

EAST FALLOWFIELD TOWNSHIP



Proposed 2027 Budget

2027 Budget Schedule

- **October 13: Budget work session/review draft budget**
- October 27: First Presentation of the budget.
- November 10: Second presentation of the budget; consider authorizing advertisement of the proposed budget.
- December 8: Proposed Budget adoption



Overview of Presentation

- I. 2026 Financial Performance
 - II. Proposed 2027 Budget Overview
 - III. Next Steps
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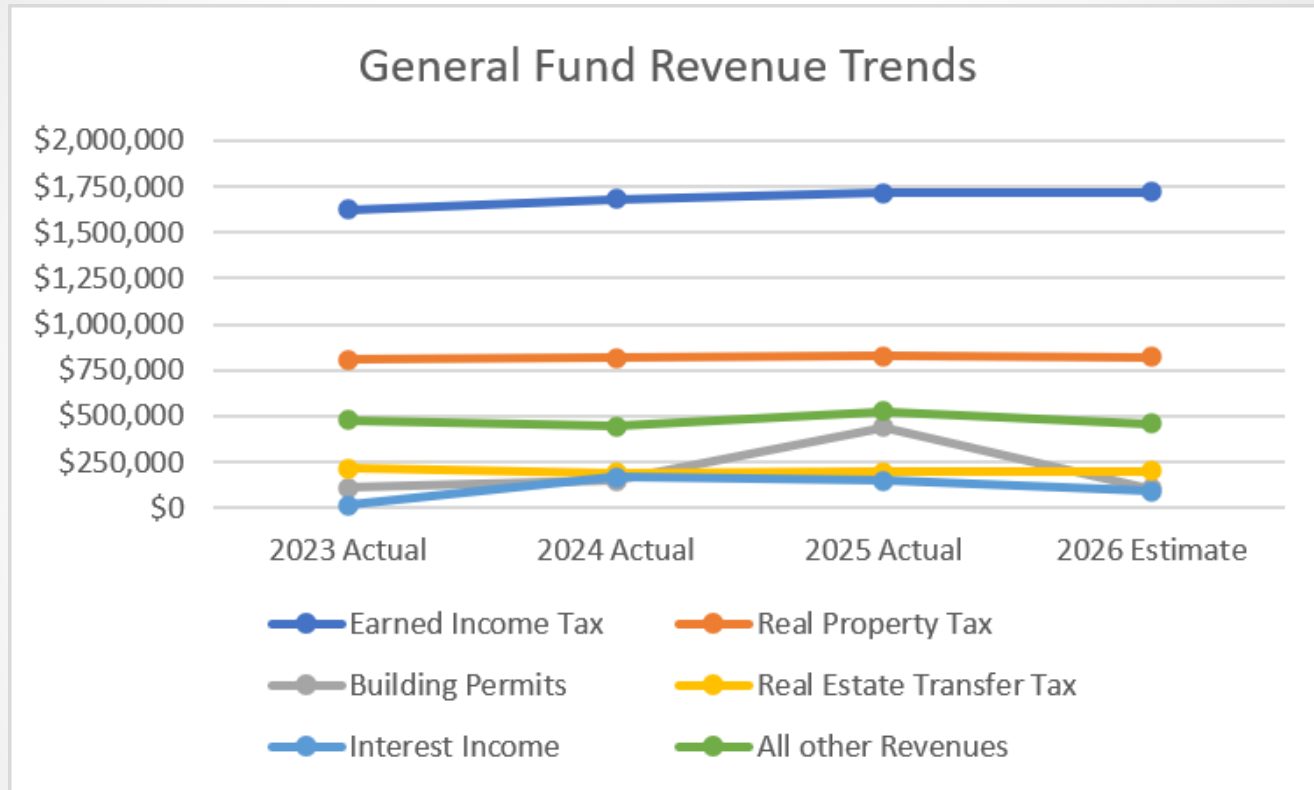
2026 General Fund Financial Performance

