
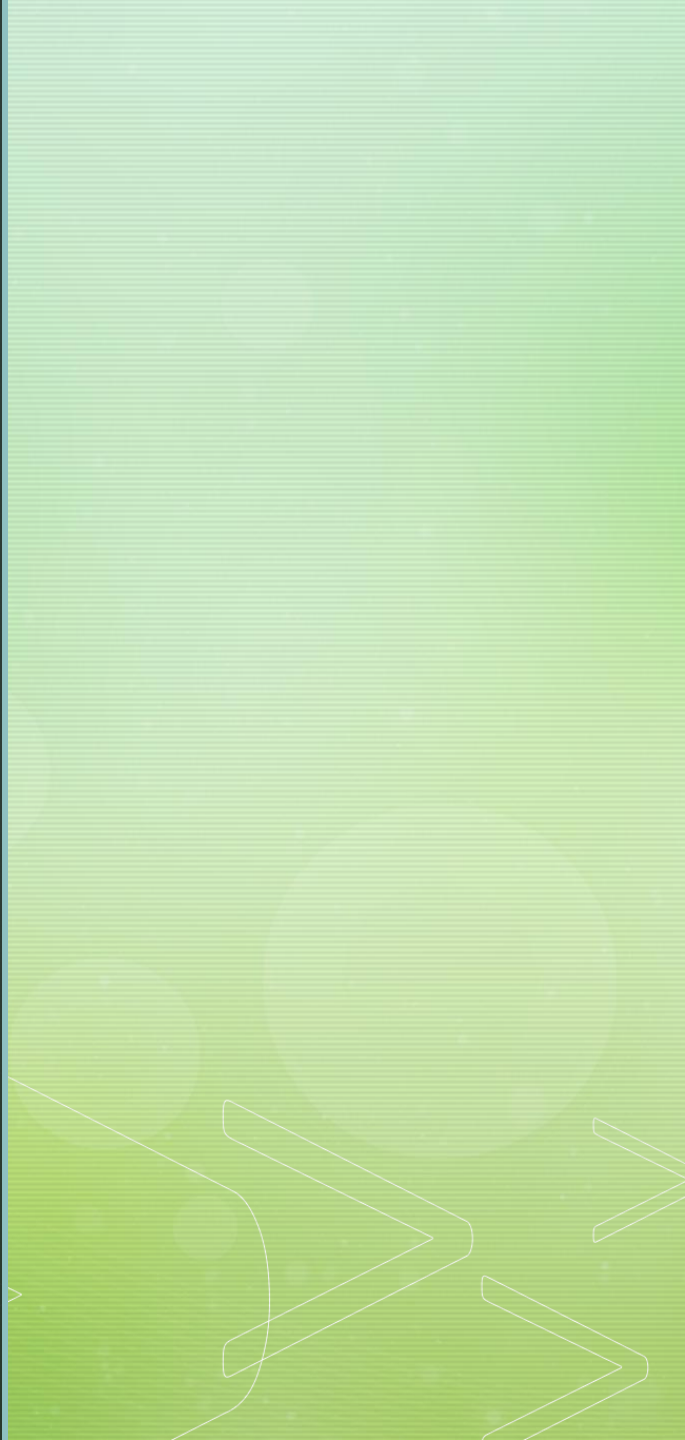


Presented to Council on November 10, 2025



# Borough Manager's Proposed 2026 Budget



# Chambersburg has the most complex budget in Pennsylvania

- This is my sixteenth budget as your Borough Manager.
- The Borough of Chambersburg is doing quite well.
- We remain strong, resilient, and our fiscal status is very stable, with a bright future outlook.
- Very few financial challenges other than Police, Fire, and EMS (emergency medical services) funding.
- Our fiscal year and our budget year are the same as the calendar year.
- Chambersburg has the largest operating budget of any Borough in the Commonwealth of Pennsylvania.
- In 2023, Chambersburg had the 10<sup>th</sup> largest budget in the State with only Philadelphia, Pittsburgh, Reading, Allentown, Lancaster, Erie, Bethlehem, Lower Merion Township, and Upper Darby Township larger. Harrisburg is likely larger too, but they did not report on their 2023 finances to the State.

## Chambersburg is much larger than area municipalities

- Obviously, Chambersburg's budget size is because of its utilities and additional employees, infrastructure, and operations, which impact everything we do. Chambersburg is considerably larger and more complex than Carlisle, Waynesboro, Shippensburg, or Gettysburg.

	<u>Municipality</u>	<u>County Name</u>	<u>Population</u>	<u>Total Revenues</u>	<u>Total Expenditures (Includes ARPA)</u>
10	Chambersburg	Franklin	20,903	\$109,156,563	\$112,392,383
50	Carlisle	Cumberland	20,118	\$39,343,951	\$32,735,682
157	Waynesboro	Franklin	10,951	\$17,313,280	\$16,772,954
305	Gettysburg	Adams	7,106	\$9,413,932	\$9,438,426
358	Shippensburg	Cumberland	4,315	\$8,168,095	\$6,572,141
645	Greencastle	Franklin	4,251	\$3,541,698	\$3,388,909

- For example, Chambersburg's budget is 1,059.5% larger than Gettysburg Borough, which ranks #305 in terms of size.

## It is hard to explain how unique Chambersburg is compared to everywhere else

Chambersburg Borough has the most complex budget in Pennsylvania. We are unlike every other town, including big cities. Separated from the other operations of the Borough, our utility financial transactions are in over a dozen separate funds (accounts). Our unique size is due to our expansive utility operations (unmatched in Pennsylvania) and because of our complex utility support operations (internal service funds). To account properly for expenses, we use cost-based accounting. Like a law firm or medical practice, many employees bill their time and equipment to the various functions upon which they are working. This includes money spent between the separate funds; many transactions are to cover expenses, back and forth between accounts, and thousands of internal transactions. This concept makes Chambersburg a unique government organization, especially in the Commonwealth.

No other town in Pennsylvania operates an electric utility and a natural gas utility as well as a water, wastewater, sanitation, and storm sewer utility; none.

