

CHARTIERS TOWNSHIP

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Manager's Budget Message 2026 Final Budget

This Budget Message was prepared in an effort to explain the 2026 Chartiers Township Budget to Board of Supervisors and General Public who may be interested in the Township's finances. It was intended to provide a general overview and summary of the various Township funds and anticipated revenues and expenditures for 2026. It is not intended to be a detailed analysis, but to provide the reader with the overarching concepts contained in the Township's budget, which can be characterized as the means to accomplish the Township's goals and objectives for 2026.

The Chartiers Township Board of Supervisors approved the preliminary 2026 Budget at the special budget meeting of November 18, 2025. It was then placed on public display at the Municipal Building for the prescribed 20 days of public review. Adoption of the Final 2026 Chartiers Township Budget was held on Tuesday, December 9, 2026. In preparation, the Board of Supervisors held seven (7) budget workshop meeting while preparing the 2026 budget. During this time they reviewed current and projected revenues and expenditures as well as long term financial capital investment and financial management goals and strategies. The board and staff extensively discussed the lingering wide ranging financial impacts of the COVID-19 Pandemic and the revenue streams that have begun to recover and those that still have not, but continue to decline.

After 32 years, the Township made the difficult decision that they had to institute a slight tax increase for 2026. Consistently decreasing revenues over the last 6 years have created operating deficits in 5 of the last 6 years. Despite the Township decreasing expenses to accommodate the lost revenue, the revenues continued to decline at a greater rate than the cuts. Therefore, the General Purposes tax rate for 2026 will be 1.0632 Mills to make up for the lost revenue streams and demands for increased services. This tax increase will mean an additional \$4.12 per month, or \$49.46 per year to the average homeowner in Chartiers Township, to allow us to continue to provide you with the level of services we have consistently maintained despite the losses we have experienced in recent years. The Fire Services Tax was introduced in 2018 and was first collected in the 2019 calendar year. Thanks to this 0.20 mill tax, the Fire Department has met their financial obligations this year. Across all 18 funds, the Township's total 2026 budget amounts to \$17,774,502.

GENERAL FUND

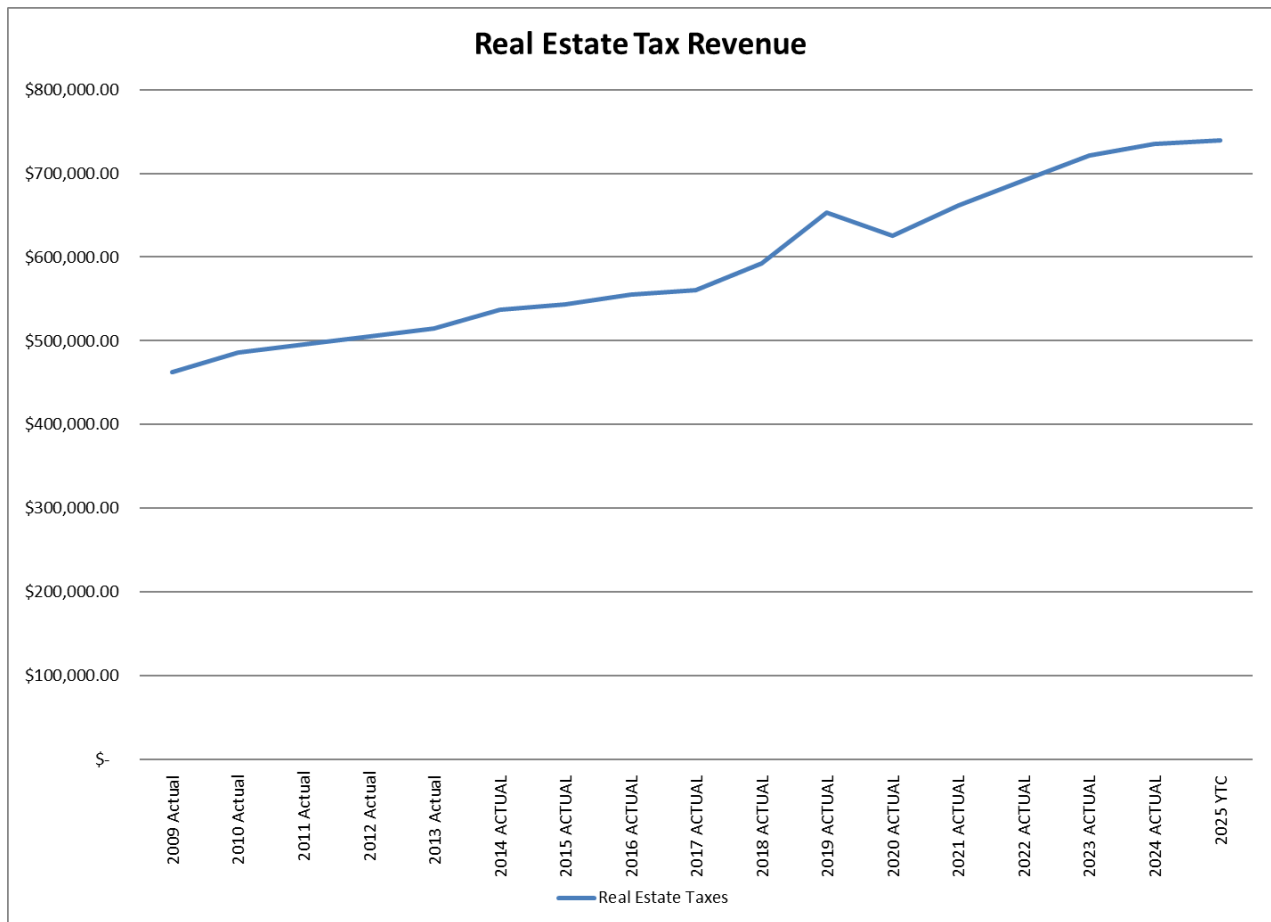
The 2026 General Fund expenditures are projected to be \$4,733,037. The budget represents a conservative budgeting strategy, whereby the Township conservatively estimates its revenues and aggressively anticipates expenditures so that we are on a path to realize a budget surplus and not overextend our resources.

