A BASELINE FOR THE 2027 BUDGET DISCUSSION

2026 Year-End Projections and Operating Fund Trends

General Fund, Park & Recreation Fund, Pool Fund, and Golf Fund

Detailed on the Township's 2026 year-end position, with the general trend in historic operating revenues and expenses shown for the years that follow.

Source: 2026 Budget with August 2026 actuals and 2027 proposed budget (workbook dated 09-03-2026).
2026 figures are full-year projections built on eight months of actuals.

Three funds, one pattern

In these three funds, operating revenue has gone flat while operating costs keep climbing. Transfers from other funds — most of them non-recurring — have covered the difference.

–$5.33M

General Fund operating gap, 2028

Operating revenue less operating expenditure.

$41K

Park & Rec operating margin, 2028

Down from $484K in 2020 — a 1.9% margin.

81%

Pool cost recovery, 2027

Fees cover 81 cents of every dollar of operating cost — before depreciation.

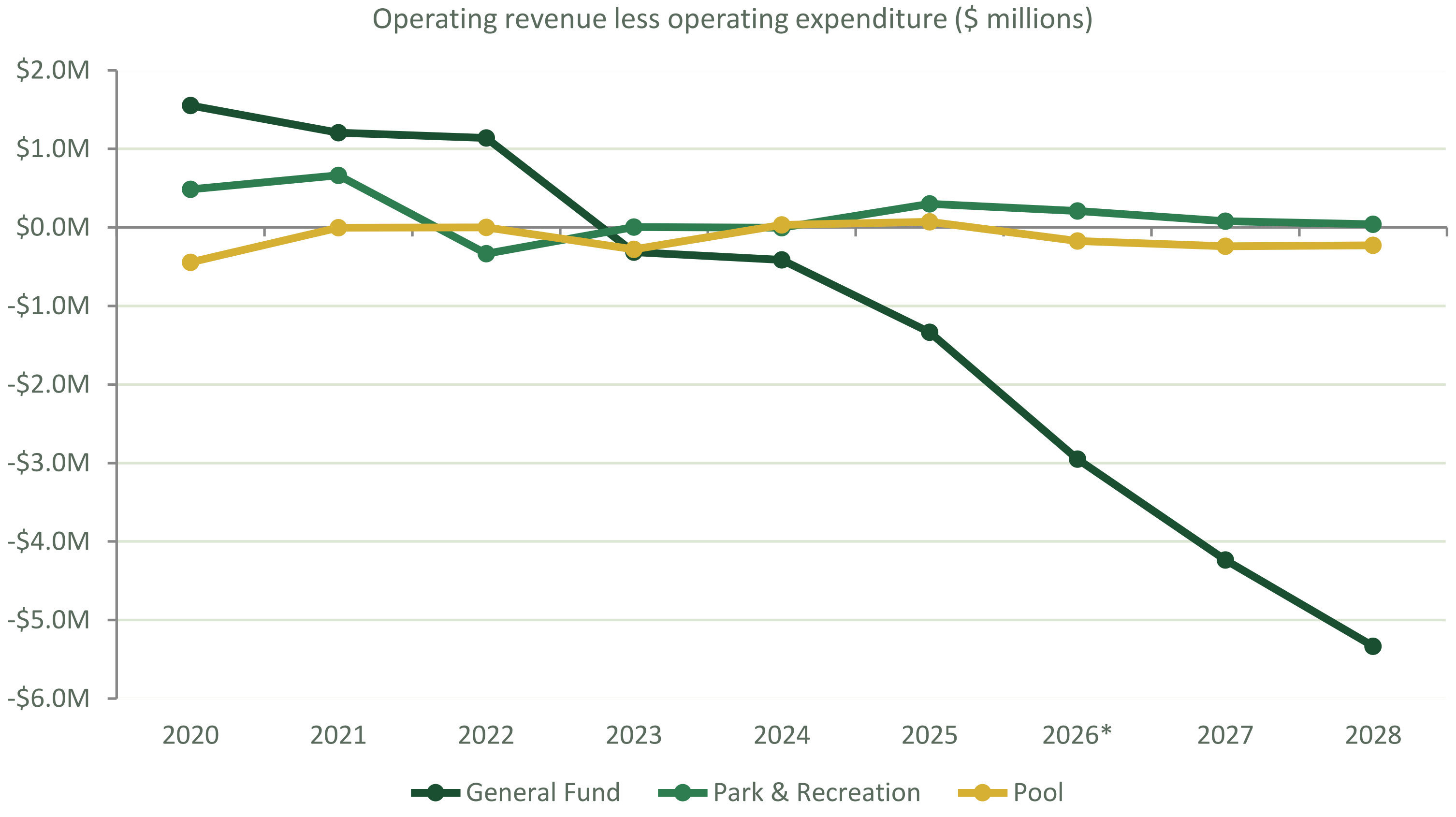
What the trend lines say

- 2026 is projected to close $469K in deficit (resulting from revenues falling short of budgeted revenues) against a budgeted $68K deficit, leaving the General Fund with 1.7 months of reserve — under the two-month minimum GFOA recommends.
- The General Fund has drawn $14.9M of interfund transfers since 2020 — including a $2.41M sewer transfer in 2026.
- Projected General Fund balance turns negative in 2027 (–$1.91M) and falls to −$7.37M in 2028.

