

TOWNSHIP'S 2021 BUDGET MESSAGE

Each year Supervisors and the Township staff invest considerable time and effort in developing a budget that prudently allocates limited financial resources in a manner designed to best meet the needs and desires of the community. It draws from input from standing advisory boards, Township staff, and residents. Most importantly, it contains the insights and contributions of the Union Township Supervisors which are expressed not only at budget workshops but throughout the year.

| Revenues | Total | Expenditures | Total |
|-------------------|---------------------|------------------|---------------------|
| Real Estate Tax | 415,000 | Gl Govt-Admi | 950,447 |
| Act 511 Taxes | 748,500 | Police Dept | 380,881 |
| License/Permits | 124,500 | Fire Dept | 102,500 |
| Fines/Forfeits | 8,500 | Code/Zoning | 9,000 |
| Interest/Rents | 2,460 | Public Works | 878,260 |
| Intergovernmental | 110,700 | Recreation | 322,500 |
| Dept. Earnings | 116,000 | Emp Bene & Insur | 70,088 |
| Other | 1,726,413 | Other | 538,397 |
| Total | \$ 3,252,073 | Total | \$ 3,252,073 |

INTRODUCTION

The National Advisory Council on State and Local Budgeting (NACSLB) defines the budget process as a set of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets. A good budget process consists of far more than the preparation of a legal document appropriating funds for a series of line-items. Instead, a good budget involves political, managerial, planning, communication, and financial dimensions that is characterized by the following essential features:

- Incorporates a long-term perspective
- Establishes linkages to broad organizational goals
- Focuses budget decisions on results and outcomes
- Involves and promotes effective communication with stakeholders
- Provides direction to management and employees

FINANCIAL POLICIES

Union Township Supervisors have, over time, adopted a wide variety of financial policies that provide the guiding principles for the formation of the budget. This set of comprehensive financial policies is provided in separate sections of the budget document.

REVENUES

The ability of the municipal government to achieve its goals is determined by its capacity to raise funds.

In 2021 it is estimated that 36% of Union Township's total revenues of \$3,252,073 will be derived from taxes. The Township anticipates collecting \$1,163,500 in taxes. Of the taxes levied, Earned Income Tax and the Real Estate Tax are the most significant.

The Earned Income Tax is a one-half percent (.5%) tax levied against the wages earned by Township residents. In 2021, Earned Income Tax will account for \$600,000 or 52% of the taxes levied for general government functions. Earned Income Tax revenues collected on 2019 and 2020 were higher than budgeted. This decrease in revenue is thought to be attributed to COVID-19 and changes in the local economy especially in the natural gas

industry. In 2021, Earned Income Tax revenues are budgeted to equal approximately 88% of which was expected to be received in 2020.

The Real Estate Tax is a tax levied against the assessed valuation of real estate property located in the Township. The responsibility for establishing the assessed value of properties rests with Washington County. Prior to 2021, the last reassessment of properties in Union Township occurred in 2016. In November 2019, Washington County certified the aggregated assessed value of all properties in Union Township to be \$380,206,580. Each individual taxpayer has the right to challenge the assessed value that has been assigned to their property. The budgeted receipt from the Real Estate Tax, as well as the property tax millage of 1.184 mills. The goal of Council in setting the property tax millage at 1.184 mills is to generate equivalent amount of tax revenues as prior years.

The Real Estate Transfer Tax is a tax levied on the value of all real estate transferred in Union Township. The Township levy is one percent (1%) of the value of property transferred. This tax is collected by the Washington County Recorder of Deeds, who charges a two percent (2%) collection fee. In 2021, revenues from the Deed Transfer Tax are estimated to be \$85,000.

The Township receives funds under the Foreign Fire and Foreign Casualty Insurance Programs as well. Funds received under the Foreign Fire Fund Program are mandated by the state of Pennsylvania to be turned over to the Fire Company Relief Association. These funds are primarily utilized by the Relief Association to acquire and maintain firefighting equipment and personal protection gear. The Foreign Casualty Insurance Program provides funds to help offset employee pension costs.

PROGRAM EXPENSES

Within the chart of accounts promulgated by the Pennsylvania Department of Community and Economic Development, municipalities are encouraged to group program expenses into one (1) of four (4) categories. These program categories are General Government, Protection to Person and Property, Public Works, and Culture and Recreation. In additions to these four (4) program areas, the budget includes expenses related to debt service, insurance and employee benefits. Total budgeted expenses for 2021 are \$3,252,073.

In 2021, expenses associated with Protection to Persons and Property account for \$483,381 or 15% of all expenses. Programs contained in the Public Safety category include Police Services, Fire Services, Planning, Emergency Medical Services, Animal Control, and Zoning Building Inspection.

Public Works expenses in 2021 are estimated to be \$878,260 or 27% of total expenses. A significant portion of this amount is associated with capital improvements including the resurfacing of roadways.

Programs included under the category of Culture and Recreation, are the Union Township Parks & Recreation. In 2021, expenses for Culture and Recreation are estimated to be \$322,500 or 10% of the expenses and include significant improvements to Township parks.

It is within the context of these four (4) program areas that funds are allocated. Each of the departments contained within these program areas are responsible for executing various aspects of the program as a way of implementing Union Township Supervisor's vision for the community. Toward that end, as part of the budgeting process, a series of departmental objectives are adopted.

The Township's Board of Supervisors will continue to monitor the Township's finances and the affects of COVID-19 and will adjust spending accordingly.