



# **HONEY BROOK TOWNSHIP**

## **CHESTER COUNTY, PENNSYLVANIA**

### **Proposed 2021 Budget Highlights**

**November 11, 2020**



# Introduction

What is a Township Budget?

- A tool for managing the Township's finances

What purpose does the Budget serve?

- The preparation process provides the opportunity for the Board of Supervisors to discuss priorities and communicate what they want to accomplish in the coming year.
- The Budget document and monthly financial reports provide citizens with information about how their tax dollars are being spent.
- The Budget provides the framework that is used every month to monitor the performance of revenues and the accumulation of expenditures during the year.



# Objectives and General Practices of Governmental Fund Accounting

General Fund – a government's basic operating fund and accounts for everything that is not accounted for in another fund.

Liquid Fuels Fund (State Aid) – considered a 'Special Revenue Fund' which is used to report specific revenue sources that are limited to being used for a particular purpose, such as transportation aid.

Land Preservation Fund – also considered a 'Special Revenue Fund'.

Capital Reserve Fund – to account for the construction, rehabilitation, and acquisition of capital assets, such as buildings, equipment, and roads.



# Township Real Estate Taxes

- 2021 Township property tax millage
  - General 0.70 mills
  - Fire Tax 0.5 mills
  - EMS Tax 0.15 mills
  - TOTAL 1.35 mills



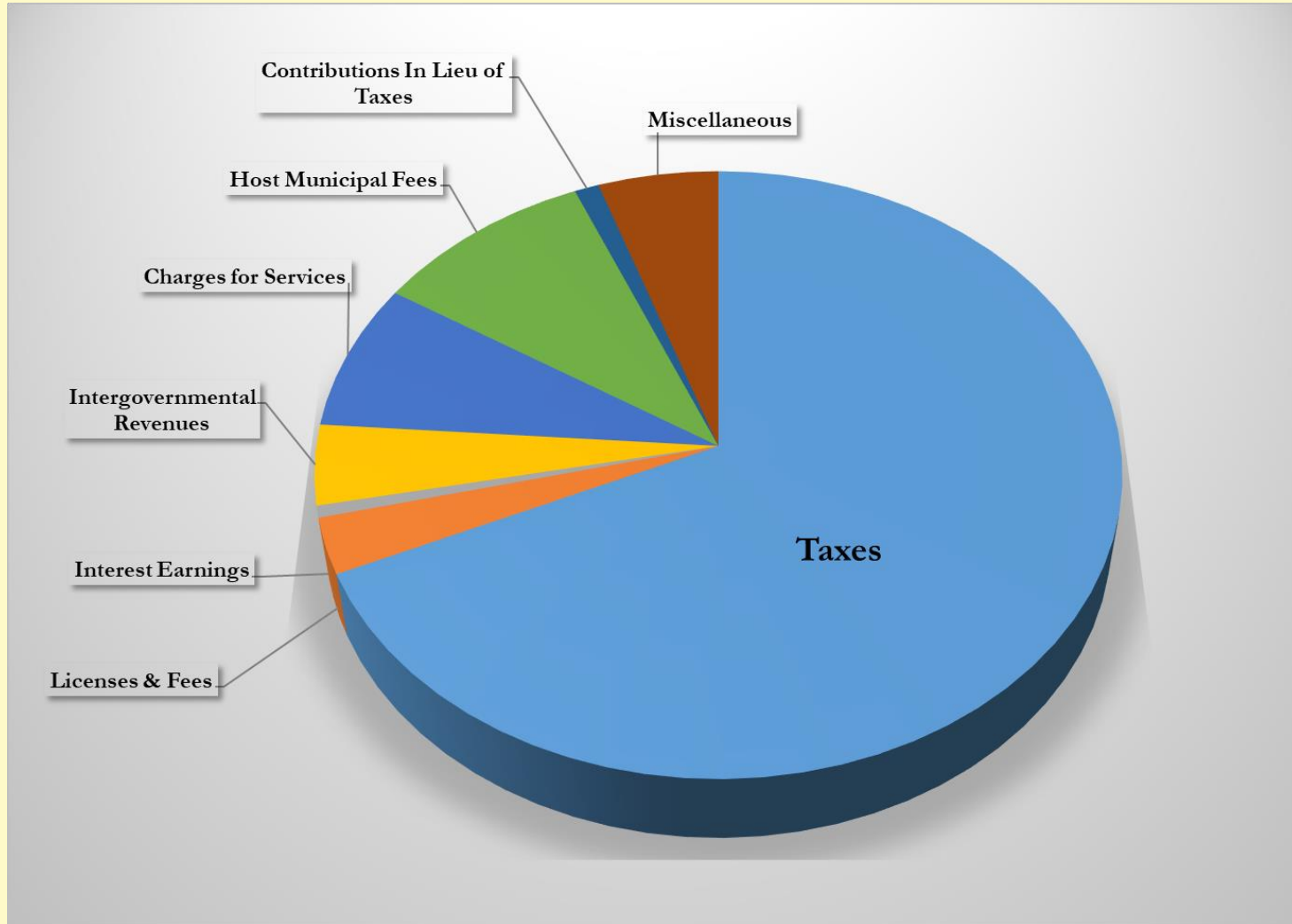
## **Example of tax levy on a property assessed at \$300,000:**