All figures from the fund summary tabs. 2026 = projection; later years continue the historic trend in operating revenues and expenses, not a fresh line-item budget. Capital needs and capital financing are not accounted for in this analysis.

THE SHARED TREND

Three funds are trending in the same direction



Where each fund stands

- General Fund — 2023, and widening since
- Pool — 2023, and again from 2026
- Park & Rec — stays positive, cushion thinning

The General Fund and the Pool are both in sustained operating deficit. Park & Recreation stays in the black, but its margin falls from $302K in 2025 to $41K in 2028. All three are squeezed by the same drivers — wages, benefits, insurance and contracted services.

Excludes interfund transfers. Park & Recreation operating expenditure includes its debt service line, which is equipment and vehicle lease payments.

2026 FOCUS — YEAR-OVER-YEAR

How the 2026 budget grew from 2025 actual results

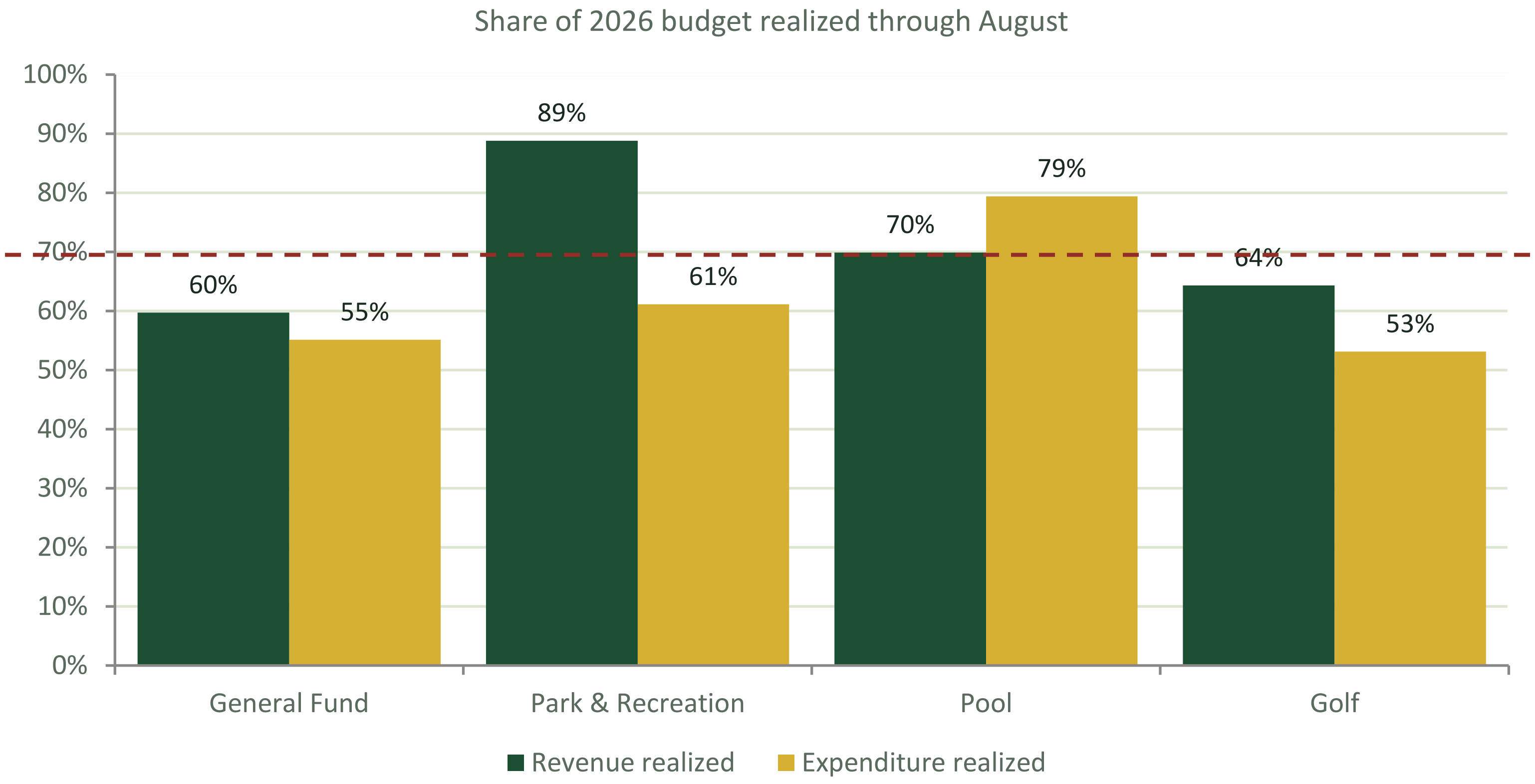
Fund	2025 actual revenue	2026 budget revenue	Rev. change	2025 actual expenditure	2026 budget expenditure	Exp. change
General Fund	$17.16M	$19.18M	**+11.7%**	$17.86M	$19.25M	**+7.7%**
Park & Recreation	$2.10M	$2.23M	**+6.2%**	$1.86M	$2.21M	**+18.6%**
Pool	$1.17M	$1.39M	**+18.5%**	$1.12M	$1.19M	**+6.1%**
Golf	$4.62M	$4.68M	**+1.3%**	$3.76M	$4.68M	**+24.4%**

This workbook retains 2025 actual results but not the originally adopted 2025 budget, so the comparison here is 2026 budget against 2025 actual, not budget-to-budget.