	2025 Actual	2026 Budget	2026 Estimate	\$ Variance vs. Budget	% Variance vs. Budget
Beginning Fund Balance	\$3,503,514	\$3,139,958	\$3,139,958		
Revenues & Transfers In	\$3,854,141	\$3,271,323	\$3,368,378	\$97,055	2.97%
Expenses & Transfers Out	\$4,217,872	\$4,503,000	\$4,157,085	-\$345,915	-7.68%
Surplus / (Deficit)	-\$363,731	-\$1,231,677	-\$788,707	\$442,970	
Ending Fund Balance	\$3,139,958	\$1,908,281	\$2,351,251		
Ending Fund Balance as % of Operating Expenditures	74.4%	42.4%	56.6%		

2026 General Fund Revenue Trends

	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Estimate	\$ Variance vs Budget	% Variance vs Budget
Earned Income Tax	\$1,623,924	\$1,678,790	\$1,714,720	\$1,700,000	\$1,720,000	\$20,000	1.18%
Real Property Tax	\$806,718	\$818,623	\$827,511	\$820,129	\$820,000	-\$129	-0.02%
Building Permits	\$109,999	\$147,586	\$440,453	\$110,000	\$105,000	-\$5,000	-4.55%
Real Estate Transfer Tax	\$216,508	\$194,106	\$195,221	\$152,150	\$200,000	\$47,850	31.45%
Interest Income	\$13,796	\$170,290	\$149,437	\$90,000	\$90,000	\$0	0.00%
All other Revenues	\$476,028	\$444,961	\$526,799	\$423,413	\$433,378	\$9,965	2.35%
Total Revenue	\$3,246,974	\$3,454,355	\$3,854,141	\$3,295,692	\$3,368,378	\$72,686	2.21%

2026 General Fund Revenue Trends



2026 General Fund Expenditure Trends

	2025 Actual	2026 Budget	2026 Estimate	\$ Variance vs Budget	% Variance vs Budget
Salaries	\$1,761,643	\$1,979,686	\$1,852,128	-\$127,558	-6.44%
Health Insurance	\$418,304	\$525,061	\$482,205	-\$42,856	-8.16%
Salaries & Health Insurance	\$2,179,947	\$2,504,747	\$2,334,333	-\$170,414	-6.80%
Insurance (Liability, Property, Auto)	\$83,683	\$86,436	\$85,516	-\$920	-1.06%
Legal	\$147,028	\$289,500	\$103,611	-\$185,889	-64.21%
Vehicle & Equipment Repair/Maintenance	\$71,792	\$40,500	\$56,500	\$16,000	39.51%
All Other Expenditures	\$733,514	\$581,816	\$575,826	-\$5,990	-1.03%
Expenditures Subtotal	\$3,215,964	\$3,502,999	\$3,155,786	-\$347,213	-9.91%
Tranfers to Other Funds	\$1,001,908	\$1,000,000	\$1,001,299		
Total Expenditures	\$4,217,872	\$4,502,999	\$4,157,085	-\$345,914	-7.68%

