The Borough of Carnegie
ONE VETERANS WAY, CARNEGIE, PENNSYLVANIA 15106 | (412) 276-1414 FAX (412) 276-8018
MEETING SECOND MONDAY EACH MONTH 7:00PM
WWW.CARNEGIEBOROUGH.COM

To: **Members of Council, Mayor and the Citizens of Carnegie**

From: **Stephen Beuter, Borough Manager**

Date: **November 12, 2027**

Re: **Consolidated Borough Budget for the Year Ending December 31, 2027**

I am pleased to present you with the proposed 2027 budget, for your consideration. This message provides a brief introduction to the following document and offers additional context about the Borough's financial situation. The budget was prepared in accordance with the applicable Carnegie Borough Codes, most specifically, Code Section 1-417. 2. F. (Powers and Duties of the Borough Manager.) Preparing the 2027 budget involved a detailed review of our current financial position and a strategic approach to allocating resources to support both our immediate needs and anticipate challenges in supporting future goals. The Proposed Consolidated 2027 Budget includes the General Fund, Sewer Fund and Liquid Fuels Fund.

GENERAL FUND OVERVIEW

The General Fund serves as the primary operating fund for a government, accounting for all revenues and expenditures not required to be in another fund. It provides essential services, including public safety, public works, and general administration. Its financial stability is closely tied to the state of the economy, as it relies on revenue sources such as property and sales taxes.

Property Tax Revenue: The millage rate in 2027 is set to increase from 8.5 mils to 9.5 mils, an 11.75% increase over 2026 to support a larger than anticipated increase in employee health care costs, municipal building roof repairs supported in part with grant awards, rising general operating expenses for the municipality in addition to paying debt service for municipal vehicles and equipment. This translates to a median Carnegie home (market valued at $178,700 per Allegheny County) will see an approximate $88 increase in 2027. The reduction of the common level ratio in Allegheny County over the last four years and the resulting real estate tax appeals, have led to a less than one percent growth in total assessed value for Carnegie. Property Tax accounts for 43% of the total General Fund revenue and is an integral part in covering rising costs for delivering services.

Regional Asset District Tax (RAD): This sales tax received through the additional 1% Allegheny County sales tax is projected to increase 7%, which is consistent with recent historical patterns.

SAM BIGHAM MAYOR | STEPHEN BEUTER BOROUGH MANAGER | JEFFREY KENNEDY CHIEF OF POLICE | COUNCIL PHILIP C. BOYD, PRESIDENT SUSAN DEMKO, VICE PRESIDENT KEIRA CANAN RICHARD D'LOSS TOM DIPIETRO TERRY LEE | NATE BORING SOLICITOR | KLH ENGINEERS ENGINEER | TODD TULOWITZKI CODE ENFORCEMENT

Earned Income Taxes: We expect earned income tax revenues to remain stable. Our projections remain conservative as we continue to assess economic factors.

Capital & Operating Grants: This line item includes two key classifications; grants pertaining to projects originally budgeted in 2026 but due to project delays or additional funding needs were carried into 2027 and a request for a roof for the Borough Building which supports public safety, administration services, and resident accessibility to the emergency heating and cooling facility. Additional grants have been applied for and are anticipated in future years' budgets for the installment of the generator and other infrastructure improvements.

Interest Revenue: Due to higher interest rates, the Borough has benefited from an increase in interest income on municipal accounts over the last few years, these revenues are expected to remain stable over the next year.

State Pension Allocation: This funding is subject to annual adjustments, making it difficult to forecast precisely. We will monitor these allocations closely and adjust accordingly. The expenditures budget includes a Minimum Municipal Obligation of $776,700 for the Borough's Defined Benefit Pensions. As the State is expected to provide approximately $250,000, the rest will be met through other general revenue and available fund balance reserves. The Borough should experience slightly lower obligations in future years with the reduction in the non-uniform defined benefit plan members as the plan sunsets and with the change in the Police Plan's investment management hopefully investment returns will increase, lowering the municipal obligation.