## It is hard to explain how unique Chambersburg is compared to everywhere else

Almost all employees of the Borough, and most of the equipment of the Borough, is owned and operated by our utility departments (Electric, Natural Gas, Water, Wastewater, Storm Sewer, and Sanitation utilities) and our utility support departments (engineering, motor equipment, and administrative services). Borough tax revenue does not support any utility operations, personnel, or equipment. Further, as the budget document reveals, the Borough's utility rates are very reasonable.

Residents inside the Borough who have both Chambersburg electric and gas service can save as much as \$2,000 per year when compared to similar residential customers outside the Borough.

The key to Chambersburg's low cost-of-living is we keep every home and business with very low-cost utilities; which in turn permits them to pay for additional expenses, including taxes for police, fire, and EMS. We call this, "the secret sauce," and no other town in Pennsylvania can accomplish this goal.

## No tax increase and very few utility rate increases planned for 2026

This budget includes no increase in the Police Tax, no change in the Fire Tax (and none is permitted under State law), no increase in the three bond taxes (the Recreation Bond, the Police Station Bond, and the Public Works Campus Bond), and very few increases in utility rates. However, one can easily see that there are a number of impending issues on the horizon. We can estimate now where the Borough of Chambersburg finances will be in 2027, and I would not predict that this year, without many increases in taxes and rates is a long-term strategy for funding, especially with critical and challenging funding issues remaining for Police, Fire, and EMS.

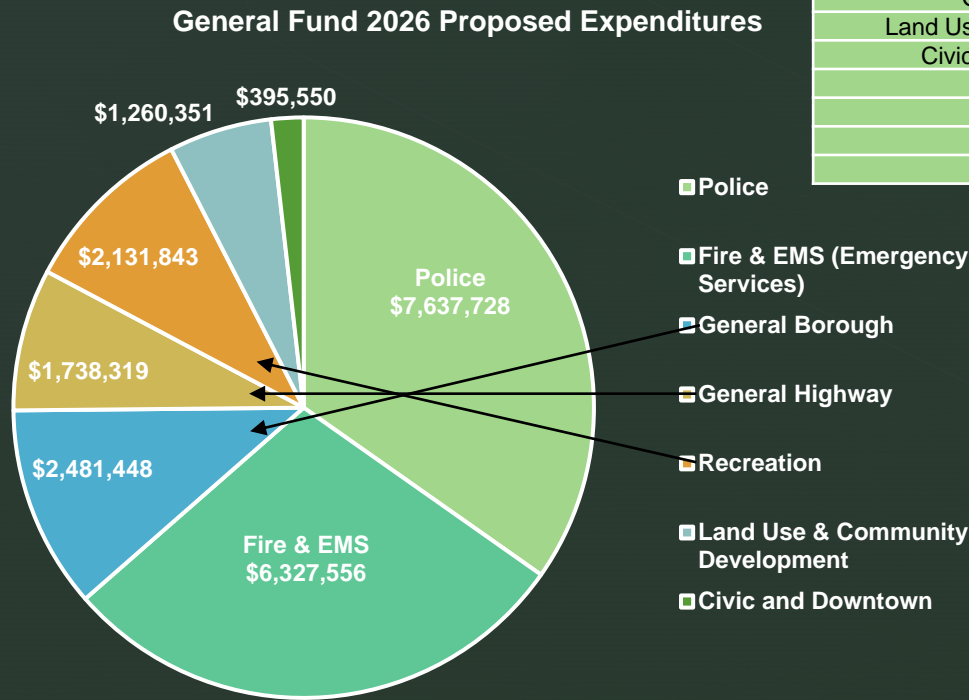
Understanding and discussing the rules for funding operations, as set by the State, will be an important part of the 2026 agenda.

## There are no fiscal issues for the following departments

- Electric Utility
- Water Utility
- Wastewater Utility
- Storm Sewer Utility
- Natural Gas Utility
- Sanitation Utility
- Parking Traffic Utility
- Aquatic Center
- Engineering Department
- Motor Equipment Department
- Administrative Services Department
  - Which includes Finance, Accounting, Human Resources, and Information Technology
- Public Works Campus project

# Issues Always Persist in the General Fund Because of Tax Rules<sup>1</sup>

What is in the General Fund?



	2026 Budget	
Police Department	\$7,637,728	34.76%
Fire & EMS (Emergency Services)	\$6,327,556	28.80%
General Borough Government Expenses	\$2,481,448	11.29%
Recreation Dept. (Not Pool)	\$2,131,843	9.70%
General Highway Dept.	\$1,738,319	7.91%
Land Use & Community Development	\$1,260,351	5.74%
Civic and Downtown Expenses	\$395,550	1.80%
<b>Total Expenditures</b>	<b>\$21,972,795</b>	<b>100%</b>
<b>Total Revenue</b>	<b>\$21,972,795</b>	

When combined, Police, Fire, and EMS make up 63.56% of the General Fund operations.

Of that, 81% is for Police & Fire wages and benefits.

The General Fund is always somehow balanced.

1 – We will discuss Tax Rules later in the presentation.

# Let's Review the Types of Real Estate Taxes and Where They Go

Tax Fund	2025 Millage Rate (Mills)	2026 Millage Rate (Mills)	Est. Annual Cost (Avg. Home)	Purpose / Usage
<b>Police Tax</b>	27-mil	27-mil	\$477.90	No tax increase to fund the operation of the Chambersburg Police Department 100% dedicated to funding the Chambersburg Police Department. (Maximum rate is 30-mil).
<b>Fire/Ambulance Tax</b>	3-mil	3-mil	\$53.10	There is no change in the Fire Tax, and none is permitted under State law. No tax increase to fund the Chambersburg Fire Department & EMS. (Maximum rate is 3-mil). Funds the Fire Department & EMS. Split is 2.5-mil for apparatus/equipment and ½-mil for firefighting. The Fire Department collects other fees including inspection fees, Ambulance patient fees, and the Ambulance Fee surcharge on water service invoices.
<b>Recreation Bond Tax</b>	2.5-mil	2.5-mil	\$44.25	No tax increase to pay off the 2016 Recreation Bond (Refinanced in 2021). Pays off the 2016 Recreation Bond (Refinanced in 2021), which funded facilities like the Aquatic Center, new playgrounds, etc.
<b>Police Station Bond Tax</b>	2-mil	2-mil	\$35.40	No tax increase to pay off the 2022 Police Station Bond. Pays off the 2022 Police Station Bond, covering the costs of the newly reopened station, Clock Tower, and related expenses.
<b>Public Works/Campus Bond Tax</b>	1-mil	1-mil	\$17.70	No tax increase to pay off the bonds associated with this project. Pays off the debt associated with the 24% Borough share of the new Public Works/Campus on Wayne Avenue.
<b>TOTAL</b>	<b>35.5-mil</b>	<b>35.5-mil</b>	<b>\$628.35</b>	Based upon the typical single-family house inside the Borough of Chambersburg as determined by the County or approx. \$17,700

