



## Stockertown Borough

PHONE: 610-759-8393 FAX: 610-759-9007

209 Main Street, Stockertown, PA 18083

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### Understanding Borough Finances: Setting the Record Straight

The purpose of this publication is to clarify and address some of the concerns and confusion raised at recent council meetings. It's a long read, but if you care about how your tax dollars are managed—or if you've ever wondered where Borough funds come from and how they're spent—it's worth your time.

#### The Borough's Operating Accounts

The Borough operates with three primary accounts:

1. **General Fund**
2. **Sewer Fund**
3. **Highway Aid Fund**

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#### 1. General Fund

The **General Fund** is primarily supported by **property taxes**, with additional income from earned income tax (EIT), local services tax (LST), rental income, franchise fees, interest, fines, and permits.

This fund covers the Borough's **day-to-day operations**, guided by the annual budget. Expenditures include, but are not limited to:

- Trash collection and recycling
- Insurance and employee salaries
- Fire protection
- Engineering, planning, and zoning
- Legal services
- Building and equipment maintenance
- Parks and beautification
- Snow removal, street and traffic lights, and tax collection

The Borough follows a **cash basis accounting system**, meaning funds not spent within specific budget line items can be reallocated to other line items as needs arise. This allows flexibility to address unanticipated expenses, such as the **Rails-to-Trails tree cutting project**, or **grant match contributions**, while keeping the overall approved budget unchanged.

At the end of each calendar year, any remaining General Fund Checking balance is transferred to the General Fund Savings/Investment Account. Let's go a little deeper with the three pots.

#### There are Three "Pots of Money" Within the General Fund

To maintain transparency and accurate recordkeeping for annual audits, the General Fund consists of:

1. **Real Estate Account** – Receives and tracks all real estate tax income before it is transferred to the General Fund Checking.
2. **General Fund Checking** – Used for payment of all operating expenditures.
3. **General Fund Savings/Investment** – Holds unspent funds, interest, and income from insurance refunds, equipment sales, or other income sources.



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### General Fund Financial Overview

During **2021–2022**, some underspent budget line items were redirected to cover unexpected costs, such as **union litigation, workers' compensation claims, and police chief termination expenses**, totaling over **\$78,000** in reallocations.

Despite these challenges, the **total General Fund budget remained unchanged**, and \$14,602 was transferred to savings during that two-year period.

In **2023–2024**, some budget line items allocated to help rebuild our Police Department were redirected to other under-budgeted essential needs.

- **General Fund balance as of Dec. 31, 2021:** \$397,643
- **General Fund balance as of Dec. 31, 2024:** \$678,992

That's an **increase of \$281,349** in General Fund savings since 2022—**after** all unplanned expenses were paid.

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### 2. Sewer Fund

The **Sewer Fund** is supported by **connection (tapping) fees** and **monthly user fees** of \$50 per EDU (Equivalent Dwelling Unit).

Expenses covered by this fund include: (EAJSA examples are 2025 figures)

- **EAJSA** (Easton Area Joint Sewer Authority) semi-annual debt service:  $\$9,282.50 \times 2$
- **EAJSA** quarterly capital and operating payments:  $\$14,911.59 \times 4$
- **Bond and interest payment:** \$102,853.13
- Sewer maintenance, billing, and related labor costs (a percentage of Public Works and Secretarial wages).

**Sewer Fund balance as of Dec. 31, 2024:** \$130,703

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### 3. Highway Aid Fund

The **Highway Aid Fund** is funded entirely by **PennDOT's Liquid Fuels Program (Act 655)** and is based on the total miles of Borough-owned roads.

These funds may only be used for:

- Road maintenance and resurfacing
- Snow and ice control
- Street lighting
- Road signage and line striping
- Equipment purchases

**Highway Aid balance as of Dec. 31, 2024:** \$79,462



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### Historic Millage Rates & Budget Overview

| Year | Millage Rate | General Fund | Sewer Fund | Total Accounts Balance   |
|------|--------------|--------------|------------|--------------------------|
| 2021 | 14 mills     | \$557,485    | \$231,970  | \$1,060,210              |
| 2022 | 16.5 mills   | \$654,896    | \$264,266  | \$868,428                |
| 2023 | 18 mills     | \$694,661    | \$264,266  | \$1,087,382              |
| 2024 | 18 mills     | \$722,507    | \$265,000  | \$1,223,909              |
| 2025 | 18 mills     | \$715,501    | \$270,196  | \$1,427,923 (3 quarters) |

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### Grants Awarded Since 2018

The Borough has actively pursued and secured over **\$1.7 million in grant funding** to support major projects and equipment upgrades, including:

- \$66,000 – Bushkill Street Turnback (Public Works Garage)
- \$10,000 – Police & Public Works security cameras
- \$200,000 – 2018 John Deere Backhoe
- \$31,529 – 2018 Ford F-550
- \$38,769 – 2020 Ford Interceptor
- \$17,500 – Police body cameras and upgraded sidearms
- \$69,497 – 2023 John Deere Skid Steer with snowblower
- \$72,210 – 2022 Ford F-550
- \$225,000 – Lincoln Street Widening (2024)
- \$123,835 – Rails-to-Trails (2010)
- \$900,000 – Sewer Connection Bond Grant

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### Infrastructure & Equipment Improvements

Projects and purchases funded by grants, Highway Aid, Capital Funds, or Borough savings include:

- Borough Hall roof replacement
- Street resurfacing (2016: \$289,955; 2021: \$237,236)
- Lincoln Avenue widening (2025: \$225,000 – **fully grant-funded**)
- Public Works Garage (2019: \$124,414)
- Fleet upgrades (Backhoes, F-550 trucks, Track Loader, Trailer, etc.)
- Office computer, hardware, and software upgrades (\$10,466)

### In Closing

We hope this overview provides a clearer understanding of how the Borough manages its finances and operates under **Cash Basis Accounting**.

Your Borough Council and staff are committed to transparency, accountability, and fiscal responsibility.

We invite you to attend upcoming meetings—or, please reach out with any questions or concerns.

Together, we continue keep Stockertown strong, financially sound, and informed.