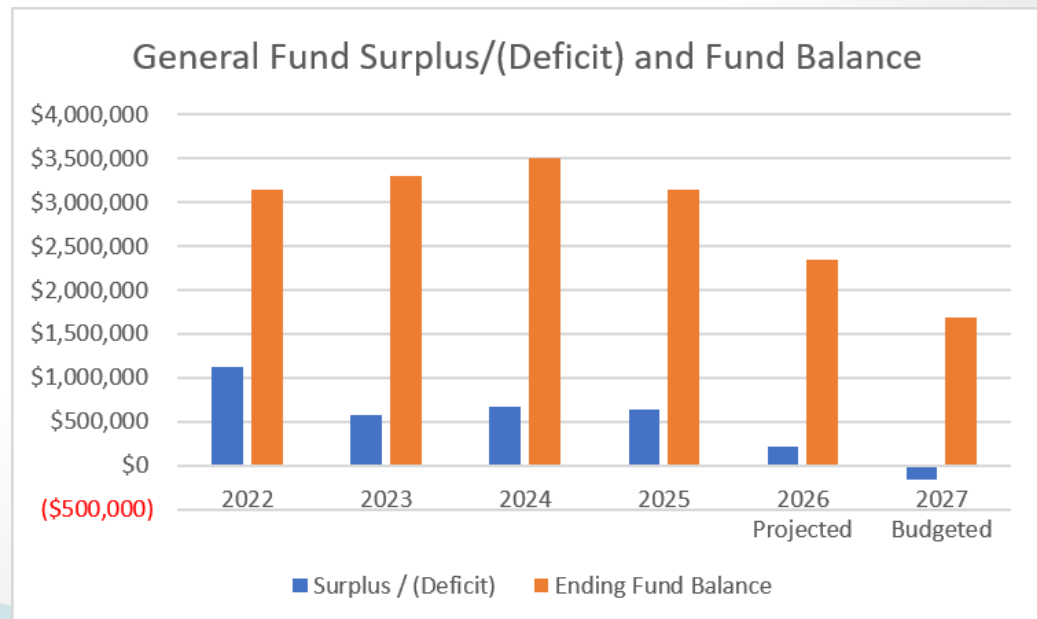


II. Proposed 2027 Budget Overview

General Fund Annual Surplus 2022–2027

(surplus/deficit excludes interfund transfers)

General Fund Annual Surplus / (Deficit) with Ending Fund Balance		
Year	Surplus / (Deficit)	Ending Fund Balance
2022	\$1,125,306	\$3,142,191
2023	\$580,932	\$3,297,762
2024	\$664,830	\$3,503,514
2025	\$638,176	\$3,139,958
2026 Projected	\$212,591	\$2,351,250
2027 Budgeted	(\$168,012)	\$1,683,238



General Fund Surplus as a Percentage of Revenue

2026 vs 2027 General Fund Balance		
	2026 Estimated	2027 Budget
Fund Balance at December 31	\$2,351,250	\$1,683,238
Annual Revenue from Operations	\$3,368,378	\$3,219,331
Fund Balance % of Revenue	70%	52%
Fund Balance at December 31	\$2,351,250	\$1,683,238
Annual Expense from Operations	\$4,157,085	\$3,887,343
Fund Balance as % of Expense	57%	43%
Surplus / (Deficit)	-\$788,707	-\$668,012

Understanding the Township Budget

The Budget Is a Roadmap, Not a Crystal Ball

The budget is an annual financial plan based on projected revenues and anticipated expenses. Actual results may differ as revenues, costs, and community needs change.

Every Dollar Has a Purpose

Township funds support different services and obligations. Some revenues are restricted by law or dedicated to specific purposes, such as Fire/EMS operations.

Fund Balance Is a Financial Resource

Reserves provide a cushion for unexpected costs, revenue shortfalls, and planned projects. Using reserves can help manage the timing of major expenses, but those funds are not unlimited.

Budgets Can Be Adjusted When Necessary

The Board may authorize additional spending when circumstances change, provided the Township follows the required legal and budgetary procedures.

Projections Are Based on the Best Available Information

The Township uses historical results, current financial information, anticipated costs, and known commitments to develop its revenue and expenditure estimates.

2027 Budget Highlights

- **NO REAL ESTATE TAX INCREASE** PROPOSED IN GENERAL FUND.
- Fire/EMS funding is currently under review pending discussions with the fire companies.
- All Township Budgets are **BALANCED** per Second Class Township Code.
- **\$168,012 is being designated from the General Fund reserve balance to balance the 2027 General Fund Budget (deficit spending budgeted in 2027).**
- **Healthcare Costs Continue to Rise:** The Township is budgeting for a 5% increase in employee healthcare costs in 2027, following an 18% increase in 2026.
- Use of fund reserves due to slower revenue growth (earned income taxes) and increased expenditures (primarily salaries and healthcare).
- **2027 General Fund Revenue Budget (total)** of \$3,887,343 is \$615,657 less than **2026 General Fund Revenue Budget (total)** of \$4,503,000 (Note: the 2026 General Fund Budget reflects a \$1 million transfer to Municipal Building Fund and 2027 budget only reflects a \$500,000 transfer to Capital Fund and Municipal Building Fund).
- When you remove these transfers, the 2027 General Fund Revenue is \$57,546 less than the 2026 General Fund Revenue. The decrease in the 2026 General Fund revenue budget largely attributed to decreases in budgeted real estate transfer taxes, Comcast/Verizon Franchise Fees, and less interest on checking account (Note: \$1 million transfer out of General Fund means less money that earns interest).