2026 FOCUS — BUDGET VS. ACTUAL-TO-DATE

Eight months in, funds are tracking their own seasons

Through August — 8 of 12 months, or 66.7% of the year — each fund's revenue and expenditure sit at a different share of its 2026 budget, largely reflecting when each fund collects its money and spends it, not whether it is on track.



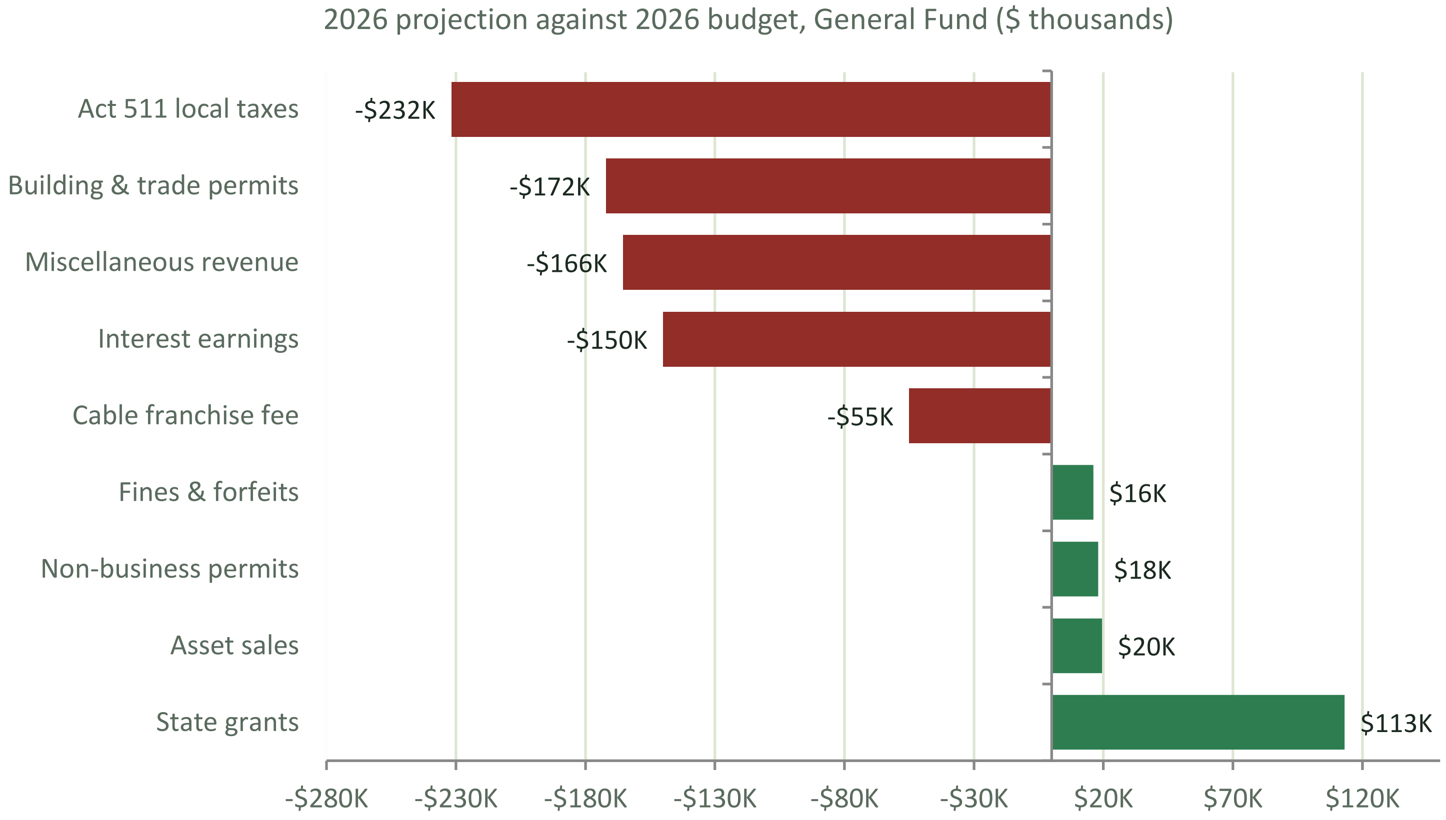
Reading the seasonality

- Park & Rec revenue at 89% — its property tax arrives mostly in Q2, well ahead of a flat 66.7% pace
- Pool revenue at 70% and expenditure at 79% — the entire season is already over by early September
- General Fund lags on both sides at under 60% — consistent with its full-year projection landing short
- Golf tracks closest to an even pace on both revenue and expenditure

The dashed line marks a flat 66.7% pace (8 of 12 months). Being above or below it reflects each revenue or expense type's normal seasonal pattern, not necessarily an early signal of a budget miss.

