



West Pikeland Township

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2021 Budget Message

West Pikeland Township is presenting a balanced budget for calendar year 2021. It was adopted by the Board of Supervisors, and 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, 2019. 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 2021 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 2021 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. The funds are distributed 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



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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 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 2021, 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 2021. The major projects are as follows:

- Completion of the Horseshoe Trail Bridge Replacement Project.
- Additional improvements to Walnut Lane Park, including top coating the road and parking and installation of landscaping.

Revenues

The first page of the proposed budget identifies the fund balances which the Township projects that it will have at the end of 2020 which will be then carried forward into 2021.

With respect to property taxes, the Township is not proposing to raise any taxes. The anticipated revenues from transfer taxes is projected to increase slightly from the 2020 budgeted number. Earned income taxes are expected to decrease for 2021 as compared to 2020 largely due to the effect of the pandemic.

Revenues from licenses and permits will be about the same in 2021 as compared to 2020. Revenues from fines and forfeits is expected to also be about the same. Interest earnings are expected to decrease as the Township has decreased balances in interest bearing accounts and interest rates have declined and are not expected to increase. Facility use fees are also projected to decrease.

In intergovernmental revenues, which are revenues received from other governmental units, the Township expects to receive about \$12,000 less in liquid fuel funds. It is also anticipating the receipt of the balance 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. It is anticipated that the Township will receive \$800,000 from that grant in 2021

Charges for services and miscellaneous revenues are projected to decrease in 2021.



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Expenditures

The costs for the Legislative Governing Body reflect increased payments to members of the Board of Supervisors and a slight decrease in insurance costs. The Township is also looking to add another employee to either the Police or to Public Works in 2021. Because the Township is has not determined which department will receive the increased staffing, it is in the budget for the Legislative Governing Body. The expenditures for administrative staff have increased reflecting a projected 3% salary increase. In Financial Administration, the cost of auditing services is expected to stay the same. Cost for tax collection services are projected to decrease. Legal expenses are projected to decrease.

The Information Technology budget has been increased for 2021.

Engineering Services are expected to be reduced compared to the 2020 budget. The current budgeted amount reflects what the Township believes the level of required engineering services will be in 2021. With the Horseshoe Bridge Replacement Project mostly completed, lower engineering costs are expected.

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 \$1,800 a month. The cost of heating oil should remain relatively stable in 2021, but usage should decrease because of the pandemic.

With respect to Police services, salaries and related expenses are projected to increase by 4.0%. Medical costs are expected to decrease. The Police pension plan costs are relatively stable because of a steady improvement in funding levels. The Fire Protection costs are decreased to reflect a decrease in the cost of worker's compensation insurance. Code Enforcement costs should increase because more permits are expected for renovations to buildings in the Township.

With respect to Planning and Zoning, the budget reflects an anticipated increase in the use of the solicitor for the Zoning Hearing Board and the cost for participation in the Phoenixville Regional Planning Committee. The Emergency Management budget remains essentially unchanged.

For Public Works, the 2021 budget anticipates an 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 2021 is unchanged from 2020. With respect to traffic signs and signals, liquid fuel funds will fund most of the costs in 2021. With respect to highway materials, the budget is expected to decrease from 2020 to 2021 to reflect the use of liquid fuel funds for major paving projects instead of general funds.

With respect to Culture and Recreation, the increase in the budget for participation in DARC (the Downingtown Area Recreation Consortium). The budget reflects a decrease in expenditures for



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the Park and Recreation Committee, which had been increasing the programs available to Township residents before the pandemic but which has had to scale back programs because of the pandemic.

With regard to Parks, a decrease is expected driven primarily by decreased 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 several major open space projects over the last five years.

Debt service is anticipated to increase slightly in 2021 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, 2021.