BOROUGH OF CHAMBERSBURG, PA

November 9, 2026

ANNUAL FINANCIAL STRATEGY

Borough Manager's Proposed 2027 Budget

By Jeffrey Stonehill, Borough Manager

A strategic financial plan prioritizing fiscal resilience, essential infrastructure completion, and low cost-of-living for Chambersburg residents.

PRESENTED TO
Chambersburg Town Council

STATUS
Balanced Budget Recommended

17th Budget Submission by Borough Manager

Executive Overview

Stable Fiscal Position & Strategic Intent

Balanced Budget

BUDGET BALANCE

Ready to be Approved

Revenues and reserves fully cover planned expenses.

AVERAGE NET TAX INCREASE PER HOME

+$9.91/yr

Net annual change for average single-family home.

FIRE & POLICE TAXES

0 Mil

No tax increase for Police, Fire, or EMS operations.

Strategic Spending Plan

Functions as a forward-looking operational forecast rather than simple accounting, driving sustainable community growth and service stability.

Award-Winning Financial Reporting

Annual Comprehensive Financial Report (ACFR) audit published each spring continues decades of state and national transparency recognitions.



No Additional Tax Increase Beyond the January 2026 Commitment

When Town Council approved the construction of the new Public Works Complex on Wayne Avenue, they planned to phase-in tax increases for that facility. This budget includes the previously approved 1-mil increase for 2027 for the Public Works Complex Bond Tax, but no other tax increase is needed to balance the 2027 budget.

Municipal Operations Scale

Largest Borough Budget in Pennsylvania

2024 PA MUNICIPAL FISCAL RANKINGS (STATEWIDE)

Rank	Municipality	Type	Total Revenues
1	Philadelphia	City	**$12.38B**
2	Pittsburgh	City	**$11.13B**
9	**Chambersburg**	**Borough (#1)**	**$118.1M**
44	Carlisle	Borough	$45.1M
224	Waynesboro	Borough	$13.9M
257	Gettysburg	Borough	$12.1M

Operational Complexity

Carlisle Comparison: Similar population size, yet Chambersburg operations are ~166% larger due to comprehensive utilities.

Cost Allocation Precision: IT and shared administrative services are allocated across 12+ distinct funds; so every utility pays its fair share of operations.

Taxpayer Protection: Utility accounting ensures utility customers pay their share of operational costs without General Fund subsidies.
Without the utilities, and their very low rates, Chambersburg could not function with so many operations and services.

Unique Municipal Government

Chambersburg is one of 35 Boroughs in Pennsylvania to operate a non-profit public power electric utility. Chambersburg is the largest municipal electric utility in the State, twice as large as the second largest, Ephrata, Lancaster County; and the only one to operate multiple generation stations. Chambersburg is one of two municipalities in Pennsylvania to operate a non-profit public natural gas utility. The other is Philadelphia, which does not operate an electric utility. Chambersburg is one of around 2,000 communities to have its own electric system and one of 1,000 communities to run a natural gas system, but one of only about 100 in the U.S. to operate both systems, out of 89,000 local government units. In addition, Chambersburg operates a regional water system and a regional sanitary sewer system; not through an independent authority or an intermunicipal board, but under Town Council oversight directly. Further, Chambersburg operates a sanitation utility, a traffic utility, and an aquatic center. Finally, this year, for the first time ever, the Borough will operate the Storm Sewer Utility, which was one of the first such storm sewer utilities to form under the federal mandate to regulate stormwater through the Municipal Separate Storm Sewer System (MS4) program, in joint cooperation with the Chambersburg Area Municipal Authority (CAMA).

Core Economic Model

“The Secret Sauce”: Utility Savings Funds Public Safety

Public Power Leadership

Largest municipal electric utility in PA with multiple generation stations.

$2,000 Annual Household Savings

Combined electric & gas residential savings compared to outside utilities.

