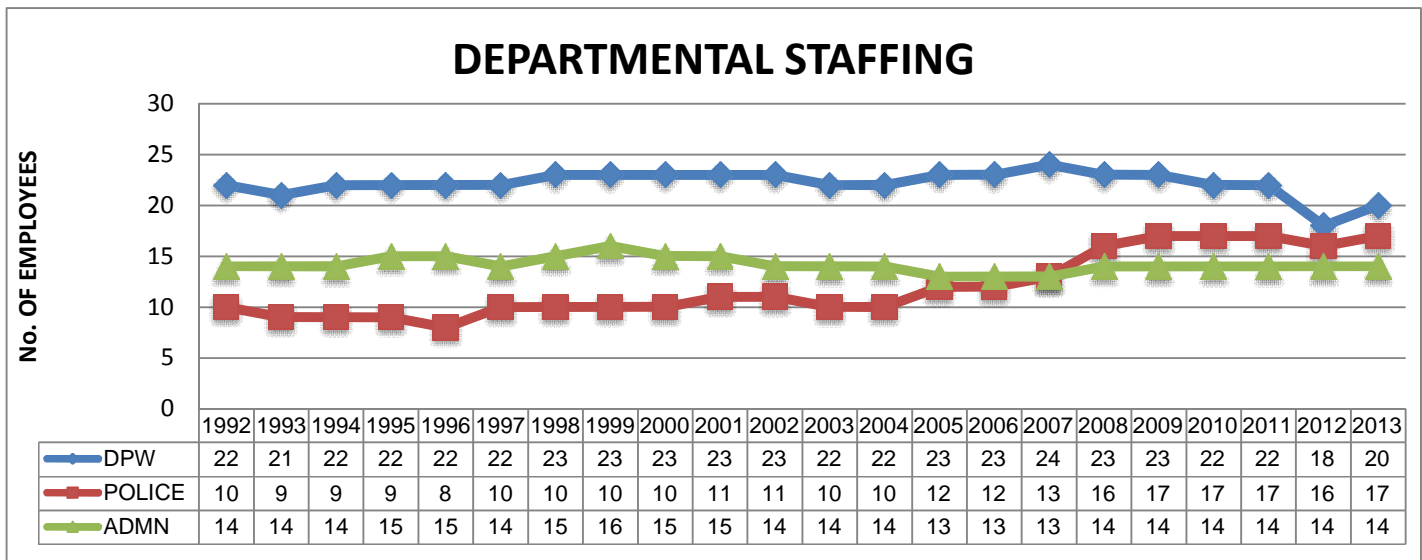
As you will note from the previous chart the Police Department makes up the biggest chunk of the GF Budget, followed by Insurance and Benefits and Highway & Public Works. Greater details follow.

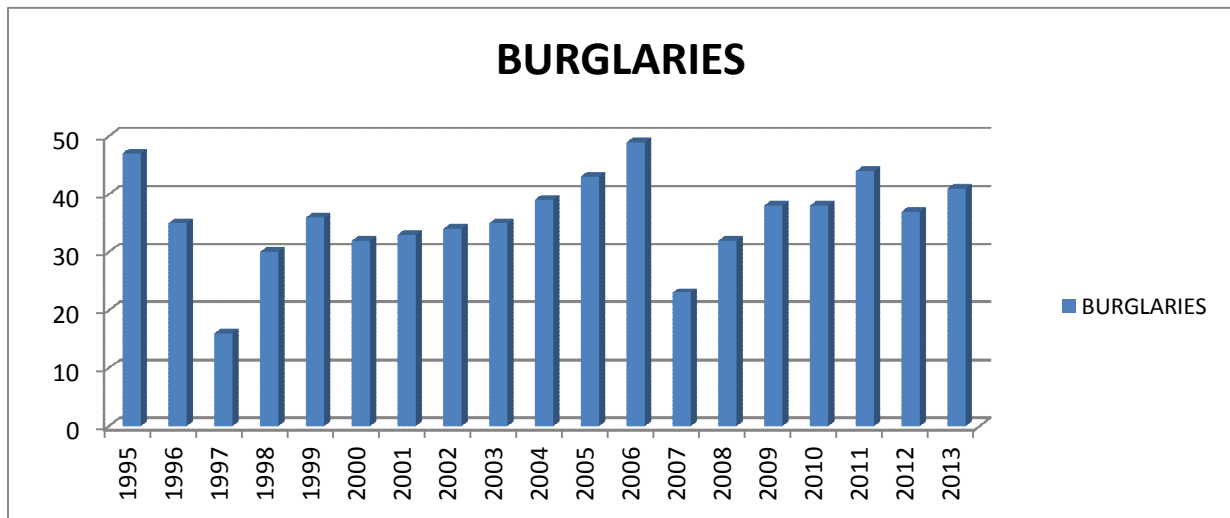
GENERAL GOVERNMENT totals **\$944,703** and represents 15% of the General Fund. The proposed budget calls for a \$51,633 increase from projected 2013, or 15%. Noticeably, reimbursable engineering expenses have been increased by approx. \$17,500(Revenue side has also increased by same amount) and personnel administration has been increased by \$23,500 to cover anticipated costs to bargain for a new PWD contract. Projected salaries for non-uniformed administrative employees have been budgeted at **3.00 %** following a long standing practice that non-unionized employees receive the same % increases as other PWD employees. Administrative staff, however, pays a higher Health reimbursement premium of 5.0% vs. 2.5% for PWD. Department Heads proposed raises are **3%**. The Budget also includes funds for computer software, website redesign and hardware upgrades and facilities maintenance. Budgeted is also \$50,000 in the **Capital Budget**(Split between GF-\$30K-Water and Sewer Funds(\$10K) for security camera upgrades, alarm system and audio visual system for the Board room.



PUBLIC SAFETY represents the largest expenditures with a **\$2,322,952(35%)** allocation.

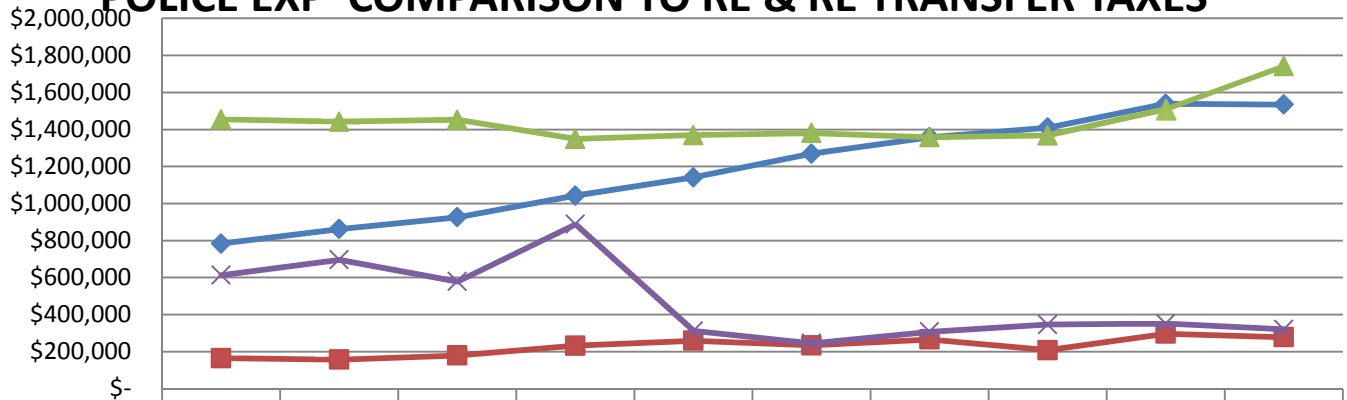
POLICE SERVICES- make up the majority of the expense at **\$1,812,700 (78%)**.The Budget will reflect a contractual increase in **wages(2.75%)** pursuant to the new CBA. Staffing analysis show 17 officers including the Chief for 2014. Over the years the Police Department has grown substantially as demands for services has increased in comparison to other Departments.