2027 Budget Highlights

- **2027 General Fund Expenditure Budget** is \$3,887,343, which is \$615,657 less than **2026 General Fund Expenditure Budget** of \$4,503,000.
- Note: the 2027 General Fund Budget includes a \$500,000 transfer to the Capital Fund and Municipal Building Fund (\$250,000= Capital Fund and \$250,000 = Municipal Building Fund) and 2026 General Fund Budget includes a \$1 million transfer from the General Fund to the Municipal Building Fund. The **adjusted 2026 expenditure budget (removing the \$1 million transfer) is \$3,503,000 and the adjusted 2027 expenditure budget (removing the \$500,000 transfer) is \$3,387,343.**
- Expected inflation of all Insurance, professional, and fixed operating costs estimated to increase by 5%.

Continued Investment in Infrastructure planned:

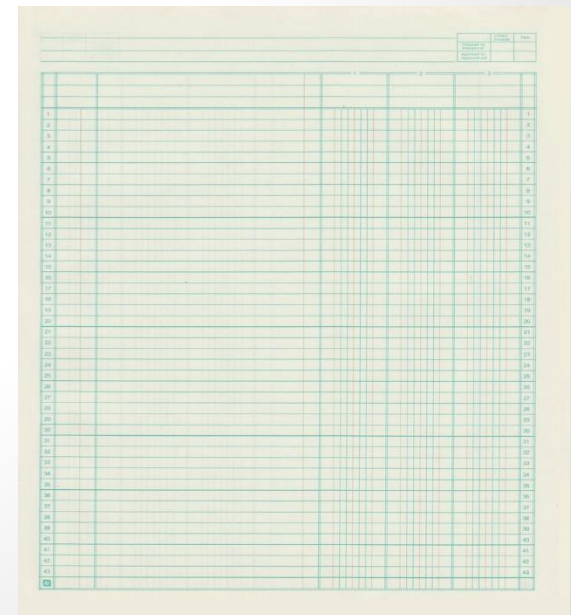
- Road paving = \$327,240 (Liquid Fuels= \$242,240+Capital Fund=\$85,000)
- Mortonville Road bridge=\$1,025,000
- \$250,000 transferred to Municipal Building Fund
- \$250,000 transferred to Capital Fund for future capital improvements.

COMPARISON BETWEEN 2026 ADOPTED & 2027 PROPOSED BUDGET

Township Fund		2026 Adopted Budget	2027 Proposed Budget	Increase/Decrease from Previous Year	% Change from Previous Year
General		\$3,503,000	\$3,387,343	(\$115,657)	-3.30%
Fire/EMS		\$825,163	\$791,262	(\$33,901)	-4.11%
Liquid Fuels		\$353,767	\$363,940	\$10,173	2.88%
Trash		\$1,278,102	\$1,322,210	\$44,108	3.45%
Park & Rec		\$80,750	\$41,350	(\$39,400)	-48.79%
Capital		\$2,675,989	\$2,983,200	\$307,211	11.48%
Total		\$8,716,771	\$8,889,305	\$172,534	1.98%

Revenue Comparison Between 2026 Adopted and 2027 Proposed Budget

- 2027 Real Estate Property Taxes (General Fund) budgeted at \$818,585 a slight decrease of \$1,500.
 - 2027 Real Estate Tax Valuation (as of 8/10/2026) is \$426,346,504. Real estate tax valuation has decreased by \$718,120 since last year.
- 2026: \$427,064,624
- 2025: \$427,112,314
- 2024: \$426,705,394
- 2023: \$423,970,119
- 2022: \$416,174,679
- 2021: \$407,810,549
- 2020: \$402,526,821
- 2019: \$402,844,451
- 2018: \$404,043,821
- 2017: \$405,500,341
- 2016: \$407,345,841



