

**FINANCIAL ANALYSIS**

**Introduction**

This section evaluates the recent financial information of Blooming Grove Township to identify trends, strengths and weaknesses, and to assess overall financial condition. Financial information was obtained from municipal audit reports and the Pennsylvania Department of Community and Economic Development.

**Taxing Authority**

The Pennsylvania Second Class Township Code and the Borough Code establish the maximum rate for real estate taxes which may be levied, setting the maximum annual rate at fourteen mills for townships and thirty mills for boroughs. Upon approval of the County Court, a township or borough may increase the millage as much as five mills for general purposes to meet the needs of an approved budget.

The Codes also permit townships and boroughs to assess additional real estate tax millage for special purposes such as fire protection, municipal building construction, road maintenance equipment, recreation and street lighting. Municipalities in Pennsylvania are also authorized, under the Local Tax Enabling Act (Act 511), to levy a number of other taxes including income, per capita, mercantile license, business privilege, amusement, occupation privilege, occupation, and mechanical devices. (See the following *Township Tax Sources Sidebar* and *Borough Tax Sources Sidebar*.)

**A Note About Millage**  
 One mill equals 1/1000th of one dollar. The amount of the real estate tax is determined by multiplying the assessed value by the millage and dividing by 1,000.

| <b>TAX RATES IN PIKE COUNTY</b> |                      |                      |                   |             |           |           |           |             |
|---------------------------------|----------------------|----------------------|-------------------|-------------|-----------|-----------|-----------|-------------|
| <b>AUGUST 2007</b>              |                      |                      |                   |             |           |           |           |             |
| (Pike County Assessment Office) |                      |                      |                   |             |           |           |           |             |
|                                 | # Taxable<br>Parcels | Assessed<br>Value    | Average<br>Parcel | Millage     |           |           |           |             |
|                                 |                      |                      |                   | General     | Fire      | Other     | Debt      | Total       |
| <b>Blooming Grove</b>           | <b>5,057</b>         | <b>\$122,099,880</b> | <b>\$24,145</b>   | <b>0.80</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>0.80</b> |
| Delaware                        | 8,016                | \$102,406,000        | \$12,775          | 9.68        | 1.50      | --        | --        | 11.18       |
| Dingman                         | 9,644                | \$159,894,990        | \$16,580          | 5.00        | --        | --        | --        | 5.00        |
| Greene                          | 5,064                | \$65,283,980         | \$12,892          | 3.00        | --        | --        | --        | 3.00        |
| Lackawaxen                      | 8,432                | \$137,565,940        | \$16,315          | 5.00        | 2.00      | 1.50*     | --        | 8.50        |
| Lehman                          | 10,301               | \$175,449,550        | \$17,032          | 2.00        | 1.00      | --        | --        | 3.00        |
| Matamoras                       | 962                  | \$20,142,410         | \$20,938          | 30.00       | 3.00      | 5.00**    | 3.10      | 41.10       |
| Milford Boro                    | 556                  | \$20,219,520         | \$36,366          | 34.00       | --        | --        | --        | 34.00       |
| Milford Twp                     | 914                  | \$29,086,890         | \$31,824          | 8.00        | --        | --        | --        | 8.00        |
| Palmyra                         | 5,847                | \$121,021,455        | \$20,698          | 2.10        | --        | --        | --        | 2.10        |
| Porter                          | 1,108                | \$16,112,680         | \$14,542          | 0.75        | --        | --        | --        | 0.75        |
| Shohola                         | 4,856                | \$44,812,030         | \$9,228           | 8.00        | 1.75      | --        | --        | 9.75        |
| Westfall                        | 1,341                | \$41,657,320         | \$31,064          | 20.48       | --        | --        | --        | 20.48       |
| Pike County                     | 62,098               | \$1,055,752,645      | \$17,001          | 13.17       | --        | --        | 2.00      | 15.17       |