Eliminated from the Department Head Budget request is an additional Detective and one FT Patrol Officer. No anticipated increase in personnel is proposed, unless these positions are followed by **increases on the revenue side to sustain them**. This can only mean a GREATER tax increase. As explained earlier, the BOC in 2013 hired more staff and could not fully fund those positions due to limitations of the post reassessment 10% only increase in Revenue. By that action, the BOC cemented a tax increase for 2014 to plug the shortfall. If the BOC increased staff again(as proposed, rather than keep the “status quo”) the tax increase for 2014 would have to be doubled. The current 12 hr. schedule was expected to considerably decrease the **Overtime account**, therefore \$70,000 is budgeted in line with projected 2014 expenses. Budgeted is \$18,200 for supplies to maintain the operation of the **Quick Response Service** vehicle.(This is offset by transferring \$18,000 from the QRS Contribution Acct and not GF revenues). This is an increase of \$5,200 from projected 2013. **K-9 program supplies** have increased by \$700 from 2013 levels(\$6,200). **Firearms supplies** remain at 2013 levels(\$10,000). **Minor Equipment** line item has been reduced by \$4,500 projected 2013 levels(\$23,000). Also included in the **Police Vehicles line item** (\$68,600) are **One (1) Dodge Charger Pursuit 4-Dr. Sedan** (COSTARS price =\$26,649 each) \$26,649. Up fit with all emergency equipment (including installation, parts & labor)\$6,800. **Sub Total \$33,449**. One (1) Quad Cab Short Bed 4 X 4 Pickup Truck(\$25,000).Up fit with all emergency equipment (including installation, parts & labor)\$10,143. **Sub Total \$35,143**. Budgeted is \$7,000 for the Municipal Emergency Response Team (**MERT**) to provide one officer for this County wide program. **Training(\$12,000)** for the police officers has been increased by \$1,430 over projected 2013 levels.

POLICE EXP COMPARISON TO RE & RE TRANSFER TAXES



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
◆ POL WAGES	\$783,079	\$862,289	\$926,241	\$1,042,400	\$1,141,500	\$1,269,400	\$1,358,000	\$1,409,600	\$1,539,000	\$1,534,600
■ OTHER POL	\$164,662	\$156,770	\$179,441	\$232,409	\$258,582	\$233,612	\$265,698	\$208,130	\$296,946	\$278,100
▲ RE	\$1,454,400	\$1,441,700	\$1,452,600	\$1,348,600	\$1,369,600	\$1,380,600	\$1,358,400	\$1,368,000	\$1,509,400	\$1,742,000
✕ RE TRAN	\$613,447	\$695,737	\$579,017	\$887,628	\$311,764	\$245,308	\$307,589	\$345,783	\$351,100	\$320,000

CAPITAL BUDGET.

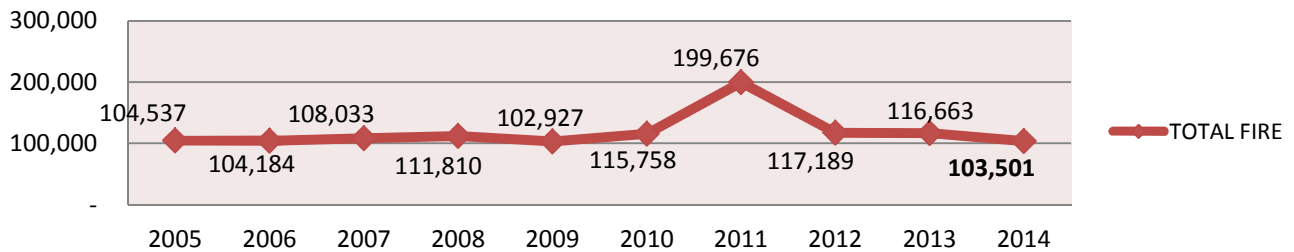
- Bulletproof Vests – Tactical 12,000
- Bulletproof Vests – Personal 9,900
- NOPIC Thermal Imaging systems **6,800**

Total Capital outlays are \$28,700.

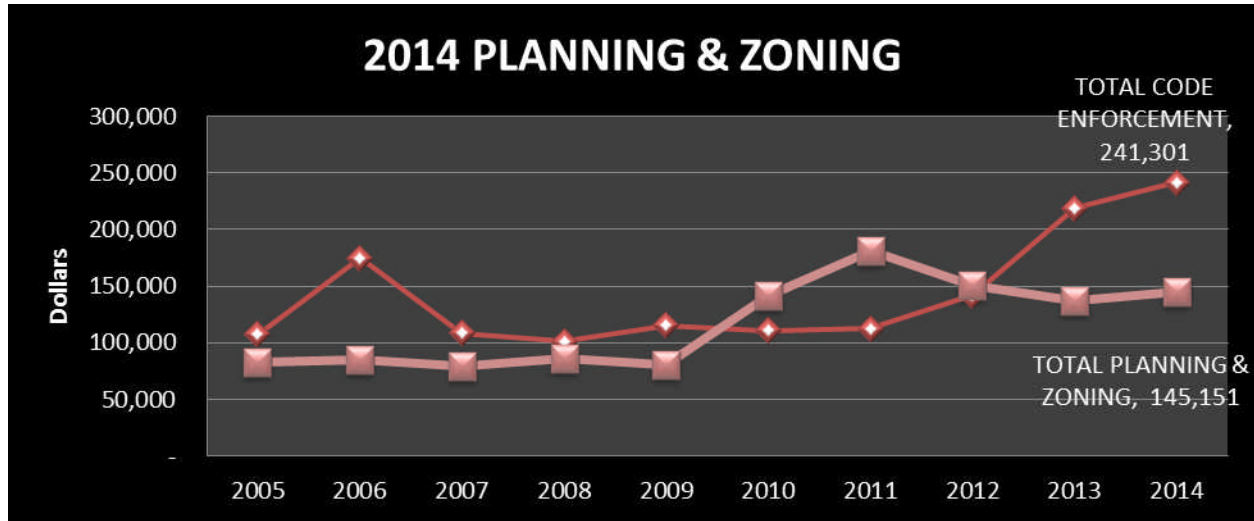
Total Police Budget reflects a **\$23,300 reduction of 1.27% from projected 2013** scaled down \$61,800 or 3.3% from the departmental request.

FIRE SERVICES is reflected in the General Fund to show the pass-through allocation to the Firemen’s Fire Relief Association. For 2014, **\$100,000** is budgeted both as Revenue and Expense. Budgeted is also **\$30,000** under Acct 465.500 for volunteer fire company incentives. In addition, the Township will start a **Fire Prevention Safety Program** which will be under the direction of the Police Chief. We expect to levy fees to pay for the hiring of certified PT Fire Inspectors.