Revenue Comparison Between 2026 Adopted and 2027 Proposed Budget

- Real Estate Transfer Tax –(310.10) Budgeted at \$152,150 (2026 adopted budget) versus \$165,000 (2027 proposed budget) reflects stable property sales expectations.
 - Local Services Tax (\$47 per year) is expecting moderate growth to \$38,000.
 - Building Permit revenue expected to decrease slightly from \$110,000 (in 2026) to \$95,000 (in 2027).
 - Earned Income Taxes (EIT) revenues have slowed down after experiencing growth for several years. 2026 EIT budget of \$1,700,000 versus 2027 EIT budget of \$1,700,000 reflecting more economic uncertainty.
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2021–2026 EIT Collections by Quarter

CYR	QTR	Local
2021	Q4 2020	\$311,072.42
	Q5 2020	\$90,445.37
	Q1 2021	\$330,698.22
	Q2 2021	\$329,883.25
	Q3 2021	\$324,430.84
Total		\$1,386,530.10

CYR	QTR	Local
2023	Q4 2022	\$329,988.98
	Q5 2022	\$110,156.81
	Q1 2023	\$393,121.61
	Q2 2023	\$362,254.94
	Q3 2023	\$362,412.75
Total		\$1,557,935.09

CYR	QTR	Local
2025	Q4 2024	\$360,029.60
	Q5 2024	\$89,814.00
	Q1 2025	\$433,419.09
	Q2 2025	\$392,147.07
	Q3 2025	\$387,223.23
Total		\$1,662,632.99

CYR	QTR	Local
2022	Q4 2021	\$340,214.84
	Q5 2021	\$95,547.56
	Q1 2022	\$361,885.80
	Q2 2022	\$353,384.59
	Q3 2022	\$361,214.40
Total		\$1,512,247.19

CYR	QTR	Local
2024	Q4 2023	\$359,614.49
	Q5 2023	\$96,333.92
	Q1 2024	\$407,351.61
	Q2 2024	\$376,520.47
	Q3 2024	\$388,588.84
Total		\$1,628,409.33

CYR	QTR	Local
2026	Q4 2025	\$384,438.81
	Q5 2025	\$74,902.20
	Q1 2026	\$435,620.81
	Q2 2026	\$412,745.09
	Q3 2026	\$14,645.17
Total		\$1,322,352.08

Revenue: Interest Earnings (341.01)

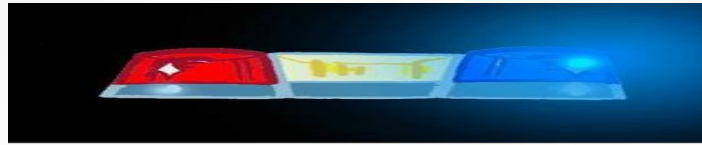
- Interest income is budgeted to decrease by \$30,000. \$90,000 budgeted in 2026 versus \$60,000 budgeted in 2027 due to anticipated transfer of \$1 million out of the General Fund into the Municipal Building Fund (means less money earning interest in the General Fund).



General Fund Administration Line 400 (Expenses)

- 2027 Administration budget of \$887,450 is \$193,799 less than the 2026 Administration budget of \$1,081,249.
- 2027 Administration Budget represents 26 % of the overall General Fund Budget.
- **Reduced legal services budget** based on the anticipated decline in Right-to-Know requests requiring significant legal review and redaction. \$272,000 budgeted in 2026 versus \$115,000 in 2027.
- 2027 budgeted administrative staffing levels unchanged from 2026 budgeted staffing levels.
- Continued High Cost of Health Insurance due to significant increase in claims performance ratio. (There was an 18% increase in 2026 budget and an additional 5% increase in 2027 projected).
- \$9,000 Community Donation for 2027 (same amount budgeted in 2026).

Police Budget Overview



- 2027 operating Police Budget of \$1,798,611 represents 53 % of General Fund Budget. 2027 police budget projected to increase 3.5% compared to 2026 police budget of 1,736,975.
- Proposed Budget includes 6 FT (current staffing level), 7 part-time officers + 1 FT Chief of Police. (current staffing level)
- One existing full-time officer will be promoted to Sergeant, resulting in an estimated \$10,000 increase in annual salary costs. This promotion will ensure that supervisory personnel are available on all shifts, strengthening police supervision and operational oversight.
- Salaries (largest expense in police budget) budgeted to increase 4 ½ % (2027) (3-year collective bargaining agreement expires 12/31/2027).
- Two Police Medical Opt-outs for a total of \$24,184.