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The Real Estate Taxes continue to grow due to the continued growth Chartiers Township is experiencing. However, that new residential growth has slowed in the last five years due to the cost of construction and rising interest rates. Budgeting it at a conservative \$905,737, Real Estate Taxes only make up 21% of the Township's General Fund Revenue Stream.

We conservatively budgeted \$882,737 in real estate taxes for 2026 the graph below shows the trajectory real estate taxes were on pre-pandemic and the loss in 2020, followed by the slower % increase following the pandemic.



It is also important to understand the tax burden from Chartiers Township relative to the other real estate taxes residents pay. First, we would argue that it is your greatest value in real estate taxes as it is the smallest amount of the three taxing bodies: The Township, Washington County and Chartiers Township School District, coming in at 6% of your real estate tax burden, yet you get the most value from your Township tax dollars, as it provides, police protection, fire protection, road maintenance, stormwater maintenance, recycling, and parks as well as general services. It is also worth noting that Chartiers Township's taxes have been and will remain one of the lowest in

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Washington County, lower than over 70% of Washington County municipalities, even with this increase.

The average home value in Chartiers Township is \$247,300. Therefore, the average homeowner pays \$262.93 per year in Township taxes in 2025, \$213.47 is for Township general services and \$49.46 is the fire tax to keep our volunteer fire service operating. That means that the average Township household probably pays more per month for their cable TV or cell phone service than they do for the entire year for all of the Township services they receive. This is compared to the \$3,624.31 per year that same home pays in School District taxes and \$600.94 per year in Washington County taxes. To put that in perspective if you consider it in terms of each local property tax dollar a resident spends, \$0.81 per dollar is attributable to the Chartiers Houston School District, \$0.13 per dollar goes to Washington County and \$0.06 of it goes to pay for local government services to Chartiers Township.