## From time-to-time the Chambersburg has adjusted real estate taxes. This budget contemplates no adjustment for 2026

1. The Chambersburg Police Tax will remain at 27-mil for the second fiscal year.
2. The Chambersburg Fire Tax cannot be increased as it is at a State-mandated maximum rate.
3. The Recreation Bond Tax will not change.
4. The Police Station Bond Tax will not change.
5. The Public Works Campus Bond Tax will not change.

Why do Borough taxes go up every year? They don't.

They did not go up in 14 of the last 20 years.

In most years, Chambersburg has not raised the real estate tax rate.

Other entities often raise taxes that impact our taxpayers.

Entities such as Franklin County or the a school district can raise taxes and that sometimes leads to confusion.

Borough Real Estate Tax Increases (Historical)		Increases
2007	19 years ago	No
2008	18 years ago	No
2009	17 years ago	No
2010	16 years ago	No
2011	15 years ago	No
2012	14 years ago	No
2013	13 years ago	No
2014	12 years ago	Yes
2015	11 years ago	No
2016	10 years ago	Yes
2017	9 years ago	No
2018	8 years ago	Yes
2019	7 years ago	No
2020	6 years ago	No (slight decrease)
2021	5 years ago	No
2022	4 years ago	Yes
2023	3 years ago	Yes
2024	2 years ago	No
2025	Last year's budget	Yes
2026	This year's budget	No

# Let's Review the Types of Real Estate Taxes and Where They Go

<u>Police Tax</u>	<u>Mil Rate</u>	<u>Change</u>	<u>% Change</u>	<u>Cumulative</u>	<u>By Years</u>		<u>Fire Mil Rate</u>	<u>EMS Mil Rate</u>	<u>TOTAL</u>
2006	17	-	-	-	-	2006			0
2007	20	3	17.6%	17.6%	17.6%	2007			0
2008	20	0	0.0%	17.6%	8.8%	2008			0
2009	20	0	0.0%	17.6%	5.9%	2009			0
2010	20	0	0.0%	17.6%	4.4%	2010			0
2011	20	0	0.0%	17.6%	3.5%	2011			0
2012	20	0	0.0%	17.6%	2.9%	2012			0
2013	20	0	0.0%	17.6%	2.5%	2013			0
2014	21	1	5.0%	23.5%	2.9%	2014	2.5		2.5
2015	21	0	0.0%	23.5%	2.6%	2015	2.5		2.5
2016	23	2	9.5%	35.3%	3.5%	2016	2.5		2.5
2017	23	0	0.0%	35.3%	3.2%	2017	2.5		2.5
2018	24	1	4.3%	41.2%	3.4%	2018	3	0.5	3.5
2019	24	0	0.0%	41.2%	3.2%	2019	3	0.5	3.5
2020	24	0	0.0%	41.2%	2.9%	2020	3	0	3
2021	24	0	0.0%	41.2%	2.7%	2021	3	0	3
2022	24	0	0.0%	41.2%	2.6%	2022	3	0	3
2023	25	1	4.2%	47.1%	2.8%	2023	3	0	3
2024	25	0	0.0%	47.1%	2.6%	2024	3	0	3
2025	27	2	8.0%	58.8%	3.1%	2025	3	0	3
Proposed 2026	27	0	0.0%	58.8%	2.9%	2026 Proposed	3	0	3

<u>Police Station Bond Tax</u>	<u>Recreation Bond Tax</u>	<u>Public Works Campus Bond Tax</u>
2022	1.0 mil	2022 3.0 mil
2023	2.0 mil	2023 2.5 mil
2024	2.0 mil	2024 2.5 mil
2025	2.0 mil	2025 2.5 mil
2026	2.0 mil	2026 2.5 mil

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1.0 mil

1.0 mil

# Major General Fund Revenues 2026

2026 General Fund Revenues (Excerpt)	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Proposed Budget
<b>POLICE TAX</b> (Up To 25-Mil In 2023, Up to 27-Mil In 2025)	\$5,035,978	\$5,067,454	\$5,060,555	\$5,229,081	\$5,347,609	\$5,862,199	\$5,953,990
<b>AMBULANCE TAX</b> (Lowered To Zero In 2020)	\$5,490						
<b>Fire Tax (1/2-Mil) of the Maximum 3-Mil Tax</b>	\$111,821	\$106,208	\$102,299	\$105,078	\$119,513	\$109,840	\$111,268
<b>Local Services Tax On Workers (State Max)</b>	\$816,309	\$787,302	\$785,273	\$774,095	\$799,226	\$775,000	\$790,000
<b>Deed Transfer Tax On Real Estate Sales (State Max)</b>	\$600,003	\$795,061	\$869,660	\$493,324	\$543,200	\$525,000	\$625,000
<b>Wage &amp; Earned Income Tax On Residents (State Max)</b>	\$2,303,983	\$2,426,441	\$2,745,152	\$2,836,387	\$3,100,100	\$2,900,000	\$3,400,000
<b>Payments In Lieu Gross Receipts Tax - Electric</b>	\$1,350,000	\$1,350,000	\$1,350,000	\$1,470,000	\$1,870,000	\$2,033,000	\$2,500,000
<b>Payments In Lieu Gross Receipts Tax - Gas</b>	\$570,000	\$650,000	\$650,000	\$750,000	\$900,000	\$910,000	\$975,000
<b>Ambulance Fee on Water Invoices</b>	\$778,980	\$971,785	\$974,749	\$1,244,182	\$1,511,166	\$1,498,868	\$1,738,868
<b>Police Fines &amp; Fees</b>	\$143,345	\$129,978	\$132,141	\$219,153	\$119,438	\$185,000	\$170,000
<b>Ambulance Patient Fees &amp; Charges</b>	\$1,147,111	\$1,217,343	\$1,314,329	\$1,399,772	\$1,609,044	\$1,500,000	\$1,605,000
<b>COMCAST Franchise Fee</b>	\$262,905	\$343,379	\$334,199	\$305,493	\$279,151	\$300,000	\$300,000