Public Safety Synergy

Low utility costs empower property owners to easily fund 24/7 Police & Fire.

Unique Municipal Status: Chambersburg is one of only ~100 communities in the United States (out of 89,000 local governments) operating both a non-profit municipal electric and natural gas system under direct Town Council oversight.



SECRET SAUCE

The Borough of Chambersburg is strong and resilient; we have a great system, using our utilities to bring wealth and value to homes and businesses. Our utility customers save so much on their monthly utility bills, and have done so for generations, that they can easily pay the low cost of full-time local police, fire, and EMS services.

This system of exchanging cheap utilities for public safety is our “secret sauce”.

Taxation Structure

2027 Real Estate Tax Rates & Impact

Average Net Tax Increase

+$9.91 / year

Tax Designation	2026 Rate	2027 Rate	2026 Avg Cost	2027 Avg Cost	Status
Police Tax (General Levy)	27.0 mil	**27.0 mil**	$474.86	**$469.19**	No Increase
Fire & Emergency Services Tax	3.0 mil	**3.0 mil**	$52.76	**$52.13**	State Max Cap
Recreation Bond Tax	2.5 mil	**2.5 mil**	$43.97	**$43.44**	No Increase
Police Station Bond Tax	2.0 mil	**2.0 mil**	$35.17	**$34.75**	No Increase
Public Works Complex Bond Tax	1.0 mil	**2.0 mil**	$17.59	**$34.75**	**Pledged Hike**
TOTAL REAL ESTATE TAX	**35.5 mil**	**36.5 mil**	**$624.35**	**$634.26**	**+$9.91 Net Shift**

Historical Stability: No real estate tax increase in 14 of the last 20 years.

Average residential assessed value recalculation lowered base cost by $7.25.

Council kept its promise: the small tax increase pledged in January 2026 is the only one planned for 2027.

Tax Distribution Context

Overlapping Tax Liability Breakdown

Where Every Real Estate Tax Dollar Goes

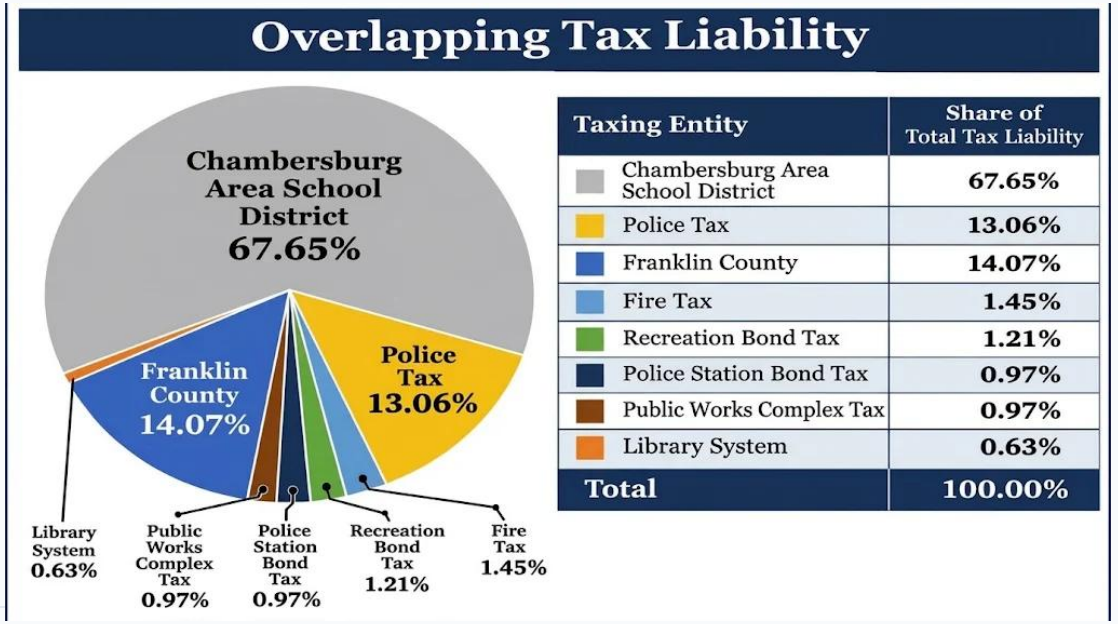
Taxing Burden on Borough Homeowners	2027			Per Dollar
Non-Borough Property Taxes	Mil Rate	Annual Avg. Home	Percentage	Rounded
Franklin County (2026)	29.10 mil	$505.68	14.07%	14¢
Library System (2026)	1.3 mil	$22.59	0.63%	1¢
Chambersburg Area School District (2026)	139.8793 mil	$2,430.71	67.65%	67¢
Borough Taxes				
Police Tax	27.0 mil	$469.19	13.06%	13¢
Fire Tax	3.0 mil	$52.13	1.45%	1¢
Recreation Bond Tax	2.5 mil	$43.44	1.21%	1¢
Police Station Bond Tax	2.0 mil	$34.75	0.97%	1¢
Public Works Complex Tax	2.0 mil	$34.75	0.97%	1¢
Borough Property Tax Total	36.5 mil	$634.26	17.65%	18¢
Total Tax Burden on Property Owners	206.7793 mil	$3,593.24	100%	$1.00
Median Assessed Value of a Single-Family Home inside the Borough Per Franklin County is Around $21,782				
Average burden on a single-family type home inside the Borough of Chambersburg based on assessed value as decided by County				