\*Ambulance \*\*Lighting/Streets/Recreation

## Second Class Townships

| Potential Tax Sources                                  | Legal Limit <sup>1</sup>   | Citation             |
|--|--|----------------------|
| <b>GENERAL PURPOSE TAX LEVIES</b>                      |  |                      |
| Real Estate  | 14 mills <sup>2</sup>  | 53 P.S. 68205        |
| Act 511 Taxes  |  | 53 P.S. 6901         |
| Per Capita   | \$10 <sup>3</sup>  |                      |
| Occupation (Flat Rate)                                 | \$10 <sup>3</sup>  |                      |
| Occupation (Millage)                                   | no limit   |                      |
| Occupational Privilege                                 | \$10 <sup>3</sup>  |                      |
| Earned Income  | 1 percent <sup>3</sup>   |                      |
| Realty Transfer  | 1 percent <sup>3</sup>   |                      |
| Mechanical Devices                                     | 10 percent <sup>3</sup>  |                      |
| Amusement <sup>4</sup>                                 | 10 percent <sup>3</sup>  |                      |
| Business Gross Receipts <sup>5</sup>                   | 1 mill wholesale <sup>3</sup><br>1½ mills retail <sup>3</sup><br>no limit other businesses |                      |
| <b>SPECIAL PURPOSE TAXES</b>                           |  |                      |
| Municipal Building                                     | ½ general rate   | 53 P.S. 68205        |
| Firehouses and Equipment                               | 3 mills <sup>6</sup>   | 53 P.S. 68205        |
| Recreation   | no limit   | 53 P.S. 68205        |
| Debt Service   | no limit   | 53 P.S. 68205        |
| Permanent Improvement Fund                             | 5 mills  | 53 P.S. 68205        |
| Road Machinery Fund                                    | 2 mills  | 53 P.S. 68205        |
| Library  | no limit   | 24 P.S. 4401         |
| Ambulance and Rescue Squads                            | ½ mill <sup>6</sup>  | 53 P.S. 68205        |
| Fire Hydrants for Township                             | 2 mills  | 53 P.S. 68205        |
| Street Lights for Township                             | 5 mills  | 53 P.S. 68205        |
| Debt Payment <sup>7</sup>                              | no limit   | 53 P.S. 68205        |
| Open Space (real estate or earned income) <sup>8</sup> | set by voters  | 32 P.S. 5007.1       |
| Community Colleges                                     | (9)  | 24 P.S. 19-1909-A    |
| Distressed Pension System Recovery Program             | no limit   | 53 P.S. 895.607(f)   |
| Municipalities Financial Recovery Program <sup>7</sup> | no limit   | 53 P.S. 11701.123(c) |

1. Home rule townships may set rates higher than the limits provided in state law for property taxes and for personal taxes levied on residents. They may not create new subjects of taxation
2. Five additional mills available with court approval.
3. Maximum rate subject to sharing with school district.
4. For taxes first levied after December 31, 1997, maximum rate is 5 percent.
5. Only if enacted before December 1, 1988.
6. Higher rate may be approved by voters in referendum.
7. Levied only on court order.
8. Requires approval of voters in referendum.
9. Local sponsors may levy any tax permitted by law to support a community college. Revenues from the tax cannot exceed 5 mills of the market value of real estate.

Township Tax Sources (PA Department of Community and Economic Development, *Taxation Manual*)