2014 FIRE BUDGET



CODE ENFORCEMENT/PLANNING & ZONING makes up approx. 1.6% of the Public Safety budget or 05.7% of total GF Proposed Budget. Combined **\$386,452** is budgeted for inspection services and will be recouped by building permit fees. The Township handles all in-house administrative functions by the appointment of an in-house BCO. Third Party inspection agencies are retained to perform plan review and inspections for both residential and commercial properties. The Township expects to complete the Zoning Ordinance and SALDO updates by 2014. **Increased \$30,700 or 8% from 2013 projected levels.** **CAPITAL BUDGET- The BOC have funded a vehicle to be shared by the various departments in Administration and Planning & Zoning. Total \$24,500.**



EMERGENCY MANAGEMENT. Considerable effort has been devoted to bring our newly Emergency Center fully operational. Many computers have been added and for 2014 the Township has allocated **\$20,300** for emergency management. **In addition to a small stipend for the Emergency Coordinator(\$3,000) and Deputy EC(\$1,000) \$13,000** has been budgeted for **Minor Equipment and Small Tools:**

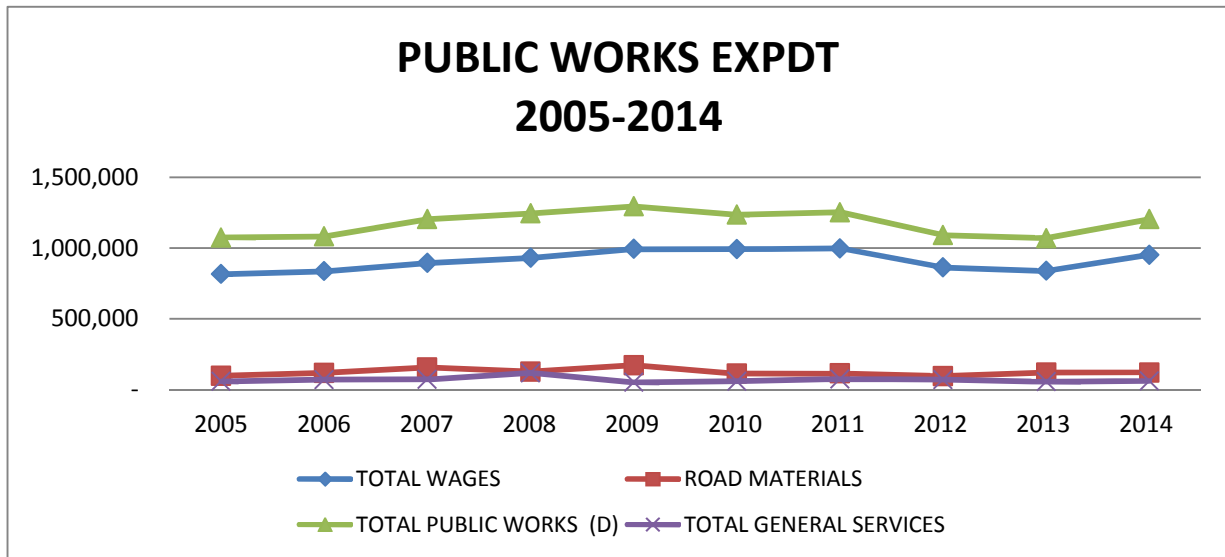
- Repeater for 2nd frequency \$2,143
- Installation of repeater and FCC Coordination \$1,000
- Second shared frequency VIA repeater \$ 500
- Weather Station \$3,500
- Cradepoint Router (for Tablets) \$ 249
- 911 Portables (in the event 9-1-1 system goes down) \$1,900
- Alert equipment & pagers for deputies \$ 800
- All-weather gear (clothing) for Coordinator & Deputies \$1,000
- Wi-fi for Police Unit #212 (Mobile Command Center) \$ 900
- Racks for Unit #215 (Police/EMC shared vehicle) for storage & organization \$1,000

Total Budget **increase \$3,300 or 16 %.**

CAPITAL BUDGET- The EMC has requested a trailer to be utilized for emergency situations. Cost-\$5,500

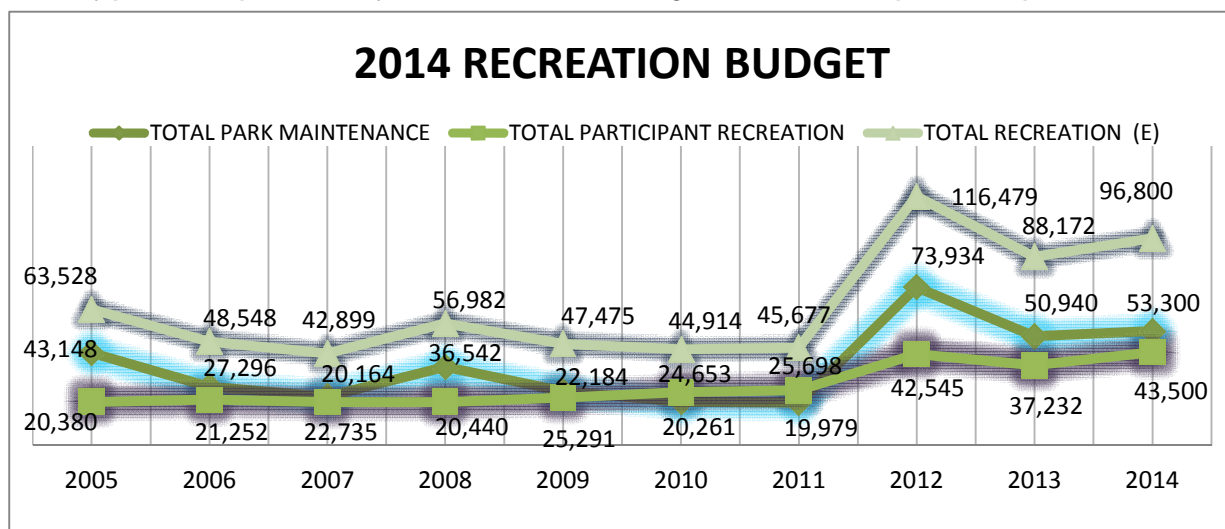
PUBLIC WORKS shows an appropriation of **\$1,204,101(18%)** of total GF Expenditures. Wages(**\$952,300**) comprise approx. 79% of the total department Budget. This represents a \$113,413 increase or 12% increase over projected 2013 levels. The department has been downsized by 4 full time employees due mostly to retirements. The Budget does not call for additional staff but increases existing wages by 3.75%. Additional funds have been budgeted for **safety related clothing (\$4,000)** and for **General Services(\$3,000)**. **Composting costs** are budgeted at \$12,000 an increase Of \$3,500 from 2013 projected levels. For **traffic**

controls signals, \$15,000 has been budgeted, up by \$3,500 from 2013. **Tools & Machinery** is budgeted at \$40,500, up \$5,100. **Streets and Bridges** account is funded at \$124,000, which includes **\$120,000** for road material for in-house street paving by the road crew.

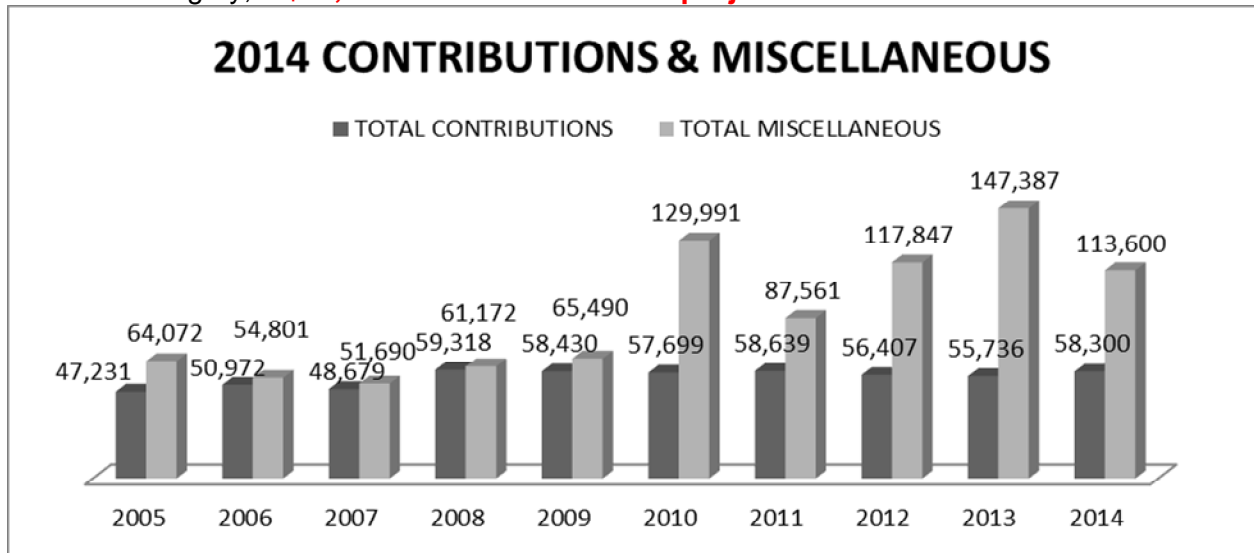


Contemplated to be repaved are approximately 14 streets (Maryland Ave; Yorkshire Rd (LPN to Bishop); Eisenhower Ave (Washington to Glick); Fire Ln; Ehrets Ln; Erney St; Tweed Ave; Maumee Ave; Cherokee St; John St; Hays St; Saucon Ave; Elinor St.). **CAPITAL BUDGET** for DPW includes a 1Ton Pickup Truck(**\$25,000**); Tandem Vibrator Roller(**\$18,000**); Street Sweeper(Gf-**\$75,000**-Highway Fund **\$100,000**); Maumee Ave-Erney St. Stormwater Project (**\$215,000**). Overall, the department budget has **increased by approx. \$133,402 or 12.5% from estimated 2013.**