Wage and Benefit Costs: We have set wage and salary increases at 3% for 2027 consistent with the terms of the three collective bargaining agreements. Health insurance premiums are set to increase by 20% through Municipal Benefit Services (MBS) for two of the three bargaining units. This is consistent with national averages and increases for other neighboring municipalities for the traditional plan. The Borough anticipates obtaining additional quotes next year for 2028 premiums and plan alternatives in conjunction with the bargaining units.

Public Safety: POLICE SERVICES: A 3.9% increase has been allocated for police services. The Police Department anticipates the hiring of two new police officers in 2027 to replace retiring officers, including the Police Chief. FIRE PROTECTION SERVICES: The Borough anticipates the delivery of a new Pierce Pumper Truck by the end of 2026 and a new Pierce Aerial Ladder Truck in January 2028. A new capital lease purchase agreement was put into place in 2026 for both vehicles. The first lease payment and corresponding deposits will be made in 2027 under the debt expenditure portion of the General Fund budget. Fire Protection covers fire hydrant services for the 146 hydrants, an annual contribution of $110,000, and the State Fire Relief disbursement. The water bill budget for the Borough's hydrants is expected to increase forty-seven percent (47%) in 2027 due to rising infrastructure costs noted by PA American Water.

Public Works: In addition to personnel costs, Public Works oversees a $300,000 paving program capital project, minimum required rock salt purchases, vehicle maintenance, roadway maintenance, and street lighting. Rock Salt contract prices increased thirty-seven percent (37%) over last year's budget due to product demands and transportation costs. The Borough, in conjunction with area Council of Governments received numerous bids for these services to procure the lowest cost possible. Street lighting costs are covered by the General Fund through transfers from the Liquid Fuels Fund. Public Works also plays a key supporting role in parks upkeep, sewer maintenance, and municipal facilities projects, contributing labor and resources. As a result, a portion of Public Works operations is funded through the Sewer Fund to reflect its involvement in infrastructure maintenance and improvements. Capital improvement projects planned for 2027 include the replacement of the roof on the municipal building, the first phase of asset protection cameras, replacing the decorative light poles on Main Street,

a community garden in Irishtown, and a sidewalk and pedestrian safety improvement project on East Main Street in the central business district.

SEWER FUND OVERVIEW

ALCOSAN will increase its billing rate for wastewater treatment by 14% in 2027. The 2027 increase is the first step in a multi-year plan to fund the federally mandated $3.7 billion Clean Water Plan and the Ohio River Tunnel project. Rates are scheduled to rise by another 14% in 2028 and 13.5% in 2029.