Chartiers Houston School District
81%



Washington County
13%



Chartiers Twp
6%

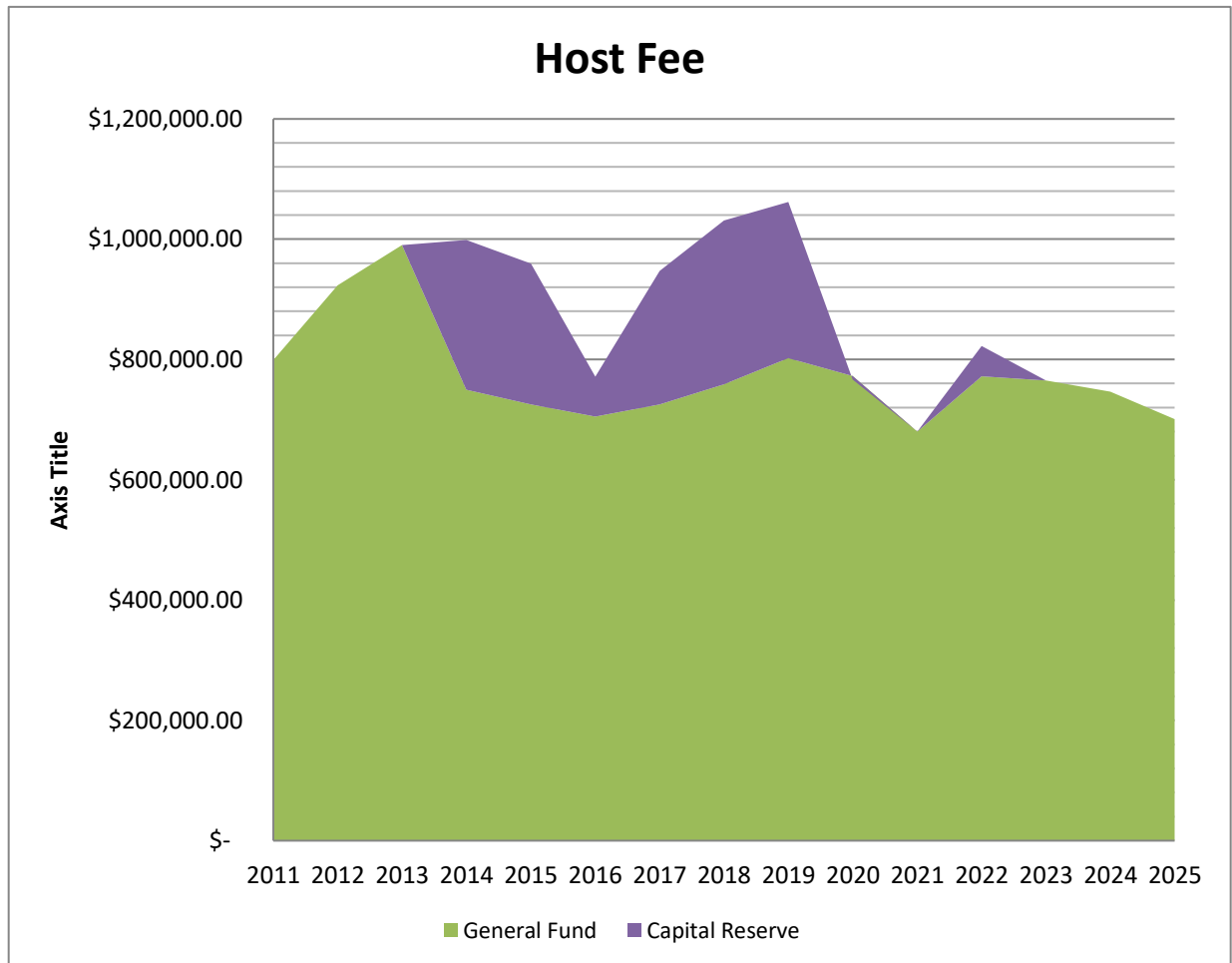
Your Real Estate Property Tax Dollar

It is worth noting that Earned Income Tax now represents more than twice the revenue stream of Real Estate Taxes at \$1.8M vs. \$800K for 2026 respectively. This revenue stream has started to recover from the pandemic, seeing positive growth. We are also conservatively budgeting 2026's Earned Income Tax Projections with the continued uncertainty moving into next year given the state of the economy and potential for a recession. Another primary revenue source is the Host Fees from the Arden Land fill, which took a sharp decline in 2020 and has not only not recovered, but continues to decline at an increasing rate. In 2020, it dropped over \$381,00 or -36% from 2019's \$1Million revenue source. It continues to decline annually and in 2025 it is down -47% from that 2019 peak. The Host fee is down \$1.9M, from 2020-2025. To ensure that the Township is not using these funds for operating over what is reasonable, the Township has reduced the amount of revenues from these fees utilized

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in the general fund and transferred the balance to capital reserve fund to be used to pay for one-time capital purchase and not our operating expenses. Had we not done that, in 2021 the Township would have has a 10% hole in our General fund budget of almost \$400K. However, given the approach adopted in 2014, the reduction in revenue did not impact operations in 2025, but did cause us to forego some planned capital spending. The graph below shows the importance of this practice and how we have implemented reduced capital investment vs. solely absorbing it in operating.



Those are the primary revenue sources for the Township making up 68% of the Township's 2026 General Fund Revenues.

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There are no significant increases in General Fund Expenditures, although most differences in individual budget categories are contractual. It is worth noting that with 13 police officers, including the Chief, the Township's officer / resident ratio is similar to surrounding Townships and given the growth the need to maintain coverage continues to be paramount on the Township's concerns to constantly look at staffing levels.

Additionally, the Chartiers Township Public Works Department is currently made-up of a mere seven (7) employees to cover 24 square miles of the Township, including the 59+ road miles of roads, miles of storm sewers and sanitary sewer and four parks.

Administrative and General Government and Tax Collection sections of the budget remain virtually flat. The Police Department represents the largest portion of the Township budget with \$1.87 Million in expenditures, which is flat from 2025. A majority of these expenses are personnel related and are contractual. A couple line items in this department are funded by the Local Services Tax, to help make up the 25% of those funds that must be spent on public safety.

