



South Coatesville Borough Financial Analysis

Prepared by
Keystone Municipal Solutions

November 26, 2024



Preliminary Multi-Year Projections

- For the purposes of projecting the impact of a TAN refinancing on the Borough's budget, we have developed the preliminary projection below. The projections assume an unfunded debt borrowing of \$411,000 with a 10-year term at 9.75% interest rate (debt service schedule provided by PFM).

	2025 Draft Budget	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Revenues	\$2,110,000	\$1,338,000	\$1,352,000	\$1,366,000	\$1,380,000
Expenses	\$2,342,000	\$1,603,000	\$1,649,000	\$1,697,000	\$1,747,000
Difference	(\$232,000)	(\$265,000)	(\$297,000)	(\$331,000)	(\$367,000)
Debt Service (10 Yr Term)	(\$66,516)	(\$66,440)	(\$65,613)	(\$66,590)	(\$66,178)
<u>Corrective Action</u>					
Millage Incr – 5-6 mills (55%)	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000
Millage Incr - 2 mills (22%)			\$110,000	\$110,000	\$110,000
Total	\$330,000	\$330,000	\$440,000	\$440,000	\$440,000
Net Change	\$31,484	(\$1,440)	\$77,387	\$42,410	\$6,822
Beginning Fund Balance	\$100,000	\$131,484	\$130,044	\$207,431	\$249,841
Ending Fund Balance	\$131,484	\$130,044	\$207,431	\$249,841	\$256,663
% of Total Expenses	6%	8%	13%	15%	15%

Real Estate Tax Millage Analysis

- If the Borough closed the existing \$230,000 operating budget gap with new Real Estate Tax revenue, a millage rate increase of 4-5 mills would be required.
- Final budget must consider the implications of addressing the outstanding TAN, which are currently unclear.
- 1 mill increase on \$100,000 of *assessed value* equals \$100.
- The analysis below attempts to estimate the millage rate impact on a median household.

Median Household Value	\$236,500
Chester County Common Level Ratio (CLR)	33.90%
Average Assessment Value using CLR	\$80,174
Current Municipal Millage Rate	9.1
Current School District Millage Rate	42.864
Median Tax Bill Municipal	\$730
Median Tax Bill SD	\$3,437
Total	\$4,166
1 Mill Equivalent	\$80

Mill Equiv	Med \$
1	\$80
2	\$160
3	\$240
4	\$320
5	\$400
6	\$480
7	\$560
8	\$640

Next Steps

- November 26th Legislative Meeting
 - Financial advisor provide update on bank discussions
 - *Council authorizes advertisement of the debt ordinance (does not commit Borough to a borrowing, but keeps this option available)*
- December 4th
 - KMS provide Finance Committee with an updated draft budget
- December 6th Special Meeting
 - Council review updated draft 2025 budget
 - *Council passes debt ordinance (debt ordinance advertisement on December 7)*
- December 10th Legislative meeting
 - Authorize the advertisement of the 2025 budget that incorporates the chosen elected official's fiscal strategy
 - Schedule a special meeting to adopt the 2025 budget