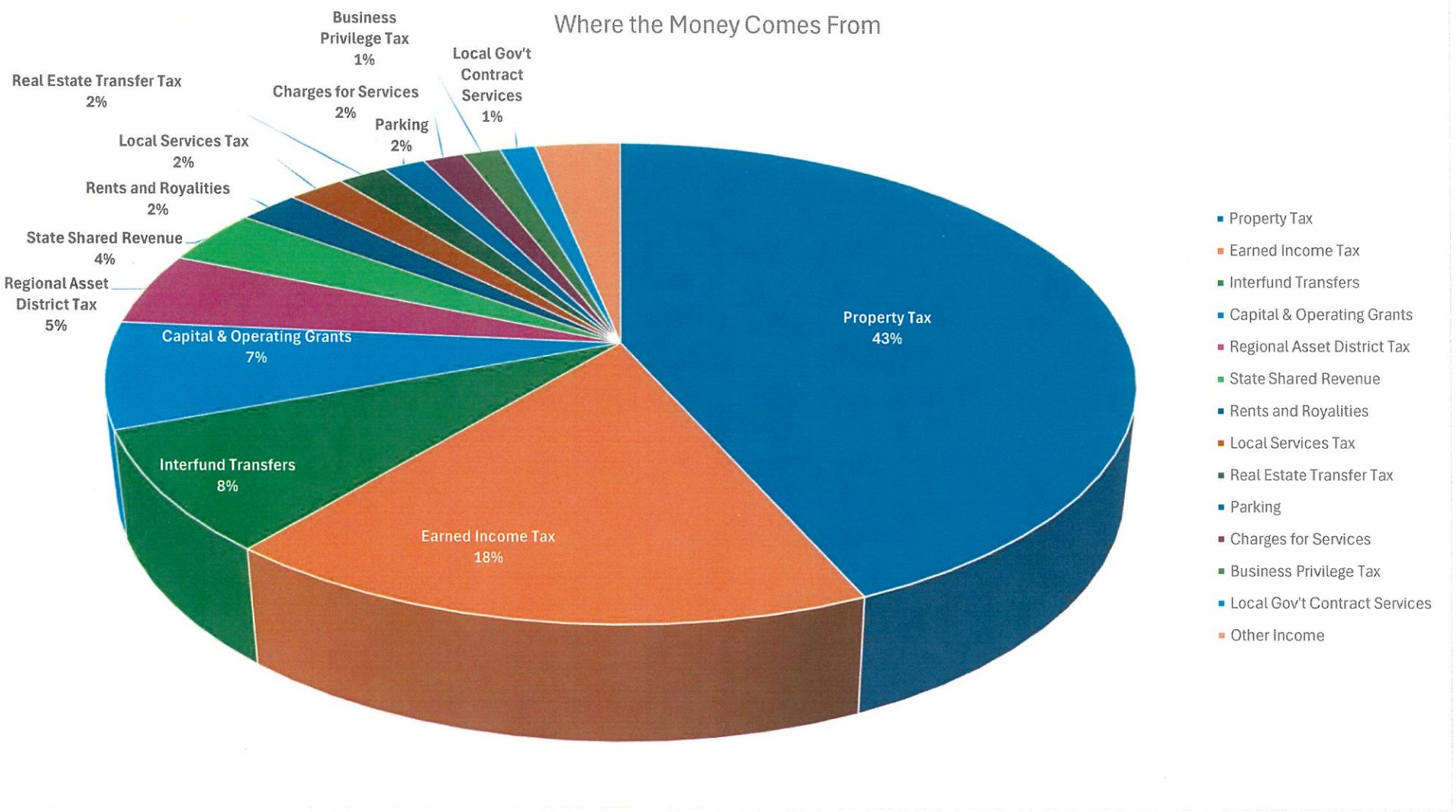
The Borough and the 82 other municipalities in the ALCOSAN service area entered into a Phase II Consent Order and Agreement (COA) in 2021 with the Allegheny County Health Department related to stormwater inflow in municipal sanitary sewer systems. The agreement established responsibilities and target dates through 2027. This Budget provides funding to carry the Borough through its final responsibilities under the current COA. Yet, once these projects wrap up and the current COA's goals are met, responsibilities will remain. Another COA is likely approaching, and it will probably introduce more unfunded mandates.