While a majority of the funding for the Chartiers Township Volunteer Fire Department from the Township comes from the fire tax, the Volunteer Fire Fighter Stipend to encourage and reward volunteerism of this 100% volunteer department at \$30,000 for 2026, a \$5,000 increase from 2025. However, they have grown in the number of volunteers, so this modest increase helps keep the stipend level. Additional monies are allocated to the Fire Department in the Act 13 Fund and the Capital Reserve Fund, where it is reserved for large capital acquisitions. It should be understood that the \$46,000 budgeted as Fire Relief is a State Allocation to the Volunteer Fire Department that is merely passed through the Township. It is generated by a 2% tax on fire insurance companies from outside the Commonwealth and distributed by the State to Fire Departments, and is not a Township contribution.

The Planning and Zoning Department is virtually flat from 2025 and shows a significant decrease from prior years due to the way allocate Developer Engineering costs. These no longer flow through the General Fund but are paid directly out of the Developer Escrow Fund for the respective projects.

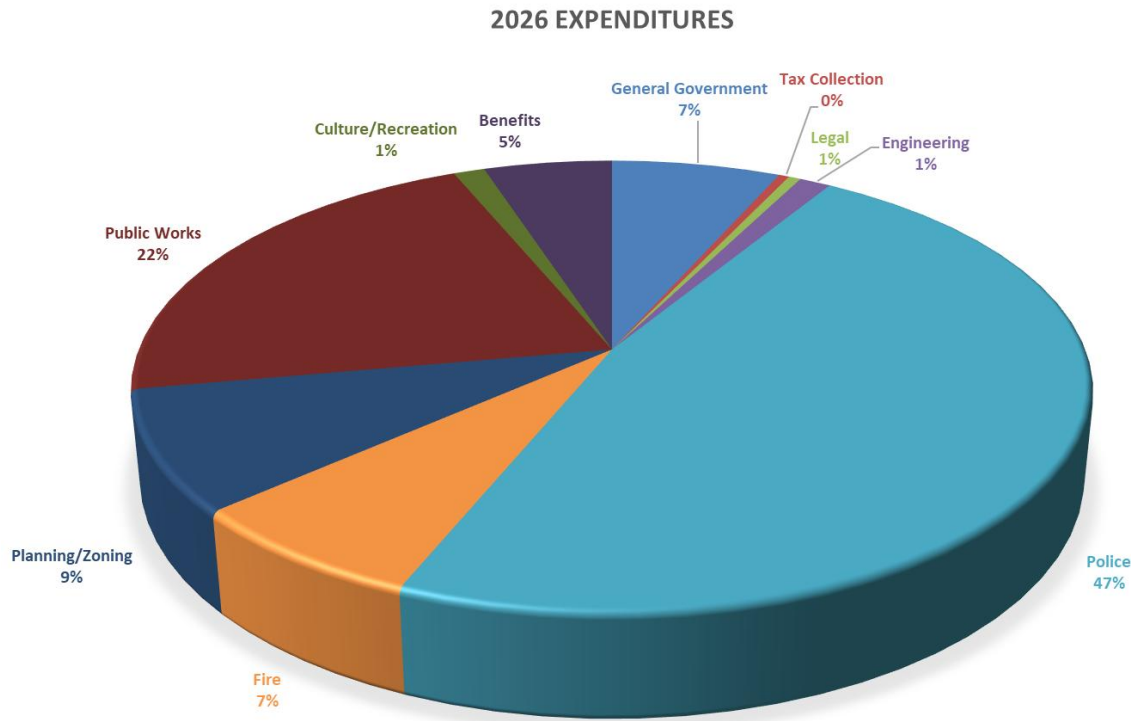
Sanitation and Recycling is showing an significant decrease for 2026 due to the new approach that the Township will be self performing recycling in 2025. We purchased a recycling truck with American Recovery Act Funds and now self-perform recycling to save the tax payers over \$170,000 per year for the 100 tons of recyclables that Chartiers Township collects annually. Storm Sewers have decreased due to again our approach to seek efficiencies where possible and having a great deal of our stormwater analysis and compliance conducted by our in-house Director of Engineering and Planning. Salaries/ Materials / Supplies for Public Works is actually lower than the 2025 Budget. Again demonstrating the Township's efforts to decrease costs. Highway

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Construction is also flat. Culture/Recreation has increased by \$5,000 thanks to increased programming initiatives and sponsorship work of our new Parks and Recreation Director in her efforts to expand recreational opportunities and events in the Township. The Library contribution remains constant at \$20,000. Other Group Donations remains level. It is worth noting that the Township's Minimum Municipal Obligation decrease for 2026, due to the sound investment strategy, which saw growth in the Police Pension plan enough to reduce the Township's contribution to keep the fund financially sound.