**Boroughs**

| Potential Tax Sources                                   | Legal Limit <sup>1</sup>  | Citation                    |
|---|---|-----------------------------|
| <b>GENERAL PURPOSE TAX LEVIES</b>                       |   |                             |
| Real Estate *   | 30 mills <sup>2</sup>   | 53 P.S. 46302               |
| Occupation  | 30 mills <sup>2</sup>   | 53 P.S. 46302               |
| Act 511 Taxes*  |   | 53 P.S. 6901                |
| Per Capita  | \$10 <sup>3</sup>   |                             |
| Occupation (Flat Rate)                                  | \$10 <sup>3</sup>   |                             |
| Occupation (Millage)                                    | no limit  |                             |
| Occupational Privilege                                  | \$10 <sup>3</sup>   |                             |
| Earned Income   | 1 percent <sup>3</sup>  |                             |
| Realty Transfer   | 1 percent <sup>3</sup>  |                             |
| Mechanical Devices                                      | 10 percent <sup>3</sup>   |                             |
| Amusement <sup>4</sup>                                  | 10 percent <sup>3</sup>   |                             |
| Business Gross Receipts <sup>5</sup>                    | 1 mill wholesale <sup>3</sup><br>1½ mill retail <sup>3</sup><br>no limit other businesses |                             |
| <b>SPECIAL PURPOSE TAXES</b>                            |   |                             |
| Debt Service*   | no limit  | 53 P.S. 46302               |
| Pensions and Retirement*                                | ½ mill  | 53 P.S. 46302               |
| Shade Trees*  | 1/10 mills  | 53 P.S. 46302, 47729        |
| Street Lighting*  | 8 mills   | 53 P.S. 46302               |
| Library*  | no limit  | 24 P.S. 4401, 53 P.S. 46302 |
| Special Road Fund                                       | 5 mills   | 53 P.S. 46304               |
| Recreation*   | no limit  | 53 P.S. 47712               |
| Fire Equipment & Firehouses                             | 3 mills <sup>6</sup>  | 53 P.S. 46302, 49235        |
| Gas, Water, Electric Light <sup>7</sup>                 | 8 mills   | 53 P.S. 46302, 49231        |
| Firehouse, Lockup or Municipal Building <sup>7</sup>    | 2 mills   | 53 P.S. 46302, 49241        |
| Community College*                                      | (8)   | 24 P.S. 19-1909-A           |
| Debt Payment <sup>9</sup>                               | no limit  | 53 P.S. 46303               |
| Ambulance and Rescue Squads                             | ½ mill <sup>6</sup>   | 53 P.S. 46302               |
| Open Space (real estate or earned income) <sup>7*</sup> | set by voters   | 32 P.S. 5007.1              |
| Distressed Pension System Recovery Program*             | no limit  | 53 P.S. 895.607(f)          |
| Municipalities Financial Recovery Program <sup>9*</sup> | no limit  | 53 P.S. 11701.123(c)        |

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3. Maximum rate subject to sharing with school district.
4. For taxes first levied after December 31, 1997, maximum rate is 5 percent
5. Only if enacted before December 1, 1988.
6. Higher rate may be approved by voters in referendum.
7. Must be approved by voters in referendum.
8. Local sponsors may levy any tax permitted by law to support a community college. Revenues from the tax cannot exceed 5 mills of the market value of real estate.
9. Levied only on court order.

\*These taxes are also authorized for the incorporated town of Bloomsburg, 1972, P.L. 1441, No. 320.

Borough Tax Sources (PA Department of Community and Economic Development, *Taxation Manual*)

| ASSESSED VALUATION INCREASES<br>(Pennsylvania Department of Community and Economic Development and Pike County Assessment Office) |                        |                        |                        |                        |                                  |
|---|------------------------|------------------------|------------------------|------------------------|----------------------------------|
|   | 2000<br>Assessed Value | 2005<br>Assessed Value | 2007<br>Assessed Value | 2005 -2007<br>Increase | Per Mill Tax<br>Receipt Increase |
| <b>Blooming Grove</b>   | <b>\$101,551,240</b>   | <b>\$114,219,730</b>   | <b>\$122,099,880</b>   | <b>\$7,880,150</b>     | <b>\$7,880</b>                   |
| Delaware  | \$82,820,200           | \$93,429,820           | \$102,406,000          | \$8,976,180            | \$8,976                          |
| Dingman   | \$118,461,030          | \$143,313,090          | \$159,894,990          | \$16,581,900           | \$16,582                         |
| Greene  | \$59,561,730           | \$63,149,800           | \$65,283,980           | \$2,134,180            | \$2,134                          |
| Lackawaxen  | \$111,054,800          | \$122,332,170          | \$137,565,940          | \$15,233,770           | \$15,234                         |
| Lehman  | \$147,617,060          | \$158,751,910          | \$175,449,550          | \$16,697,640           | \$16,698                         |
| Matamoras   | \$19,043,290           | \$19,654,790           | \$20,142,410           | \$487,620              | \$488                            |
| Milford Boro  | \$19,043,290           | \$19,952,320           | \$20,219,520           | \$267,200              | \$267                            |
| Milford Twp   | \$23,427,440           | \$27,059,510           | \$29,086,890           | \$2,027,380            | \$2,027                          |
| Palmyra   | \$103,921,680          | \$104,112,900          | \$121,021,455          | \$16,908,555           | \$16,909                         |
| Porter  | \$0                    | \$15,244,750           | \$16,112,680           | \$867,930              | \$868                            |
| Shohola   | \$39,053,840           | \$42,020,580           | \$44,812,030           | \$2,791,450            | \$2,791                          |
| Westfall  | \$33,709,630           | \$37,420,590           | \$41,657,320           | \$4,236,730            | \$4,237                          |
| Pike County   | \$859,267,230          | \$960,663,965          | \$1,055,752,645        | \$95,088,680           | \$95,089                         |