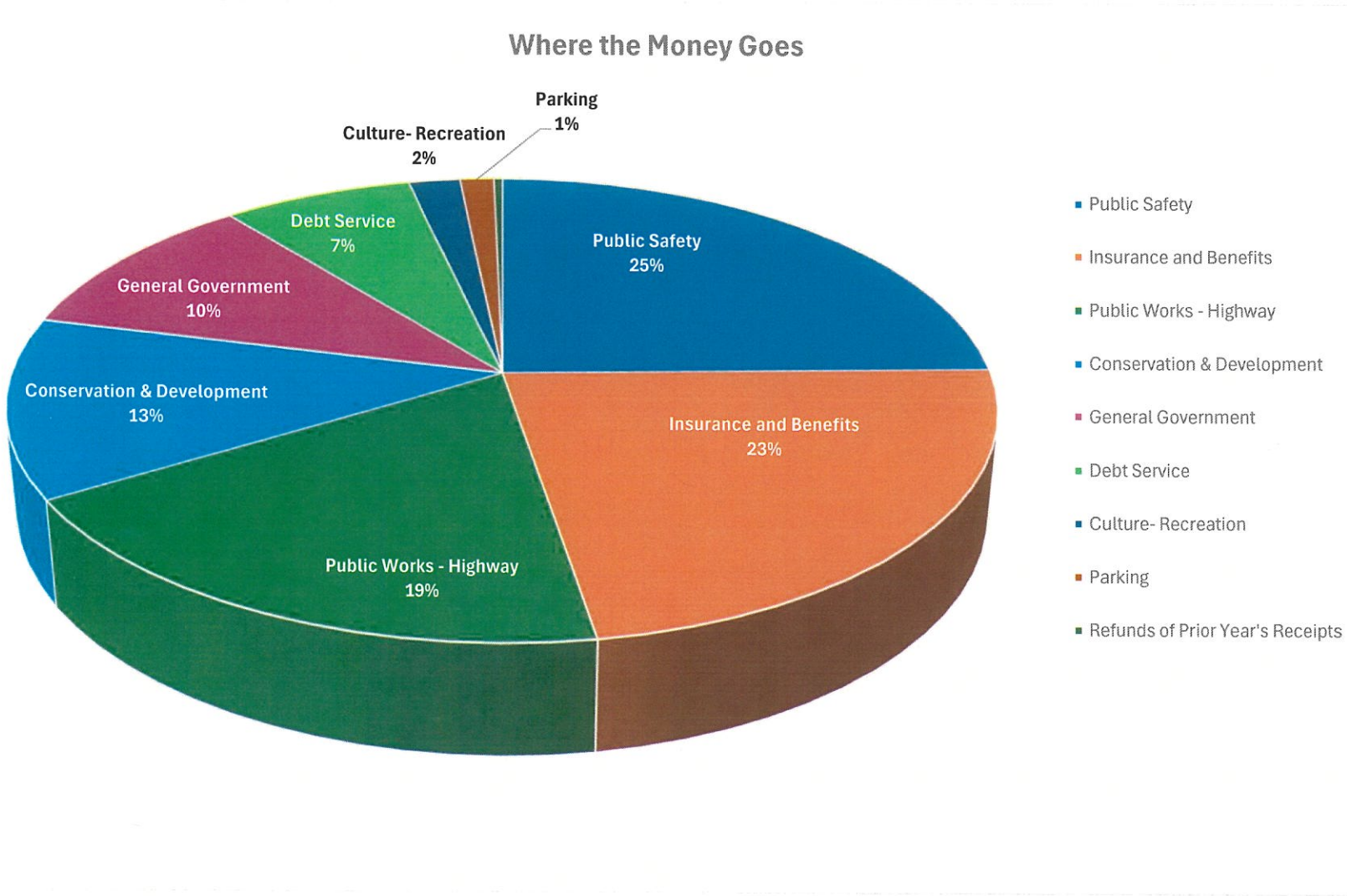
Additionally, the Borough has budgeted for the repair and replacement of several catch basins along East Main Street in the Central Business District.

This budget reflects our continued commitment to fiscal responsibility while ensuring Carnegie remains a safe, vibrant, and welcoming community for all. While we face economic challenges, specifically rising costs in 2027, our goal remains prudent resource management with tax and fee increases representative of these driving cost upsurges. The budget prioritizes sustainability, allowing us to deliver services while carefully managing our finances. As always, we value your input and invite you to participate in the budget process. We welcome any feedback or questions you may have. Please feel free to contact the Borough office with any inquiries. Your input is invaluable in helping us shape the future of Carnegie. Thank you for your continued support as we work together to make Carnegie a great place to live, work, and play.