A general breakdown of General fund expenditures can be seen in the chart below



Overall, in 2026, General Fund Expenditures increased by modest 2% over the 2025 budgeted Expenditures in an effort to stop the budget deficit that is caused by our Expenses exceeding our revenues in the last 6 years. It is also worth noting that the Township must cover debt service for the 2024 General Obligation bonds for Capital Improvements and Investment in the Township Assets, including required building renovations and maintenance, park improvements and amenities, community center improvements and public works facilities, which represents an additional \$217,000 in annual debt service.

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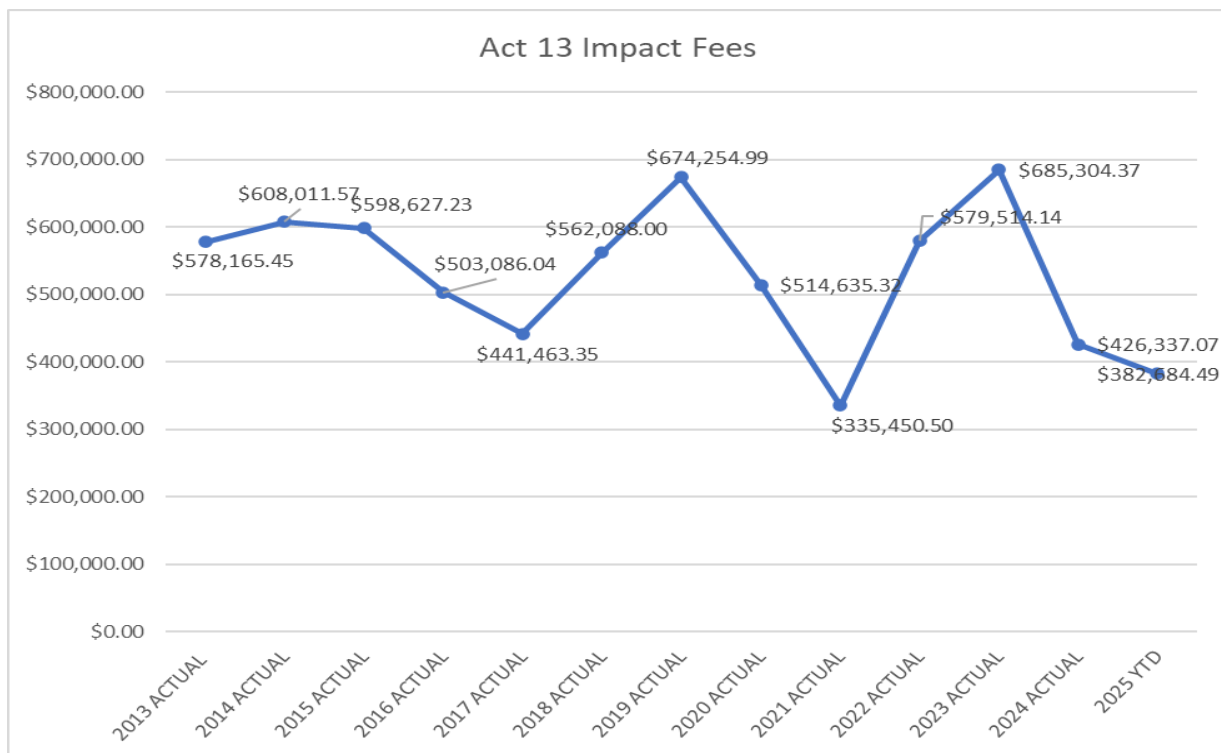
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LIGHT & HYDRANT FUND

This fund is a consolidation of the prior Light Fund and Hydrant Fund. Overall, it reflects a slight increase. The Township to over 80% hydrant coverage. Additionally, it should be noted that the Township switched all of the Township's streetlights to LED lights in 2017, resulting in an energy savings of approximately 40%, that we continue to realize. This budget sets at \$319,661 in 2026, only a 0.3% increase from 2025.

ACT 13 FUND

This fund has statutorily created expenditure restrictions contained in Act 13 of 2012. The Township has allocated the expenditures for this fund in accordance with the parameters set forth in the legislation. The 2024 impact fee (received in 2025) was down -10% from 2024's impact fee, which was down -38% from the prior year, coming in at \$382,685, which is second lowest fee ever received. We are expecting a decrease another down year in 2025 (to be received in 2026) due to the low price of natural gas. The primary expenditure of these funds for 2026 is focusing on Roadway Construction, followed by Public Safety, which includes 7.5% a \$28,714 donation to the Chartiers Township Volunteer Fire Department and the a new patrol vehicle for the Chartiers Police Department. In addition, we have budgeted \$50,000 for stormwater and sewer systems and another \$50,000 for parks/facilities improvements, including part of the match for the DCNR grant we received for the Phase I of Arnold Park improves. The balance of the fund is being reserved for Act 13 Permitted purposes in accordance with the Act, and bond debt repayment.