## What do we mean when we say that everything in the General Fund is commingled?

- If any General Fund department runs a deficit, that is costs more to operate than revenue it generates, as almost all are anticipated to do in 2026, it is commingled with all the total revenue and expenditures in the General Fund.
- The General Fund miscellaneous revenue must cover it as it does with all the General Fund departments including Police, Fire, EMS, Land Use & Community Development, recreation, and general highway, which are all mixed together pursuant to the State recommended chart of accounts and accounting practices.
- General Fund miscellaneous revenue includes: the State Act 511 taxes (i.e., deed transfer, earned income, etc.), or Gas, Electric or other Payments in Lieu of Taxes (PILOT), or undesignated revenues like rents, fees, or rebates.
- So, while we manage General Fund departments as separate, for finances, they are all mixed together.

# How to lower taxes?

- Cut. Cut employees. Cut employees in the General Fund. Specifically, cut police officers and firefighters. It is a very bad idea. Not suggested.
- Why not cut other things? Most other things do not impact taxes.
- Why not lower wages and benefits? Union agreements.
- What about trucks or buildings or projects? Mostly not funded by taxes. Only Police, Fire, EMS, and debt service. For example, Police, Fire, and EMS vehicle rentals do count, but they are already at a low cost.
- That taxes that can be adjusted year-to-year pay for Police, Fire, EMS, and debt service. No other service, department, function, or project?
- What about cutting Recreation or Highway employees in the General Fund? They already make up a very small part of the General Fund compared to Police, Fire, and EMS; and therefore cutting those departments to shift funds to Police, Fire, and EMS would have very minimal effect.
- And the typical single-family home in the Borough pays \$628.35 per year in local taxes. So, how much would you save them? If you did not undertake the Public Works Campus project you would save them \$17.70 per year in local taxes. If you laid off 2 firefighters, you would save them \$17.70 per year in local taxes. And then it becomes a question of whether the orange juice is worth the squeeze.

	Police	Fire & EMS	Total
<b>Total Cost of Operations</b>	\$7,637,728	\$6,327,556	\$13,965,284
<b>The Wages and Benefits Expense</b>	\$6,006,990	\$5,289,338	\$11,296,328
<b>% for Wages and Benefits</b>	78.6%	83.6%	80.9%

# What will the typical single-family homeowner pay in taxes?

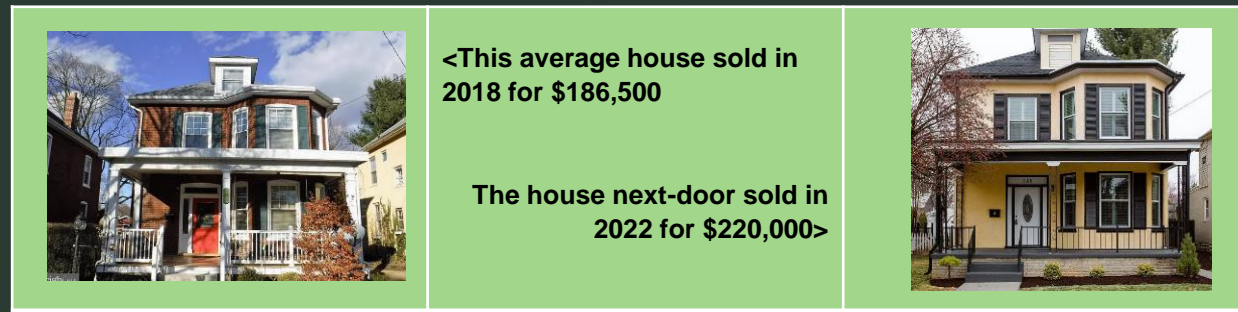
Est. Single Family House Tax	2025	2026
Police Tax	\$475	\$477.90
Fire Tax	\$53	\$53.10
Recreation Bond Tax	\$44	\$44.25
Police Station Bond Tax	\$35	\$35.40
Public Works Campus Bond Tax	\$18	\$17.70
<b>TOTAL</b>	<b>\$625</b>	<b>\$628.35</b>

- The typical single-family home will pay \$628.35 for Borough real estate taxes before discount.
- Every year, the median and mean single-family home value changes. So, regardless of the mil rate, with a changing average, the calculation of what the average annual payment also changes. This makes it even more challenging to compare the average annual payment in one year to the next.
- In addition to that complexity, homeowners often do not pay their full tax invoice. If the Borough tax invoice is paid in March or April, the property owner gets a 2% discount off their taxes, which the Borough must absorb. Similarly, if the Borough tax invoice is paid after June, the property owner pays a flat 10% penalty, which will eventually be paid to the Borough, net of collection expenses which may be incurred.
- Why focus on homeowners? What about businesses? Because real estate taxes are a fully deductible business expense for commercial property owners, provided the property is used in a trade or business or for the production of income.

## We have heard a growing skepticism that these numbers presented do not represent the actual typical real estate tax burden

- Our statistics are based upon the median assessed value of a single-family home.
- Our statistics are accurate for actual single-family homes inside the Borough of Chambersburg. We state that the typical single-family home will pay Borough real estate taxes of \$628.35 per year, which means that half of all single-family homeowners will pay more and half of all single-family homeowners will pay less. This is very close to what a home with a County assessed value of \$17,700 will pay.
- Your home's assessed value, set by Franklin County, and not reconfirmed since 1961-1962, is public information. You can look it up online and check your Borough tax burden yourself.
- This is not the measure of what a home with a fair-market value of \$100,000 would pay. That statistic is illogical because the County does not use actual sales values to determine your taxes. The profile of a home with a real estate value of \$100,000 wouldn't represent the average, typical, or common home anyway. Further, fair-market values vary wildly based on physical location of the home from one town to the next or one block to the next. We use the real-life typical home profile for the real median single-family home inside the Borough.