The *Tax Rates in Pike County Table* shows the types and rates of real estate taxes collected by the municipalities in Pike County in 2007. Millages for the townships taxing real estate in Pike County range from a low of 0.75 mills in Porter Township to a high of almost 20.5 mills in Westfall Township. The highest local municipal real estate tax rate in the County is in Matamoras Borough at 41.1 mills. Borough tax rates are typically higher than townships given the limited potential for increases in assessed valuation to meet increasing municipal costs. Most townships can rely on a higher base assessed valuation, and with more vacant land, the additional tax revenue generated by new development and construction, to offset some of the tax increases needed to meet escalating costs. See the *Assessed Valuation Increases Table* which clearly shows this effect in Matamoras Borough and Milford Borough. As costs of local government increase, the two Boroughs will clearly need to address the shortfall of increased revenues from a relatively fixed assessed valuation base.

All municipalities in the County assess the 0.5 percent realty transfer tax as authorized by Act 511. In Blooming Grove Township, the substantial real estate transfer tax receipts, coupled with the increasing

assessed valuation and efficient municipal operations, has enabled the Board of Supervisors to maintain the 0.8 millage rate for many years.

Porter Township and Lehman Township are the only municipalities which assess other Act 511 taxes; Lehman assessing both the earned income tax and occupational privilege tax, and Porter the earned income tax. The County real estate tax rate in 2007 was 15.17 mills and the Wallenpaupack Area School District was 61.28 mills. The School District also collects a 0.5 percent realty transfer tax.

In addition to the local tax funds, municipalities receive a variety of funds from the state, including for example, various grants such as the Dirt and Gravel Road Program, payments in-lieu of taxes on state forest and game lands, Public Utility Realty Tax Act funds, alcoholic beverage license receipts, certain fines collected by the State Police, and State Liquid Fuels Highway Aid Fund allocations. The Liquid Fuels allocation, based on the local municipal population and road miles, is generally the largest annual amount of state funds received by a municipality. The funds must be used for road maintenance and construction, and must be maintained in an account separate from the municipality’s general funds.

| <b>BLOOMING GROVE TOWNSHIP GENERAL FUND<br/>AUDIT REPORT SUMMARY</b> |  |             |             |             |
|--|--|-------------|-------------|-------------|
| <b>REVENUES</b>  | <b>audit reports for →→→</b>   | <b>2004</b> | <b>2005</b> | <b>2006</b> |
|  | Taxes - real estate  | \$89,030    | \$91,600    | \$93,820    |
|  | Taxes - real estate transfer   | \$295,250   | \$290,875   | \$318,530   |
|  | Fines and Forfeits   | \$4,045     | \$9,785     | \$11,305    |
|  | Interest Earnings  | \$7,000     | \$9,960     | \$32,500    |
|  | Intergovernmental<br>( federal, PURTA, alcoholic beverage licences, in-lieu of taxes other)              | \$18,040    | \$27,040    | \$16,725    |
|  | Charges for Services<br>(general government, public safety, solid waste, other)                          | \$219,930   | \$200,085   | \$147,065   |
|  | Unclassified Operating Revenues<br>(special assessments, private sector contributions, other)            | \$285       | \$865       | \$14,735    |
|  | Other Sources<br>(interfund, fixed asset distribution, debt proceeds, refunds)                           | \$0         | \$0         | \$18,665    |
|  | <b>Total Revenues</b>  | \$633,580   | \$630,210   | \$653,345   |
| <b>EXPENDITURES</b>  | <b>audit reports for →→→</b>   | <b>2004</b> | <b>2005</b> | <b>2006</b> |
|  | General Government<br>(legis/gov body, accounting, tax collection, legal, staff, engineering, buildings) | \$102,640   | \$99,820    | \$117,080   |
|  | Public Safety<br>(police, fire, building inspections, planning and zoning)                               | \$141,630   | \$142,550   | \$105,070   |
|  | Health and Human Services  | \$0         | \$0         | \$3,475     |
|  | Public Works<br>(solid waste, sewage)  | \$2,935     | \$2,310     | \$37,515    |
|  | Highways and Streets<br>(general services, winter maintenance, street lights, equipment repairs)         | \$62,410    | \$104,460   | \$108,520   |
|  | Culture and Recreation - Libraries   | \$1,000     | \$1,500     | \$1,500     |
|  | Debt Service   | \$0         | \$0         | \$0         |
|  | Employer Paid Benefits & Withholding   | \$41,515    | \$35,860    | \$114,735   |
|  | Insurance  | \$61,135    | \$53,405    | \$21,795    |
|  | Unclassified Operating Expenditures  | \$95        | \$1,060     | \$310       |
|  | <b>Total Expenditures</b>  | \$413,360   | \$440,965   | \$510,000   |
|  | <b>Excess/Deficit</b> (total revenues - total expenditures)  | \$220,220   | \$189,245   | \$143,345   |

