

LOWER MAKEFIELD TOWNSHIP

Options to Close the 2027 General Fund Deficit

Four General Fund scenarios and the capital projects plan

Draft for discussion · October 2026



EARNED INCOME TAX BASICS

The EIT applies only to earned income, and about 32% of EIT eligible residents already pay it

Taxable

- Salaries and wages
- Commissions, bonuses and tips
- Net profits from a business or self-employment
- Employee contributions to retirement plans
- Sick pay, stipends and incentive pay
- Stock options when exercised

Not taxable

- Social Security
- Most pension, IRA and 401(k) payments
- Interest, dividends and capital gains
- Unemployment and disability benefits
- Alimony, child support and gifts
- Lottery winnings
- Active-duty military pay

ALREADY PAID ELSEWHERE

\$3.87M

by LMT residents to other municipalities,
about 16% of the \$24.2M a 1% EIT could
raise

Keystone: \$2.42M from 5,647 residents

Berkheimer: \$1.45M from 1,494 residents
mostly Montgomery County

With the EIT, the General Fund turns from deficit to surplus in 2027

\$ thousands	2026 proj.	2027	2028	2029	2030
EIT rate	—	1.0%	0.5%	0.5%	0.5%
Earned income tax revenue	—	20,000	10,300	10,609	10,927
Total revenues	18,649	36,791	26,616	27,020	27,438
Total expenditures	18,950	21,161	22,302	23,272	24,263
Net result	(301)	15,629	4,314	3,747	3,174
Ending fund balance	2,523	18,152	22,467	26,214	29,388
Net result without EIT	(301)	(4,371)	(5,986)	(6,862)	(7,753)

2027: \$20.0M budgeted at 1%, out of Keystone's \$24.2M estimate, to stay conservative. **2028 on:** 0.5% in case Pennsbury School District levies the other 0.5%, levies the other 0.5%, growing 3% a year for expected wage increases. Totals include interfund transfers.

The EIT makes room to end the per capita tax and cut up to 5 mills

1 MILL EQUALS ABOUT

\$539,000

a year, based on the current assessment. The General Fund Fund levies 13.88 mills today.

Per capita tax: about \$220,000 a year

Option (\$ thousands)	Millage	Revenue given up	2030 net result	2030 fund balance
End per capita only	13.88	222	2,951	28,499
+ cut 2 mills	11.88	1,300	1,966	24,371
+ cut 3 mills	10.88	1,839	1,411	22,182
+ cut 4 mills	9.88	2,378	855	19,993
+ cut 5 mills	8.88	2,917	300	17,804

Each option starts in 2027 with the EIT as on slide 3; the 5-mill row matches the EIT with 5-mill reduction workbook (next slide). Every option keeps revenues above expenditures through 2030 and ends with a fund balance over four times two months of expenditures (\$4.0M).

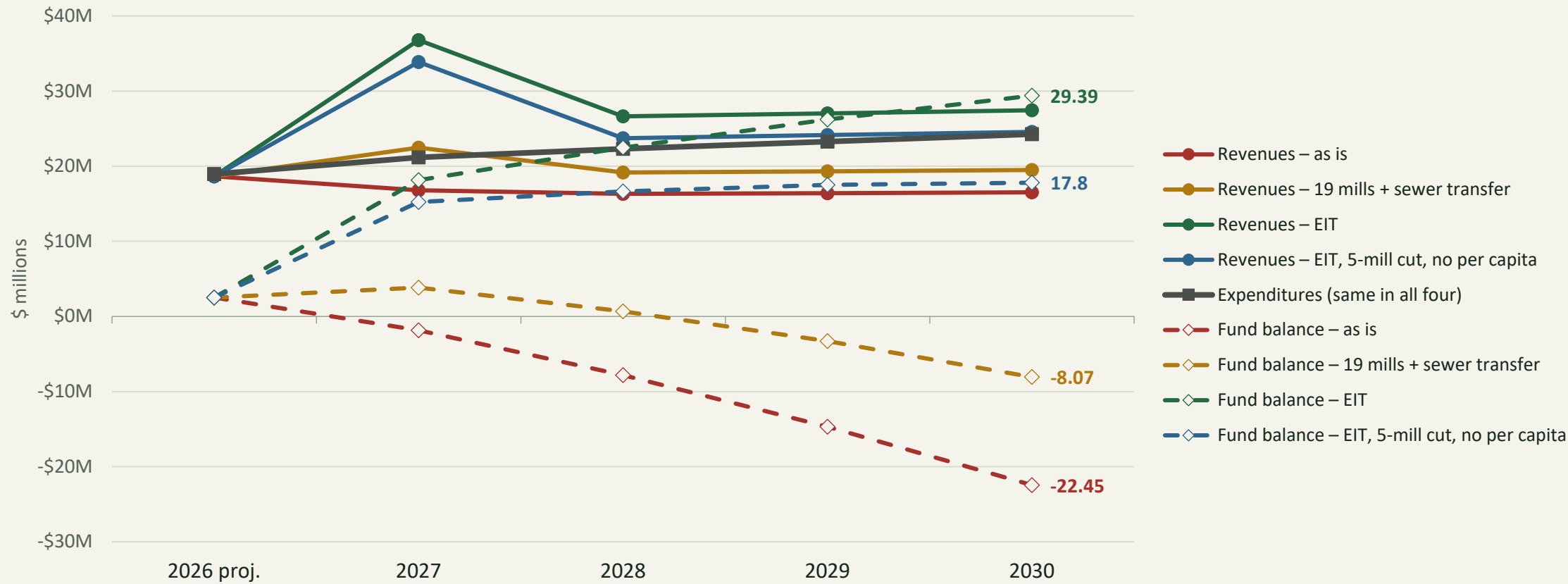
With the EIT, a 5-mill cut and no per capita tax, the General Fund stays balanced