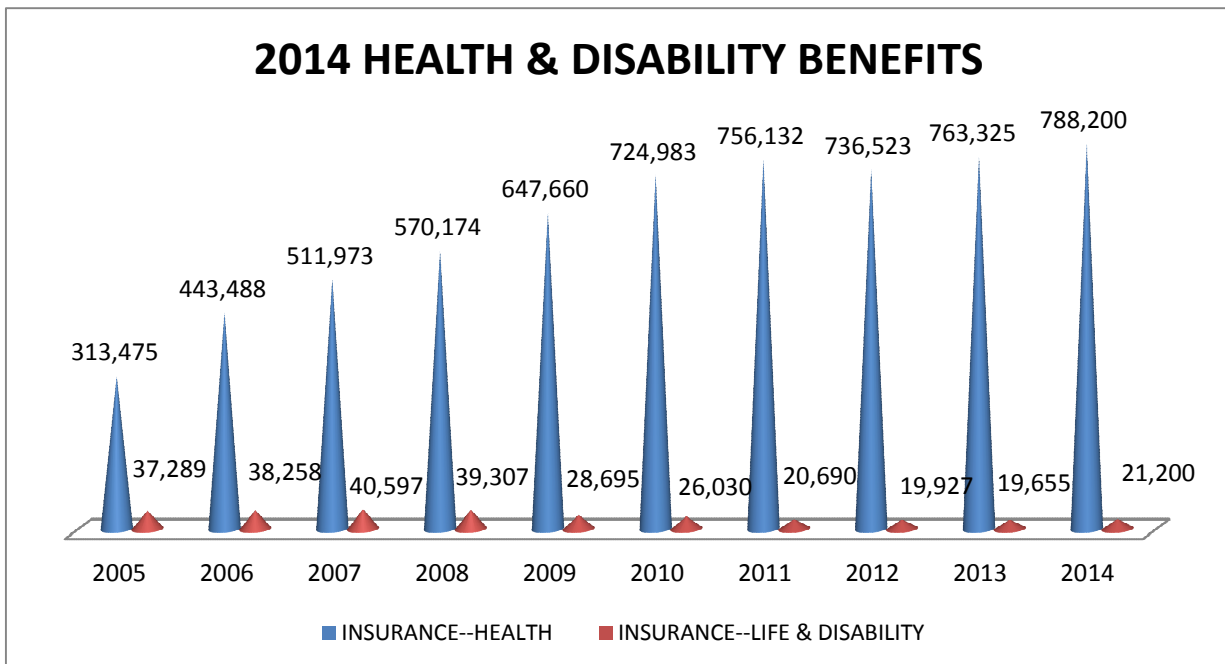
RECREATION shows an appropriation of **\$96,800**, an increase of **\$8,628 or 9.8% from 2013 levels.** Budget allocates **\$20,500** for **Facilities Maintenance(\$7,000)** and **Property maintenance(\$13,500).** **\$43,500** is budgeted to operate the summer playgrounds at Laubach Lindberg, Green Acres and Devonshire parks. Budgeted for next year are funds to continue treatment of the geese problem at Laubach Park. **\$20,000** has been budgeted for the Consultant URDC to finish bid specs and plans for the Lindberg Park Master Site Plan Phase I-(**Perimeter Trail**) completion. The **CAPITAL BUDGET** includes **\$21,800 for Park upgrades** that includes \$14,800 for repairs to the Farm Park structure and installation of a surveillance system at Laubach Park. The Township will also complete the first Phase of the Lindberg Master Site Plan by installing a perimeter trail in the Park. The cost is estimated at \$337,000 which is funded through a Green Future Fund Grant from Lehigh County(**\$160,000**) and a Key 93 C2P2 Grant through the PA DCNR(**\$177,000**).



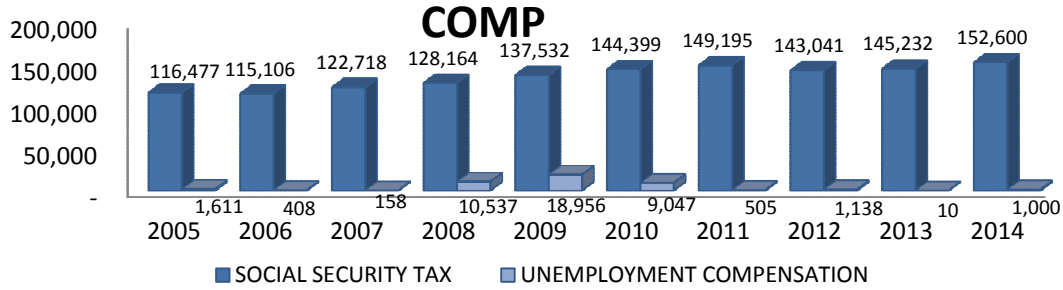
CONTRIBUTIONS & MISCELLANEOUS- Environmental Advisory Council expenses are expected to remain at 2013 budget levels(\$2,800). **Contributions** to various organizations such as WSFD , ESFD, Coalition on Affordable Housing, SYA LC Senior Citizens Center, LCDA Child Abuse Hamilton Park will remain at previous levels (**\$13,000**). Volunteer Incentives for both ESFD and WSFD are expected to remain at 2013 levels (**\$30,000**).Miscellaneous will decrease by **\$36,351 due to decreases in the principal for certain leases**. Total **\$113,600** for this category, a **\$33,787 decrease from 2013 projected or 23%**



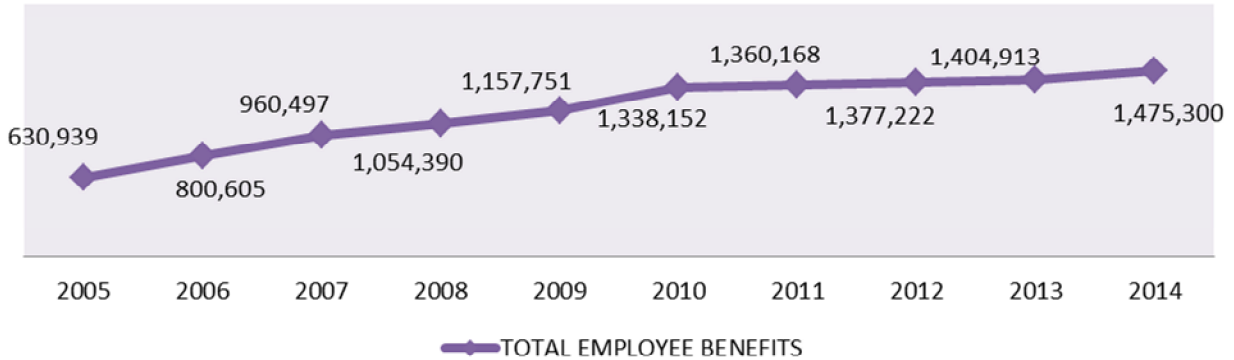
INSURANCE & BENEFITS- Salisbury Township participates in the Lehigh Valley Insurance Cooperative renamed the Penna Health Insurance Municipal Cooperative which has provided overall stability in our health rates. **Group Health Insurance** underwritten by Capital Blue Cross, is **expected to increase by \$24,000** or 3.26%. Total **Health Insurance(\$788,200)** and **Disability(\$21,200)** is **\$809,400**, Other **Insurance, commercial, property, police professional, crime, public officials, and Workers Compensation**, overall, will be maintained at 2013 levels(\$202,900) an increase of \$280 from 2013 levels. **Pension Costs**, however, have dramatically increased over the years. For 2014 the Township has allocated \$295,600 towards the Police Pension Plan and \$216,700 for the PMRS Non-Uniformed Pension Plan a total increase of \$35,609n from 2013.