Public Works Budget Overview

- 2027 Public Works Budget of \$576,362 an increase of 6.2% over the 2026 budget of \$542,533
- Public Works represents 17.0% of General Fund Budget.
- 2027 Proposed Budget includes 3 full-time laborers, one FT Road Foreman, and 1 PT permanent Laborer (current staffing level).
- Current Collective Bargaining Agreement expires December 31, 2028. 2027 salaries reflect a 4% increase.



Fire/EMS Budget Overview



- **Fire/EMS Fund millage currently funds the following:**
 - \$150,000 to each fire company (Modena Fire Company and Westwood Fire Company) providing fire protection to East Fallowfield Township for general fire operational purposes
 - \$66,400 subsidy to Modena Fire Company (EMS) and \$115,808 to Westwood Fire Company for EMS/Advanced Life Support (ALS)
 - \$56,425 subsidy to Volunteer Association funded by the State as a pass-through (Foreign Fire Insurance Tax)
 - Township will continue to set aside funds to each fire company for capital purchases. \$73,200 (\$36,600 for each fire department)
- 2027 Fire/EMS Fund budget is \$791,262, compared to \$825,163 in 2026, a decrease of \$33,901. The 2027 budget reflects a more refined revenue projection based on an estimated 96% tax collection rate, consistent with updated estimates provided by the Tax Collector.
- 2027 Fire/EMS contribution amounts (411.540) to the two fire companies (Westwood and Modena Fire Companies) are currently under review pending ongoing discussions with the fire companies.
- The 2027 Fire/EMS millage has not yet been fully evaluated and will be considered as part of the Township's ongoing budget process, following discussions with the fire companies regarding their 2027 funding needs.
- 2027 Hydrant Service from Pennsylvania American Water is budgeted at \$46,800, an increase of \$9,791 compared to 2026 Hydrant Service of \$37,009.

Trash Fund Highlights

- Administration is recommending **no increase in trash fee** (currently \$450) for 2027
- Hauling Contract (three-year contract with two one-year option periods) awarded to AJ Blosenski started in 2024. 2027 is option year one of the contract.
- Hauling Expense increases from \$832,528 (2026) to \$890,701 (2027) which is a 7% increase. 2027 Trash Fund is also presenting a balanced budget using \$46,662 in Trash Fund balance.
- Tipping Fees (disposal costs) projected to cost \$257,585 in 2027. Tipping fees (currently \$86/ton) are based on actual tonnage and costs from the Chester County Solid Waste Authority.
- Two FREE bulk trash drop-off events in 2027 budget (line item 427.319), Free Electronics Recycling throughout the year. Recycling Collection is still unlimited. Bulk collection is now weekly (maximum one item per week).

Trash Fund Highlights

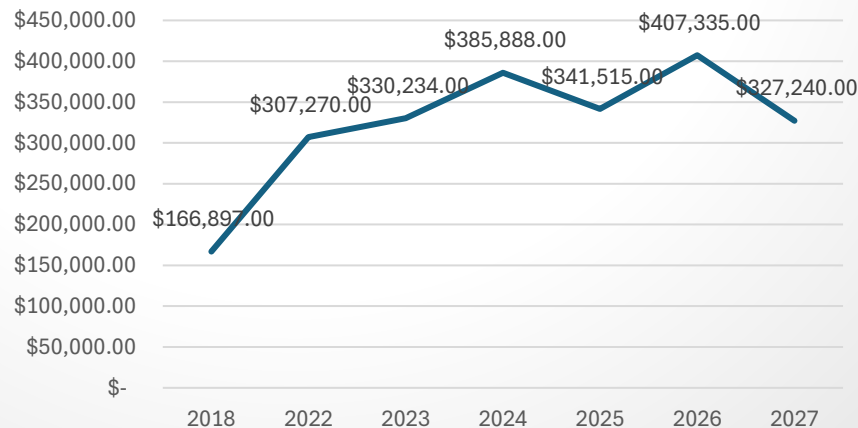
Trash Fund - 3 Year Projection Summary

	2026		2027		2028
Annual Trash Fee - Projected	\$450		\$450		\$450
Total Revenue	\$1,278,102		\$1,322,210		\$1,420,680
Awarded Contract Amount	\$832,528		\$890,702		\$953,133
Total Expense	\$1,278,102		\$1,322,210		\$1,420,680
Use of Reserves	N/A		\$46,662		\$147,078

