

# Borough of Milford

## Commonwealth of Pennsylvania



12/15/2021

Dear Milford Borough Taxpayers:

**DRAFT**

Subject: **2022 Budget Message**

We hope everyone has a lovely holiday season this year. This message is to summarize for you our 2022 budget which was available for review between 11/5/2021 and 11/14/21 and was then approved on 11/16/21 by your Borough Council.

The council set our 2022 mill rate at 43.1 mills. This is a decrease of 5 mills which we were able accomplish based on an ordinance passed this year imposing an Earned Income Tax (EIT) for which we estimated the collection of \$200,000 in tax during 2022. The EIT is a one percent tax on earned income which includes wages or net earnings from self-employment. There is no EIT on any retirement income to include social security, IRA or 401K withdrawals, pension income or any other "unearned income". Due to the EIT we will now have \$100,000 in extra general fund revenue, after reducing property taxes in 2022, which will enable the Boro to raise police salaries, provide for matching grants, provide for capital improvements and so many other services each Boro resident sees every day.

Below is information about your property taxes, how they are determined and how Milford Borough spends what is paid in property and other taxes. Most of the data below is from January 2021.

### **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](#) at Pike County's GIS system which includes every property in the county.

The total assessment of all 559 taxable parcels in Milford Borough is \$20,568,800 with an average Taxable Assessed Value (TAV) of \$36,796. The average includes commercial properties, so the assessment on most single-family homes in the Borough is below the average. For the average assessment (\$36,796) the 5mil or 10% reduction in property taxes would equal \$184.00 in reduced Boro property taxes per year. Every property is assessed at a different amount and the

way you can calculate your individual reduction is to take your TAV x .001 x 5mills. The highest Residential TAV in the Boro amounts to \$101,090 so this residential property owner will see a \$505 reduction in property taxes each year. The lowest Residential TAV in Milford Boro amounts to \$10,150 for which this residential property owner will see a \$51 reduction in property taxes paid to the Boro. The commercial property owners will more than likely see higher reductions in their individual tax bills due to the 10% drop simply because their properties are normally assessed at higher amounts.

There are another approximately 50 parcels in the Borough 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, approximately 14% of our overall assessed value. Milford Borough has the second lowest TAV 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.

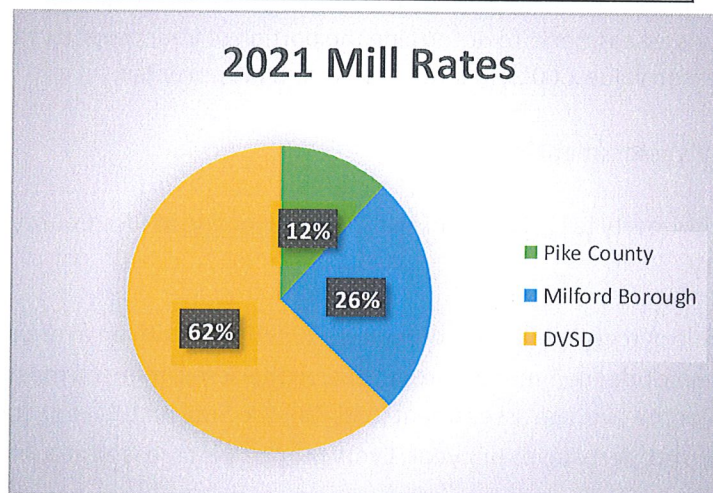
**How is the assessment determined?**

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 2021 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.

<b>Taxing Authority</b>	<b>2021 Mill Rates</b>
Pike County	21.24
Milford Borough	48.10
Delaware Valley School District	113.85
<b>Total</b>	<b>183.19</b>





## How is the Borough property tax spent?

The Borough's 43.1 millage rate for 2022 is broken down, by the state municipal code, into individual components as follows:

<u>Budget Category</u>	<u>2022 Mills</u>
General Fund*	30.0
Debt Service	2.2
Fire Department	1.1
Street Improvements	4.0
Shade Tree Commission	0.1
Recreation and Parks	0.8
Streetlights	1.9
Pension	0.5
Utilities	0.5
Emergency Services	2
<b>Total Mills</b>	<b>43.1</b>

As you can see from the above, the General Fund is the largest component of our budget at 30 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 had petitioned the Court annually for this for many, many years but due to the enactment of an EIT we were able to lower our General Fund millage rate to 30 mills and we will not need to seek court approval for higher property taxes.

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 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 within our General Fund. On the revenue side and based upon the 30 mills, we expect to raise a total of \$583,680 in property taxes in 2022 after subtracting a small percentage for uncollected taxes. This is a decrease from property taxes budgeted during 2021 in the amount of \$93,031 due to the 5 mill reduction in 2022 property 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 2022. We anticipate collecting \$215,000 in EIT and Local Services taxes in 2022. We also budgeted for \$51,393 in America Rescue Plan funds we anticipate receiving in 2022. 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 collected in our general fund is estimated to amount to \$1,041,173 an increase of \$123,554 from 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	\$234,038	22	Financial Administration, Insurance, Office Salaries, Tax Collector, Legal Fees, Engineering Fees
Public Safety	491,289	47	24-hour, 7 day a week police coverage. 2022 budget includes \$48k for a new police vehicle.
Fire	19,330	2	Insurance only-EMS included in separate mill rate
Planning, Zoning, Building	26,148	3	Fees, salaries, and expenses
Trash collection, Sewage Enforcement	67,300	6	Tipping fees, salaries, fuel, maintenance
Public Works, Roads	152,560	15	Salaries and benefits, fuel, supplies, yard waste pickup, snow removal
Other Insurance, Fees	50,508	5	Workmen's Comp, Unemployment Insurance, etc.
<b>Total Expenses</b>	<b>\$1,041,173</b>	<b>100</b>	

Your Borough Council continues to look for new sources of revenue and ways to cut expenses. A grants committee was formed this year and will be very active in 2022 researching grants now that we have the funds available for matching grants. We applied for an LSA grant to enable us to fund capital improvements at our Borough Office building. We are currently leasing the old Borough Office building on Catharine Street for a nominal rent but for which the tenant is responsible for all capital improvements. We are researching the purchase of electric vehicles for our police department to minimize repair and fuel costs.

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 welcome your input as we move forward in our goal to provide you, the Taxpayers of Milford Borough, with quality and efficient services.

Sincerely,

Frank Tarquinio, President  
Milford Borough Council