CURRENT YEAR PERFORMANCE — GENERAL FUND

2026 revenue lands $595K short of budget



–$469K

Projected 2026 net result

The budget anticipated a $68K shortfall. The projection is seven times that.

–$232K

Largest single miss

Act 511 taxes, driven by the new amusement tax: $31.8K collected through August against $500K budgeted.

Spending helped: operating expenditure is projected $212K under budget. It was not enough to offset the revenue side.

Accounts varying by less than $8K are omitted. Interfund transfers came in exactly as budgeted at $4.50M.

2026 FOCUS — BUDGET VS. YEAR-END PROJECTION

Full-year 2026: budget against where each fund will land

Fund	2026 budgeted net	2026 projected net	Variance
General Fund	−$68K	−$469K	−$401K
Park & Recreation	+$19K	+$132K	+$112K
Pool	+$203K	+$98K	−$105K
Golf	$0	−$360K	−$360K

Three of four operating funds land worse than budgeted

Three of the four operating funds are projected to finish 2026 below their adopted budget's bottom line — General Fund by $401K, Golf by $360K, Pool by $105K. Golf's 2026 budget assumed an exact break-even ($0 net); the projection shows a $360K shortfall instead, driven by a larger-than-typical transfer out.

A separate, non-recurring option for the General Fund

The Township has noted that approximately $3,000,000 in excess operating sanitary sewer revenues could be transferred to help close the General Fund's shortfall. Like the one-time transfers already relied on, this would be non-recurring — available once, not a repeatable source.

Sanitary sewer revenue figure as provided for this discussion; not a line item in the budget workbook. Net = total revenue less total expenditure, including interfund transfers.

PRIMARY FOCUS — 2026 YEAR-END PROJECTIONS

The 2026 year-end position, fund by fund

This is the core finding of this baseline: where each operating fund actually lands at December 31, 2026. Figures for later years elsewhere in this deck are additional context on where these trends lead, not the primary subject.

Fund	2026 operating result	2026 net result	Ending balance, 12/31/26
General Fund	−$2.95M	−$469K	$2.36M
Park & Recreation	+$209K	+$132K	$106K
Pool	−$174K	+$98K	$25K (cash)
Golf	+$495K	−$360K	$855K (cash)