School Tax Independence

CASD sets its own rates independently. Over two-thirds of local real estate tax bills fund the school district and not local borough services.

Borough Share Efficiency

Only ~18¢ of every tax dollar goes to the Borough of Chambersburg to cover police, fire, EMS, and bond debt.



Real Estate Tax Liability Breakdown

We can meet our obligations in 2027 with necessary utility-rate increases. This budget includes increases in water, wastewater, storm water, and trash/recycling. These are not small increases, but staff have made sure that they were absolutely necessary. Furthermore, these increases are significantly less than if our residents and businesses lived in the townships. Finally, I am recommending a change in the Ambulance Fee; the cost of providing this important life-saving service as a surcharge on water service invoices.

Our citizens and businesses pay so much less for utilities than our neighbors in the townships.

Other than the previously approved 1-mil for the Public Works Complex, there is no real estate tax increase in this budget.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027 PROPOSED
Police Tax in Mil	21	23	23	24	24	24	24	24	25	25	27	27	27
Fire Tax in Mil	2.5	2.5	2.5	3	3	3	3	3	3	3	3	3	3
Ambulance Tax in Mil	-	-	-	0.5	0.5	0	0	0	0	0	0	0	0
Recreation Bond Tax in Mil	-	-	-	3	3	3	3	3	2.5	2.5	2.5	2.5	2.5
Police Station Bond Tax	-	-	-	-	-	-	-	1	2	2	2	2	2
Public Works Complex Bond Tax	-	-	-	-	-	-	-	-	-	-	1	1	2
Total Real Estate Tax Mils	23.5	25.5	25.5	30.5	30.5	30	30	31	32.5	32.5	35.5	35.5	36.5

Council kept its promise: the small tax increase pledged in January 2026 is the only one planned for 2027.