\$ thousands	2026 proj.	2027	2028	2029	2030
EIT rate	—	1.0%	0.5%	0.5%	0.5%
General Fund millage	13.88	8.88	8.88	8.88	8.88
Per capita tax	215	—	—	—	—
Total revenues	18,649	33,874	23,713	24,130	24,563
Total expenditures	18,950	21,161	22,302	23,272	24,263
Net result	(301)	12,712	1,411	858	300
Ending fund balance	2,523	15,235	16,647	17,505	17,804

2027: General Fund millage cut from 13.88 to 8.88 and the per capita tax eliminated, about \$2.9M a year back to residents. **EIT as on slide 3:** \$20.0M at 1% in \$20.0M at 1% in 2027, then 0.5% growing 3% a year. Totals include interfund transfers.

GENERAL FUND · FOUR SCENARIOS

Revenues, expenditures and fund balance under four scenarios



Capital Projects

Many of these are **deferred projects and maintenance** of roads, buildings, vehicles and equipment the township already owns.

2026 projected

\$4.77M

2027 plan

\$22.26M

2028–2030 plan

\$89.81M

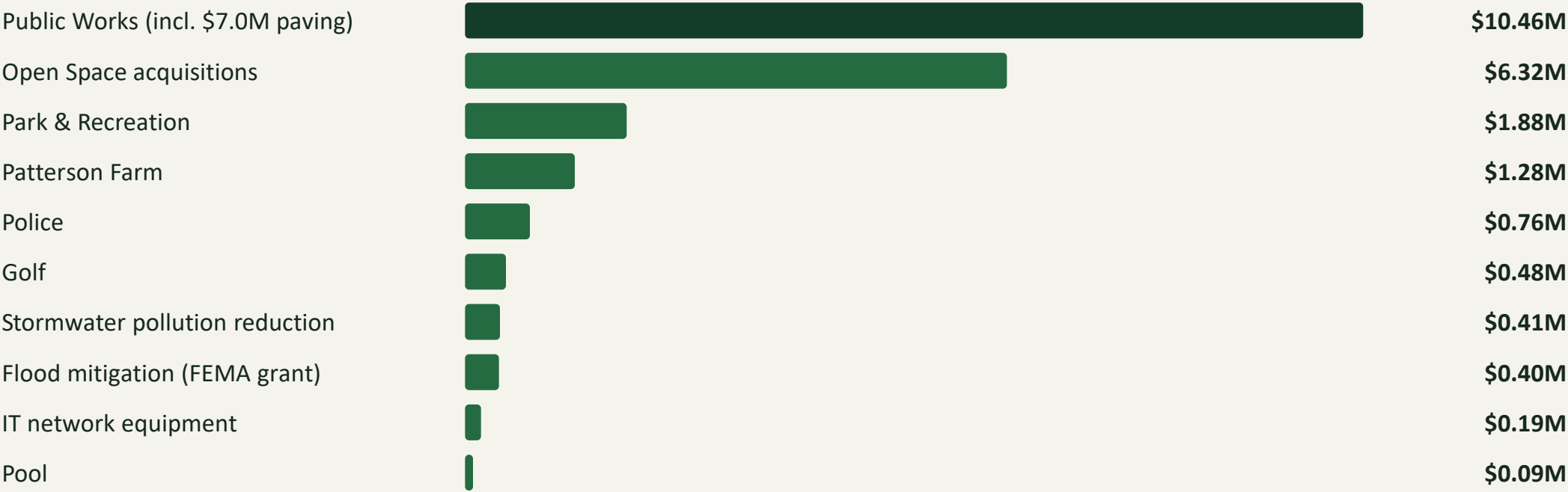
2026 is projected at \$4.77M, about half of the \$9.72M budget