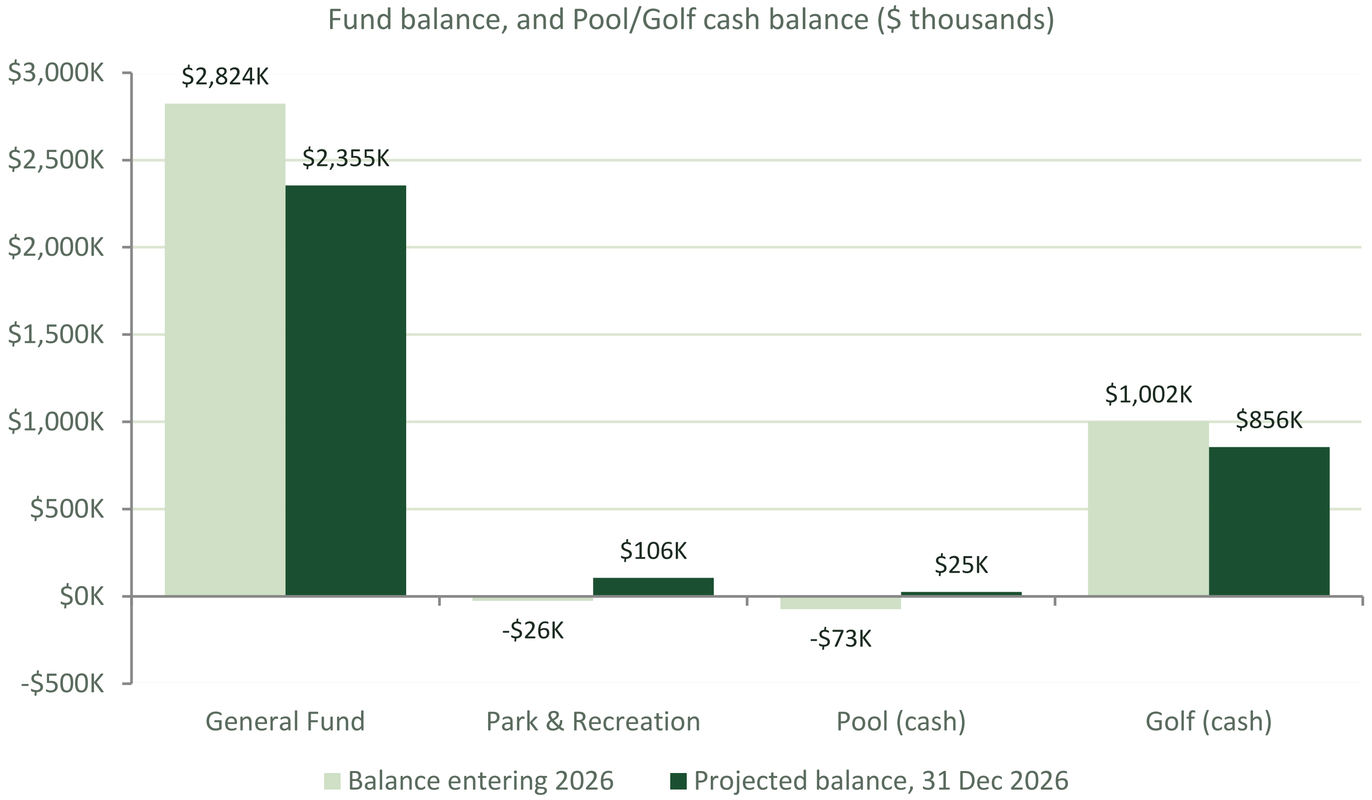
Reading the operating vs. net columns

Operating result excludes interfund transfers; net result includes them. Golf’s operations remained profitable (113% cost recovery) — its negative net result reflects a $1.1M transfer out funding other Township needs, not an operating shortfall. Pool and Park & Recreation only reach positive net results because of transfers or underspending, not stronger revenue.

Pool and Golf balances shown are cash; General Fund and Park & Recreation are fund balance.

END OF 2026 POSITION

Where all four funds land on December 31, 2026



1.7 months

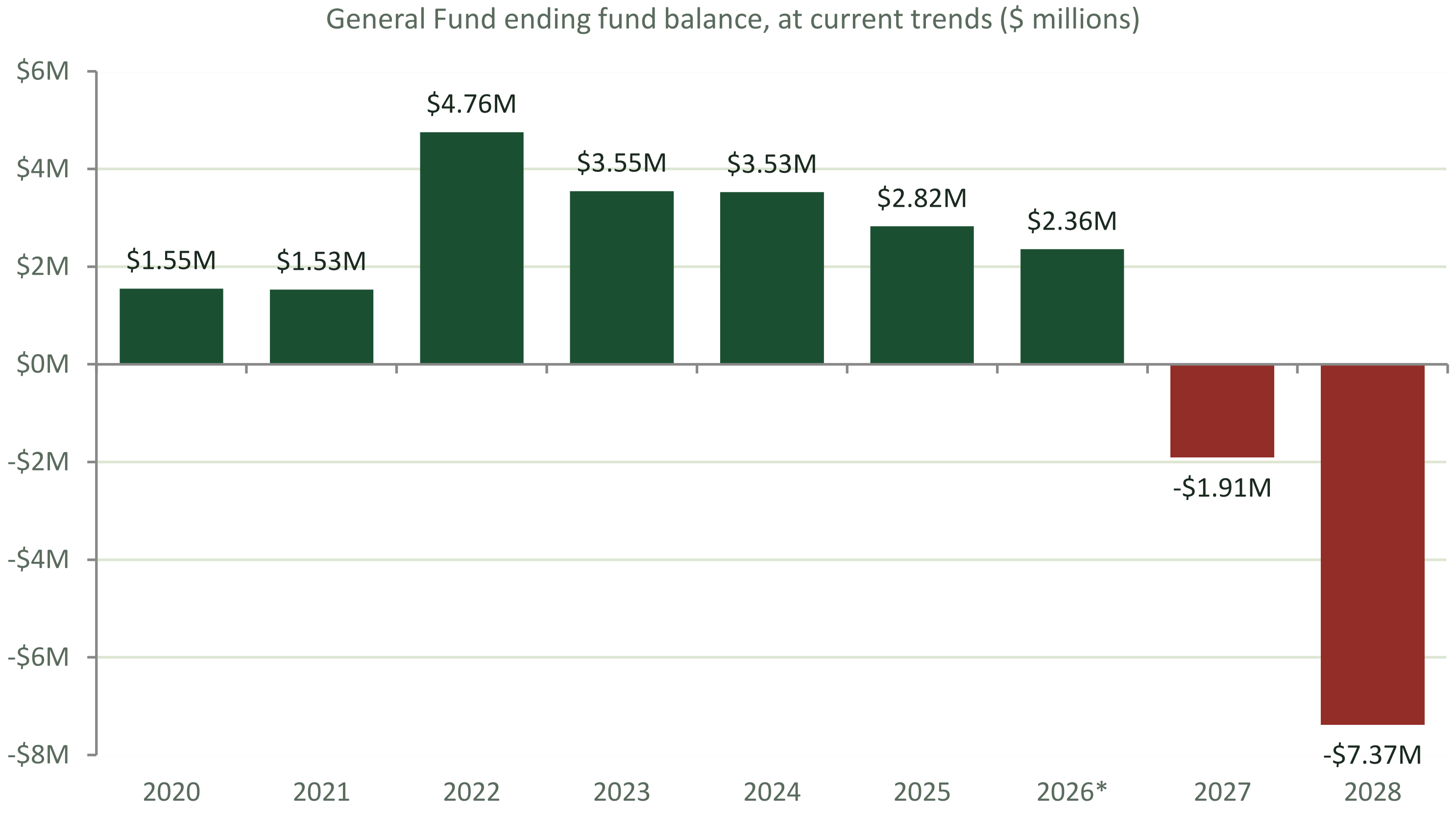
The General Fund ends 2026 with $2.36M — 1.7 months of 2026 operating expenditure, under the two-month minimum GFOA recommends holding as unrestricted fund balance.