Borough of Carnegie
2027 Consolidated Municipal Budget

	General Fund	Sewer Fund	Liquid Fuels Fund	Total Consolidated Budget
Revenues:				
Taxes	$ 5,868,100	$ -	$ -	$ 5,868,100
Licenses & Permits	96,000	-	-	96,000
Fines & Forfeits	18,950	-	-	18,950
Interest, Rents & Royalties	253,900	82,000	5,500	341,400
Intergovernmental	1,004,150	-	227,294	1,231,444
Charges for Services	252,050	3,589,960	-	3,842,010
Miscellaneous	69,425	-	-	69,425
Total Revenues	7,562,575	3,671,960	232,794	11,467,329
Expenditures:				
Current:				
General Government	944,370	-	-	944,370
Public Safety	2,220,120	-	-	2,220,120
Public Works - Sanitation	-	3,203,170	-	3,203,170
Public Works - Highway	1,695,160	-	-	1,695,160
Public Works - Other	115,402	-	-	115,402
Culture- Recreation	178,000	-	-	178,000
Conservation & Development	1,131,150	-	-	1,131,150
Employee Benefits & Insurance	2,056,405	-	-	2,056,405
Refunds of Prior Year's Receipts	30,000	-	-	30,000
Debt Service:				
Principal	467,610	43,100	-	510,710
Interest	184,620	7,050	-	191,670
Total Expenditures	9,022,837	3,253,320	-	12,276,157
Excess (Deficiency) of Revenues Over Expenditures	(1,460,262)	418,640	232,794	(808,828)
Other Financing Sources (Uses):				
Transfers In (Out)	676,522	(418,640)	(257,882)	-
Total Other Financing Sources (Uses)	676,522	(418,640)	(257,882)	-
Net Change in Fund Balance	(783,740)	-	(25,088)	(808,828)
Fund Balance January 1	2,005,833	3,171,455	25,088	5,202,376
Fund Balance December 31	$ 1,222,093	$ 3,171,455	$ 0	$ 4,393,548


Where the Money Comes From
Property Tax 43%
Earned Income Tax 18%
Interfund Transfers 8%
Capital & Operating Grants 7%
Regional Asset District Tax 5%
State Shared Revenue 4%
Rents and Royalities 2%
Local Services Tax 2%
Real Estate Transfer Tax 2%
Charges for Services 2%
Business Privilege Tax 1%
Parking 2%
Local Gov't Contract Services 1%
Property Tax
Earned Income Tax
Interfund Transfers
Capital & Operating Grants
Regional Asset District Tax
State Shared Revenue
Rents and Royalities
Local Services Tax
Real Estate Transfer Tax
Parking
Charges for Services
Business Privilege Tax
Local Gov't Contract Services
Other Income


Where the Money Goes
Parking
1%
Culture- Recreation
2%
Debt Service
7%
General Government
10%
Conservation & Development
13%
Public Works - Highway
19%
Insurance and Benefits
23%
Public Safety
25%
Public Safety
Insurance and Benefits
Public Works - Highway
Conservation & Development
General Government
Debt Service
Culture- Recreation
Parking
Refunds of Prior Year's Receipts

Borough of Carnegie
General Fund

	Actual 2024	Actual 2025	Adopted 2026 Budget	Projected 2026 Actual	Proposed 2027 Budget	Projected 2028	Projected 2029
Revenues:							
Taxes	5,009,820	5,288,488	5,358,450	5,516,961	5,868,100	5,985,460	6,105,170
Licenses & Permits	136,936	170,124	113,000	101,630	96,000	97,920	99,880
Fines & Forfeits	21,410	21,413	22,350	16,325	18,950	19,330	19,720
Interest, Rents & Royalties	279,888	304,044	221,300	250,500	253,900	258,980	264,160
Intergovernmental	1,734,630	488,851	1,238,950	930,917	1,004,150	1,024,230	1,044,710
Charges for Services	245,254	223,752	245,000	283,329	252,050	257,090	262,230
Miscellaneous	110,884	189,603	52,800	36,993	69,425	70,810	72,230
Total Revenues	7,538,822	6,686,275	7,251,850	7,136,655	7,562,575	7,713,820	7,868,100
Expenditures:							
Current:							
General Government	677,727	746,089	845,515	871,543	944,370	870,880	897,010
Public Safety	2,118,910	1,905,347	2,528,745	2,475,852	2,220,120	2,316,588	2,386,090
Public Works - Highway	1,166,001	1,639,680	1,578,570	1,253,769	1,695,160	1,595,930	1,643,810
Public Works - Other	133,504	86,919	107,892	109,992	115,402	111,130	114,460
Culture- Recreation	569,718	156,777	162,800	177,970	178,000	167,680	172,710
Conservation & Development	43,390	108,177	860,000	653,143	1,131,150	885,800	912,370
Employee Benefits & Insurance	1,582,542	1,821,330	1,934,170	1,809,296	2,056,405	1,992,200	2,051,970
Refunds of Prior Year's Receipts	45,637	11,353	30,000	8,000	30,000	10,900	11,230
Debt Service:						-	-
Principal	422,202	391,639	420,540	410,542	467,610	433,160	446,150
Interest	143,889	101,129	106,240	56,837	184,620	109,430	112,710
Total Expenditures	6,903,520	6,968,440	8,574,472	7,826,944	9,022,837	8,493,698	8,748,510
Other Financing Sources (Uses):							
Transfers In	602,017	629,948	670,618	670,618	676,522	658,260	666,460
Total Other Financing Sources (Uses)	602,017	629,948	670,618	670,618	676,522	658,260	666,460
Total Expenditures and Other Financing Sources (Uses)	6,301,503	6,338,492	7,903,854	7,156,326	8,346,315	7,835,438	8,082,050
Net Change in Fund Balance	1,237,319	347,783	(652,004)	(19,671)	(783,740)	(121,618)	(213,950)
Fund Balance January 1	440,402	1,677,721	2,025,504	2,025,504	2,005,833	1,373,500	1,251,882
Fund Balance December 31	$ 1,677,721	$ 2,025,504	$ 1,373,500	$ 2,005,833	$ 1,222,093	$ 1,251,882	$ 1,037,932