2014 SOCIAL SECURITY & UNEMPLOYMENT



TOTAL EMPLOYEE BENEFITS



MINIMUM MUNICIPAL OBLIGATION

YEAR	2007	2008	2009	2010	2011*	2012	2013	2014
Police	\$97,960	\$108,413	\$129,610	219,168	222,757	229,677	262,000	295,573
Non Uniform	<u>\$222,726</u>	<u>\$235,472</u>	<u>\$232,498</u>	<u>261,615</u>	<u>257,757</u>	<u>266,244</u>	<u>261,819</u>	<u>264,322</u>
Total	\$320,686	\$343,885	\$362,108	480,783	480,042	495,921	523,819	559,895
State Aid	\$189,177	\$184,807	\$197,065	209,576	397,347*	250,328	252,483	250,000
Township	\$131,509	\$159,078	\$165,043	271,207	82,695	245,593	271,336	309,895

- **One Time aberration due to adjustment in calculation of state unit values**

STATE UNIT Values: Police count 2 units; Non Uniformed- 1 unit.

2014-3,310

2013-3,310(estimated)

2012-\$3,301

*2011-\$5,596

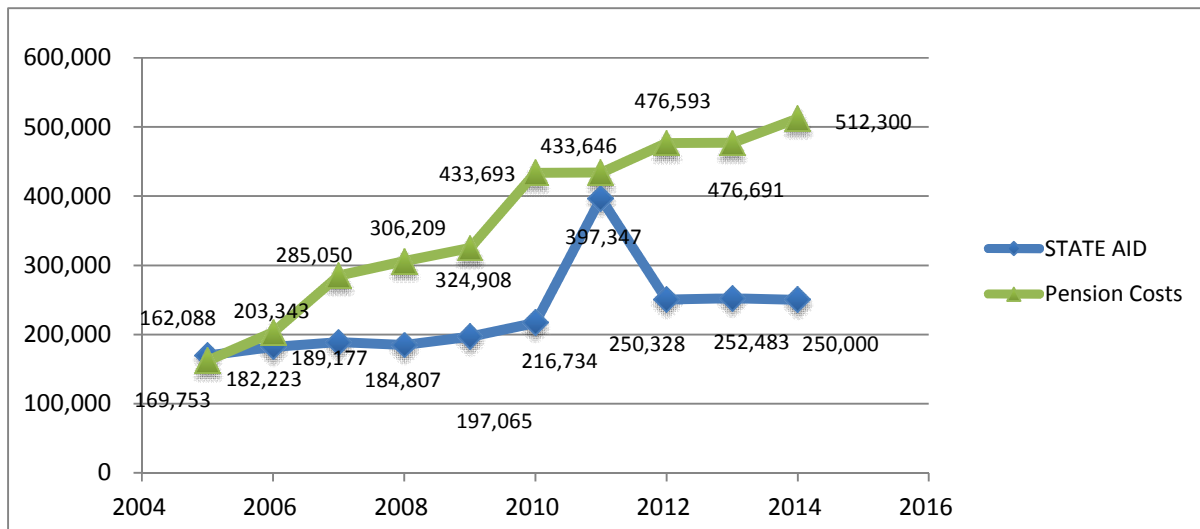
2010-\$3,234

2009-\$3,128

2008-\$3,186

2007-\$3,206

As you will note, the last year that the Township received enough State Aid to offset the total MMO of the respective Pension Plans was in **2005**. Since then the Township has contributed to the cost of the plans which have increased each year.



While State Aid has remained leveled over the 7 year period(except in 2011 which was a one-time anomaly), the Pension Costs have risen dramatically. Over the period, the cost of the Pension Plans combined has increased by \$164,810 or **125%**, while the subsidy from State Aid has only increased by \$38,323 or **29%**. By contract, employee contributions have been eliminated for PWD. Police only recently have commenced to shoulder some of the costs by contributing 1.54% of pay. Therefore, most of the cost (\$64,810) has been shouldered by the Township. Total budget increases from 2012 projected, **\$23,190 or 1.4%**.

INTERFUND TRANSFERS

The Township expects to transfers funds to offset expenses for the Fire Fund. Approximately \$58,500 is expected to be transferred in 2014. Also, \$249,800 will be transferred to our Capital Reserve Fund. Total budget **\$308,300. Increase of \$159,762 from 2013 levels or 107%**

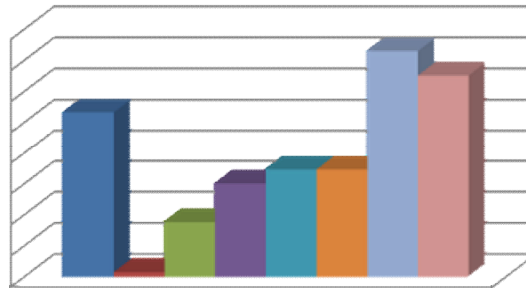
(03) FIRE PROTECTION FUND

Revenues/Expenditures

Total **Revenue** is expected to be **\$362,202. The majority or \$276,700 is** generated by the **0.20861 mills** Fire Tax and Interest and contributions Income(\$9,100). Other sources of revenue will be **\$89,502** transfer from the General Fund. On the **Expense** side \$151,700 is budgeted to offset operational expenses for the ESFD(\$57,900) and WSFD(\$67,800). The **Capital Budget** includes \$11,000 for bathroom upgrades for the ESFD Fire Station on Emmaus Avenue and \$20,000 towards repairs for one of their fire apparatus(20-41 or 20-21.

FIRE FUND

400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
-



	2014
■ TAXES	267,600
■ INTEREST & CONTRIBUTIONS	9,100
■ OTHER SOURCES	89,502
■ PUBLIC SAFETY	151,700
■ OTHER EXPENSE	174,702
■ INTERFUND TRANSFERS	174,702
■ TOTAL REVENUE	366,202
■ TOTAL OPERATING EXPENDITURES	327,102

Debt Service for the fire trucks is now paid directly from the Fire Fund and totals **\$42,500**.