Real Estate Tax Cost per Home

	2024	2025	2026	2027
	Actual	Actual	Estimated	Estimated
Police Tax Yield	$5,347,609	$5,815,874	$5,953,990	$6,105,960
Mil	25	27	27	27
Fire Tax Yield	$717,078	$650,295	$667,610	$650,510
Mil	3	3	3	3
Recreation Bond Tax Yield	$534,621	$559,633	$570,505	$560,760
Mil	2.5	2.5	2.5	2.5
Police Station Bond Tax Yield	$424,052	$438,240	$441,810	$441,130
Mil	2	2	2	2
Public Works Complex Bond Tax Yield	-	$209,068	$220,420	$441,070
Mil	-	1	1	2
Value of 1 mil*	$217,161	$215,843	$218,786	$217,818
Police Tax	$438.14	$474.62	$474.86	$469.19↓
Fire Tax	$52.58	$52.74	$52.76	$52.13↓
Recreation Bond Tax	$43.81	$43.95	$43.97	$43.44↓
Police Station Bond Tax	$35.05	$35.16	$35.17	$34.75↓
Public Works Complex Bond Tax	-	$17.58	$17.59	$34.75↑
TOTAL	**$569.58**	**$624.05**	**$624.35**	**$634.26**

** Not a precise measure as the value changes every year due to the assessed value of real estate – entirely dependent on Franklin County's calculations.*

Even with the 1-mil increase in the Public Works Complex Bond Tax, the average single-family home inside the Borough of Chambersburg will see a total real estate tax bill increase of only $9.91 between 2026 and 2027. That is total. That is for the year.

AND
Many save
$2,000 per year
with Borough
utilities

Police Budget Breakdown

Police Tax is not enough to cover cost of department

With another fiscal year with no increase in the Police Tax, over the last 21 years, the tax rate has risen at an annualized rate of approximately 2.3% going from 17-mil in 2006 to a steady 27-mil in 2027.

Over the last two decades, the Police Tax has risen 48.7% or about 2.3% per year on average.

In 15 of the last 21 years, there has been no increase in the Police Tax rate, including no increase proposed for FY2027.

In most towns the Police Tax is called, the General Levy, but in Chambersburg it is all dedicated to the Police Department operating expenses, so we call it the Police Tax.

As we 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 (a cost-of-living increase), associated benefits, pension contributions, health insurance, vehicle expenses (additional vehicle fuel, insurance, and maintenance costs), information technology expenses, and an increase in Police Liability insurance premiums. Together, the department's expenses grew $1,215,793 or by 16%- But to be fair, some that increase is through a better and more accurate accounting of expenses rather than just more spending.

While a Police Tax increase may be advisable, I am suggesting a delay until at least 2028. 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 2028 or soon beyond.

The Police Tax will fall short of covering the cost of the department by more than $1.75 million. These funds will be taken from other General Fund operations to benefit the Police Department.

Police Department Budget	2025	2026	2027
Estimated Cost of Operations	$7,127,180	$7,637,728	$8,853,521*
Reimbursement from CASD for School Crossing Guards (estimated)	-$34,000	-$32,800	-$35,000
Estimated Yield from Fines and Fees	-$185,000	-$170,000	-$160,000
State Grant for Police Pension Costs (grant shifted from utilities)	-$803,100	-$821,979	-$800,886
Subtotal	$6,105,080	$6,612,958	$7,857,635
Tax Rate	27-mil	27-mil	27-mil
Estimated yield of Police Tax (excluding tax liens & donations)	$5,862,199	$5,953,990	$6,105,960
Police Department Deficit	-$242,881	-$658,968	-$1,751,675

**To be fair, some of the increase in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.*

Departmental Outlook

27-Mil Tax Kept Flat

Police Department Operational Deficit

Police Financial Summary	2025 Actual	2026 Budget	2027 Proposed
Estimated Cost of Operations	$7,127,180	$7,637,728	**$8,853,521**
Less: CASD Crossing Guards **Reimbursement**	-$34,000	-$32,800	-$35,000
Less: Fines & Fees Yield	-$185,000	-$170,000	-$160,000
Less: State Pension Grant	-$803,100	-$821,979	-$800,886
Subtotal Net Operating Cost	**$6,105,080**	**$6,612,958**	**$7,857,635**
Police Tax Yield (27-mil)	$5,862,199	$5,953,990	**$6,105,960**
POLICE OPERATING DEFICIT	**-$242,881**	**-$658,968**	**-$1,751,675**

⚠

Other revenue in the General Fund is used to balance the needs of the Police Department, thereby taking resources away from things like Parks, Recreation, Street Paving, and Economic Development.

