**Borough of Milford**

**Commonwealth of Pennsylvania**



12/01/2020

Dear Milford Borough Taxpayers:

Subject: **2021 Budget Message**

We hope everyone had a lovely Thanksgiving holiday this year. This message is to summarize for you our 2021 budget which was available for review between 11/17/2020 and 12/1/2020 and was then approved on 12/1/20 by your Borough Council.

The council set the mill rate at 48.1 mills. That is an increase of 2 mills, based on your approval of a referendum increasing our budget by 2 mills to support ambulance service. We are grateful for your support to our Emergency Services personnel. Prior to the ambulance vote, the mill rate had been 46.1 mills for over a decade.

Below is information about your property taxes, how they are determined and how Milford Borough spends what is paid in property tax to the Borough. The data is as of July 2020.

**What is the millage rate?**

A millage rate, also known as a mill rate, is used to determine how much a property owner owes in property taxes.

One mill is equal to 0.1% of your property’s assessment. To determine the portion of your property tax that is for the Borough, you take your taxable assessed value x.001 x mill rate = **Borough property tax**.

**How do I find out what my property’s assessment is?**

The assessed value is noted on your property tax bill and can also be [found online](https://www.pikepa.org/gistax) at Pike County’s GIS system which includes every property in the county.

The total assessment of all 555 taxable parcels in Milford Borough is $20,449,020, with an average of $36,845. The average includes commercial properties, so the assessment on most single-family homes in the Borough is below the average.

There are another 50 parcels in the Borough that comprise an additional $3,073,230 of assessed value that are tax-exempt. These “exempt” parcels include churches, government buildings and others. Since we are the Pike County seat, we have a disproportionate share of exempt properties.

Milford Borough has the second lowest taxable assessed value of all thirteen municipalities in Pike County, only rural Porter Township is lower. Because the Borough is relatively small, has many exempt properties, and provides a higher level of services than most other municipalities in the county, our millage rate is higher than many of our neighbors.

**How is the assessment determined?**

Properties in Pike County are assessed at 25% of the estimated 1994 fair market value of the property. Pike County has not had a reassessment since 1994, except for properties that are improved, subdivided or combined. Reassessment is typically undertaken by the county, as it is a costly process.

**Other Property Taxes**

Property taxes are paid twice a year, the County and Borough taxes in the spring and the School District taxes in the fall. Please see the summary of mill rates charged in 2020 and a pie chart below that breaks out the percentages of each. As you can see, Milford Borough taxes represent only one-quarter of your total real estate property tax bill.

|  |  |
| --- | --- |
| **Taxing Authority** | **2020 Mill Rates** |
| Pike County | 21.24 |
| Milford Borough | 46.10 |
| Delaware Valley School District | 113.85 |
| **Total** | **181.19** |

**How is the Borough property tax spent?**

The Borough’s 48.1 millage rate is broken down, by the state municipal code, into individual components as follows:

|  |  |
| --- | --- |
| **Budget Category** | **2021 Mills** |
| General Fund\* | 35 |
| Debt Service | 1.6 |
| Fire Department | 1.7 |
| Street Improvements | 4.4 |
| Shade Tree Commission | 0.1 |
| Recreation and Parks | 0.8 |
| Streetlights | 1 |
| Pension | 0.5 |
| Utilities | 1 |
| Emergency Services | 2 |
| **Total Mills** | **48.1** |

As you can see from the above the General Fund is the largest component of our budget at 35 mills. The statutory maximum set by the legislature for a general fund is 30 mills. To exceed that statutory limit, the Borough is required to petition the Court of Common Pleas each year and can be allowed an additional 5 mills. The Borough has petitioned the Court annually for this for many, many years.

The earmarked millage rates, for debt service, the fire department, street improvements, Shade Tree Commission, recreation and parks, streetlights, pensions, utilities, and now emergency services (ambulance) are largely self-explanatory. The Council is not allowed by law to take the tax revenue earmarked for any of these purposes and spend it elsewhere.

**General Fund\***

Where the Council’s spending is more discretionary is with our General Fund. On the revenue side and based upon the 35 mills, we expect to raise a total of $676,711 in property taxes after subtracting a small percentage for uncollected taxes. In addition, we collect taxes called real estate transfer taxes on the sale of any real property here in the Borough for which we estimate to collect $25,000 in 2021. We also enacted a Local Services Tax for which we estimate we will collect $15,000. There are other fees, collections of prior year taxes, charges to neighboring municipalities for fire service insurance, fines, permits and other charges, such as our police department providing security to Grey Towers. The total of all revenue in our general fund is estimated to amount to $917,619 in 2021.

So where does all this money go? Well, all the things you see each and every day you are in town needed to keep the Borough running, keep our citizens safe and provide essential services. Since we are not like the federal government, we are required to balance our budget each year and as a result our expenses cannot exceed our revenue. Let us break those expenses down by category in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Expense Category** | **Amount** | **Percentage** | **Further Description** |
| General Government | $231,442 | 25 | Financial Administration, Insurance, Office Salaries, Tax Collector, Legal Fees, Engineering Fees |
| Public Safety  | 359,756 | 39 | 24-hour, 7 day a week police coverage |
| Fire | 19,200 | 2 | Insurance only-EMS included in separate mill rate |
| Planning, Zoning, Building | 26,482 | 3 | Fees, salaries and expenses |
| Trash collection, Sewage Enforcement | 69,200 | 8 | Tipping fees, salaries, fuel, maintenance |
| Public Works, Roads | 149,228 | 16 | Salaries and benefits, fuel, supplies, yard waste pickup, snow removal |
| Other Insurance, Fees | 62,311 | 7 | Workmen’s Comp, Unemployment Insurance, etc. |
| **Total Expenses**  | **$917,619** | **100** |  |

Your Borough Council has worked extremely hard this year in identifying new sources of revenue and ways to cut expenses. A committee of three council members and four members of the community have worked diligently since the beginning of this year reviewing each line item of our 2020 budget and actual expenses at regular monthly meetings to include meeting with heads of different budget components. As a result of this review we were able to reduce certain insurance expenses and obtain new sources of revenue. We applied for and received two grants from the Pike Forward Covid-19 grants programs totaling $114,695.00 for ambulance services and $22,035.72 for other Borough expenses related to the pandemic.

Milford Borough, while being the second poorest municipality within Pike County in terms of taxable assessed value, provides more services than any surrounding municipality for the lowest cost. We believe the value of what the Borough provides is second to none. We have been fortunate to be able to manage our current expenses and provide the quality and number of services we offer while keeping our general budget mill rate at 35 mills. Unfortunately, and due to rising expenses, such as insurance, payroll, benefits and others this trend may not continue. We will be faced with either cutting services or raising taxes in the near future. We welcome your input as to how you would like us to proceed as we move forward in our goal to provide you, the Taxpayers of Milford Borough, with quality and efficient services.

Sincerely,

The Milford Borough Council and Mayor Sean Strub

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