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GAMING FUND

This fund is our local share from the Meadows Casino, which is statutorily capped. We have conservatively budgeted \$118,000. We have budgeted \$75,000 for equipment purchases and \$92,500 for Debt Repayment for the large dump truck which was originally budgeted in 2022, only to be received at the end of 2024 due to supply chain issues as well as bond debt. There are also monies budgeted for building repairs and street maintenance as well as the annual Spring Clean Up. The Total Budget for this fund is \$653,861, which carries a healthy \$305,561 fund balance. The use of these funds must be reported to the state annually.

ARDEN FORCE MAIN FUND

The \$282,449 in this fund for 2026 is being reserved for future repairs to the Arden Force Main and pump station. The Township has been proactively working with WEWJA and South Strabane Township to upgrade and increase capacity at this pump station to accommodate future need in an economically responsible manner. That is why the Township has been reserving funds for that purpose for several years, which has provided the more than a quarter million dollars in this fund to date. We hope to proceed with this improvement and have budgeted \$200,000 towards that purpose in 2026.

SEWER FUND

This fund is budgeted at \$4,540,031 for 2026. The main expense in this fund is CHJA treatment costs. Additionally, the Township is projecting spending \$200,000 in I&I elimination and sewer rehabilitation next year. We also have increased engineering fees to \$150,000 as we anticipate updating the Act 537 plan for the WEWJA Service area, designing a public sewage for Arden Mines Road to replace failed septic systems in accordance with the order directive from the DEP as well as a joint project with South Strabane Township and WEWJA to upgrade the Arden Pump Station and we are actively working on a 537 Plan for Western Avenue with key stakeholders, including Mt. Pleasant Township .

ROUTE 18 SEWER FUND

This fund is for the Chartiers Township portion of the joint sewer project with Canton Township that was constructed in 2012 has a 2026 Budget of \$117,902. The 2021 refinancing of this debt resulted in the Township realized a significant savings in interest due to a favorable market and has reduced the debt repayment horizon by almost 7 years for the residents of this sewer district, thereby reducing their overall debt burden for the project, by \$122,000 or \$2,940 for each resident served by it. The expenditures in this fund are limited to the debt service for the 2021 General Obligation Bond, totaling \$35,475 in 2026. The anticipated debt payments of \$37,044 cover this debt.

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MIDLAND SEWER FUND

This fund was created for the 2014 budget to reflect the anticipated revenues and expenditures of the Midland Sewer Project which was completed in 2015. This fund has consistently run behind on the collection of debt service to meet the PennVest Obligations. The Township refinanced this debt in 2021 to save the project long term costs. It is worth noting while still at an operational deficit, it has become more solvent in recent years due to redevelopment and increased collections. Additionally, the Township invested \$300,000 in PLGIT Prime to improve earnings and will utilize those funds to make up the short fall. This \$300,000 represents the cost of paving the Midland roads post sewer construction, as the Board felt that the residents should not be funding the paving of the roads and have repaid that expenditure to this fund via PennVest. The 2026 budget for this fund is \$413,026

McCLANE SEWER FUND

This fund was created for the McClane Farm Road Sewer Project District, the which was constructed a in 2018. It is solely to finance the debt and expenses directly related to that sewer project which serviced 51 homes along McClane Farm Road. This funds 2026 budget is \$165,265. The budgeted debt service revenues of \$35,622 and earned interest should cover the debt obligation of \$36,114. By ordinance the debt service payments were supposed to increase in 2025 due to the PennVest interest rate increase, However, this fund appears to be self sustainable at the current rate, so the Board may choose to postpone that increase until if and when it may be necessary.

LIQUID FUELS FUND

The expenditures for this fund are similar to other funds restricted by State regulation. From the anticipated \$333,381 to be received from the State, the Township intends to spend a portion of it on the salt for winter maintenance at \$75,000, which is a decrease from last year, as we depleted the salt supply in 2025 due to the increased winter activity last year and had to restock before the beginning of winter to ensure that material is available. Additionally, \$250,000 is anticipated to be spent on the 2026 Road Program, which is a slight decrease over last year, given the budget for the roads to be paved in 2026. An analysis of our mileage and paving costs indicates that to pave Township roads on a 15 year cycle, we need to spend approximately \$500,000 per year in paving. Other expenditures in this fund include the purchase of guiderail and highway maintenance material.