Fire & EMS Budget Breakdown

Fire & EMS revenue is not enough to cover cost of department

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 balance of the Fire Department operating expenses is closed by undesignated General Fund revenue above and beyond the Fire Tax. Every dollar of undesignated revenue used to close the gap between these revenues and the Fire Department budget is one less dollar that can be used for parks or recreation, highways or streets, or other functions such as economic development or new initiatives in community development.

Fire Department and EMS funding needs to be fixed. We have suggested several ideas including regionalization, higher tax limits, and additional yield from existing taxes.

The cost of operating the Fire Department will rise significantly in 2027, but to what extent is somewhat unknown, as we still have no labor agreement. In addition, higher costs associated with the replacement schedule for fire apparatus are a growing issue as we put aside money for future purchases. Vehicles for the Fire Department are rising exponentially in cost. This, plus the growing write-off for Medicaid/Medicare patients served by the Fire Department's ambulance service, is causing strain on department finances.

In 2027, it is estimated that the Fire Department and EMS will cost $1,981,672 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. 9-mil more) to cover this deficit.

The Borough uses the Ambulance Fee to help cover the EMS portion of the deficit. Beginning in 2027, the Ambulance Fee is changing within the Borough budget. It used to be a fee collected by the General Fund. Beginning in 2027, it is now a part of the Water Rates in the Water Utility. It is now a Payment in Lieu of Taxes (PILOT) between the Water Utility and the General Fund. Customers should not notice any change other than an increase in the fee on their water service invoices from $12.50 per month per water service connection to $13.75 per month.

The Ambulance Fee should generate $1.92 million in 2027, which is already accounted for in the deficit. If the Ambulance Fee was used to cover the whole deficit, it would be set to $27.96 per month instead of the recommended $13.75 per month as is proposed for 2027. The proposed Ambulance Fee is made necessary by the inability of ambulance patient receipts to come close to paying for the actual cost of the ambulance services provided. Furthermore, Chief Ulrich said we need to increase ambulance services; to maybe double the size and cost of the ambulance service, which cannot already cover its expenses.

Fire/EMS Department Budget	2025	2026	2027
Estimated Cost of Operations	$6,206,695	$6,327,556	$7,636,536*
Local Services Tax Yield (set at State Maximum)	-$775,000	-$790,000	-$900,000
Fire Code Inspections	-$80,000	-$88,000	-$100,000
Ambulance Patient Fees	-$1,500,000	-$1,605,000	-$1,912,000
Ambulance Fee on Water Service Invoices	-$1,538,868	-$1,738,868	-$1,917,685
State Grant for Fire Pension Costs (grant shifted from utilities)	-$594,400	-$660,238	-$723,659
Subtotal	$1,718,427	$1,445,450	$2,083,192
Tax Rate	3-mil	3-mil	3-mil
Estimated yield of Fire Tax	$621,920	$667,610	$650,510
Less required transfer to the Motor Equipment Fund (State law)	-$536,255	-$560,975	-$548,990
Net Fire Tax Revenue for Operations	$85,665	$106,635	$101,520
Fire/EMS Deficit	-$1,632,762	-$1,338,815	-$1,981,672

**To be fair, some of the increase in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.*

Emergency Services Challenge

Max 3-Mil Tax Limit Reached

Fire & EMS Budget Structure & Deficit

2027 Fire/EMS Financial Summary

Estimated Operating Cost	**$7,636,536**
Ambulance Fees & PILOT	-$3,829,685
Local Services Tax & Inspections	-$1,000,000
State Pension Grant	-$723,659
Net Fire Tax Operational Yield	-$101,520
2027 FIRE/EMS DEFICIT	**-$1,981,672**

Act 54 Statutory Limitation

2024 PA Act 54 allowed Fire Tax hikes to 10-mil, but restricted eligibility exclusively to SE PA counties. Chambersburg remains locked at the 3-mil cap.