- $\$300,000 \text{ home assessment} \times 1.35 \text{ mills} =$   
\$405 annual property tax bill

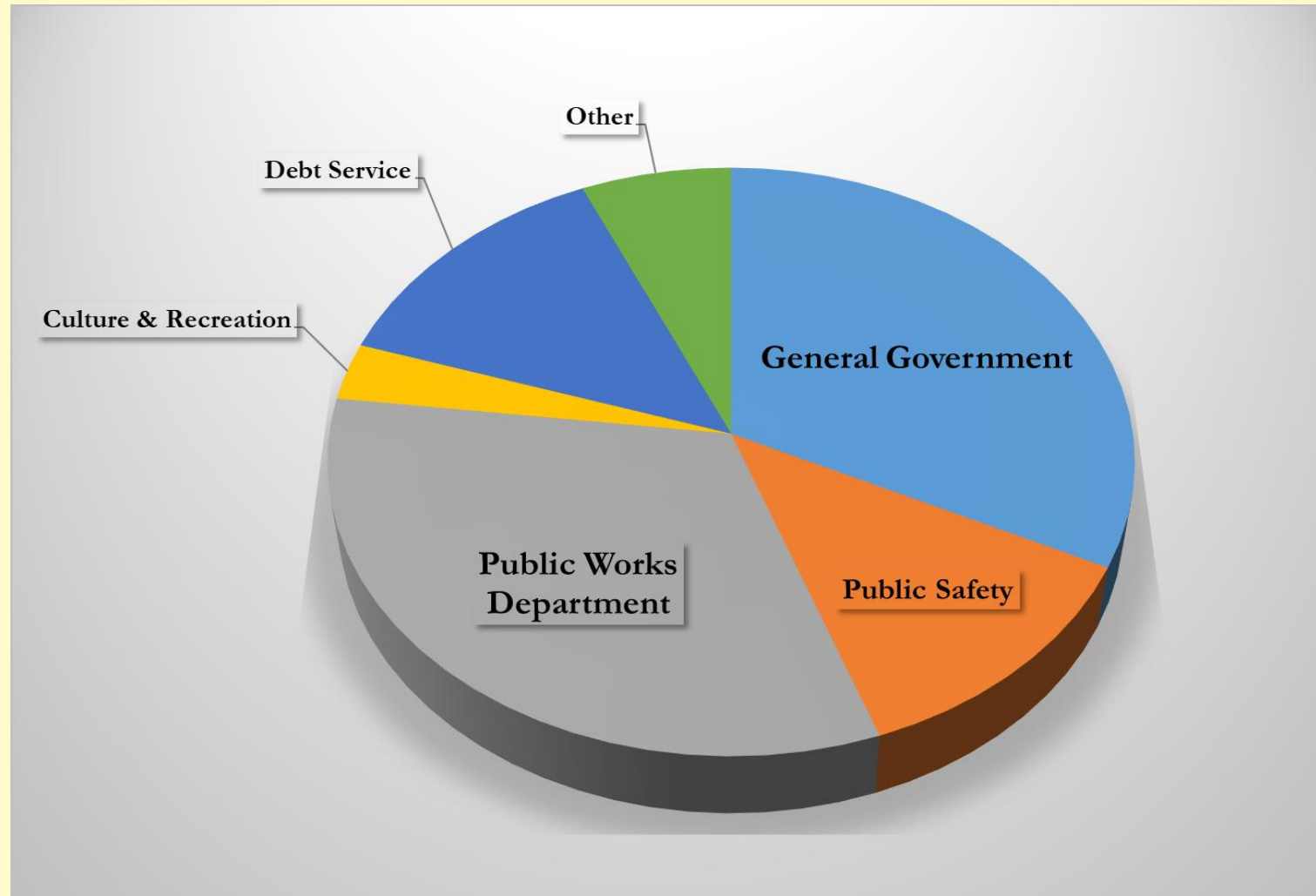
# General Fund Overview

- The General Fund is the Township's largest and most active Fund.
- The primary function is to account for all operational costs and other expenses not included in other Funds.
  - It is also the primary source of monies used to pay for capital improvements and equipment replacements by making transfers to the Capital Reserve Fund.
- The Proposed 2021 General Fund Budget:
  - No changes to Township administration or staff.
  - Maintains the current level of services provided to the community.
  - PA DEP mandated addition of a new on-lot sewer management program.

