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October 30, 2026

Board of Commissioners
Haverford Township
1014 Darby Road
Havertown, PA 19083

Dear Commissioners:

On behalf of the entire Township staff, I am pleased to present the 2027 Preliminary Operating and Capital Budgets, along with the 2027-2030 Capital Improvement Plan. This document, prepared by our extremely talented Finance Department, reflects the hard work and collaboration that began in August, when department heads submitted their initial requests. After thorough review and analysis, we've crafted a budget that ensures Haverford Township has the financial resources to deliver the services our community expects, without losing sight of our long-term goals.

In addition to the 2027 budget, which serves as our financial roadmap for the upcoming fiscal year, we present conceptual budgets for 2028-2030, as required by the Home Rule Charter. These conceptual budgets are based on realistic assumptions: stable revenues and known factors, such as scheduled debt payments and labor contracts. We use the Consumer Price Index (CPI) to estimate other budget items. These assumptions create a conservative projection for the future. This forecast dictates that we regularly assess our operations for efficiency, review our fee structure for cost recovery, and evaluate our programs for potential revenue generation. The process highlights the importance of disciplined discretionary spending, enabling us to plan for potential challenges that lie ahead.

Despite considerable challenges in recent years, Haverford Township remains on solid financial footing. Our reserves are healthy and our Moody's credit rating is a strong, investment-grade (Aaa). However, the current financial environment is filled with volatility and uncertainty, as further described in this memo.

Executive Level Summary

The preliminary 2027 budget reflects the following proposed increases in Township property taxes, sewer rents and trash/recycling fees:

Township Real Estate Tax – 3.8% proposed increase
Sewer Fee – $.50 per 1,000 gallons proposed increase to $5.65/1,000g
Trash/Recycling Fee – $20 per year proposed increase to $315 per residential unit

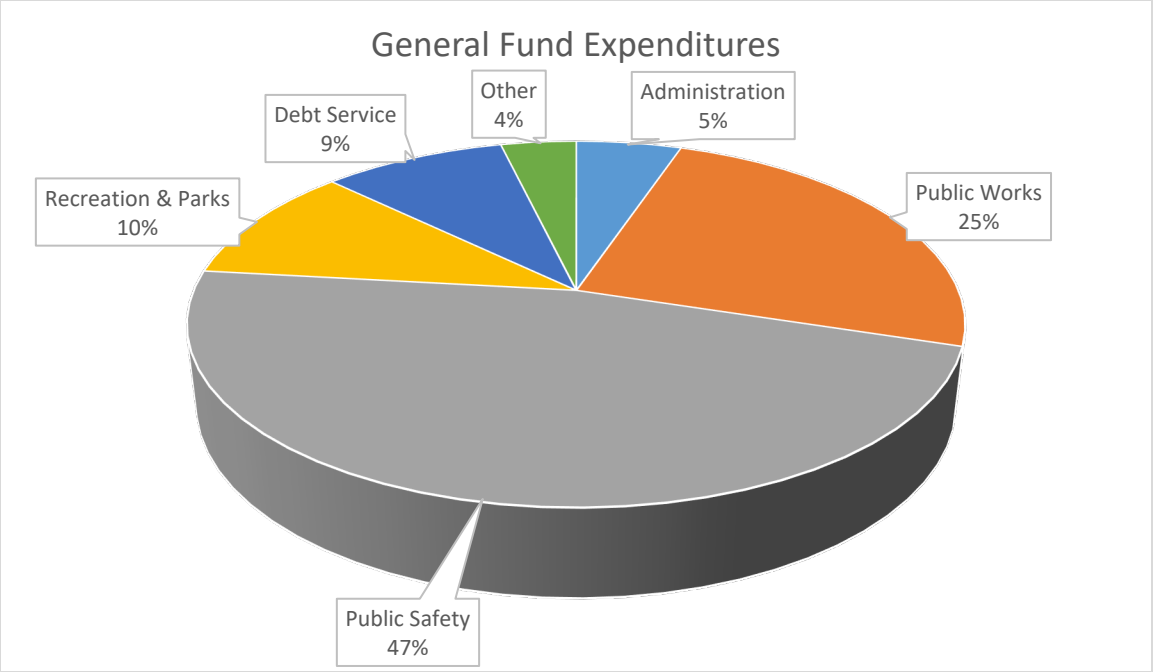
We realize this news presents yet another financial burden for our residents and businesses, who are already grappling with the effects of inflation and financial uncertainty. We share your feelings. Everyone at the Township is dealing with this pressure, as well.

