

## CHAPTER 11 MUNICIPAL FINANCE

### Introduction

One of the many important tasks of municipal government is the management of the fiscal health of the community. That management involves the collection of revenues and the budgeting of those revenues for the health, safety and general welfare of the municipality's residents. Because the East Pikeland Township budgeting process has a direct effect on the provision of community facilities and services, including the transportation system, a discussion of Township finances is an integral part of the Comprehensive Plan.

This chapter is intended to assess the revenues and expenditures over the past five years in order to provide some insight into the nature of the budgeting process, where and how funds are expended and the fiscal health of the Township.

### Budget Funds

Over the past 5 years a number of funds have been used in the budgeting process each with differing funding sources and purposes of expenditure. The funds have been used are the General Fund, Liquid Fuels Fund, State "Takeback" or "Turnback" Fund, The Capital or Capital Reserve Fund, Police Pension Fund, Highway Aid Fund and more recently the Park, or Park and Recreation, Fund and the Park and Recreation Trust Fund. As of 1999 only five funds form the East Pikeland Township Budget, the General Fund, the Capital Reserve Fund, the Highway Aid Fund, the Park and Recreation Fund and the Park and Recreation Trust Fund.

### Revenues

The Township has several sources of revenue with which to fund its budget. These include the following.

1. Township Taxes
  - a. Real Estate Tax 4 mill - General Purpose  
1 mill - Fire Protection
  - b. Earned Income Tax 0.5%
  - c. Realty Transfer Tax 0.5%

2. Licenses and Permits
3. Fines
4. Interest on Deposits
5. Intergovernmental Revenue
6. Charges for Services
7. Miscellaneous Revenue
8. Developer Payments
9. Grants
10. State "Turnback" Funds
11. State Liquid Fuels Grant

### The General Fund

Table 11.1 details the total revenues and revenue sources of the East Pikeland Township Budget General Fund. General Fund revenues have gradually increased over the past 5 years from just over \$1.1 million in 1995 to a projected total of approximately \$1.4 million in the year 2000. The vast majority of revenues are derived from real estate, earned income and realty transfer taxes. Over the past 5 years these sources have increased from 62.6% of all revenues in 1995 to a projected 75.6% in 2000. The second greatest source of revenue has been charges for direct services generally averaging approximately 10% per year. Increasingly, since 1997, revenues from licenses and permits have accounted for a greater percentage of revenues declining somewhat from in excess of 7% in 1997 and 1998 to just under 6% in 1999 and projected to be just over 5% in 2000. This is no doubt due to increased building activity during that time. Intergovernmental transfers of funds have been the fourth largest source of revenue to the Township, generally averaging in excess of 4% per year since 1995. This source is anticipated to increase significantly in 2000 to over 6%. In 1998 there was an unusually high intergovernmental transfer of in excess of \$300,000 that accounted for over 19% of the General Fund budget in that year.

Over the past 5-year period a number of other Funds have been established in the Township's Budget for funding specific expenditures. Table 11.2 details the special purpose fund revenues for the period 1995 to 1999 and projected for the year 2000. As stated earlier, the Liquid Fuels, State "Takeback", or "Turnback" and Police Pension Funds are no longer used as specific Funds in the budget. The intergovernmental transfers, or grants, that once funded the Liquid Fuels and State Turnback Funds are, since 1997, funding the High Aid Fund while the Police Pension Fund is, since 1997, part of the General Fund Budget.

### Expenditures

#### The General Fund

Expenditures from the General Fund are for the day-to-day governmental operation of the Township in providing services for the benefit of Township residents. Table 11.3 illustrates the services provided by East Pikeland Township and the associated costs of those services. Total General Fund expenditures have been variable over the past 5 years ranging from a low in 1998 of approximately \$1.22 million to a high of just over \$1.96 million in 1997. It is anticipated that General Fund expenditures will be approximately \$1.43 million in the year 2000. The major categories of expenditure have been and will likely continue to be the following.

1. General Government
2. Public Safety
3. Public Works
4. Recreation / Culture

The single greatest source of General Fund expenditures in the Township has been that of providing public safety services. Public Safety expenditures have accounted for between 30.5% and 52.3% of the total during the past 5 years and is anticipated to be \$718,123 or 50.2% in the year 2000. Other significant General Fund cost centers that reflect the Township's major governmental functions have been General Government, Public Works, Recreation / Culture and Other Expenses.

### Other Special Purpose Funds

Table 11.4 provides a brief, five-year, history of special purpose fund expenditures. As noted previously, the Liquid Fuels, State Turnback and Police Pension Funds no longer exist, however, expenditures for these purposes are made from other newly created Funds, for example the Highway Aid Fund and the General Fund. Other than the General Fund, the Funds currently in the East Pikeland Township Annual Budget are the Capital, or Capital Reserve Fund, the Highway Aid Fund, the Park and Recreation Fund and the Park and Recreation Trust Fund.

### The Capital Reserve Fund

This Fund is established to expenses incurred to finance capital construction or capital acquisition costs. Generally capital expenses are for assets, acquired by the Township, that would have a life of 5 or more years. Such items as parkland acquisition, parkland improvements, Township building improvements or police vehicles would be considered capital expenditures. Table 11.5 provides data regarding recent (since 1997) capital expenditures of East Pikeland Township.

### The Highway Aid Fund

Expenditures incurred for the East Pikeland Township road system are made from the Highway Aid Fund that covers the costs of highway maintenance and repair, ice and snow removal, street signs and signals, street lighting and bridge maintenance and repair. These are generally ongoing maintenance items that are not of a capital expense nature. Table 11.6 provides expenditure data in the Highway Aid Fund since its creation in 1997.

### Park and Recreation and Park and Recreation Trust Funds

Both capital and operating costs associated with the provision of park and recreation facilities and services are funded through the Park and Recreation and the Park and Recreation Trust Funds. Both funds were established as part of the Township Budget in 1999. Projected, 1999, and budgeted, 2000, expenditures are detailed in Tables 11.7 and 11.8.