# Folks Say that They Pay More Than That in Borough Taxes, But Do They?



- The sample house has an assessed value of \$17,700, which is just about the Borough median for a single-family-home or \$17,587 which is the mean value. The house next-door has an assessed value of \$20,090. The houses were built the same year on the same size lot on the same street by the same builder. So, why are they assessed differently? There is no logical explanation.
- Regardless, with an assessed value of \$17,700, the sample home on the left is close to the typical home in the Borough.
- The annual Borough tax bill for this home would be \$628.35 for 2026 (before discount). This is a real home and that is their actual tax bill. There is also a 2% discount if that tax bill is paid in the first two-months after issuance.
- Finally, in many cases, real estate taxes are an eligible deduction on one's personal income tax.

## How much does 1-mil of real estate tax yield in 2026?

- The total assessed value of taxable real estate inside the Borough for 2026 is estimated to be \$219,004,730, up slightly from last year's assessed value of \$215,971,240. Therefore, the cash value of 1-mil would equal \$219,005. However, when factoring in our average collection rate for any given year, we should expect that same mil to yield \$214,625. This difference is a result of the average amount of taxes remitted on time, annually, versus the total that is levied. However, some old outstanding tax liens from previous years may pay their debts in 2026.
- Therefore, for budget purposes, 1-mil is equal to approximately \$218,786 in cash, but the value of a mil is therefore not precise.

# The Police Tax Is Not Enough

- As you know, when the Police Department cannot cover its own expenses, it is permitted to draw resources from the balance of the General Fund, within which it is commingled, to make sure it continues to operate. This is not a sustainable long-term strategy.
- Increasing costs for the Police Department include wages (both a cost-of-living increase and one more employee making the largest staffing level ever for Police), associated benefits, pension contributions, health insurance, vehicle rental expenses (additional vehicle maintenance costs and additional vehicles), information technology expenses, and an increase in Police Liability insurance premiums. Together, the department's expenses grew \$510,548 or by 7.2%.
- While a Police Tax increase maybe advisable, I am suggesting a delay until at least 2027. Ultimately, the 30-mil Police Tax cap and the decision of the County to purposely not raise the value of each mil, is going to lead to some tough choices in 2027 or soon beyond.
- In 2026, it is estimated that the Chambersburg Police Department will cost more than all the funding sources dedicated to keep it operating. The Police Department will cost \$658,968 more but will continue to function by drawing resources from other General Fund departments. This operating deficit includes shifting police pension subsidies from utility departments to help the Police Department as well as the estimated yield of 27-mil of Police Tax.

Police Department Budget	2024	2025	2026
<b>Estimated Cost of Operations</b>	\$6,243,476	\$7,127,180	\$7,637,728
<b>Reimbursement from CASD for School Crossing Guards (estimated)</b>	-\$26,700	-\$34,000	-\$32,800
<b>Estimated Yield from Fines and Fees</b>	-\$132,500	-\$185,000	-\$170,000
<b>State Grant for Police Pension Costs (grant shifted from utilities)</b>	-\$714,084	-\$803,100	-\$821,979
<b>Subtotal</b>	\$5,370,192	\$6,105,080	\$6,612,958
<b>Tax Rate</b>	25-mil	27-mil	27-mil
<b>Estimated yield of Police Tax (excluding tax liens &amp; donations)</b>	\$5,374,006	\$5,862,199	\$5,953,990
<b>Police Department Deficit</b>	\$3,814	-\$242,881	-\$658,968

# The Fire Tax Is Not Enough

- The Borough agreed to carry 28 paid firefighters in the soon expiring collective bargaining agreement. There are seven probationary firefighters at the Fire Academy (making 31 total) and we anticipate one to three senior members of the department will retire in 2026 (making about 28 total). There is no doubt that 31 firefighters will add to the public safety in the community. However, this is the largest staffing level we have ever had.
- As you know, when the Fire Department cannot cover its own expenses, it is permitted to draw resources from the balance of the General Fund, within which it is commingled, to make sure it continues to operate. This is not a sustainable long-term strategy. In summary, the department's expenses grew \$120,861 or by 2%.
- It is envisioned that the Borough will run out of available funding options by the end of 2026. In fact, if more than 2.5% wage increases are suggested by the fire union or imposed in Act 111 Interest Arbitration, the Borough may be out of funding options today. Just as with the Police Department, it is hard to conceive of a way to keep funding these critical public safety and emergency services.
- In 2026, it is estimated that the Fire Department and EMS will cost \$1,344,815 more to operate than the revenues collected. This includes shifting fire pension subsidies from utility departments to help the Fire Department as well as the estimated yield of ½-mil of Fire Tax being used for operations. There is no way permitted to raise the Fire Tax (approx. 6.2-mil more) to cover this deficit.
- While the revenue from the ambulance service and the Fire Code safety inspections is not enough to pay for the cost of operating the Fire Department, this and the Fire Tax combined are counted as a very respectable effort to close the gap in costs.
- The Borough uses the Ambulance Fee to help cover the EMS portion of the deficit. The Ambulance Fee should generate \$1.74 million in 2026, which is already accounted for in the deficit. If the Ambulance Fee was used to cover the whole deficit, it would be set to \$21.84 per month instead of the recommended \$12.50 per month as is proposed for 2026.