FRIENDS OF CHARTIERS COMMUNITY PARKS

This group officially received designation as a 501c3, non-profit organization in 2014 from the IRS to receive tax free donations. We have seen an increase in fundraising for this fund with our new Parks and Recreation Director and Charity Bingos.

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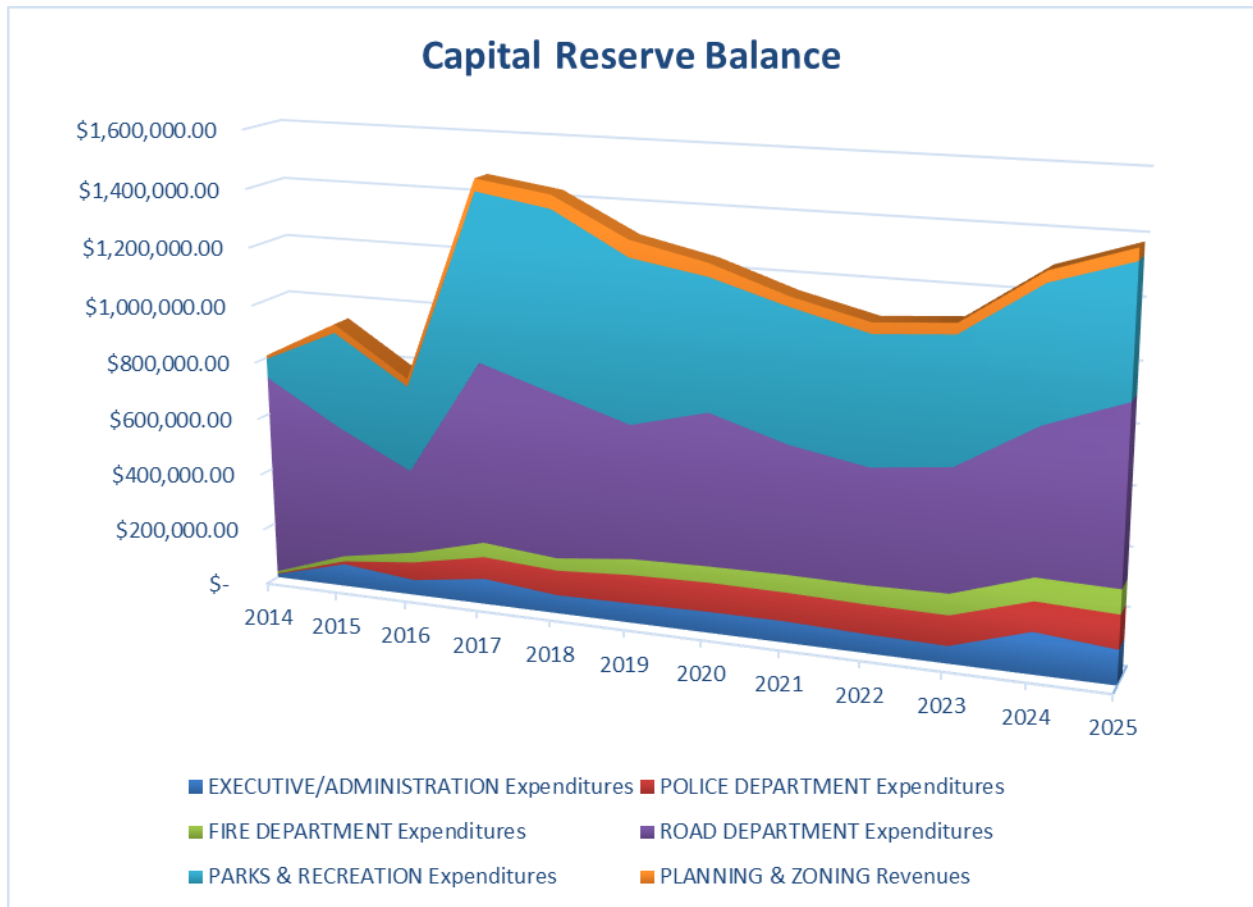
The expenditures for this fund for 2026 are budgeted at \$43,000 for a donation to the Community Center and materials for these fundraising events. The Charity Community Bingos have proven to be a wonderful opportunity for community non-profits to fundraise while helping our parks. We do expect to increase this fund's balance through these continued fundraising efforts.