Three of the four improve — for different reasons

- Park & Rec turns positive for the first time since 2021 — on $127K of underspending, not revenue growth
- Pool cash turns positive for the first time since 2020 — entirely on the $289K Golf transfer. Without it, cash would be −$264K
- Golf's cash declines by design — it sent $1.1M to other funds this year, more than its usual $755K
- The General Fund draws down $469K even after $4.50M of transfers in

Park & Recreation began 2026 at −$25.7K, not the $36.8K assumed when the 2026 budget was adopted.

Heading toward fiscal challenges without a change



If nothing changes

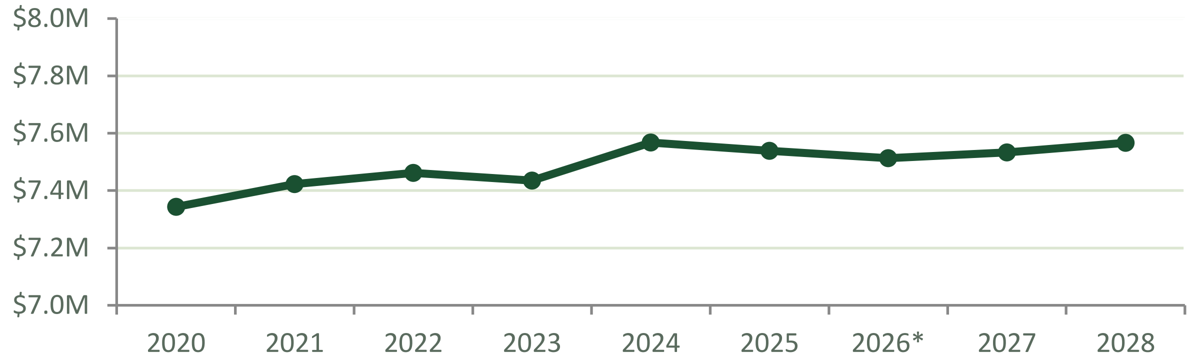
- Operating costs grow roughly $885K a year faster than operating revenue
- $14.9M of one-time transfers covered the gap since 2020; $2.41M of it is spent in 2026
- Reserve is already at 1.7 months in 2026, under the two-month GFOA minimum, before the fund balance turns negative in 2027

A negative fund balance is not a permissible budget outcome — this shows the scale of the gap that needs to close, not a forecast.

WHY REVENUE IS FLAT

Four reasons the tax base cannot grow its way out

General Fund real property tax revenue, flat at 13.88 mills ($ millions)



Nine years, +3.0%

Real property tax is just over half of General Fund operating revenue and it has barely moved since 2020. That is not a collection problem or a rate decision — it is what the four constraints below make inevitable.

1972

Last countywide reassessment

Bucks County has not reassessed in over 50 years. Assessed values are frozen to a 1972 base, so the tax base does not rise when market values do.

$43,600

Average residential assessment

At 13.88 mills that is $605 a year in General Fund tax on the average home, and $1,087.82 across all township levies.

Built out

Predominantly residential land use

With reassessment off the table, growth must come from new construction — and there is little land left to build on.

14 mills

Statutory general purpose cap

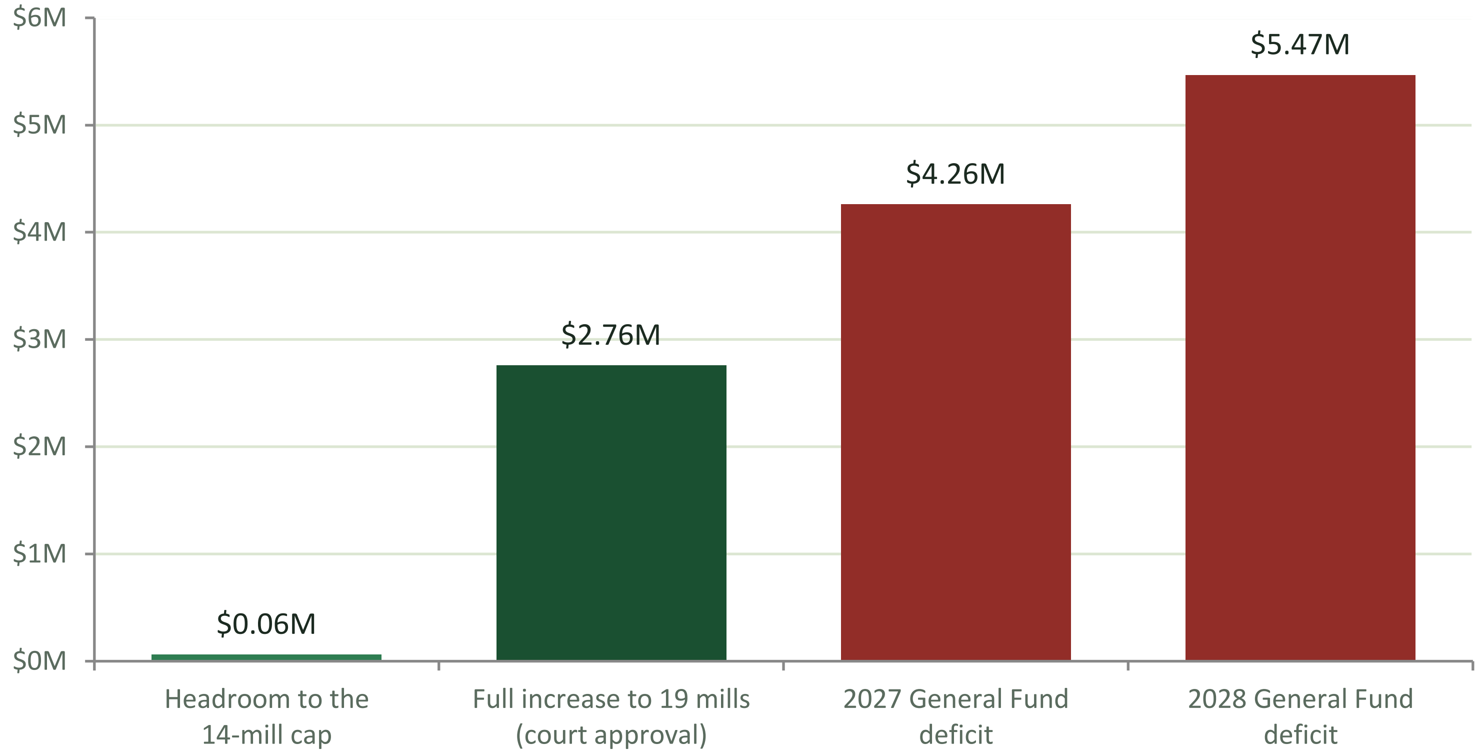
The Second Class Township Code caps the general purpose levy at 14 mills, or 19 with court approval.