modified accrual basis of accounting

2027 Proposed General Fund Revenue Budget
Borough of Carnegie

	Actual 2024	Actual 2025	Adopted Budget 2026	Projected 2026	Proposed 2027	Budget $ Increase/ (Decrease)	Budget % Increase/ (Decrease)
Tax Revenues							
301 Property Tax							
Current Year Levy	2,700,275	2,865,004	2,950,950	3,080,566	3,380,000	429,050	14.5%
Prior Year Levy	16,724	33,822	15,000	21,255	20,000	5,000	33.3%
Delinquent	155,414	212,396	155,000	178,800	175,000	20,000	12.9%
Total 301 Property Tax	2,872,413	3,111,222	3,120,950	3,280,621	3,575,000	454,050	14.5%
309 Regional Asset District Tax	352,748	376,060	375,000	390,000	402,000	27,000	7.2%
310 Act 511 Taxes							
Real Estate Transfer Tax	139,807	141,689	150,000	154,140	150,000	-	0.0%
Earned Income Tax	1,315,974	1,351,197	1,390,000	1,400,000	1,450,000	60,000	4.3%
Business Privilege Tax	127,674	107,985	126,500	110,000	115,000	(11,500)	-9.1%
Mechanical Device Tax	31,100	23,900	31,000	13,200	4,100	(26,900)	-86.8%
Local Services Tax	170,773	176,435	165,000	169,000	172,000	7,000	4.2%
Total 310 Act 511 Taxes	1,785,328	1,801,206	1,862,500	1,846,340	1,891,100	28,600	1.5%
Other Revenues							
321 Cable and Cell Franchise	75,290	136,996	67,700	66,430	60,000	(7,700)	-11.4%
322 Non-Business License & Permit Fees	61,646	33,128	45,300	35,200	36,000	(9,300)	-20.5%
331 Fines	22,701	21,413	22,350	16,325	18,950	(3,400)	-15.2%
341 Interest Earnings	95,323	122,289	70,000	64,600	70,000	-	0.0%
342 Rents and Royalities	181,012	181,755	151,300	185,900	183,900	32,600	21.5%
354 Capital and Operating Grants	1,013,174	118,034	852,000	542,843	590,500	(261,500)	-30.7%
355 State Shared Revenue	282,810	268,665	275,750	283,354	305,250	29,500	10.7%
358 Local Government Contract Services	78,878	102,152	111,200	104,720	108,400	(2,800)	-2.5%
361 Charge for Services-General	58,950	62,164	86,600	85,250	86,800	200	0.2%
362 Charge for Service	25,207	38,407	38,500	36,820	37,450	(1,050)	-2.7%
363 Highways and Streets	114,296	123,181	119,900	161,259	127,800	7,900	6.6%
365.00 Health	6,212	-	-	3,643	2,300	2,300	0%
367 Culture and Recreation	24,895	23,436	12,800	8,350	28,700	15,900	124.2%
387 Donations-Private Source	(330)	11,145	15,000	-	28,425	13,425	89.5%
389 Unclassified Revenue	173,496	-	-	-	-	-	0%
391 Proceeds - Fixed Asset Disposal	-	155,022	25,000	25,000	10,000	(15,000)	-60.0%
392 Interfund Transfers	634,890	629,948	670,618	670,618	676,522	5,904	0.9%
392.01 Transfers In from Prior Year Fund Balance			652,004	-	783,740	131,736	20.2%
394 Proceeds of Short-Term Debt	1,000,000	1,000,000	1,000,000	-	1,000,000	-	0.0%
Total Revenue	8,858,939	8,316,223	9,574,472	7,807,273	10,022,837	448,365	4.7%