CAPITAL RESERVE FUND

This is a fund that was added in 2014 to help the Township fund our capital needs over time by annual savings from one-time revenue sources as a result of our effort to reflect responsible budgeting. Several funds were closed and their fund balances transferred here to be reserved for the purposes for which those funds were created. The Township had moved a large portion of the host fee from the General Fund Balance into this fund to reserve it for capital purposes. That way if there is a decrease in these funds as there was in 2020 through 2025, the Township is not dependent on them for operations, but instead can merely forego capital expenditures. The Township anticipates funding a mere \$46,000 in capital savings and investment in this fund in 2026. This is substantially lower than the normal \$300,000 due to lack of Host Fee Funds. We additionally will be funding continued Geographic Information System development to enhance our community mapping for not only planning and zoning, but also for sewers and stormwater management to be compliant with MS4 regulations, as well as our new road inventory and conditions analysis. It is worth noting that a majority of the budgeted revenue and expense of this fund is a pass through for the Trolley Museum's LSA grant that the Township sponsored, in the amount of \$383,431. This fund has accumulated \$1.3 Million in savings to responsibly meet the Township's capital needs long term, by saving for them in small annual increments. This type of responsible, long-range financial planning ensures the Township can meet our capital needs with little debt and our 5 year Capital Improvement Plan for the Township.

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LOCAL SERVICES TAX FUND

In 2014 the Township decided to segregate these funds to ensure that the Township spends these funds in accordance with Act 222 of 2004 which requires that municipalities use these taxes for police, fire or emergency services; road construction or maintenance; or for the reduction of property taxes and that 25% of the revenue garnered be dedicated to "Public Safety". The Township anticipates collecting about \$152,000 via Keystone Municipal Collections administration of the \$47/year tax on those that work in Chartiers Township the Township intends to spend a majority of it on Road Construction and / or Maintenance at \$122,635, including fuel, road construction/maintenance, materials and safety equipment. We have budgeted \$65,550 or about 40% of 2026's collections on public safety police, which is in excess of the 25% required by the statute.

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FIRE TAX FUND

The new fire tax introduced in 2018 and brought in \$174,140 for the Chartiers Township Volunteer Fire Department in 2025. This 0.20 Mill tax funds equipment, operation and maintenance of the fire house and apparatus as well as other operating expenses as permitted under the Second Class Township Code, to provide for a dependable funding stream for the fire department. We are budgeted at a conservative \$160,000 for 2026. This fund is currently carrying a balance of about \$226,800. It is worth noting that fire apparatus costs between \$250,00 and \$1.5M at todays costs to replace trucks in our current fleet.

COMMUNITY CENTER FUND

This fund isolates the operation of the Chartiers Township Community Center and recreational programming be self-sustaining to some degree. We adjusted prices for the Center twice in 2025 and are hopeful that 2026 will see a resurgence in interest in the center. We have lost our regular tenant of the Legacy Baptist. Programming revenue has increased, as well as donations thanks to her efforts. The 2026 budget for the center is \$108,114. It is supported by the general fund by about \$25,000 and the Friends of the Park fund by about \$5,000.

AMERICAN RECOVERY ACT FUND

This fund was newly created in 2022 to segregate and manage the American Recovery Act Funding the Township received from the Federal Government in the amount of \$848,578, 50% of which was received in 2022 and 50% in 2023. The delay in receiving

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Federal Guidelines, which are still changing as of this year, postponed the spending of these funds. We opted for the Lost Revenue Exemption, which gives us ultimate flexibility on spending the funds. Our only restriction is we cannot spend it on anything prohibited under the Act. We had to have all of the base funds, not including interest earned, "committed" by the end of 2024 and spent by the end of 2026. We have budgeted \$16,385 in police expenses for body cameras in 2026 as a committed expenditure under contract. Then, we have planned new radio purchase to be compatible with the new Washington County Emergency Management Communication System in the amount of \$56,066. I would note that the latter is interest earned and is not restricted by the 2026 deadlines should the new radios not be available until 2027 as anticipated.

OPERATING RESERVE FUND

We had previously considered closing this fund and moving it to Capital Reserve. However, it does make sense to have it as an operating fund for unforeseen operating shortfalls. It currently has a balance of \$140,389, which is permissible as we cannot have more than 10% of the general fund budget, or \$470,000 as Operating Reserve.

2024 Bond Issue

This fund was created for the 2024 Bond Issue undertaken in December of 2024 for some necessary capital improvements in the Township. While it is in an interest bearing account, we anticipate investing a large portion of it in a CD to lock in a higher interest rate for a longer period of time to maximize earnings. However, we do anticipate on investing in renovations to our police department in 2026 to create a female locker room, storage and interview room. Additionally, the original windows in the Municipal building are leaking and need to be replaced, which will aid in energy efficiency. Finally, we are working on Phase 1 of Arnold Park expansion to include finalizing a Bronco sized ballfield with amenities, an additional parking lot and a walking trail. Additionally, the 4 new Pickleball courts were built in 2025 with the proceeds of this borrowing as well. It currently holds a balance of \$2,653,101.