One mill of General Fund levy raises roughly $550,000. Total township millage across all seven levies is 24.95 mills.

THE STATUTORY CEILING

A rate increase cannot close the gap on its own

Revenue a rate increase could raise, against the gap it must close ($ millions)



0.12 mills

All that remains under the cap

The General Fund levy is 13.88 mills against a 14-mill statutory cap — about $65,000 a year.

65%

Of the 2027 gap, at the 19-mill ceiling

Even the full court-approved increase leaves $1.50M unfunded in 2027 and $2.71M in 2028.

Going from 13.88 to 19 mills would add about $223 a year to the average residential bill.

General purpose millage only. The fire, hydrant, park and recreation, debt service, road machinery, and ambulance levies sit outside the 14-mill cap.

THE TREND IF NOTHING CHANGES — PARK & RECREATION FUND AND POOL FUND

Park & Recreation and Pool: the same pressure, smaller funds

Neither fund is in the General Fund's position, but both show the identical pattern: costs outrunning revenue, with the cushion built in recent years thinning out through 2028.

PARK & RECREATION

$302K → $41K

Operating margin, 2025 → 2028

- Program fees are 18% off their 2024 peak and tracking behind budget
- The margin thins to a 1.9% cushion by 2028 — not a deficit, but almost no room for a bad season
- The fund stayed positive in 2026 mainly on underspending, not stronger revenue

POOL

107% → 81%

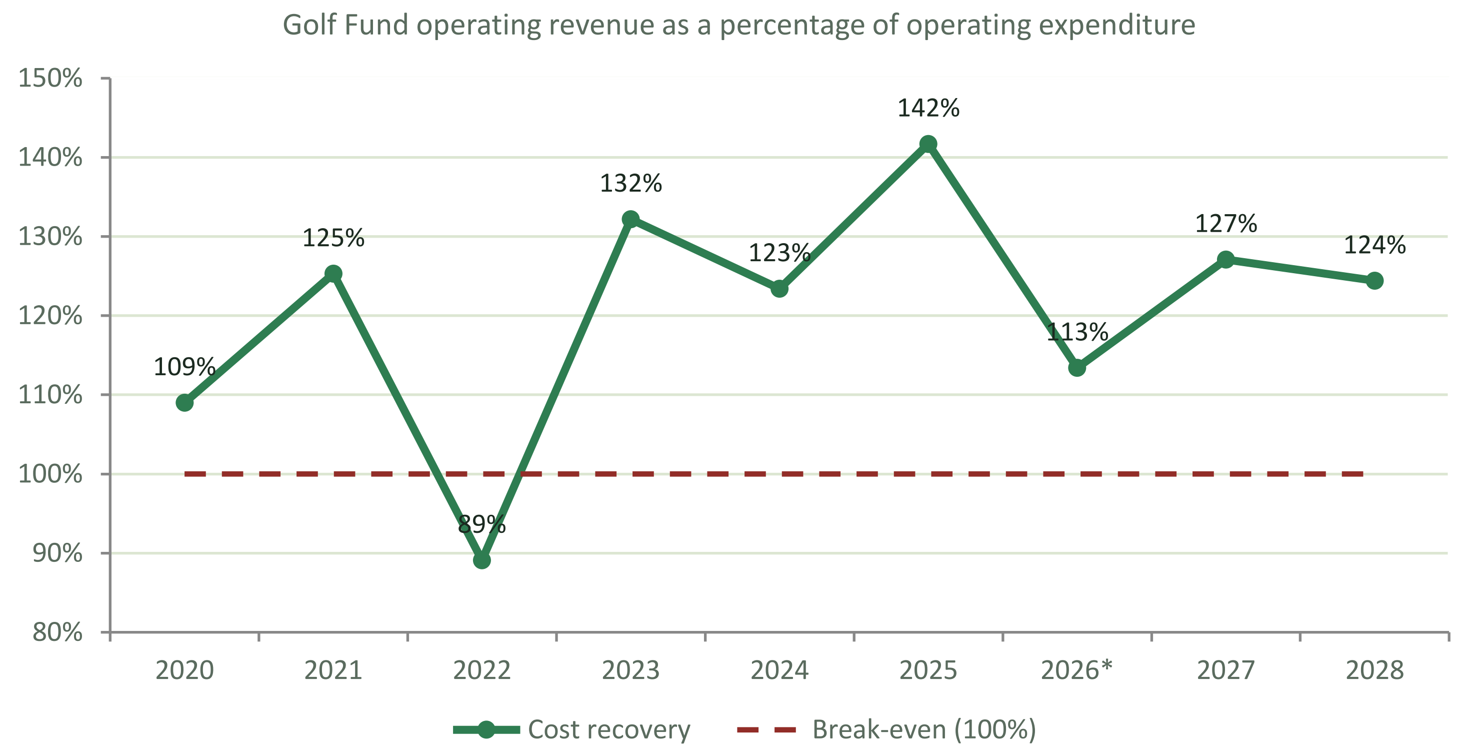
Cost recovery, peak (2025) → budgeted 2027