Fire/EMS Budget	2024	2025	2026
<b>Estimated Cost of Operations</b>	\$6,135,720	\$6,206,695	\$6,327,556
<b>Local Services Tax Yield (set at State Maximum)</b>	-\$758,000	-\$775,000	-\$790,000
<b>Fire Code Inspections</b>	-\$83,000	-\$80,000	-\$88,000
<b>Ambulance Patient Fees</b>	-\$1,418,500	-\$1,500,000	-\$1,605,000
<b>Ambulance Fee on Water Service Invoices</b>	-\$1,436,830	-\$1,538,868	-\$1,738,868
<b>State Grant for Fire Pension Costs (grant shifted from utilities)</b>	-\$594,373	-\$594,400	-\$550,238
<b>Subtotal</b>	\$1,845,017	\$1,718,427	\$1,445,450
<b>Tax Rate</b>	3-mil	3-mil	3-mil
<b>Estimated yield of Fire Tax</b>	\$720,214	\$621,920	\$661,610
<b>Less required transfer to the Motor Equipment Fund (State law)</b>	-\$544,260	-\$536,255	-\$560,975
<b>Net Fire Tax Revenue for Operations</b>	\$175,954	\$85,665	\$100,635
<b>Fire/EMS Deficit</b>	-\$1,669,063	-\$1,632,762	-\$1,344,815

# The General Fund is the Only Issue

- It is difficult to explain how unique and different Chambersburg is from every other municipal organization. We are lucky to have outstanding employees, a supportive and dynamic community, and a defined mission to provide the most services at the lowest cost to our citizens and businesses. We have weathered a variety of fiscal storms, each time coming out stronger and more resilient. We have seen political changes, socio-economic changes, and regional growth, all the while maintaining our hold, our local autonomy, and a small-town atmosphere.
- When challenged to be more prudent or better address fiscal challenges, I am shocked that those requesting have never grasped the interdependence of our budget or the ability to soften the blow of necessary revenues for every home and business in the Borough in unprecedented ways.
- Clearly, I have not always communicated well our uniqueness and our special abilities to the public.

General Fund	TOTAL	Budget	Revenue	
<b>General Fund</b>	<b>\$ 21,972,795</b>			
GENERAL GOVERNMENT		\$ 2,481,448		
HIGHWAY		\$ 1,738,319		
FIRE and EMS		\$ 6,327,556		
POLICE		\$ 7,637,728		
RECREATION		\$ 2,131,843		
LAND USE and COMMUNITY DEVELOPMENT		\$ 1,260,351		
MISCELLANEOUS		\$ 395,550		
		<b>\$ 21,972,795</b>	<b>\$ 21,972,795</b>	Balanced

Rest assured, this year's budget, based upon funding everything, is certainly challenging. Only through our ability to keep utility rates down, can we afford the impact of taxes on homes and businesses. Our special sauce is to shift the burden and still save everyone on annual expenses. And while almost every property uses water, sewer, and electricity, not every property-owner even pays taxes. This is a power that makes us the envy of every other town in Pennsylvania. Save everyone money on utilities, and let them pay taxes for Police, Fire, and EMS services.

# In 2026, Chambersburg outstanding low utility rates continue

Chambersburg Utility Customers Have The Lowest Total Utility Rates in Pennsylvania And That Will Not Change in 2026

## **MOST RATES WILL NOT CHANGE NEXT YEAR**

- Chambersburg has outstanding utility rates. This is by design. In order to help property owners pay for police, fire, EMS, and debt service taxes, the Town Council has worked to reward utility customers with record low rates.
- In fact, those residential customers with Borough gas and electric will save over \$2,000 per year in utility expenses, when compared to average natural gas and electric customers throughout the State of Pennsylvania.
- Borough natural gas, water, wastewater, electric, and sanitation rates are much lower than most other municipal and private sector utilities.
- The Electric and Natural Gas utilities also make an annual Payment in Lieu of Taxes to support the Police and Fire departments.

## **Chambersburg Utility Rates Stay Low:**

- While utility rate increases are rare, they must go up, from time-to-time, related to State & Federal regulations, the supply of energy, fuel, and chemicals, and the rising cost of personnel and professional services.
- Staff's goal is not to prevent rate increases, but rather to maintain one of the lowest rates in our area or the State for all utilities provided. This budget meets that goal.

# Only a small increase in electric (fall 2026) and a small increase in water rate

## 2026 Utility Rates

Chambersburg has the lowest total utility rates in Pennsylvania!



### Electric

#### 5% Increase

Scheduled for Sept 2026.  
Rates remain 40% to 46% lower than area averages.



### Natural Gas

#### No Increase

Rates are 46% lower than local private gas companies.



### Water

#### \$2.10/month Increase

A small increase for the average single-family home.



### Wastewater

#### No Increase

Rates remain among the lowest in the region.



### Sanitation

#### No Increase

Rate stays at \$32/month per household.



### Ambulance Fee

#### Increase to \$12.50/month

This surcharge on water bills helps cover ambulance service costs.

### Storm Sewer Fee – No Increase

The Chambersburg Municipal Separate Storm Sewer System is a complex series of pipes, inlets, channels, and ponds that manages stormwater throughout the Borough. The system is comprised of 3,229 inlets, 139 outfalls to Conococheague Creek and Falling Spring Creek, 211 subsurface detention areas, 107 detention basins, 83.49 miles of pipe, 57 rain gardens, and 32.05 miles of open channels. In 2026, there will be no rate increase. Since 2022, all non-single-family-residential properties in the Borough (business, multifamily, industrial, commercial, church, or institutional properties) now pays the Storm Sewer fee based upon their impervious area on their lot. Called an ERU, each non-single-family tax lot has been measured against the “equivalent residential unit”, and then is invoiced a multiple of ERUs at the per ERU rate. Every single-family home pays the same as the average single-family home, just 1 ERU per month. Non-single-family-residential properties in the Borough can earn discounts off their invoice. For info, call the Storm Sewer System Manager, Andy Stottlemeyer at 717-251-2434.

**1 ERU = \$6/month.**

# Ready-to-Serve Ambulance Fee

Why is there an Ambulance Fee on Water Invoices?