Liquid Fuels Fund Highlights

- ▶ 2027 Proposed budget – Liquid Fuels expenditures are budgeted at \$363,940 and revenues are \$363,940. Projected revenues are \$6,000 below budgeted expenditures. The difference will be funded through the use of \$6,000 in Liquid Fuels Fund balance.
- ▶ 2027 Liquid Fuel Revenues are budgeted at \$363,940 a small increase over the 2026 budgeted revenue of \$353,767.
- ▶ The 2027 road paving budget is \$327,240! (Liquid Fuels Fund = \$242,240 and Capital Fund = \$85,000) = Continued investment in Township Roads!

ROAD PAVING PROGRAM 2018-2027



Parks and Recreation Fund Highlights

- Ongoing Pond Maintenance Project: \$6,000
- 2027 Concert in the Park Series: \$12,000, expenses are expected to be offset by sponsors/vendors
- Shed at Park: \$7,500, Canopy Tent:\$500
- (2) Wooden Display Kiosks: \$3,000
- Traffic Cones for special events: \$750



Capital Projects Fund Highlights

- Proposed 2027 Capital Fund Budget is \$2,983,200.
- Police Department:
 - New Hybrid Police Vehicle: \$78,000 (replace 2019 Chevy Tahoe)
- Public Works:
 - Peterbilt Dump Truck (\$144,000) replaces 20-year-old dump truck.
 - Building Generator: \$45,000
- Administration:
 - Update Township Website: \$25,000
 - Office computers, revolving schedule: \$4,000
 - Comprehensive Plan Update: \$12,000



Capital Projects Fund Highlights

➤ Infrastructure Improvements and Equipment

- Mortonville Road Bridge Replacement: \$1,025,000
- General Road Paving: \$85,000
- Mortonville Road Drainage Enhancements: \$50,000
- Roof over gas pumps: \$4,000
- Park Expansion Project: \$545,000



Capital Projects Fund Highlights

- Proposed 2027 transfer of \$250,000 from General Fund Balance to pay for capital improvements and future infrastructure projects.

USE OF GENERAL FUND BALANCE	\$250,000
TRANSFER TO CAPITAL FUND	\$250,000



Municipal Building Fund Highlights

- Municipal building project expenditures were inadvertently included in the Capital Fund budget. A separate Municipal Building Fund budget will be prepared to clearly identify project funding and anticipated expenditures.
- Municipal Building Architecture and Engineering Expenses:\$500,000
- The separate budget will be presented at the October 27 budget meeting.



Municipal Building Fund Highlights

Proposed Funding:

- **2026:** \$1,000,000 budgeted for transfer from the General Fund, subject to Board authorization.
- **2027:** Proposed additional transfer of \$250,000 from the General Fund to the Municipal Building Fund.

Purpose:

Consider architectural and engineering services, design, and construction of a new municipal building.