**Revenue and Expenditures**

General fund revenue and expenditures, as reported in the *Annual Audit and Financial Reports* for 2004, 2005 and 2006, are detailed for Blooming Grove Township in the *Audit Report Summary Table*. With the exception of substantial payments totaling \$210,000 to the 3 fire companies serving the Township, the budget for 2007 is not significantly different than 2006 revenues and expenditures. Year 2005 tax revenue for all Pike County local municipalities is shown in the *Tax Revenues Table*. In terms of revenue available for meeting general operating expenses, the real estate transfer tax generated the most revenue in the Township. The same is true for Lehman Township, Palmyra Township and Porter Township, while the real estate tax was most important in the other municipalities.

The realty transfer tax, assessed by all Pike County municipalities, varies from year to year depending on the level of real estate sales, but accounts for significant revenue in all municipalities. Blooming Grove Township maintains a substantial general fund balance which has been accumulated from the transfer tax over the past several years. This is a prudent approach given that this tax revenue is linked to the

real estate market which in 2007 has declined resulting in waning transfer tax revenues.

On the expenditure side (See the *Audit Report Summary Table*.), general government and public safety account for the most spending, including staff salaries, tax collection, accounting, legal and engineering services, fire company contributions, and building code, zoning ordinance and subdivision ordinance administration. The large increase in *Employer Paid Benefits & Withholding* from 2005 to 2006 resulted largely from the addition of 2 employees to the Township health insurance program.

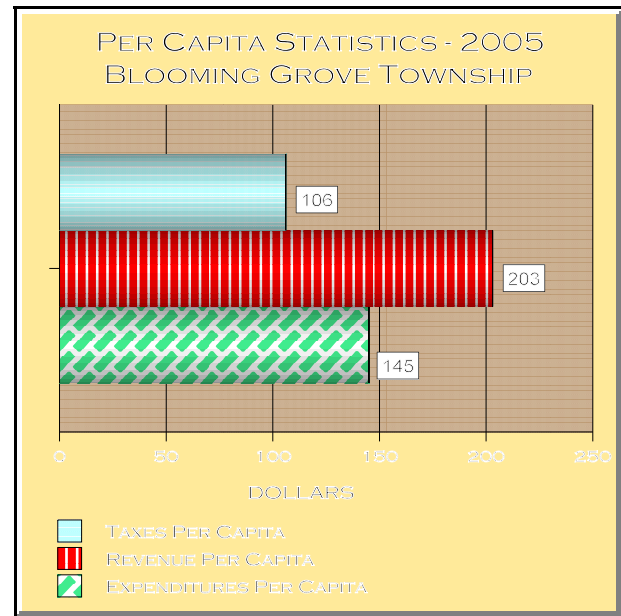
Road maintenance accounts for another significant proportion of spending in Blooming Grove Township. In addition to general funds, each municipality receives an annual allocation in Liquid Fuels Funds from the Commonwealth which are spent on road improvements and maintenance and equipment. In recent years the Township has received an annual allocation of some \$56,000. A high proportion of spending on roads is not uncommon in less populated townships where road maintenance and improvement have historically been a principal governmental responsibility.