- The Town Council-approved Ambulance Fee is a surcharge on all water customer invoices. The fee helps defray the costs of the ambulance service being ready-to-serve. Each year, Federal rules require ambulance companies to write-off invoices for Medicaid & Medicare patients. In 2026, the Borough anticipates a write-off over \$1.5 million in billing. Ambulance companies are in crisis as a result of low revenue and no volunteers. This is not a tax, as under State law taxes can only be assessed on the value of real estate. Approximately 40% of property owners are exempt from property taxes. Also, it is not the Ambulance Club. The Ambulance Club is a voluntary donation program mailed separately. This is a surcharge on water service invoices with proceeds shared with the Fire Department. In 2026, the fee will increase to \$12.50 per month per water service account. Whoever pays the water bill, will pay this important fee.

		<b>GENERAL FUND</b>	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
<b>Police</b>	Police Operations		\$6,223,358	\$7,127,180	\$7,637,728
	Excess (Deficit)		(\$756,111) Deficit	(\$1,079,981) Deficit	(\$1,513,738) Deficit
	Police Operations		<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
	Non-Personnel Costs		\$1,238,461	\$1,595,880	\$1,630,738
	Personnel Costs		\$4,984,897	\$5,531,300	\$6,006,990
<b>Fire &amp; EMS</b>	ES Dept. Operations		\$5,641,715	\$6,206,695	\$6,327,556
	Excess (Deficit)		(\$1,056,732) Deficit	(\$1,809,440) Deficit	(\$1,577,581) Deficit
	ES Dept. Operations		<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
	Non-Personnel Costs		\$1,156,050	\$1,361,295	\$1,038,218
	Personnel Costs		\$4,485,665	\$4,845,400	\$5,289,338
<b>Recreation</b>	Recreation Operations		\$1,484,393	\$1,580,295	\$2,131,843
	Excess (Deficit)		(\$1,209,390) Deficit	(\$1,333,295) Deficit	(\$1,884,843) Deficit
<b>Land Use &amp; Community Development</b>					
			<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
	Operations		\$895,470	\$1,095,860	\$1,260,351
<b>General Highway</b>					
			<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
	Operations		\$1,480,569	\$1,613,227	\$1,738,319
<b>General Government</b>					
			<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
	General Operations		\$2,560,839	\$2,473,380	\$2,481,448
	Includes insurance, tax collection, printing, dues, legal costs, training, back office, advertisement of ordinances and necessary transfers to other operations such as the General Fund contribution to the Administrative Services Department.				
	Civic & Downtown Operations		\$367,690	\$462,200	\$395,550
	Includes emergency management, Shade Tree Commission, and civic events				
	Transfer to Capital Reserve, etc.		\$800,000	-	
	Includes transfers for street projects (if available) and other capital projects for General Fund departments.				
			<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
<b>TOTAL GENERAL FUND</b>	Expenditures		\$19,454,034	\$20,558,837	\$21,972,795
			+\$980,267 Surplus	- Balanced -	- Balanced -

		<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
ELECTRIC UTILITY	Revenue	\$36,833,398	\$37,633,610	\$38,867,000
	Expenses	\$35,166,213	\$37,633,610	\$38,867,000
	Excess (Deficit)	+\$1,667,185 Surplus	- Balanced -	- Balanced -
NATURAL GAS UTILITY	Revenue	\$9,003,679	\$10,881,095	\$13,030,000
	Expenses	\$9,490,136	\$10,881,095	\$13,030,000
	Excess (Deficit)	-\$486,457 Deficit	- Balanced -	- Balanced -
WATER UTILITY	Revenue	\$5,694,280	\$5,738,804	\$6,469,000
	Expenses	\$5,210,878	\$5,738,804	\$6,469,000
	Excess (Deficit)	\$ 483,402 Surplus	- Balanced -	- Balanced -
WASTEWATER UTILITY	Revenue	\$8,456,176	\$8,422,731	\$8,846,000
	Expenses	\$8,789,614	\$8,422,731	\$8,846,000
	Excess (Deficit)	-\$333,438 Deficit	- Balanced -	- Balanced -
SANITATION UTILITY	Revenue	\$5,049,491	\$5,542,975	\$6,177,000
	Expenses	\$4,616,643	\$5,542,975	\$6,177,000
	Excess (Deficit)	\$432,848 Surplus	- Balanced -	- Balanced -
STORM SEWER UTILITY	Revenue	\$1,606,940	\$1,665,542	\$1,852,250
	Expenses	\$1,112,616	\$1,665,542	\$1,852,250
	Excess (Deficit)	\$494,324 Surplus	- Balanced -	- Balanced -
PARKING TRAFFIC	Revenue	\$1,504,618	\$1,818,855	\$1,416,000
	Expenses	\$1,435,791	\$1,818,855	\$1,516,000
	Excess (Deficit)	\$68,827 Surplus	- Balanced -	-\$100,000 Deficit
AQUATIC CENTER	Revenue	\$1,405,449	\$1,492,150	\$1,551,325
	Expenses	\$1,359,275	\$1,562,650	\$1,658,325
	Excess (Deficit)	\$46,174 Surplus	-\$70,500 Deficit	-\$107,000 Deficit

Enterprise Funds (Utilities &amp; Businesses)

		<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Stores/Warehouse	Revenue	\$1,809,595	\$1,866,610	\$1,913,902
	Expenditures	\$1,600,390	\$1,866,610	\$1,998,902
	Excess (Deficit)	\$209,205 Surplus	- Balanced -	-\$85,000 Deficit
Public Works Campus Project		<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
	Revenue	\$0	\$13,997,595	\$11,621,253
	Expenditures	\$282	\$10,648,025	\$13,976,253
	Excess (Deficit)	-\$282 Deficit	\$3,349,570 Surplus	-\$2,355,000 Deficit
Administrative Services		<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Group of Offices	Revenue	\$8,982,642	\$10,271,795	\$10,566,000
	Expenditures			
	Utility Addition Ops	\$601,727	\$586,985	\$584,400
	Personnel/Payroll	\$918,972	\$968,700	\$1,123,886
	Information Tech	\$1,195,262	\$1,641,700	\$1,777,627
	Finance/Accounting	\$1,071,432	\$1,179,100	\$1,017,203
	Customer Service	\$1,841,483	\$1,968,965	\$2,063,556
	Clerical Pool	\$1,394,889	\$1,420,400	\$1,624,200
	General & Administrative	\$1,150,352	\$888,740	\$1,152,804
	Misc./Township EMS	\$118,021	\$117,500	\$120,000
	Transfers for Insurance, etc.	\$386,010	\$289,705	\$325,280
	Capital & Equipment	\$368,665	\$1,210,000	\$774,044
	Total	\$9,046,813	\$10,271,795	\$10,566,000
		(\$64,171) Deficit	- Balanced -	- Balanced -
		<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Engineering	Revenue	\$685,083	\$850,168	\$1,063,774
	Expenditures	\$634,499	\$850,168	\$1,353,774
		\$50,584 Surplus	- Balanced -	-\$290,000 Deficit
		<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Motor Equipment (Motor Pool)	Revenue	\$5,746,932	\$5,266,420	\$6,531,097
	Expenditures	\$4,215,575	\$7,101,051	\$4,573,847
		\$1,531,357 Surplus	(\$1,834,631) Deficit	\$1,957,250 Surplus