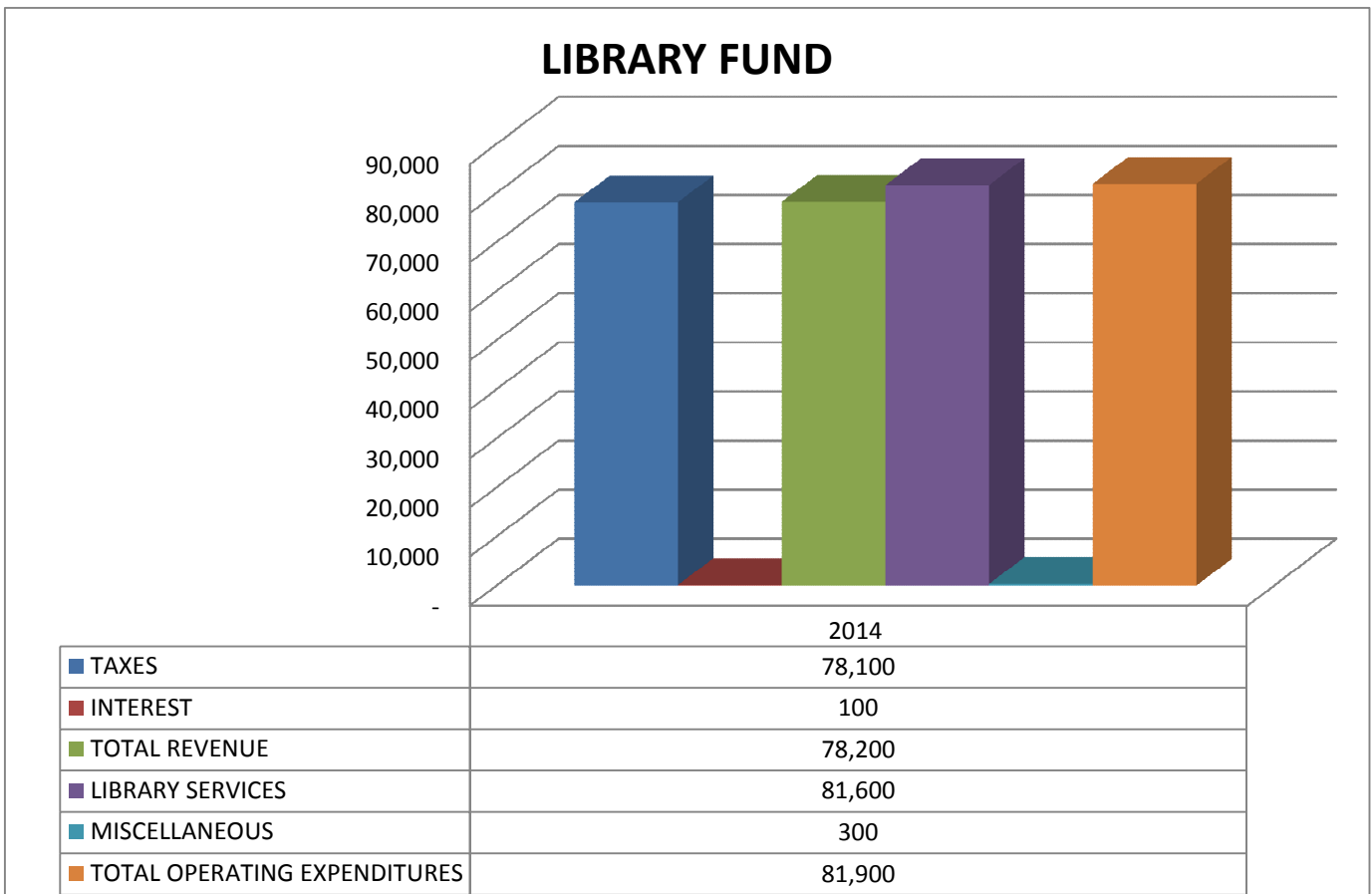
Debt Service Totals:

<u>ITEM</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
1999 Fire Truck(ESFD)	\$ 3,800	\$ 100
2005 Fire Truck(WSFD)	\$ 10,200	\$ 1,400
2008 Fire Truck(WSFD)	\$ 6,400	\$ 1,300
2009 Fire Truck(ESFD)	\$ 9,400	\$ 2,200
2013 Fire Pumper(ESFD)	\$ 5,800	\$ 1,900
<u>TOTAL</u>	<u>\$ 35,600</u>	<u>\$ 6,900</u>

(04) LIBRARY TAX FUND

Revenues/Expenditures

Revenues generated by the **0.06086** mill tax are projected to be \$78,100, plus interest of \$100. Total **\$78,200 Expenditures**, which are assessed by the Allentown Public Library, will total \$81,600. Miscellaneous- \$300. The Tax was initiated by referendum in 1993 and reaffirmed in 2013. In order to be repealed, it must be approved by the voters. However, no voter approval is necessary to increase the rate. **The current \$3,700 shortfall will be absorbed by the Fund Balance.**



(06) WATER FUND

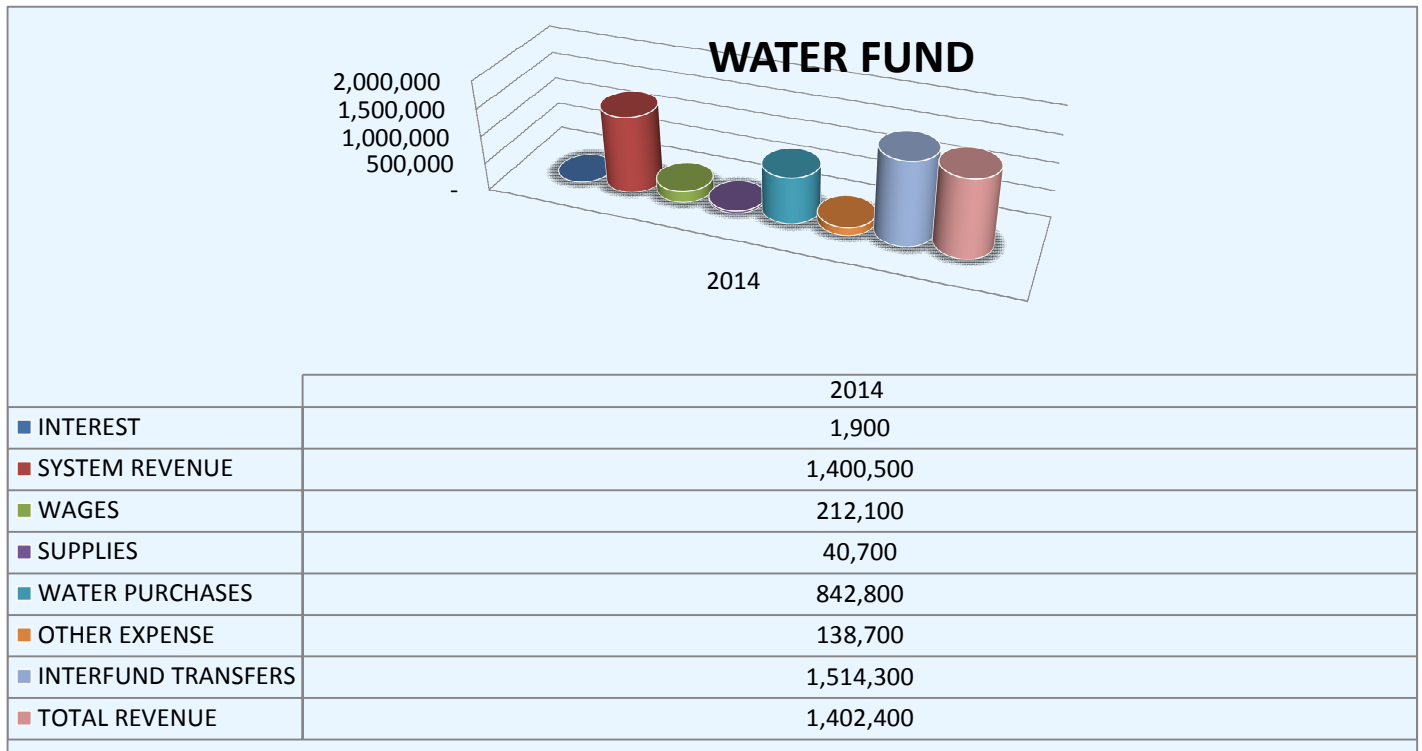
Revenues

The Township does not anticipate a water rate increase for the year 2014. Anticipated revenues for the year 2014 from property owners paying on metered water(\$1,400,000) and Interest Earned(\$1,900), Tapping Fees(\$500) is expected to bring in approx. **\$1,405,000**. An average consumption for a family consists of 100,000 gals/yr. Total yearly bill-\$492(Gross).