| TAX REVENUES - YEAR 2005<br>(Pennsylvania Department of Community and Economic Development) |                    |                    |                      |                  |                      |
|---|--------------------|--------------------|----------------------|------------------|----------------------|
|   | Total Taxes        | Real Estate        | Real Estate Transfer | Earned Income    | Occupation Privilege |
| <b>Blooming Grove</b>   | <b>\$382,473</b>   | <b>\$91,599</b>    | <b>\$290,874</b>     | <b>\$0</b>       | <b>\$0</b>           |
| Delaware  | \$915,254          | \$616,118          | \$299,136            | \$0              | \$0                  |
| Dingman   | \$1,229,049        | \$726,237          | \$502,812            | \$0              | \$0                  |
| Greene  | \$354,593          | \$192,322          | \$162,271            | \$0              | \$0                  |
| Lackawaxen  | \$1,125,898        | \$831,183          | \$294,715            | \$0              | \$0                  |
| Lehman  | \$1,617,444        | \$478,273          | \$739,602            | \$395,172        | \$4,397              |
| Matamoras   | \$682,907          | \$630,623          | \$52,284             | \$0              | \$0                  |
| Milford Boro  | \$666,251          | \$608,307          | \$57,944             | \$0              | \$0                  |
| Milford Twp   | \$310,075          | \$223,988          | \$86,087             | \$0              | \$0                  |
| Palmyra   | \$540,707          | \$246,234          | \$294,473            | \$0              | \$0                  |
| Porter  | \$50,828           | \$7,527            | \$26,721             | \$16,580         | \$0                  |
| Shohola   | \$466,862          | \$341,902          | \$124,960            | \$0              | \$0                  |
| Westfall  | \$924,053          | \$764,586          | \$159,467            | \$0              | \$0                  |
| <b>TOTAL</b>  | <b>\$9,266,394</b> | <b>\$5,758,899</b> | <b>\$3,091,346</b>   | <b>\$411,752</b> | <b>\$4,397</b>       |

**Municipal Comparisons**

Comparing the Township to the other municipalities in the County is another means of assessing financial condition. The *Financial Statistics Table* presents per capita financial data for all municipalities in Pike County and the *Per Capita Statistics Figure* presents the data for Blooming Grove Township. The data, obtained from the Pennsylvania Department of Community and Economic Development, is the most recent which is readily available for all municipalities. While the data is useful to compare municipalities, it does not necessarily rank the financial management abilities of individual townships and boroughs. The level of facilities and services provided by each jurisdiction varies considerably and directly affects expenditures and the amount of revenue required. For example, the police and debt service costs accrued in some municipalities are not a factor in the budgets of many of the townships in the County, and the length of roads maintained varies. In the case of the Boroughs, the costs of services are supported by a much lower assessed valuation.

In 2005, Blooming Grove Township ranked third highest in assessed value of real estate per capita and the lowest in taxes, revenue and expenditures per capita. The Township also has the highest assessed value per road mile which enables less proportional spending on roads based on tax total revenues. While



the Township may not provide the level of services as some of the other municipalities in the County, recreation facilities and police protection for example, it has been providing the essential services in a very efficient manner. The ratio of total revenues to tax revenues provides a measure of the level of non-local funds used for municipal operations; the higher the ratio, the greater the proportion of non-local tax funds. In 2005, the Township was on par with most of the other municipalities in the County.

| FINANCIAL STATISTICS - YEAR 2005<br>(Pennsylvania Department of Community and Economic Development) |                       |                  |                    |                      |                   |             |                            |
|---|-----------------------|------------------|--------------------|----------------------|-------------------|-------------|----------------------------|
|   | Assess Val per Capita | Taxes per Capita | Revenue per Capita | Rev : Tax Per Capita | Expend per Capita | Road Miles  | Assess Value Per Road Mile |
| <b>Blooming Grove</b>   | <b>\$31,544</b>       | <b>\$106</b>     | <b>\$203</b>       | <b>1.9</b>           | <b>\$145</b>      | <b>6.55</b> | <b>\$17,438,127</b>        |
| Delaware  | \$14,786              | \$145            | \$263              | 1.8                  | \$293             | 21.84       | \$4,277,922                |
| Dingman   | \$16,308              | \$140            | \$244              | 1.7                  | \$201             | 15.45       | \$9,275,928                |
| Greene  | \$20,054              | \$113            | \$221              | 2.0                  | \$189             | 34.65       | \$1,822,505                |
| Lackawaxen  | \$29,449              | \$271            | \$427              | 1.6                  | \$367             | 42.96       | \$2,847,583                |
| Lehman  | \$21,125              | \$215            | \$334              | 1.6                  | \$264             | 30.53       | \$5,199,866                |
| Matamoras   | \$8,501               | \$295            | \$423              | 1.4                  | \$349             | 13.24       | \$1,484,501                |
| Milford Boro  | \$18,073              | \$603            | \$1,302            | 2.2                  | \$1,325           | 6.74        | \$2,960,285                |
| Milford Twp   | \$20,944              | \$240            | \$523              | 2.2                  | \$532             | 9.32        | \$2,903,381                |
| Palmyra   | \$33,104              | \$172            | \$330              | 1.9                  | \$295             | 18.23       | \$5,711,075                |
| Porter  | \$39,597              | \$132            | \$340              | 2.6                  | \$231             | 6.21        | \$2,454,871                |
| Shohola   | \$20,125              | \$224            | \$407              | 1.8                  | \$352             | 20.38       | \$2,061,854                |
| Westfall  | \$15,399              | \$380            | \$601              | 1.6                  | \$558             | 21.20       | \$1,765,122                |