- If no transfer is budgeted after 2026 to cover the gap between fees and operating cost
- Cash goes to −$479K by 2028 without a new subsidy or fee change
- The fund's three membership discounts — resident rate, family cap, and early registration — total $320K a year, close to the size of the shortfall

Park & Recreation operating expenditure includes its debt service line, which is equipment and vehicle lease payments. Golf, the Township's other enterprise fund, remains structurally profitable through 2028 and is not part of this trend.

The other enterprise fund runs a surplus, not a deficit

The Township's own fund accounting structure treats Golf, like the Pool, as an enterprise fund — self-supporting through user fees rather than the tax levy. Its trend runs the opposite direction.



127%

2027 cost recovery

Golf fees have covered operating cost in eight of the last nine years — the one exception, 2022, reflects a one-time asset write-down.

$755K–$1.1M

Sent out to other funds each year

Unlike the Pool, Golf transfers money out — mainly to the General Fund and its own bond repayment fund — rather than receiving support. The $289K transfer that helped the Pool in 2026 came from this surplus.

The 2022 spike in transfers reflects the Sewer Fund sale proceeds passing through Golf Fund, a one-time event unrelated to golf operations.

SUMMARY

Non-recurring revenue, 2020–2026

These amounts supported operations but cannot be counted on again. Removing them shows the recurring base each fund actually has.

Fund	Year	Item	Amount	Repeats?
General	2022	Sewer Sale Deposit	$3,000,000	No
General	2022	Miscellaneous revenue spike	$1,012,707	No
General	2022–24	American Rescue Plan funds	$1,171,608*	No — program ended
General	2022–25	Golf Course operating transfers	$1,896,896	No — COVID-19 operating subsidy repaid
General	2025	Sewer Fund transfer	$1,000,000	No
General	2026	Sewer Fund transfer	$2,406,166	No
Park & Rec	2021	State grant	$250,000	No
Park & Rec	2023–24	Sewer Trust and bond proceeds	$398,359	No
Park & Rec	2026	Sale of fixed assets	$28,611	No
Pool	2022	American Rescue Plan transfer	$200,367	No
Pool	2024	Park & Recreation transfer	$200,000	No
Pool	2026	Golf Course Fund transfer	$289,279	No — policy decision

Excludes the annual Sewer Trust distribution, which is funded by interest earnings and is expected to continue.
**Total ARPA allocation equaled $3,433,359.50.*

FOR THE 2027 BUDGET DISCUSSION

Five things the baseline establishes

1. **The General Fund problem is structural, not cyclical.**

   Operating costs have grown 6.6% a year against 0.7% revenue growth for nine straight years. No single line item explains it.

2. **One-time money has masked the gap since 2022.**

   $14.9M of transfers, ARP funds, and asset-driven revenue covered operating deficits. A $2.41M sewer transfer is spent in 2026.

3. **Park & Recreation is thinner than the bottom line suggests.**

   Program fees are 18% off their 2024 peak and tracking behind budget. The operating margin thins from $302K in 2025 to $41K in 2028.

4. **The Pool has moved from a self-supporting peak in 2025 back to subsidized. Subsidy was required in 3 (2021, 2023, and 2026) of the past 6 years.**

   Cost recovery fell from 107% to 81% in two years. With no transfer budgeted after 2026, cash goes to −$479K by 2028.

5. **The township is 0.12 mills from its statutory cap.**

   General purpose millage is 13.88 against a 14-mill cap. Even the 19-mill court-approved ceiling covers only 65% of the 2027 General Fund gap.

None of this dictates a specific budget decision, and none of it includes capital needs. The 2026 year-end position is the finding; later years are additional context on where these trends lead if unaddressed.

Prepared from the 2026 budget workbook with August 2026 actuals and the 2027 proposed budget, 09-03-2026.