Of course, the Haverford Township organization is not immune to these financial stresses. We face a combination of sharply rising costs and relatively flat revenues. At the same time, we are confronted with increased service expectations and the growing need to attract and retain skilled workers in a tight labor market. The proposed budget takes all of these factors into account, as we strive to preserve and continue Haverford Township's solid reputation as a special place in which to live, work and play.

General Fund Overview

General Fund Expenditures

The proposed $57.6 million General Fund budget provides resources for all municipal services (other than sanitary sewer).



Personnel costs, including wages, health benefits, pensions, workers' compensation, and payroll taxes, make up about 68% of our budget. As a provider of public services, our greatest asset is our people, who are essential to our operations. The relative share of our budget dedicated to personnel has gradually increased in recent years due to several factors: longer tenures among staff, rising healthcare and pension costs, and our commitment to fairly and competitively compensate our workforce.

Our labor contracts include wage increases of 3.6% for civilian staff and 4.25% for police personnel. The proposed budget does not add any new positions compared to 2026 but the combination of natural attrition and contractual wages add $825,000 to our labor budget.

For many years, our health care consortium managed to keep health insurance rates steady, even offering a few premium holidays. While the more recent increases are still well below market, the rising cost of health care is a challenge. In 2025, we faced a 6.5% increase in health insurance; in 2026, a 5.9% increase and in 2027, we will face a 4.9% increase. The 2027 increase, along with shifts in employee coverage, adds $425,000 to our employee benefits budget.

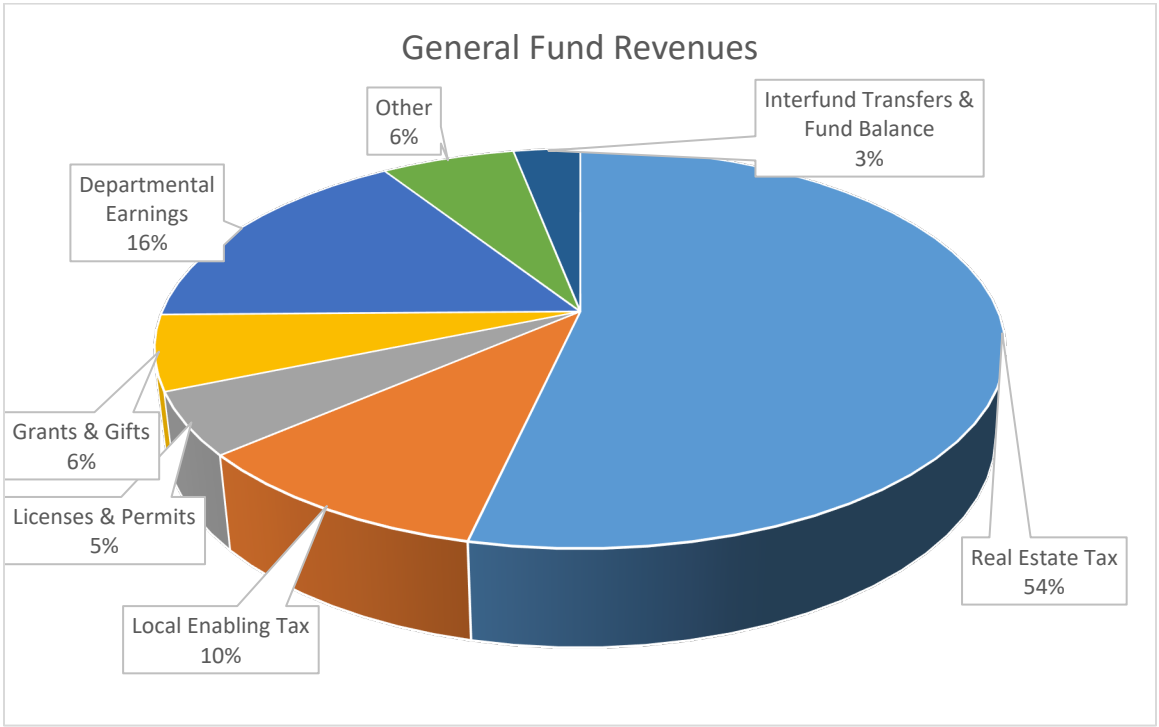
The general fund budget includes 3% increases for library operations and for each of the five (5) volunteer fire companies that service our community. We will continue to show gratitude and appreciation to our firefighters with continuation of the 50% Township real estate tax rebate program to those volunteers who meet the service hour criteria.

Similar to households and businesses everywhere, we acutely feel the increase in the price of gasoline and diesel fuel. In many respects, the effect on municipal governments is compounded since the vast majority of services we provide involve vehicle usage (e.g. police service, fire services, code enforcement, public works, sanitation, etc). The current and anticipated fuel price environment increases add $180,000 (a 36% increase over 2026).