| REAL ESTATE TAX REVENUE POTENTIAL – 2007 |                                       |                      |                                    |                              |   |   |   |
|--|---------------------------------------|----------------------|------------------------------------|------------------------------|---|---|---|
|  | Total General Real Estate Tax Millage | Assessed Value       | General Purpose Gross Tax Receipts | Avail General Purpose Mills* | Potential Additional General Purpose Gross Tax Receipts | 5-Mill Court Approved Additional General Purpose Gross Tax Receipts | Total Additional General Purpose Gross Tax Receipts |
| <b>Blooming Grove</b>                    | <b>0.80</b>                           | <b>\$122,099,880</b> | <b>\$97,680</b>                    | <b>13.20</b>                 | <b>\$1,611,718</b>                                      | <b>\$610,499</b>  | <b>\$2,222,218</b>                                  |
| Delaware                                 | 9.68                                  | \$102,406,000        | \$991,290                          | 4.32                         | \$442,394   | \$512,030   | \$954,424   |
| Dingman                                  | 5.00                                  | \$159,894,990        | \$799,475                          | 9.00                         | \$1,439,055   | \$799,475   | \$2,238,530   |
| Greene                                   | 3.00                                  | \$65,283,980         | \$195,852                          | 11.00                        | \$718,124   | \$326,420   | \$1,044,544   |
| Lackawaxen                               | 5.00                                  | \$137,565,940        | \$687,830                          | 9.00                         | \$1,238,093   | \$687,830   | \$1,925,923   |
| Lehman                                   | 2.00                                  | \$175,449,550        | \$350,899                          | 12.00                        | \$2,105,395   | \$877,248   | \$2,982,642   |
| Matamoras                                | 30.00                                 | \$20,142,410         | \$604,272                          | 0.00                         | \$0   | \$100,712   | \$100,712   |
| Milford Boro                             | 34.00                                 | \$20,219,520         | \$687,464                          | 0.00                         | \$0   | \$20,220  | \$20,220  |
| Milford Twp                              | 8.00                                  | \$29,086,890         | \$232,695                          | 6.00                         | \$174,521   | \$145,434   | \$319,956   |
| Palmyra                                  | 2.10                                  | \$121,021,455        | \$254,145                          | 11.90                        | \$1,440,155   | \$605,107   | \$2,045,263   |
| Porter                                   | 0.75                                  | \$16,112,680         | \$12,085                           | 13.25                        | \$213,493   | \$80,563  | \$294,056   |
| Shohola                                  | 8.00                                  | \$44,812,030         | \$358,496                          | 6.00                         | \$268,872   | \$224,060   | \$492,932   |
| Westfall                                 | 20.48                                 | \$41,657,320         | \$853,142                          | 0.00                         | \$0   | \$0   | \$0   |

\*State law sets the real estate tax limit for general purposes at 30 mills for boroughs and 14 mills for townships of the second class. The Court may grant up to 5 mills additional if the taxing body shows it is necessary to meet an approved budget.

**Real Estate Tax Potential**

As the population of Blooming Grove Township increases and changes in character, the demand for facilities and services will also change and increase, and the cost will rise. The recent fire tax adopted by the Township is a good example of how a municipality often addresses increasing costs. Recreation facilities and police services are other examples of new facilities and services that are provided as a community becomes more populated.