Expenditures

Total expenditures of the Water Fund are expected to be **\$1,514,300** including **\$830,000** for the purchase of water from the Allentown Authority; **\$4,300** from Bethlehem Authority; and **\$8,500** from SW Twp. Authority. Wages allocation is expected to run **\$212,100** Supplies(\$40,700), Services(\$62,800), Insurance(\$13,100) and Employee Benefits(\$116,800) and Miscellaneous/Leases(\$8,800) are expected to comprise the other \$138,700

expenses. Transfers to the General Fund in the amount of \$217,200 are also budgeted. **Capital Budget** includes \$10,000 for the cost/share of the municipal buildings upgrades and Edgemont Water Line replacement (\$225,000), Generator for Flexer Avenue PS (\$70,000), Correlator (\$40,000) and half towards the purchase of a new Truck(\$26,500) shared with the Sewer Fund. **The \$111,900 shortfall will be absorbed by the Fund Balance.**



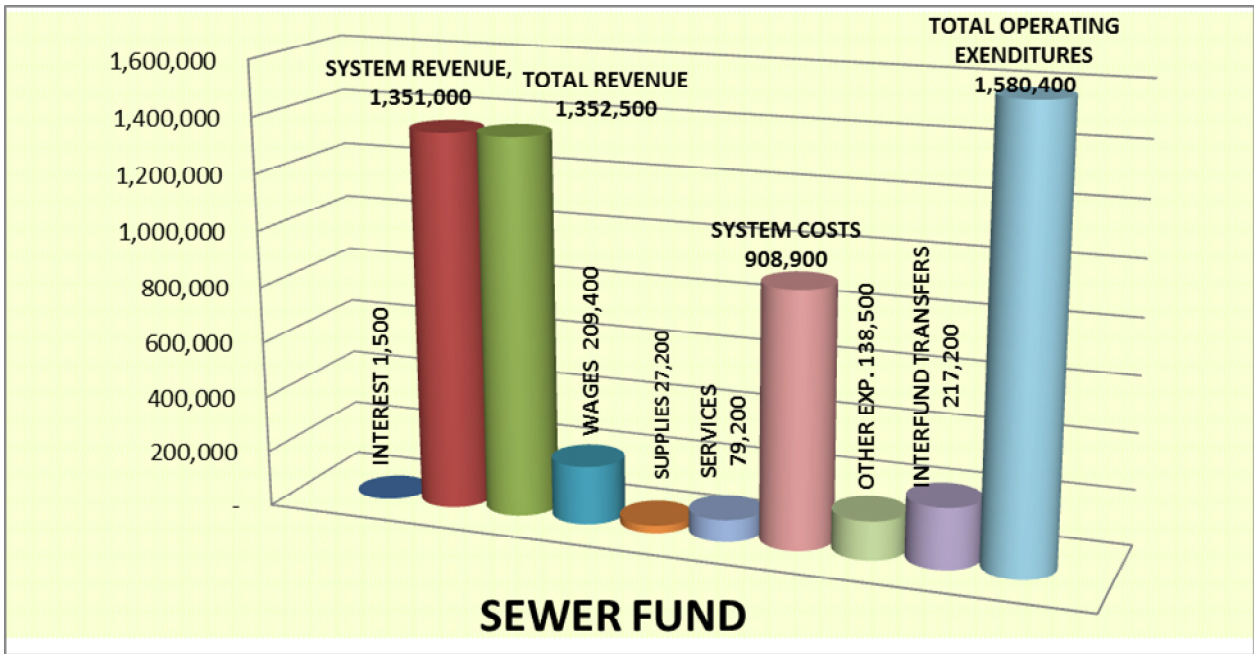
(08) SEWER FUND

Revenues

Revenues for 2014 are expected to be **\$1,352,500**, comprised of annual sewer charges of \$1,351,000 and Earned Interest of \$1,500 and Tapping Fees of \$1,000. Sewer Rates are expected to be maintained at 2013 levels.

Expenditures

Total Expenditures for 2014 are expected to be **\$1,580,400** including \$908,900 for system costs that include disposal costs to Allentown(\$600,000) and Bethlehem(\$186,000) costs, transmissions costs to Allentown(\$5,000) Fountain Hill(\$1,200), Emmaus(\$12,000), Lehigh County Authority(\$15,000), and South Whitehall Twp. (\$1,000). Other costs include Wages(\$209,400), Supplies (\$27,200) and Services(\$79,200) of which \$200,000 is set aside for I/I work. Employee Benefits(\$116,600) and Insurance(\$13,100) and Debt Service (\$82,700) make up the remaining expenses. **Capital Budget** includes \$10,000 for sharing in the cost of the municipal building system upgrades and \$26,250 for half of the cost for a new Truck. **The \$227,900 shortfall is expected to be absorbed by the Fund Balance.**

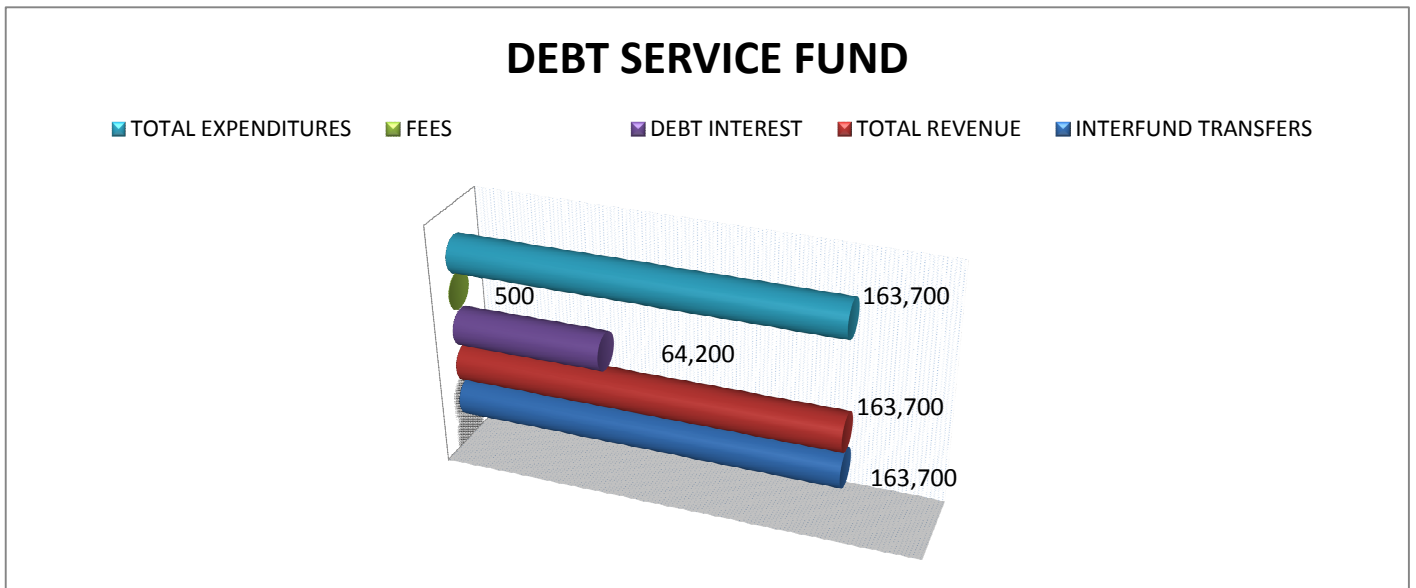


(20) DEBT SERVICE FUND

Revenues/Expenditures

All Revenues for this fund are simply transferred from the General Fund. Total \$163,700 Expenditures include:

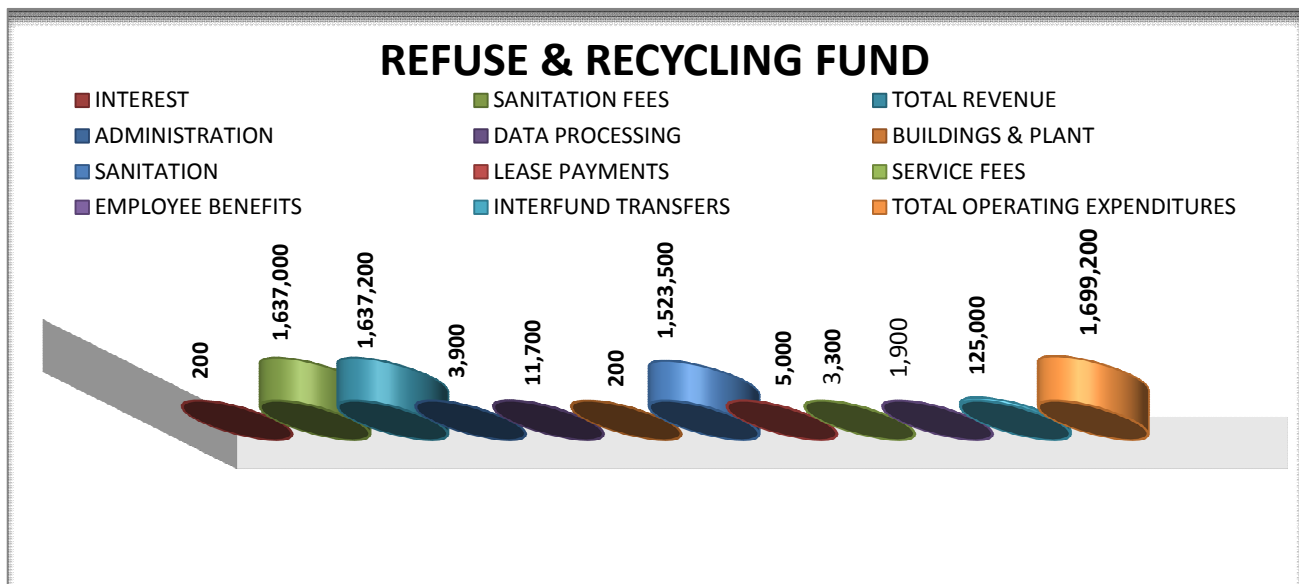
<u>ITEM</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2010 Bonds	\$99,500	\$64,300



(34) REFUSE & RECYCLING FUND

Revenues comprise both Sanitation fees(\$1,637,000) and Interest (\$200). On the Expense side \$1,699,200 is budgeted. \$1,523,500 is allocated to pay collection and disposal costs charged by our contractor, Waste Management, for both garbage and recycling. Other expenses include costs allocation of. The remaining expense is an interfund transfer to the General Fund(\$125,000). Rates are expected to remain at 2013 levels \$340.00 per year. **The \$62,000 shortfall is expected to be absorbed by the Fund Balance. Future charges will need to be monitored since the Fund Balance has dipped to 2% of expenses.**

In 2014 the Township will reach the final year of a six(6) year contract with Waste Management. Therefore the Township will need to prepare new bid specifications for the services.

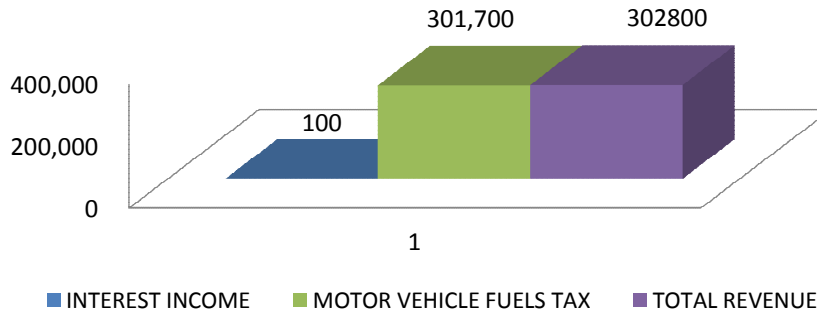


(35) HIGHWAY AID FUND

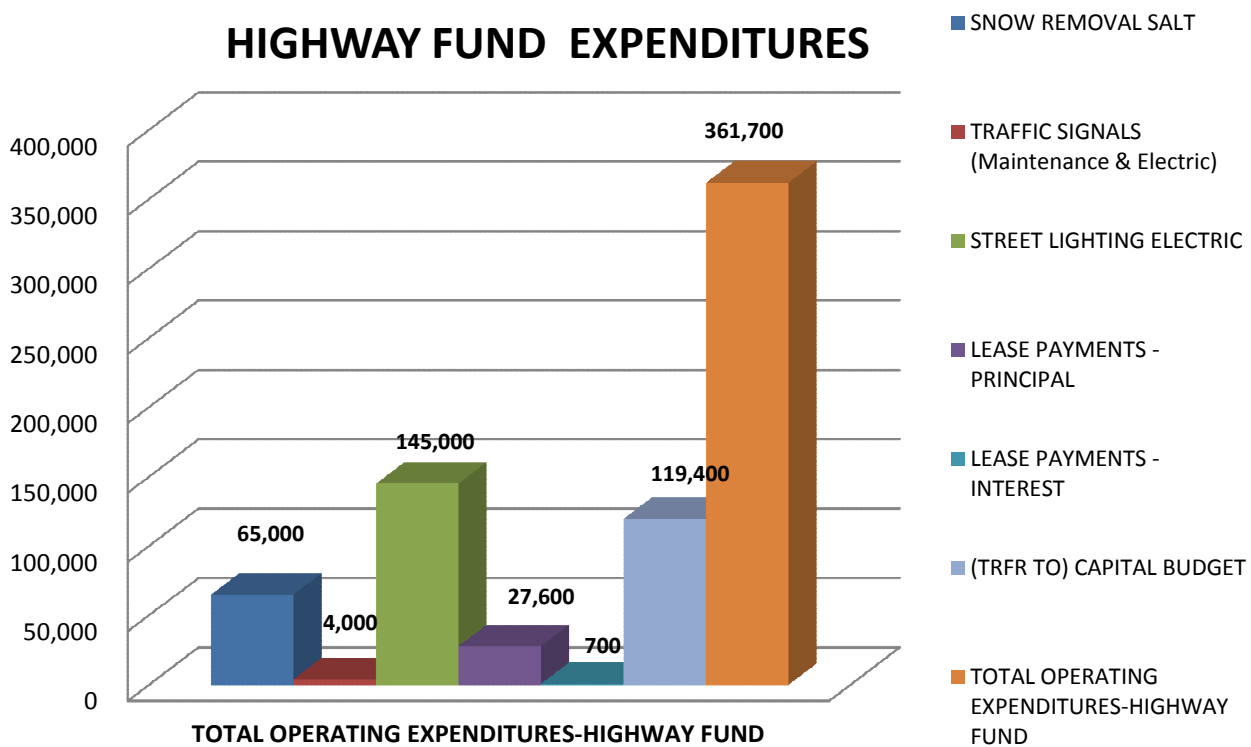
Revenues/Expenditures

Total Revenues \$302,900. The State Liquid Fuels 2014 allocation is estimated to be \$302,900. Interest is \$100. Total Expenditures will be \$361,700 including \$145,000 for street lighting, \$65,000 for road salt, cinders and de-icer, and \$4,000 for Traffic signal maintenance. Lease payments (\$28,300) and Interfund Transfers (\$119,400) comprise the remaining expenses. Capital Budget will include a \$100,000 allocation to help pay for the new Street Sweeper and \$19,400 for a backup generator for the Lehigh St/Regent Way traffic signal. This fund cannot be overspent.

HIGHWAY FUND REVENUES



HIGHWAY FUND EXPENDITURES



In conclusion, I would like to thank Ms. Cathy Bonaskiewich, Assistant Township Manager/Finance Director, for assisting me in the preparation of the Budget and the Department Heads for their contributions. I expect future Budget preparation to be a highly interactive process that takes place throughout the year. The Budget is merely a spending plan and cannot work unless it is scrutinized and reviewed periodically throughout the year. I would also like to thank the Board of Commissioners for their dedication to the citizens of Salisbury Township and for their ongoing support and leadership. Salisbury Township continues to be a wonderful community in which to live, work and visit.

Respectfully submitted,
Randy Soriano

Randy Soriano
 Township Manager