# General Fund Revenue by Department



# General Fund Expenses by Department





# Liquid Fuels Fund Overview

- The Liquid Fuels Tax Municipal Allocation (Act 655) provides all municipalities with an allocation of Liquid Fuels Funds from the Commonwealth's Motor License Fund.
- The allocation of these funds to municipalities is based on the ratios of mileage and population of the municipality to the state totals. The funds must be used on the roads and streets for which the municipalities are legally responsible.
  - Township mileage = approximately 53 miles
  - Township population = 7,647





# Liquid Fuels Fund Overview

- Road Turnback Program (Act 1983-32) – allows transfer of ownership of state-owned roads to municipalities that are better suited to local traffic purposes. The Township has ownership of 3.35 miles of previous state-owned roads.
- Municipalities receive an annual payment in perpetuity for the maintenance of the roadway. The annual payment rate for all Turnback projects is \$4,000 per mile of roadway.
- Revenue
  - State aid will be about 8% less than 2020 due to COVID.
- Expenses
  - No projected purchases of large equipment or road projects.

# Capital Reserve Fund Overview

- This Fund is used to pay for capital construction projects; major equipment purchases; and planning studies. Its two primary sources of revenue are transfers from the General Fund and grants.
- Highlights for 2021 include:
  - Administration Office
    - replace computer server
    - capital improvements in Meeting Room
  - Act 537 Plan updates
  - Public Works Department – storm sewers & drains and MS4 projects



# Land Preservation Fund Overview

- The Township's Land Preservation program is designed to help maintain the Township's agricultural landscape and rural heritage by buying easements that prohibit future development on farms and unique nature areas.



# Land Preservation Fund Overview

- 2021 = 7 new approved settlements.
- Transfer to Recreation Fund (\$400,000) towards the Phase 2 improvements to James A. Umble Memorial Park.
- The Township typically only contributes 25% to 33% for the cost of an easement, while the remaining balance is paid by Chester County and the Brandywine Conservancy.
- Over 5,000 acres of the Township's farm acreage has been preserved to date.



# Recreation Fund Overview

- Revenue
  - \$225,000 DCNR grant to go towards the Phase I improvements to James A. Umble Memorial Park.
  - \$65,000 transfer from the General Fund, in addition to the \$400,000 fund balance, for the DCNR grant match for Phase I improvements to James A. Umble Memorial Park.
- Expenses
  - \$750,000 for Phase I improvements to James A. Umble Memorial Park.



# Fire & Ambulance EMS Fund Overview

- The purpose of this tax is to help the Honey Brook Fire Department, the Twin Valley Fire Department, and the Elverson-Honey Brook EMS maintain apparatus, conduct training, pay expenses and purchase protective equipment. A portion of the Fire Tax will be earmarked for future Fire Department capital purchases as well.
- Ambulance EMS Fund
  - The EMS Tax will result in a contribution of \$55,000 to the Elverson-Honey Brook Area EMS.
- Fire Fund
  - The Fire Tax will result in a contribution of \$92,000 to the Honey Brook Fire Department, as well as an additional \$20,000 contribution for the Township share of the Honey Brook Fire Department's Workers Compensation Insurance.
  - The Twin Valley Fire Department will receive a \$2,000 contribution as well.

# Fire Capital Reserve Fund Overview

- Fire Capital Reserve Fund
  - Revenue
    - Transfer from Fire Fund = \$75,000
  - Expenses
    - \$149,000 towards Honey Brook Fire Company's purchase of a replacement truck





# What Happens Next?

- If approved by the Board, the proposed Budget will be available for public review beginning tomorrow, November 12th both in the Township Office and also on the Township website.
- If it is not approved, the Budget must be revised and another Board meeting scheduled in November to approve a Budget for public inspection.
- Goal: To have the Budget ready for adoption at the December 9, 2020 Board meeting.