Additionally, inflation will increase the cost of maintaining the current level of facilities and services. Local governments throughout the Commonwealth must deal with raising additional funds for their operations. In any case, increased spending must be assessed in terms of the total local tax burden (borough/township, county, and school district) and the real need and demand for additional facilities and services.

The demand for increased levels of normal facilities and services is often associated with a dramatic increase in residential development. Concurrently, the

assessed valuation would be increasing, which could partially offset the need for an increase in millage. However, studies have shown that residential development generates the need for more public expenditures than it does tax receipts to cover such costs. The School District’s perspective is the most obvious example; an increase in population and number of school children would directly result in increased costs.

One good indicator of a municipality’s financial position is the balance of annual revenues and expenditures considered in terms of additional available taxing power. The *Real Estate Tax Revenue Potential Table* and the *Potential Real Estate Taxes Figure* report current real estate tax rates, and potential additional tax revenue with millages at the state statutory limit and with court approval. The intent is simply to provide a measure of each jurisdiction’s ability to generate additional real estate tax revenue should such funds be required for unanticipated emergency expenditures, rather than as a means of planning for tax increases.



Given its high assessed valuation and very low millage, Blooming Grove Township has sizeable potential for additional tax revenues. Another important factor in the financial condition of a municipality is long-term debt and the Township has none. The Township will certainly be able to meet its revenue needs within its current tax structure for many years. Of course, the critical question is how much are residents and businesses willing, and able, to pay for local government services.

**Other Revenue Sources**

In addition to the potential from the general fund levy, the Act 511 (Local Tax Enabling Act) taxes can be used for general fund purposes; and, the Special Purpose Taxes provide funding for a variety of specific facilities and services. (See the *Township Tax Sources Sidebar*.) One option would be to make special levies for streets, emergency services, recreation and other authorized purposes thereby shifting the expenditures from the general fund to a dedicated millage. With a dedicated tax, instead of contributions from the general fund, the amount of funding is secure from year to year unless the tax is repealed. The Township adopted the fire tax based on this provision of Act 511.

If a shift away from real estate-based taxes is important to a municipality, Act 511 offers both flat rate and proportional taxes. Based on the relatively low individual assessment of \$10 per person, the potential for significant additional revenue from the occupational privilege, per capita, and flat rate occupation taxes is limited by the small population base of the Township. The earned income occupation millage and business gross receipts, all proportional taxes, hold the potential for the generation of more significant revenues. The mechanical devices (video games, juke boxes, coin operated pool tables, etc.) and amusement (recreation and entertainment) taxes, also graduated, have limited applicability in the Township. Detailed discussion of Act 511 and all other taxes is found in the *Taxation Manual* published by the Pennsylvania Department of Community and Economic Development.

The earned income tax holds the greatest potential for increased revenue and a shift from a real estate based tax. However, this would be a major change in tax structure for the Township. Except in financially distressed communities and where voters approve an additional tax for open space purposes, the rate is limited to one percent. Tax collection costs typically consume a small portion of the tax levy and the Local

Tax Enabling Act requires 50/50 sharing with school districts that assess the tax. Local employers must withhold the taxes. The system often becomes confusing because municipalities which levy taxes on nonresidents working in the municipality are required to grant a credit for any income tax levied at the place of residence. Similar to an increase in real estate taxes, the imposition of an earned income tax would likely be viewed with great concern by many residents. The same can be said for the occupation millage and business gross receipts.

Fees and user charges are important in terms of ensuring that the costs of certain municipal services provided to residents and property owners are covered. For example, the Township must set fees for permits high enough to cover administrative expenses.

### **Future Considerations**

Continued careful financial management, setting spending priorities, and planning for necessary capital expenditures are critical. A capital budget with earmarked reserve funds is an invaluable tool for anticipating and funding large expenditures such as equipment, buildings and parks, and the Township should develop a budget for any such expenditures. This *Comprehensive Plan* will serve to identify and prioritize community facility and service needs which can be incorporated into financial planning and budgeting. The *Plan* can also strengthen grant applications for specific facilities and grant funding must be used as much as possible. Finally, the municipalities must continue to work together on providing facilities and services to use area-wide resources most efficiently.