(cash basis of accounting)

Borough of Carnegie
2027 Proposed Municipal Budget
General Fund - Expenditures

Expenditure Groupings	Actual 2024	Actual 2025	Adopted 2026 Budget	Projected 2026	Proposed 2027	Budget $ Increase/ (Decrease)	Budget % Increase/ (Decrease)
400 General Government	306,825	399,944	453,305	432,925	484,020	30,715	6.8%
402 Audit Service	500	15,106	23,800	45,550	27,750	3,950	16.6%
403 Tax Collection	61,522	91,300	90,500	94,788	104,250	13,750	15.2%
404 Solicitor & Legal Expense	74,155	74,676	75,000	75,000	80,250	5,250	7.0%
408 Engineering Services	108,975	58,192	60,100	80,500	87,000	26,900	44.8%
409 Municipal Building	125,750	106,871	142,810	142,780	161,100	18,290	12.8%
410 Public Safety	1,731,384	1,625,479	1,816,200	1,763,245	1,887,320	71,120	3.9%
411 Fire Protection	234,314	199,679	608,945	616,495	212,790	(396,155)	-65.1%
412 EMS	7,000	-	3,500	3,500	3,500	-	0.0%
413 Planning and Codes	72,991	80,189	97,500	89,750	113,440	15,940	16.3%
415 CodeRED	5,175	-	2,600	2,862	3,070	470	18.1%
430 Public Works - Admin	789,529	818,500	897,970	905,319	973,800	75,830	8.4%
432 Winter Maint-Snow Removal	44,645	74,760	88,000	75,000	121,000	33,000	37.5%
433 Traffic Control Devices	7,107	11,624	13,500	5,730	15,000	1,500	11.1%
434 Street Lighting	270,638	244,458	252,500	238,120	254,260	1,760	0.7%
437 Public Works - Road Maintenance	277,219	490,338	326,600	29,600	331,100	4,500	1.4%
445 Parking	124,902	86,919	99,290	101,390	106,800	7,510	7.6%
446 Flood Control Authority	8,602	-	8,602	8,602	8,602	-	0.0%
454 Park Maintenance	71,975	32,951	33,800	32,720	27,750	(6,050)	-17.9%
455 Shade Tree Commission	2,876	4,414	4,500	6,000	6,000	1,500	33.3%
456 Library	100,000	100,000	100,000	100,000	100,000	-	0.0%
457 Community Celebrations	17,325	19,412	24,500	39,250	44,250	19,750	81%
462 Capital Improvement Project	420,932	108,177	860,000	653,143	1,131,150	271,150	31.5%

