

2019 Budget Message

West Pikeland Township is presenting a balanced budget for calendar year 2019. If adopted by the Board of Supervisors, it will not require any changes in tax rates.

Under the laws of the Commonwealth of Pennsylvania, the Township budget must be balanced and it must be approved by the Board of Supervisors no later than December 31, 2018. The laws also require that the budget be advertised and available for public inspection for twenty (20) days in advance of the adoption of the budget.

A balanced budget is defined as one in which the projected revenues equal or exceed the projected expenses for the calendar year. The monies in the Township's accounts at the end of this year are carried forward into the new year and are considered as "revenue" for 2019 in determining whether the budget is balanced.

The Commonwealth of Pennsylvania has guidelines for the preparation of municipal budgets. They are contained within the Chart of Accounts which has been established by the Commonwealth. As prepared, the proposed 2019 Budget meets the requirements of the Chart of Accounts.

The budget is structured to show income and expenses in four fund categories. They are:

- General Fund
- Liquid Fuels
- Open Space
- Library

Most of the Township's expenses are paid out of the General Fund. The General Fund's revenues come from a variety of sources, but the primary sources are the earned income tax, transfer taxes and a real estate tax. The earned income tax for general fund purposes is 0.50%. The transfer tax, which is levied when property is sold in the Township, is 2.0%. The Township's portion is 0.50%. The real estate tax is levied on the assessed value of real estate in the Township. The rate is expressed in mills (the "mill rate"), which is the tax rate per each \$1,000 of assessed valuation. The mill rate for general fund purposes is 0.2 mill; for infrastructure, the rate is 0.3 mill.

Liquid fuel funds come from the Commonwealth of Pennsylvania, which collects taxes on vehicle fuels sold in the Commonwealth and then distributes them according to a formula to the municipalities in Pennsylvania. Those funds can only be used for snow plowing, traffic control devices and road-related expenditures. Such expenditures can include the purchase of equipment, but the dollars available for such are limited by the Commonwealth.

The Township has a voter approved earned income tax which is dedicated to the preservation of open space. The rate is 0.25%. It also has a voter approved real estate tax of 0.3 mills which is dedicated to funding the Chester Springs Library. Funds raised by the Township are paid to the Library, which then uses them for its operations.

In 2013, the Township issued bonds to fund land acquisition and infrastructure projects. Those funds have been and continue to be used for funding parks, roads, equipment, bridges, open space and other key assets of the Township. The Township has a dedicated tax on real estate to pay for projects to protect, enhance, improve and maintain Township properties. The mill rate is 0.3 mills.

In 2019, the Township is proposing a number of capital projects which will be funded from a variety of sources including unused bond proceeds which will be carried over into 2019. The major projects are as follows:

- \$350,000 in projected road repairs
- The work to turn the 62-acre parcel on Conestoga Road (Rt. 401) into a new park for Township residents started in 2018. Projected expenditures in 2019 are \$700,000
- \$1,700,000 for the replacement of the bridge on Horseshoe Trail which spans the creek between Route 113 and Chantilly Farm. The Township has been awarded a \$1.16 million grant by the State to be used towards that work.
- Payments for the placement of conservation easements on a number of properties, which is budgeted at \$1.44 million

Revenues

The first page of the proposed budget identifies the fund balances which the Township projects that it will have at the end of 2018 which will be then carried forward into 2019.

With respect to property taxes, the Township is not proposing to raise any taxes. The anticipated revenues from transfer taxes is projected to increase from the 2018 budgeted number. Earned income taxes are expected to be flat for 2019 as compared to 2018.

Revenues from licenses and permits will be about the same in 2019 as compared to 2018. Revenues from fines and forfeits is expected to decrease slightly. Interest earnings are expected to increase as the Township has moved funds into accounts which pay a higher rate of interest. Facility use fees are also projected to increase.

In intergovernmental revenues, which are revenues received from other governmental units, the Township expects to receive about \$2,000 in additional liquid fuel funds. It is also anticipating the receipt of \$700,000 from a grant which has been awarded to the Township by Pennsylvania Department of Transportation for use in the reconstruction of the Horseshoe Trail bridge.

Charges for services are projected to be about the same in 2019.

The primary change in Miscellaneous Revenues is that the Township refinanced its bonds in 2017. The bulk of the savings was experienced in 2017 and 2018. The bond payments in 2019 will return to the levels experienced before the refinancing. The Police will continue to make payments into the pension plan which covers them, but the payments will no longer be booked in this item.

Expenditures

The costs for the Legislative Governing Body reflect a decrease in insurance costs. The expenditures for administrative staff have increased reflecting a projected 3% increase. In Financial Administration, there is an increase for costs of auditing services and software licenses. Cost for tax collection services are projected to decrease. Legal expenses are projected to stay the same.

The Information Technology budget has been decreased slightly for 2019.

Engineering Services are expected to be reduced compared to the 2018 budget. The current budgeted amount reflects what the Township believes the level of required engineering services will be in 2019.

With respect to Township Buildings, the Township is looking to make additional repairs to the buildings. The expectation is that overall maintenance will cost approximately \$1,250 a month. The cost of heating oil should remain stable in 2019.

With respect to Police services, salaries and related expenses are projected to increase by 3%. Medical costs are expected to increase. The Police pension plan costs are decreasing because of a steady improvement in funding levels. The Fire Protection costs are increased to reflect an increase in the contribution to the fire companies which service the Township. Code Enforcement costs should increase because of additional activity in the Township.

With respect to Planning and Zoning, the budget reflects an anticipated decrease in the use of the solicitor for the Zoning Hearing Board. The Emergency Management budget reflects a slight decrease which reflects the cost of phone and data services.

For Public Works, the 2018 budget anticipates a increase in medical benefit costs. In addition, salaries are expected to increase by 3%. The budget also reflects the use of a part time worker to assist during the summer. Additional expenses are expected for equipment rental. The projected cost for snow and ice removal in 2019 is unchanged from 2018. With respect to traffic signs and signals, liquid fuel funds will fund most of the costs in 2019. With respect to highway materials, the budget is expected to remain unchanged from 2018 to 2019.

With respect to Culture and Recreation, the decrease in the budget for Arts & Culture Committee more accurately reflects what the 2019 actual expenses will be. The budget reflects an increase in expenditures for the Park and Recreation Committee, which has been increasing the programs available to Township residents.

With regard to Parks, an increase is expected driven primarily by increased costs for mowing. Community Development for the most part reflects open space costs. Consulting and appraisal fees are expected to decrease because the Township has already completed the work on two major open space projects in 2017 and 2018.

Debt service is anticipated to increase in 2019 based upon information provided when the debt was refinanced in 2017. The expenditures for the library reflects the payment by the Township to the library of the taxes it collected for the library. Capital expenditures are discussed above.

The last section reflects what the Township anticipates fund balances to be at December 31, 2019.