Revenue & Fleet Pressures

$1.5M+ in annual mandatory Medicare/Medicaid billing write-offs, combined with escalating fire apparatus replacement costs, amplifies financial strain.

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Other revenue in the General Fund is used to balance the needs of the Fire Department, thereby taking resources away from things like Parks, Recreation, Street Paving, and Economic Development.

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

On the left is the typical single-family home with the average assessed value of the average home in the Borough:



<This average house sold in 2024 for $309,900 but has an assessed value of $21,680

The next-door house sold in 2020 for $189,000>



The sample house has an assessed value of $21,680, which is just about the Borough average for a single-family home or $21,782. The next-door house 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 $21,680, the sample home on the left is close to the average home in the Borough.

The annual Borough tax bill for this home would be $791.32 for 2027 (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.

The actual average house pays $791.32 per year in Borough taxes but thousands more in school taxes. For example, this average house pays $585.36 for the Police Department and $65.04 in taxes for the Fire Department, but $3,032.58 per year in Chambersburg Area School District taxes.

The school district is completely independent of the Borough and sets their own tax rate and sends their own tax invoices.

Police Tax	Fire Tax	School Tax
$585.36	$65.04	$3,032.58

Just to give folks a real life, real house, average single-family home, 2027 comparison.

AND
They save
$2,000 per year
with Borough
utilities

Enterprise Operations

2027 Utility Rate Matrix

Lowest Composite Utility Bill in PA

⚡ Electric — No Increase

Rates remain 40%–46% lower than surrounding area utilities.

Natural Gas — No Increase

Distribution rate held flat at $0.24/ccf. Lowest in PA.

Water — +$2.10 / mo

Rate moves to $0.33/unit. Avg bill $30.24/mo vs $69+ in area.

Wastewater — +$2.10 / mo

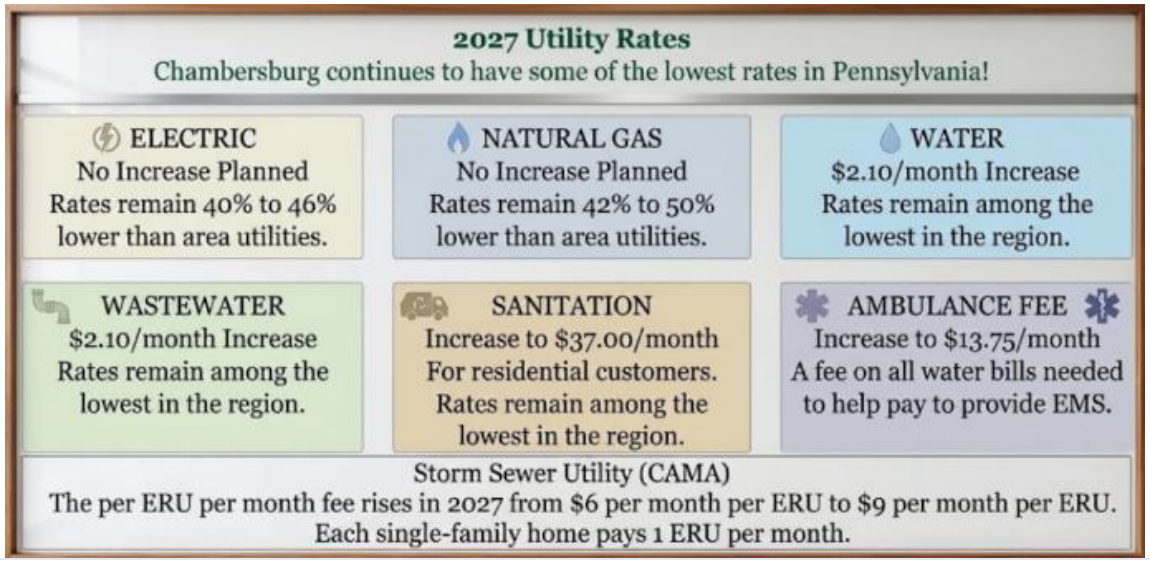
Rate moves to $0.418/unit. 3rd small rate adjustment in 10 yrs.