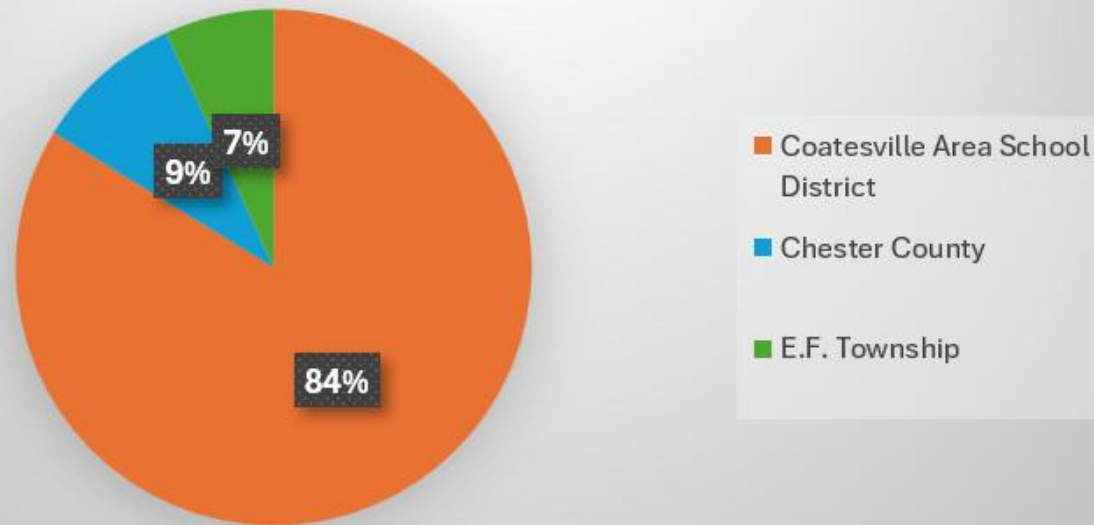
Benefit:

Reduces reliance on future borrowing and helps minimize long-term interest costs.



Average Tax Dollar (2026)

**Percentage of Total Millage Collected
2026**



	Actual Millage	% of total Millage Collected
Coatesville Area School District	45.917	84%
Chester County	5.164	9%
E.F. Township	3.7500	7%
Total Millage Collected	54.831	100%

Real Estate Millage Tax History

REAL ESTATE MILLAGE TAX HISTORY							
<u>YEAR</u>		<u>TOWNSHIP MILLAGE</u>		<u>FIRE/EMS MILLAGE</u>		<u>AMOUNT INCREASE</u>	<u>PERCENTAGE INCREASE</u>
2016		1.2500		0.0000		0.0000	0.00%
2017		1.2500		0.0000		0.0000	0.00%
2018		2.0000		1.0000		1.7500	140.00%
2019		2.0000		1.0000		0.0000	0.00%
2020		2.0000		1.0000		0.0000	0.00%
2021		2.0000		1.0000		0.0000	0.00%
2022		2.0000		1.0000		0.0000	0.00%
2023		2.0000		1.0000		0.0000	0.00%
2024		2.0000		1.7500		0.7500	25.00%
2025		2.00000		1.7500		0.0000	0%
2026		2.0000		1.7500		0.0000	0%

Township Millage & Refuse Fee

EAST FALLOWFIELD TOWNSHIP TAXES 2017-2026

<u>YEAR</u>	<u>TOTAL TOWNSHIP MILLAGE</u>	<u>TAX</u>	<u>REFUSE FEE</u>	<u>TOTAL</u>
2017	1.25	\$165.31	\$210.00	\$375.31
2018	3	\$396.74	\$210.00	\$606.74
2019	3	\$396.74	\$275.00	\$671.74
2020	3	\$396.74	\$275.00	\$671.74
2021	3	\$396.74	\$275.00	\$671.74
2022	3	\$396.74	\$275.00	\$671.74
2023	3	\$407.00	\$310.00	\$717.00
2024	3.75	\$495.32	\$450.00	\$945.32
2025	3.75	\$495.52	\$450.00	\$945.52
2026	3.75	\$495.34	\$450.00	\$945.34

* Average Residential Assessed Value (2026): \$132,090

Real Estate Taxes by Assessed Value

- ▶ A resident with a residential with the median assessed value of \$132,090 would pay \$495.34 in Township real estate taxes (2026) and \$450.00 in Trash Fees (2026) = \$945.34.
- ▶ The same resident would pay \$682.11 to Chester County and \$6,065.16 to the Coatesville Area School District.

Next Steps

- **October 27:** Present the proposed 2027 budget, discuss any revisions, and present the separate Municipal Building Fund budget.
- **November 10:** Present the revised budget and consider authorization to advertise the proposed budget.
- **December 8:** Consider adoption of the 2027 budget.

Public Feedback:

Residents are encouraged to provide comments at every public meeting. Feedback will be considered throughout the budget review process as the proposed budget is finalized.