Internal Services Funds (Utility Support Departments)

Capital Project Investment Accounts		<u>2026</u> <u>Deposit</u>	<u>2026</u> <u>Withdrawal</u>	<u>Difference</u>	
	General Fund Capital	\$3,697,000	\$6,505,000	(\$2,808,000)	Making a withdrawal from accumulated fund balance for CIP projects. (\$2,808,000)
	Storm Sewer Capital	\$3,808,452	\$9,961,452	(\$6,153,000)	Making a withdrawal (\$5 million from the 2024 Storm Sewer Bond and \$1.153 million (\$6,153,000) from fund balance).
	Electric Capital	\$2,946,995	\$2,946,995	\$0	<Balanced>
	Natural Gas Capital	\$4,428,380	\$3,853,380	\$575,000	Making a deposit in gas capital for future expenses. \$575,000
	Water Capital	\$1,047,680	\$2,350,000	(\$1,302,320)	Making a withdrawal from accumulated fund balance for CIP projects. (\$1,302,320)
	Wastewater Capital	\$1,272,585	\$5,250,000	(\$3,977,415)	Making a withdrawal from accumulated fund balance for CIP projects. (\$3,977,415)
	Sanitation Capital	\$10,000	\$210,000	(\$200,000)	Making a refund to the Sanitation Department for operations*. (\$200,000)
	Parking & Traffic Capital	\$630,600	\$530,600	\$100,000	Making a deposit in parking capital for future expenses. \$100,000
Trust Fund Accounts		<u>2026</u> <u>Deposit</u>	<u>2026</u> <u>Withdrawal</u>	<u>Difference</u>	
	Self-Insurance Trust	\$1,803,490	\$1,803,490	\$0	<Balanced>
	Workers Comp Trust	\$738,065	\$724,240	\$13,825	Making a \$13,825 deposit for future claims.
	Special Revenue Trust	\$2,482,940	\$2,482,940	\$0	<Balanced>
Holding Accounts		<u>2026</u> <u>Deposit</u>	<u>2026</u> <u>Withdrawal</u>	<u>Difference</u>	
	Police Station Bond Tax Holding Account	\$441,810	\$441,810	\$0	<Balanced>
	Recreation Bond Tax Holding Account	\$570,505	\$570,505	\$0	<Balanced>
	Public Works Campus Bond Holding Acct	\$220,420	\$220,420	\$0	<Balanced>
	Fire Tax Holding	\$688,770	\$688,770	\$0	<Balanced>
	Liquid Fuels State Grant Holding Account	\$650,000	\$1,000,000	(\$350,000)	Making a (\$350,000) withdrawal from accumulated fund balance for CIP projects.
	Sister City Holding	\$3,000	\$3,000	\$0	<Balanced>
	Project H.E.A.T. Holding Account	\$95,795	\$95,795	\$0	<Balanced>



# Summary

- The 2026 Budget is balanced on revenues and use of cash reserves.
- There is no recommended real estate tax increase.
- There are no changes allowed in the Fire Tax or the Act 511 State taxes.
- There are very few utility rate increases (a small electric increase scheduled for the fall of 2026, a small water rate increase, and an increase in the Ambulance Fee in January 2026).
- There are no new projects or initiatives other than what is underway.
- The police & fire staffing will be the largest in the history of the Borough.
- There is concern for 2027 as we reach the end of funding options for Police, Fire, and EMS.
- The Borough budget is otherwise very strong and in good shape.
- The Borough budget is very large and complex.

# Chambersburg Budget

- In 2026, the Borough will have an ALL-FUNDS BUDGET of \$174,805,411. In 2025, the Borough had an ALL-FUNDS BUDGET of \$159,998,388. This represents a 9.3% increase, with no major changes to accounting or operational practices. This net increase is largely a result of increases in operational expenses in the Police, Recreation, Property Maintenance Code, Electric, Water, Sewer, Sanitation, Parking Traffic & Street Lighting, Storm Sewer, and Aquatic Center operations; the spending down of fund balance reserves and/or bond funds in the General Capital Reserve, Liquid Fuels, Electric Capital Reserve, Water Capital Reserve, Sewer Capital Reserve, Storm Sewer Capital Reserve, Motor Equipment, and Public Works Campus Funds.
- In 2026, the Borough's OPERATING BUDGET will be \$146,331,085. In 2025, the Borough's OPERATING BUDGET was \$137,760,740. This represents an 6.2% increase, with no major changes to accounting or operational practices. This increase is largely attributable to revenue in the Electric, Gas, Gas Capital Reserve, Water, Sewer, Sanitation, General, Motor Equipment, Public Works Campus, Storm Sewer Capital Reserve, and Aquatic Center Funds, as a result of utility rate increases, projected increases in sales, as well as the anticipated revenue resulting from grants and debt issuance.
- In 2026, the Borough's GENERAL FUND BUDGET will be \$21,972,795. In 2025, the Borough's GENERAL FUND BUDGET was \$20,558,837. This represents a 6.9% increase, and is a realistic gauge of actual growth in the Borough's spending plan, given the importance of the Police and Fire/EMS Departments, as well as the provision of all major governmental services.