Largest 2026 projects	Projected
2026 road paving program	\$2,000K
Big Oak / Makefield intersection	\$505K
Stormwater pollution reduction design	\$466K
Large dump truck replacement	\$320K
Server replacement	\$224K
Highland Drive storm sewer	\$184K

Moving into 2027	
Taylorsville Rd curb & sidewalk	\$2.99M
Memorial Park expansion	\$0.82M
Revere pickleball courts	\$0.48M
Taylorsville / Woodside intersection	\$0.28M
Garden of Reflection memorial	\$0.20M

The 2027 plan totals \$22.26M, led by road paving and open space



\$9.60M of 2027 maintains and replaces what the township already owns

OUTSIDE LAND PURCHASES

60%

of the 2027 plan is maintenance and replacement, much of it deferred from prior years

Project	2027
Road paving program	\$7,000K
Police radios, vehicles, cameras, equipment	\$759K
Park court replacements and mower	\$533K
Stormwater pollution reduction (Core Creek)	\$407K
Golf deck, clubhouse roof, windows, paint	\$330K
Bike path trail maintenance	\$300K
IT firewalls, switches, access points	\$186K
Pool heaters, diving board, sewer pump	\$86K
Total	\$9,600K

The other \$12.66M is open space, grant-backed projects and improvements

Project	2027	Funding
Open space acquisitions (4 properties)	\$6,318K	2016 Bond and new debt
Taylorsville Road curb and sidewalk	\$2,993K	\$3.18M DCED grant awarded
Patterson Farm improvements	\$1,283K	\$860K LSA grant awarded
Memorial Park expansion	\$823K	\$900K DCED grant awarded
Taylorsville / Woodside and bike path	\$470K	2016 Bond
1425 River Road flood mitigation	\$400K	FEMA grant applied for
Garden of Reflection memorial	\$200K	\$200K LSA grant awarded
Golf well, Cardinal Courts access	\$175K	Golf funds; TBD
Total	\$12,661K	

CAPITAL PLAN · GRANTS

\$4.69M in grants awarded, and \$0.82M more applied for or in process

Awarded · \$4.69M		Applied for / in process · \$0.82M	
Taylorsville Rd curb & sidewalk	\$3,177K	1425 River Road flood mitigation	\$400K
DCED Multimodal		FEMA Flood Mitigation, applied	
Memorial Park expansion	\$900K	Police radios (21 portables)	\$184K
DCED, no local match		PCCD, decision Dec 2026	
Big Oak / Makefield intersection	\$260K	Police vehicle computers (MDTs)	\$63K
ARLE		PCCD, decision Dec 2026	
Garden of Reflection memorial	\$200K		
LSA			
Stormwater PRP, Core Creek	\$175K		
Growing Greener			
Highland Drive storm sewer	\$147K		
PA Small Water, received			
5 Mile Woods boardwalk	\$10K		
PECO Green Region, received			

Also received for 2025 projects: Green Light Go \$305K (Big Oak / Pine Grove), Statewide Local Share \$827K (tub grinder), DVPLT and DVWCT \$6K (pool cameras).

2028–2030: aging buildings and roads

2028		
\$61.44M		
Township complex rehab	\$45.0M	
Road paving	\$7.0M	
Macclesfield field lights	\$2.0M	
2029		
\$19.39M		
PW garage heated storage	\$6.5M	
Kids Kingdom rebuild	\$3.5M	
Road paving	\$2.0M	
Additional salt dome	\$2.0M	
2030		
\$3.98M		
Road paving	\$2.0M	
Golf 9th hole pond	\$1.0M	
Bike path maintenance	\$0.4M	
Bridge, leaf equipment	\$0.4M	

Many are deferred replacements: roofs, HVAC, the generator, fuel tanks, bridges and leaf equipment. Funding for most 2028–2030 projects is still to be determined.