Sanitation — +$5.00 / mo

Moves to $37.00/mo. Offsite bulky events & DEP yard waste compliance.

Storm Sewer — +$3.00 / ERU

Moves to $9/ERU/mo under CAMA administration because of the PA Supreme Court ruling.



Operational Efficiency

In-House Cost Efficiency & Examples of Cost Savings

$1.5M/mi

In-House Pipeline Replacement

Borough gas pipe replacement costs $1.5M/mile vs $3.0M/mile for private utilities via in-house staff and paving coordination.

76% Paid by Utilities

Public Works Complex Funding

76% of new Wayne Avenue complex cost is absorbed by enterprise utilities and grants, leaving only 24% to property tax.

4 Townships

Regional Wastewater Treatment Partnership

Renewed agreement to treat sewage for Greene, Guilford, Hamilton & Letterkenny, leveraging economies of scale to lower rates for all.

Operational Efficiency

Budget Cuts Made to Control Tax Increase

$30,000 Reapplication

Eliminate Borough e-waste drop-off events.

The labor funds from changes to bulky-waste, e-waste, and weed programs will help cover mandated curbside yard-waste collection, by cutting the separate e-waste event. No taxes used for Sanitation or Recycling.

$61,262 Reduction

Scale back Aquatic Center staff incentives

Discontinue certain incentives and redirect those funds toward higher hourly wages, retaining incentives for training, retention, and hard-to-staff days. No subsidies from taxes for the Aquatic Center operations.

$144,950 per officer

No additional police officers

The estimated annual cost of an average uniformed police employee in 2027. This budget calls for no additional police officers, just replacing an existing retirement.

No additional tax increase

Original Estimate for Public Works Complex Cut

Originally estimated at a 3-mil cost, due to construction being on-time and under-budget, the total of 2-mil of 33% less is all that is needed for this project.
This is final of two tax changes for this project.

No Tree Tax

Idea to Assume Street Tree Costs Cut

Rejected proposal to create a Tree Tax and to assume all the costs associated with street tree maintenance. While the street tree budget did increase, it was maintained as reasonable and no additional tax needed.

$135,308 per firefighter

Temporary hiring freeze on firefighters

As a result of there being no Collective Bargaining Agreement with the Fire Union, staff is holding off the filling of vacant firefighter positions. While this drives up overtime, it is the only choice under circumstances.

Life Safety Support

Ambulance Fee Restructuring & Water PILOT Mechanism

Proposed Monthly Surcharge

$13.75

per month per water service account (+$1.25 change)

Generates $1.92M annually for Fire Department EMS Operations

Accounting Structure Transition

Transitions from direct General Fund fee to Water Utility PILOT (Payment in Lieu of Taxes), ensuring universal collection across all property types inside the Borough limits.

Federal Write-Off Offset

Directly offsets over $1.5M in mandatory annual Medicare and Medicaid fee write-offs required under federal EMS reimbursement rules.

Full Cost Comparison

If set to fully cover total EMS operational costs without tax support, fee would require $27.96/month instead of the proposed $13.75/month.

Statutory Process

2027 Budget Adoption Schedule

Step 1 • Nov 9, 2026

Public Presentation

Formal submission of Borough Manager's Recommended Balanced Budget to Town Council.

Step 2 • Nov 16, 2026

Tentative Approval

Town Council consideration for tentative budget adoption and public advertising.

Step 3 • Dec 14, 2026

Final Enactment

Final vote on 2027 Budget & Local Tax Ordinance prior to PA Dec 31 statutory deadline.

Thank You for Your Consideration

Questions and Discussion with Town Council