While we funded much of our heavy equipment needs through ARPA in recent years, we continue to include our normally recurring purchases in the General Fund. Among those purchases will be (1) new truck for the highway department, a new utility body for the sewer department, a new sanitation truck, and (4) new police vehicles.

General Fund Revenues

The proposed $57.6m General Fund budget reflects the following primary sources of revenue:



Haverford Township relies heavily on revenue from real estate taxes to fund the General Fund budget. Real estate taxes, representing more than half our General Fund revenue, are calculated by multiplying the assessed value by the millage rate, such that [Property Tax = (Assessed Value ÷ 1000) × Millage Rate]. The assessed value is established by the County and the millage rate is established by the governing body (in this case, the Board of Commissioners). Because Haverford Township is largely built out, changes to the assessed value occur very gradually over time. To put in perspective, our taxable assessed

value has risen only .09% in 2026. In the short-term, the only way to change this revenue stream is through an increase in the millage rate --- naturally, a very unpopular choice.

Departmental earnings represent 16% of our General Fund revenues and come from a variety of sources from Police Department Details to Recreation Programs. The largest component of departmental earnings is revenue from our trash and recycling fees. For 2027, we propose maintaining the current level of service, which includes twice-weekly trash collection, weekly recycling, bi-annual e-waste, paper shredding and textile recycling events, glass diversion bins and the new voluntary composting program implemented in 2026. Disposal fees issued through the Delaware County Solid Waste Authority increase at a general rate of 4% per year and recycling fees are the highest we've ever seen at approximately $115/ton.

Through September 30, even with all of the diversion options we offer, total trash tonnage increased in 2026 while curbside recycling tonnage slightly decreased (possibly attributed to glass diversion program).

Balancing the General Fund Budget

During recent budget cycles, we've successfully balanced our budget through modest tax increases and a strategic use of reserves. Rather than spending outside our means, we historically used reserves to support isolated events --- recovery from the COVID-19 pandemic, the County reassessment project, separation payments, and a 27th payroll all represented unique circumstances for which the previous use of reserves was approved.

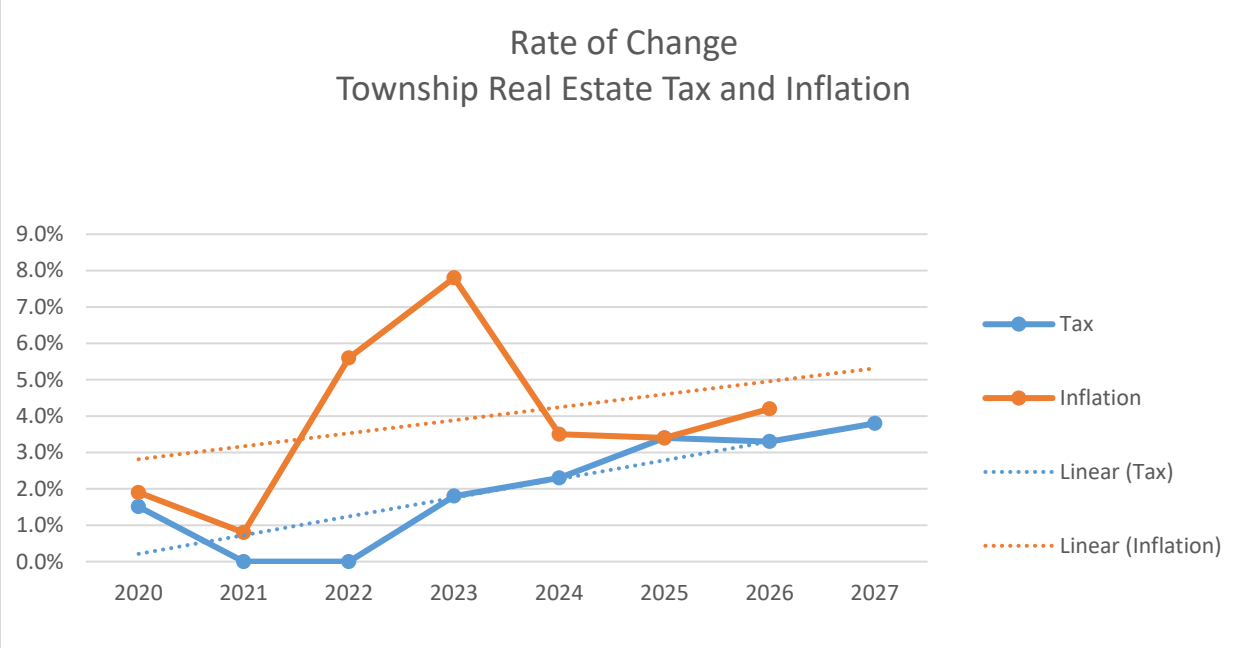
While our reserves continue to demonstrate strong financial health, it is not sound practice to regularly use fund balance to balance operating budgets. Best practices in government finance dictate that fund balance can be used for one-time costs or non-recurring expenses, as well as during transitional periods when circumstances require a strategic effort to stabilize future funding. With that in mind, the proposed budget includes the following use of reserves, totaling $1.2 million:

- Funding for separation payouts in the Police Department: $425,000
  We currently have (7) Officers planned for DROP entrance/exit in early 2027. Our contractual responsibility includes a payout for unused leave time.
- General operations: $450,000
  As we did last year, we recommend the strategic use of reserves during this highly inflationary period, as residents and businesses continue to deal with the financial pressures in the world today.
- Increased Pension Funding: $340,000
  The proposed budget includes the planned use of reserves to enhance the Township's contribution to the defined benefit pension plans to proactively fund future benefits and protect the financial health of the Plans.

The preliminary 2027 budget includes a proposed increase of 3.8% in tax rates. It is important to note that Township taxes represent only a portion (15.8%) of real estate taxes in Haverford Township. The other components of real estate taxes are charged by the County (15.6%) and the School District (68.6%).

Over the years, Haverford Township has worked very hard to keep real estate taxes as low as possible. We consistently monitor our operations and explore cost effective ways of making the most of our limited financial resources. In addition, we seek opportunities to supplement our real estate taxes with other sources of revenue, in the hopes that we can ease the burden on residents and businesses.

Over the past ten years, the Township's share of real estate tax has increased by less than 2% annually. As indicated in the following chart, inflation has outpaced Township real estate tax increases since the start of the pandemic.



Source: https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_philadelphia_table.htm
Consumer Price Index Historical Tables for Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U)
August to August

Sewer Fund Highlights

Our sewer fund accounts for revenue and expenditures relating to sewage and wastewater collection, conveyance and treatment. The sewer fund is financed by fees charged to all users of the public sewer system. Annual charges are based on water consumption for the

prior twelve months ended September 30 provided each October by Aqua. The most recent readings received for the period ending September 30, 2026 (which will be used to calculate 2027 sewer fees) showed a 4% reduction in water usage. While this is a positive turn for our environment, reduced water usage is not a direct cost saving relation in maintaining a sanitary sewer system. Like the General Fund, we maintain healthy reserve levels in the Sewer Fund but did utilize reserves for a large and unexpected sanitary line repair in 2026 ($270,000).

Through intermunicipal agreements, nearly 70% of the operating costs in the sewer fund go to Radnor-Haverford-Marple Sewer Authority and Upper Darby Township for conveyance and treatment of our sewage. Those entities pass along their operating costs to Haverford Township and other participating municipalities who do not have their own treatment facilities.

In 2027, we anticipate increased processing costs from RHM and UDT to add about $315,000 in expenditures to our sewer fund. We expect this trend to continue into the future. Therefore, we recommend increasing the sewer fee from $5.15 per 1,000 gallons of water consumed to $5.65 per 1,000 gallons of water consumed. With this change, average annual sewer bill will be approximately $325 per year.

Capital Projects Fund Highlights

The proposed capital improvement plan for 2027-2030 would assume a new borrowing in late 2028 and would fund proposed projects such as:

- Continued progress on Brookline Park and the Darby Creek Trail extension
- Replacement and installation of fuel tank at public works facility
- Improvements to sanitary and stormwater infrastructure
- Preservation and improvements to our historical buildings
- Solar panel installation
- Radio system for public works
- Delivery of emergency apparatus
- Skatium public bathroom renovations and roof replacement
- Pole barn installation for parks maintenance
- Interior work at CREC
- Replacement of softball field lights at the Reserve
- Repairs to Township owned bridges
- Pedestrian improvements
- Oakmont Business District Streetscape Improvements
- Road resurfacing (in 2028 and 2030)

Conclusion

We are grateful to our hardworking staff and countless volunteers who continually offer the highest level of services to our residents, visitors and business community. Like any other organization, public or private, we maintain very lean operating costs while recognizing that almost 79% of our budget is comprised of labor costs, debt service and insurance premiums.

We look forward to discussing and fine tuning the 2027 budget over the next six weeks.

Sincerely yours,



David R. Burman
Township Manager/Secretary