Borough of Carnegie
2027 Proposed Municipal Budget
General Fund - Expenditures

	Actual 2024	Actual 2025	Adopted 2026 Budget	Projected 2026	Proposed 2027	Budget $ Increase/ (Decrease)	Budget % Increase/ (Decrease)
471 Debt Principal	382,499	1,391,639	1,420,540	410,542	1,467,610	47,070	3.3%
472 Debt Interest	141,514	97,629	103,240	53,837	181,120	77,880	75.4%
475 Bond Fiscal Agent Fees	2,325	3,500	3,000	3,000	3,500	500	16.7%
481 Employer Paid Withholdings	110,052	116,080	121,900	127,130	131,400	9,500	8%
483 Pension Contributions	673,816	852,416	837,895	851,595	815,441	(22,454)	-3%
484 Workers Compensation Ins	98,461	88,833	82,105	83,860	91,000	8,895	10.8%
486 Insurance, Casualty, Surety	125,797	134,410	151,360	149,907	170,160	18,800	12%
487 Health Insurance	561,528	629,591	740,910	596,804	848,404	107,494	15%
491 Refunds of PR Yr Revenues	45,637	11,353	30,000	8,000	30,000	-	0.0%
Total Expenditures	7,005,970	7,968,439	9,574,472	7,826,943	10,022,836	448,364	4.7%

Borough of Carnegie
Sewer Fund

	Actual 2024	Actual 2025	Adopted 2026 Budget	Projected 2026	Proposed 2027 Budget	Projected 2028	Projected 2029
Revenues:							
Interest, Rents & Royalties	99,513	84,603	80,000	83,260	82,000	75,000	75,000
Intergovernmental	331,229	11,826	250,000	250,000	-	-	-
Charges for Services	2,892,663	3,140,709	3,169,700	3,330,268	3,589,960	3,264,800	3,362,700
Total Revenues	3,323,405	3,237,138	3,499,700	3,663,528	3,671,960	3,339,800	3,437,700
Expenditures:							
Current:							
Public Works - Sanitation	2,940,385	2,429,369	3,009,114	2,986,983	3,203,170	3,219,800	3,445,200
Debt Service:							
Principal	43,053	43,892	43,100	43,100	43,100	43,100	43,100
Interest	7,009	6,171	7,050	7,050	7,050	7,050	7,050
Total Expenditures	2,990,447	2,479,432	3,059,264	3,037,133	3,253,320	3,269,950	3,495,350
Other Financing Sources (Uses):							
Transfers In (Out) General Fund	(389,599)	(393,000)	(431,485)	(431,485)	(418,640)	(425,800)	(434,000)
Proceeds from Capital Leases	-	-	-			-	-
Total Other Financing Sources (Uses)	(389,599)	(393,000)	(431,485)	(431,485)	(418,640)	(425,800)	(434,000)
Total Expenditures and Other Financing Sources (Uses)	3,380,046	2,872,432	3,490,749	3,468,618	3,671,960	3,695,750	3,929,350
Net Change in Fund Balance	(56,642)	364,706	8,951	194,910	-	(355,950)	(491,650)
Fund Balance January 1	2,668,480	2,611,838	2,976,545	2,976,545	3,171,455	3,171,455	2,815,505
Fund Balance December 31	$ 2,611,838	$ 2,976,545	$ 2,985,496	$ 3,171,455	$ 3,171,455	$ 2,815,505	$ 2,323,855

Borough of Carnegie
Liquid Fuels Fund

	Actual 2024	Actual 2025	Adopted 2026 Budget	Projected 2026 Actual	Proposed 2027 Budget	Projected 2028	Projected 2029
Revenues:							
Interest, Rents & Royalties	$ 8,142	$ 5,660	$ 3,500	$ 7,040	$ 5,500	$ 5,000	$ 5,000
Intergovernmental	229,487	228,947	222,196	224,475	227,294	227,460	227,460
Total Revenues	237,629	234,607	225,696	231,515	232,794	232,460	232,460
Other Financing Sources (Uses):							
Transfers In (Out) General Fund	(457,709)	(236,948)	(239,133)	(230,620)	(257,882)	(232,460)	(232,460)
Total Other Financing Sources (Uses)	(457,709)	(236,948)	(239,133)	(230,620)	(257,882)	(232,460)	(232,460)
Total Expenditures and Other Financing Sources (Uses)	(457,709)	(236,948)	(239,133)	(230,620)	(257,882)	(232,460)	(232,460)
Net Change in Fund Balance	(220,080)	(2,341)	(13,437)	895	(25,088)	-	-
Fund Balance January 1	246,614	26,534	24,193	24,193	25,088	0	0
Fund Balance December 31	$ 26,534	$ 24,193	$ 10,756	$ 25,088	$ 0	$ 0	$ 0